



Humboldt County Budget Fiscal Year 2018-19

Budget
Proposed
June 5,
2018

Building a

Strong Foundation



Honeydew Bridge

Board of Supervisors



Rex Bohn
1st District



Estelle Fennell
2nd District



Mike Wilson
3rd District



Virginia Bass
4th District



Ryan Sundberg
5th District

From County Administrative Officer Amy S. Nilsen

Dear Board Members and Residents:

Welcome to Humboldt County's budget for Fiscal Year (FY) 2018-19. Before discussing the year that lies ahead, I would like to thank the community for their continued participation in the Budget Roadshow during February and March. These engaging meetings yield important feedback the county uses to shape policy each year, and that is continuing this year. Later in this section of the budget book you will see a list of services and areas of interest the community discussed at the Roadshow stops. County staff plans to track these issues through performance measures and report back to your Board and the community on progress.

I would also like to thank our county department heads and staff for their participation in the Roadshow as well as the budget process. And I would like to thank your Board for your leadership as the county builds a stronger foundation.

Last year, I wrote to you with a message that the county was focused on navigating an ever-changing landscape. Locally, this included changes to the cannabis industry that is so vital to our local economy, a new significant obligation requiring the county to make changes to facilities and services in order to make them accessible to all people, and the county's unfunded pension liability that continues to grow each year. At the federal level, we were unsure what the first full year of a new presidential administration would mean for counties, and the economy as a whole was due for a change. In many ways we were trying to take a picture of a subject that moved too quickly.

Now, many of these factors have begun to come in to focus and we can develop a better picture of what they mean for the county's future. For example, it is now clear that we are at the crest of an economically prosperous time. Equally clear is the fact that enormous challenges lie ahead that will put at risk our ability to provide the level of

service Humboldt County residents have come to expect and rely upon. Finally, it is certain that Humboldt County is largely on its own to meet these challenges.

My message to you now is this: If we are to meet these challenges, for our community and the great employees who keep the county government running, the county must take a disciplined approach to its financial situation and focus on strengthening its foundation, for both the short- and long-term.

In practice, this means taking advantage of the meager gains the economy has brought and saving for the rainy days ahead. It also means addressing our debts now to ensure we have money later to provide services at critical times.

Each year in this message I come to your Board to remind you of some of the challenges we face and the great work you have done in service of our community. This year has seen tremendous work in the area of public safety, as your Board has kept its promise to citizens and invested another \$11 million in Measure Z funding to county and city law enforcement agencies, volunteer fire, child welfare agencies, and emergency responders. You are leading the state in supporting the legal cannabis industry, re-writing ordinances to adapt to our community and even taking innovative steps to encourage cannabis banking, all while cracking down on the black market. You invested nearly a half-million dollars to support children affected by trauma.

I could go on about the great work being done by your Board and county employees. It is an honor to watch our organization truly serve our citizens and enhance the quality of life in Humboldt County.

However, I cannot overstate the seriousness of the situation we are facing. The county's obligations are growing at rates that far outpace its revenue growth, and that disparity is likely to increase in the coming years. In February, my office presented you with a 7-Year Financial Forecast. An important piece of information we learned in that process is that the coun-



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FOCUS: To Promote a Safe,
Healthy, Economically Vibrant Community

try is in its ninth consecutive year of economic expansion, barreling towards its tenth. A 10-year period of expansion would be the longest in our country's history. Recessions typically occur five years apart, which means another one is likely to happen in our near future. We must be prepared for that eventuality.

We know that when the economy declines, demand for public services increases. Knowing that this is our future we must prepare now to ensure we can serve our community when it needs help the most.

The county's challenges are many. We are facing pension costs of at least \$19 million this year and

total pension debt of \$289 million and rising. County infrastructure and roads are crumbling, and while funding from the state-approved gas tax would help address this, a repeal effort will be on the November ballot. In addition, the federal government is taking

much longer than anticipated to reimburse the county for disasters that destroyed local roads. The county is also under an historically demanding consent decree with the U.S. Department of Justice, which requires funding of at least \$27 million of work in the short term to meet standards of the Americans with Disabilities Act (ADA). Long-term, the county must invest in ongoing expenses to make sure every facet of the county - its facilities, programs and services - remain accessible for all.

Locally, affordable housing has hit a tipping point in our community and we must find solutions to ensure citizens can find places to live on the money they make. Children in our area are experiencing trauma at higher rates than anywhere in California. The opioid epidemic and hard drugs are evident and require resources to combat their negative effects. And we

continue to face challenges attracting and supporting new businesses and industry in Humboldt County.

The county's General Fund is the best source of revenue to address these issues. However, resources are limited and it is vital that the county balance immediate needs with long-term planning.

This year your Board took important steps to help walk this tightrope. In addition to the investments I described earlier, your Board revised its General Reserve and Contingency Reserve policies, and a new Deferred Maintenance Policy will come before your Board soon. Finally, this budget follows through on

prior innovative policy decisions that will help address the county's CalPERS debt.

The new General Reserve policy calls for the Board to annually set aside 10 percent of revenue from Measure S, the voter-approved cannabis excise tax, to build up the county's rainy day fund. This policy

decision shows a dedication to long-term sustainability as this new legal industry, and source of revenue, is largely unpredictable. In FY 2018-19 the policy level contribution is projected to be a little over \$780,000. I am also recommending additional contributions to the General Reserve that would increase the balance in this fund to \$4.61 million, or 3 percent of General Fund revenues. Considering the challenges we face, this is a dangerously low amount of funding to have in our savings. Fire disasters are more frequent and our threat of earthquake is ever-present. Even in cases where the state and federal governments provide support (which is the exception and not the rule), natural disasters demand significant funding from local governments during response and recovery. Combine these threats with the impending drop in the economy and it becomes clear why we need to save



The legal cannabis industry is too new to rely on these revenues going forward. And the liabilities are too great.



Value Statement

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From County Administrative Officer Amy S. Nilsen

more. Government accounting best practices recommend at least 10 percent of General Fund revenues at the low end, and 16 percent as a target. The good news is that this newly adopted policy, if followed, will get the county on firm financial footing within 5 to 7 years, roughly the amount of time when credit rating agencies recommend using new revenues for ongoing costs, such as salaries for new staff.

Despite receiving a little under \$3 million in new revenue from Measure S, this budget does not recom-

mend a significant increase in ongoing costs. That is because there is too much financial risk in taking that step at this time. The legal cannabis industry is too new to rely on these revenues going forward.

And the liabilities I described earlier are too great.

An additional protective step your Board took this year was to adopt a new policy on General Fund Contingencies, stating that it shall contain no less than 2 percent of General Fund revenues. The former policy was 6 percent, and the county never met that level, with balances usually hovering around \$1.5 million. This year for the first time, the recommended budget will fully fund General Fund contingencies, which totals \$3.5 million.

Contingencies in the past have been used to fund projects that were unforeseen at the time of budget adoption, such as emergency response services, or economic development opportunities that arise in the middle of the year. With this in mind, I will remind your Board that as of the time of this writing the county's labor negotiations have not yet been finalized with all bargaining units, which adds volatility to this budget. The Clerk-Recorder's Office will likely need help purchasing new voting equipment, and there may be other pending obliga-

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tions. Longer term, the county has already committed to staffing a jail expansion project funded in part by Senate Bill 863. In addition, the county may need to increase its own support services in order to ensure the county meets state and federal regulations. Contingencies could help soften the blow of those impacts upon the budget when those expenses are realized.

We still face a daunting challenge when it comes to deferred maintenance on county facilities. The county last studied this issue 10 years ago and never formal-

ly adopted a plan to address regular and backlogged maintenance on its buildings. This budget proposes to continue allocating funding for a Facilities Master Plan that will do just that. Additionally, the new Deferred Maintenance Policy will require the county to contribute 5 percent of Measure S revenues to deferred maintenance. For too long the county has ignored this issue and it is resulting in facilities that cannot be used, and it is costing us more financially in the long-term.

This budget recommends taking two significant steps toward addressing rising pension obligations. The first is to invest more in the the retirement trust known as PARS, which your Board established in 2015. This will help flatten the rate of CalPERs growth and bring more predicatability to the budget. In FY 2018-19 the Board will contribute 1 percent of total salaries, or \$1.2 million to the PARS trust, as well as an additional one-time contribution of \$1.25 million, bringing the total balance in that fund to an estimated \$4.15 million by the end of the year. The second step is to make the county's annual CalPERs payment of \$19 million upfront as opposed to paying it in installments. The county in the past has invested that money throughout the year, but due to stringent state and federal regulations around government investing, the county has not generated strong returns. Making this



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payment upfront will save more than \$400,000 in CalPERS servicing fees.

Overall, this is a responsible budget. Funding our savings will provide protection from the inevitable dip in the economy that is to come, and a limited amount of unforeseen expenses and emergencies. More work needs to be done, but these are solid steps to take to ensure our long-term financial health.

Finally, before I give you the raw numbers of the budget I must advise you of a proposition that is likely to be on the November ballot that could threaten our ability to provide public safety services to the community. The Tax Fairness and Accountability Act of 2018, if passed, would eliminate the ability in California to pass general taxes by a simple majority, requiring a two-thirds vote instead. It would apply to all simple majority taxes passed after Jan. 1, 2018. As you know, your Board is likely to ask voters in November if they would like to continue Measure Z, which voters passed in 2014. If the Measure Z renewal does not succeed as a result of the new two-thirds threshold, the community will no longer have access to a significant source of locally controlled funds that have done great work in Humboldt County over the last three years. More than 70 public safety projects have been funded, and another 20 will be funded this year, and nearly 70 staff have been hired. Incorporated cities are receiving support for law enforcement, drug detox and homelessness and housing services as a result of this measure. Children in rural areas who are victims of child abuse are receiving much-needed mental health treatment. School resource officers are on several campuses, and resident deputies have returned to rural areas. I will continue to keep your Board informed of these efforts as the year progresses.

The proposed budget totals \$412,417,553. This is an increase of \$34,910,482, or 9.2 percent, over last year. This is due primarily to \$11.53 million for capital proj-

ects, \$4.58 million for Roads, \$2.8 million for cannabis-related activities, \$2 million towards Contingencies, \$1.28 million to the General Reserve, \$1.25 million to PARS, \$1 million to Measure Z, \$300,000 to Aviation, \$100,000 to affordable housing, and the remainder is largely attributable to federally reimbursable activities in Health & Human Services, as well as salary and benefit increases.

In the General Fund, revenues are projected at \$159,552,342, which is \$23 million, or 16.8 percent higher than a year ago. This is primarily due to capital projects \$11.53 million, Planning, Code Enforcement and Cannabis Planning \$4.1 million, Measure S \$3 million, property taxes \$1.2 million, Measure Z \$487,404, sales tax \$529,722, and other dedicated funding sources, \$2.2 million. This budget appropriates \$165,547,690 from the General Fund, which is an increase of 17.3 percent. This means fund balance in the amount of \$6,025,348 will be used to finance FY 2018-19 activities. It should be noted that the majority of this funding, or \$3,814,085 will be used for one-time investments. This will result in an estimated ending balance of \$4.9 million.

We are in a unique time in the history of Humboldt County. We face great challenges but we also hold a great capacity to meet them. I am honored to be serving your Board as you demonstrate the leadership necessary to strengthen our foundation and ensure we will be here for the people of Humboldt County well in to the future. Serving them is our top priority.

In closing, I would like to thank the staff of the Management and Budget Team: Karen Clower, Vanessa Ericksen, Elishia Hayes, Chris Shaver and Sean Quincey for their hard work and perseverance in putting this budget together.



Amy S. Nilsen
County Administrative Officer

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Budget Process

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 roughly two-thirds of the budget on state- and federally funded programs.

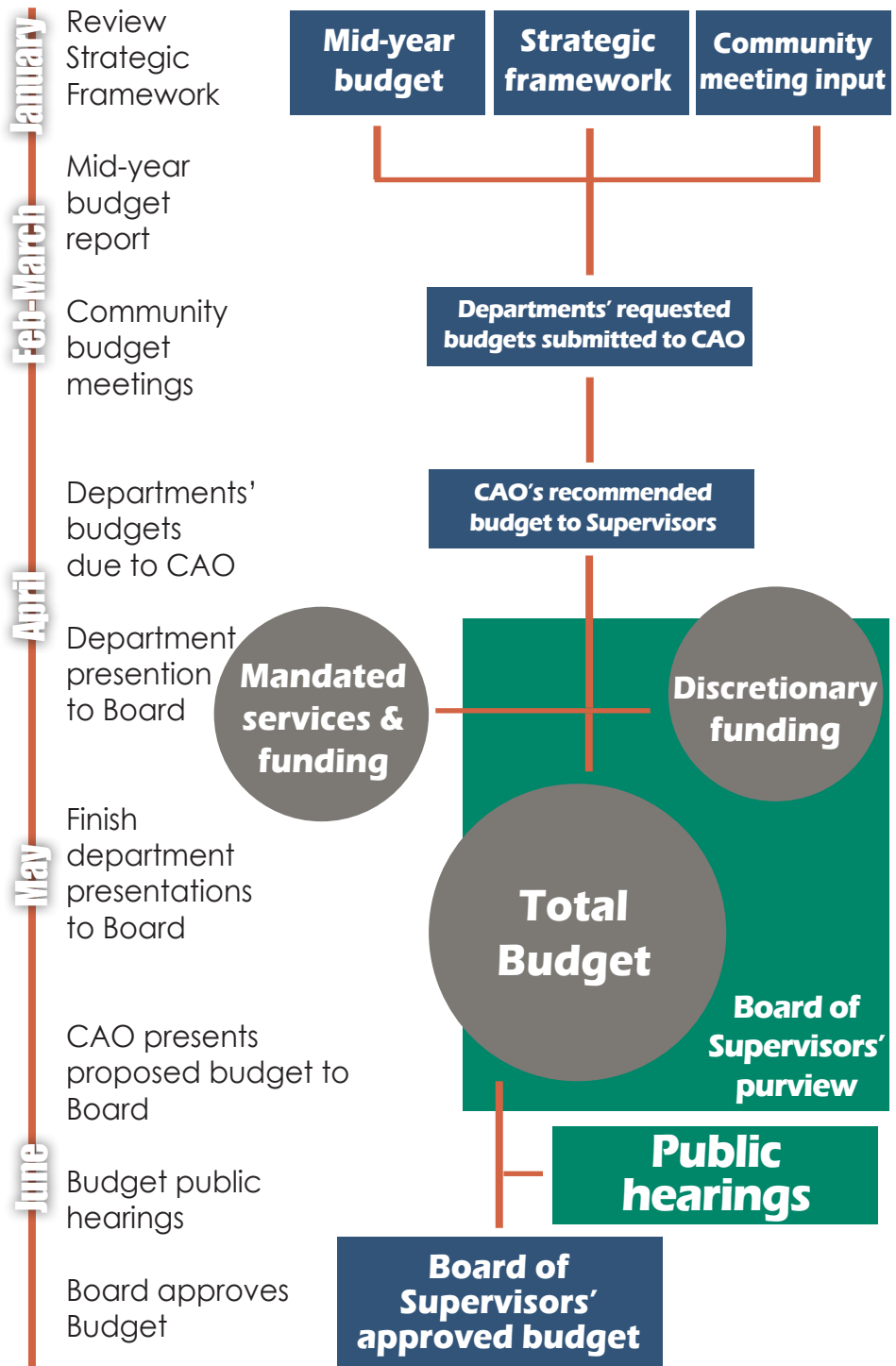
General Fund monies are under the discretion of the Board and are allocated based on the Strategic Framework, and any other specific guidelines set by the Board.

Upon presentation to the Board, the public has an opportunity to provide feedback.

BUDGET ADOPTION

Budget scheduled for adoption at the June 26, 2018 Board meeting.

County budgets are important documents, but their meaning can be difficult to decipher for citizens. So, this Budget in Brief is intended to provide you with a high-level overview of the budget, in plain terms, so you can get a better idea of where your public funds are being spent, and some of the issues facing our community.



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 permit processes
- Retain existing and facilitate new living-wage private sector jobs and housing

Safeguard the public trust

- Manage our resources to ensure sustainability of services
- Invest in county employees
- Invite civic engagement and awareness of available 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 and influential voice for our community at the regional, state and federal levels

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

Core Roles

1

Enforce laws and regulations to protect residents

2

Provide for and maintain infrastructure

3

Create opportunities for improved safety and health

4

Encourage new local enterprise

5

Support business and workforce development and creation of private-sector jobs

6

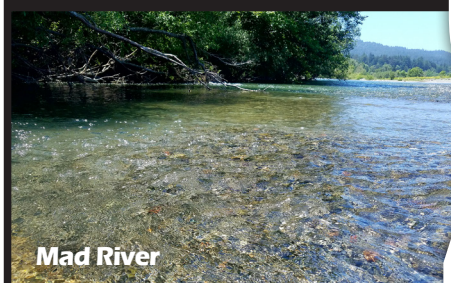
Protect vulnerable populations



Patrick's Point



Kneeland Road



Mad River



Mt. Pierce



Mattole Road



Total Budget: \$412.4M

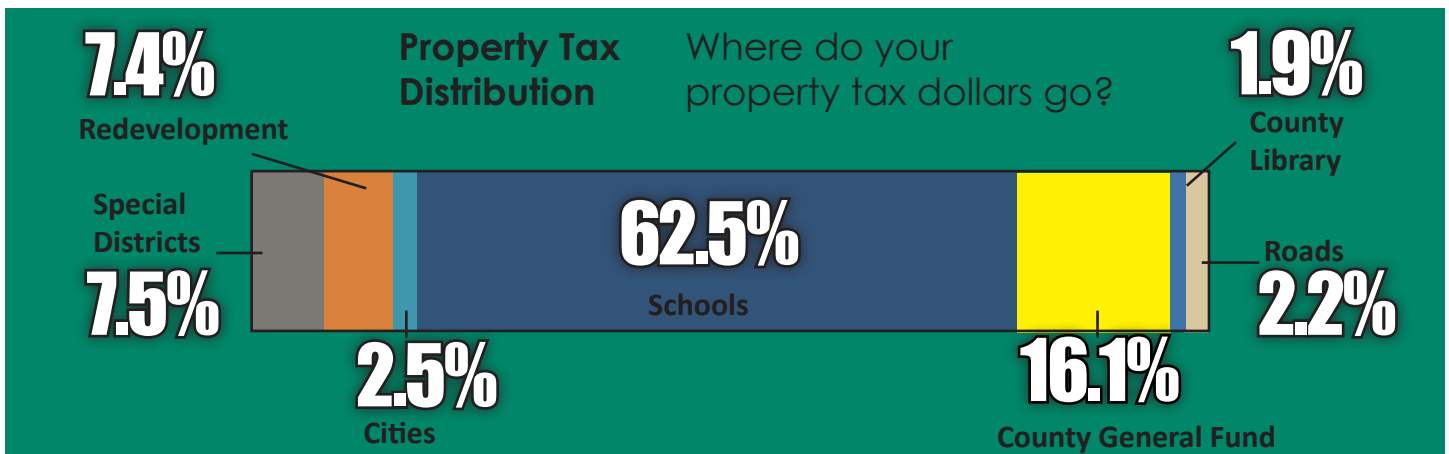
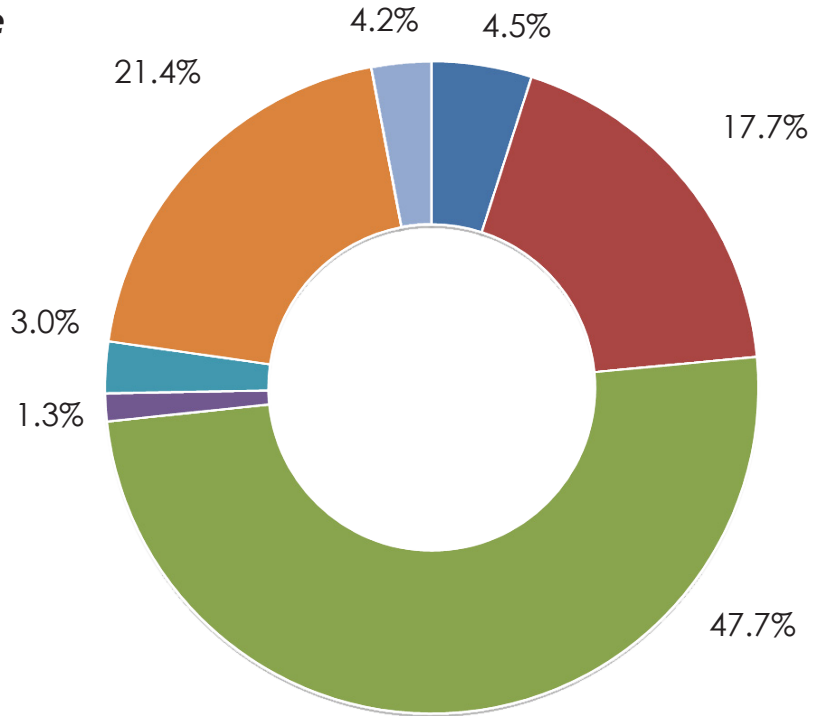
Nearly half of the county's budget each year is spent on Health & Human Services. This includes vital social services like Cal-Fresh, the supplemental nutrition assistance program for low-income families, and Medi-Cal, which is California's health care system. Public Works projects like road repairs and bridge maintenance also make up a significant portion of spending each year.



Rhododendrons

Expenditures by Service

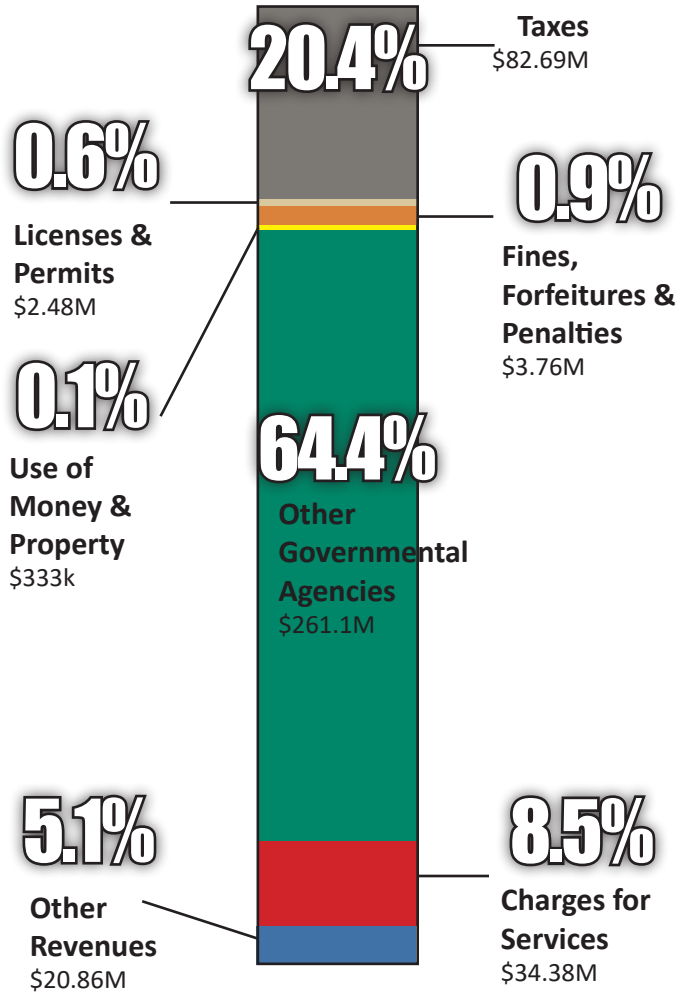
- **Law & Justice**
\$73.15M
- **Health & Human Services**
\$196.83M
- **Education & Agriculture**
\$5.48M
- **Planning & Building**
\$12.44M
- **Public Works**
\$88.43M
- **Transfers & Contingencies**
\$17.39M
- **Admin Services**
\$18.69M



Revenues: \$405.8M

Total expenditures are projected to exceed revenues in FY 2018-19. To make up the difference, the county will use \$6.62 million in fund balance, or money left over from the prior year.

Revenue by Source



Six Key Goals for 18-19

This year the Board will seek to enhance our core services by:

Emphasizing public safety and health

1

Rebuilding reserve and contingency accounts

2

Streamlining inventory of county properties

3

Target investments that generate long-term savings

4

Using results-driven data to demonstrate program effectiveness

5

Support costs for travel, training, and electronic meetings

6

Personnel Allocation



2,305.66 Funded positions
*Increase of 27.06 funded positions

49.4% of all expenses are personnel costs

9.2% Increase in costs from FY 17-18



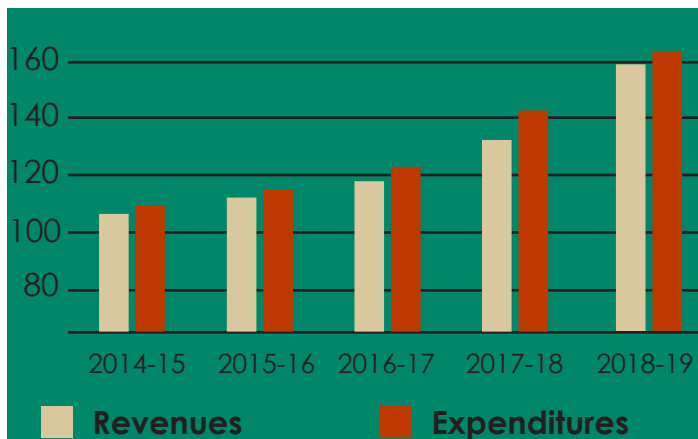
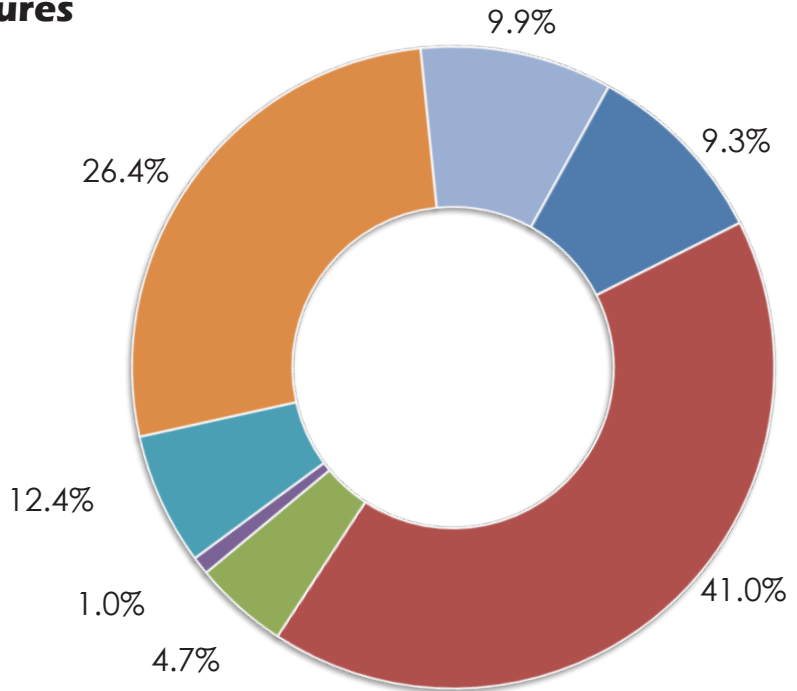
General Fund: \$165.5M



Much of the revenue that comes into the General Fund is not tied to a specific activity and can be spent on local needs, which can change year to year. In Humboldt, roughly half of those dollars are spent on law and justice services, such as the Sheriff, District Attorney, Public Defender, Probation and Child Support Services.

General Fund Expenditures

	Law & Justice \$67.96M
	Health & Human Services \$7.76M
	Education & Agriculture \$1.63M
	Planning & Building \$12.44M
	Public Works \$43.75M
	Transfers & Contingencies \$16.49M
	Admin Services \$15.50M



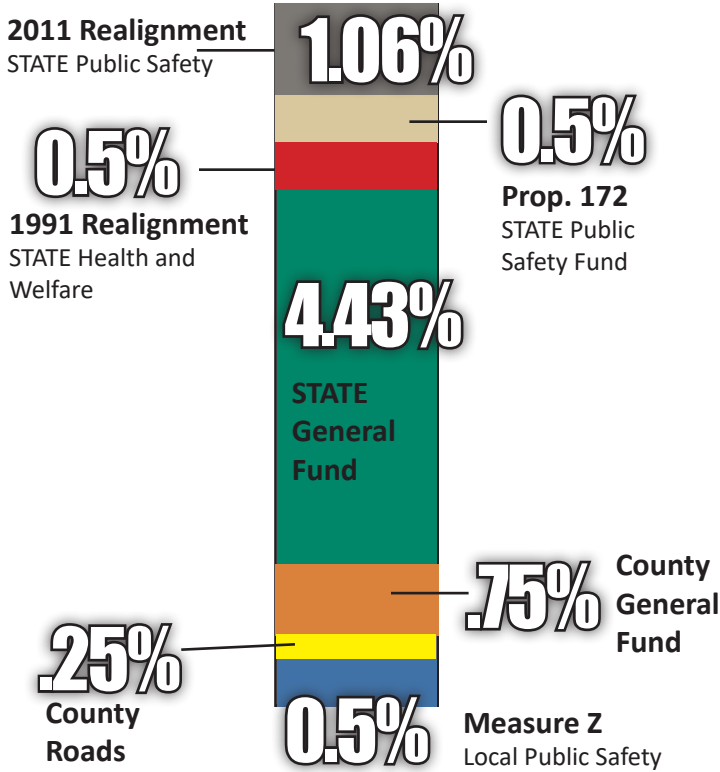
General Fund Past Trends

The General Fund continues to depend on fund balance left over from prior years to finance activities in the current year. In FY 2018-19, the county will utilize \$6.02 million in fund balance.

This will result in an estimated balance of \$4.9 million at the end of the year.

Revenues: \$159.5M

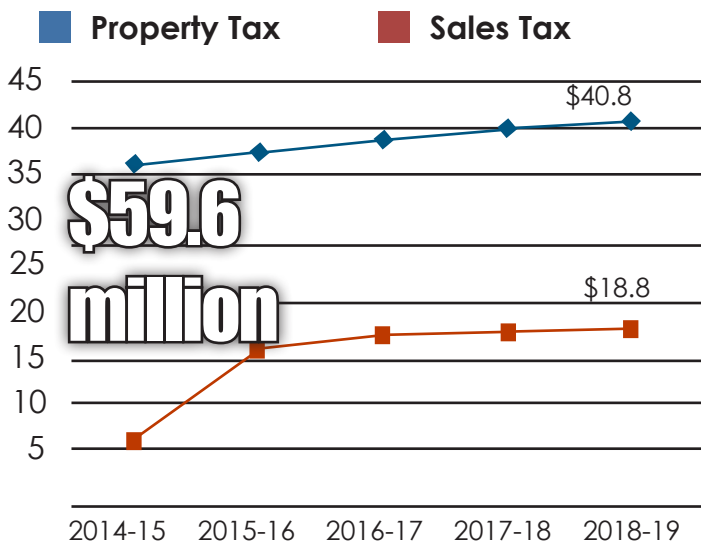
Sales Tax: Where Does It Go?



Property and Sales Tax Revenue

Property taxes are estimated to grow at 3.2 percent while sales tax is projected to grow by 3.8 percent.

Total revenue for both is estimated at \$59.6 million. The sales tax includes Measure Z revenue.



Additional Funding

Departments requested funds for one-time expenses (\$3.8 million) and ongoing costs (\$630,636). Due to competing priorities and limited funds, not all requests can be funded. The following requests are being recommended for funding:

One-Time Costs

- \$1.25M** Contribution to PARS Trust to address pensions
- \$1M** Contribution to ADA Trust Fund for expenses associated to projects ID'd on consent decree
- \$500k** Contribution to Rainy Day Fund
- \$250k** Contribution to Deferred Maintenance
- \$250k** Phase II of the Facility Master Plan
- \$110k** Mitigate site contamination threats at 4th & J - Eureka
- \$100k** Deferred maintenance on county facilities
- \$84k** Two Sheriff's vehicles
- \$66k** Operational cost exceeded grant revenues in Economic Development
- \$61k** Water rights attorney, consultant
- \$60k** Abandoned Vehicle Program
- \$36k** Vehicle for Ag Commissioner for new hire to perform inspections of cannabis site for the state
- \$20k** Improve wiring in Auditor-Controller's Office
- \$15k** Asbestos removal at Parks Maintenance Shop
- \$12k** Install wireless access points at Ag Center

Ongoing Costs

- \$400k** DHHS collaboration with First 5 to respond to Adverse Childhood Experiences (ACEs)
- \$90k** Project Manager for hiring, employee retention
- \$54k** Land Use Division Administrative Secretary
- \$39k** 2% of TOT tax to Southern Humboldt Visitor's Bureau
- \$27k** Contract services to landscape county grounds
- \$20k** Increase to Film Commission for wages, marketing to promote tourism, cannabis industry

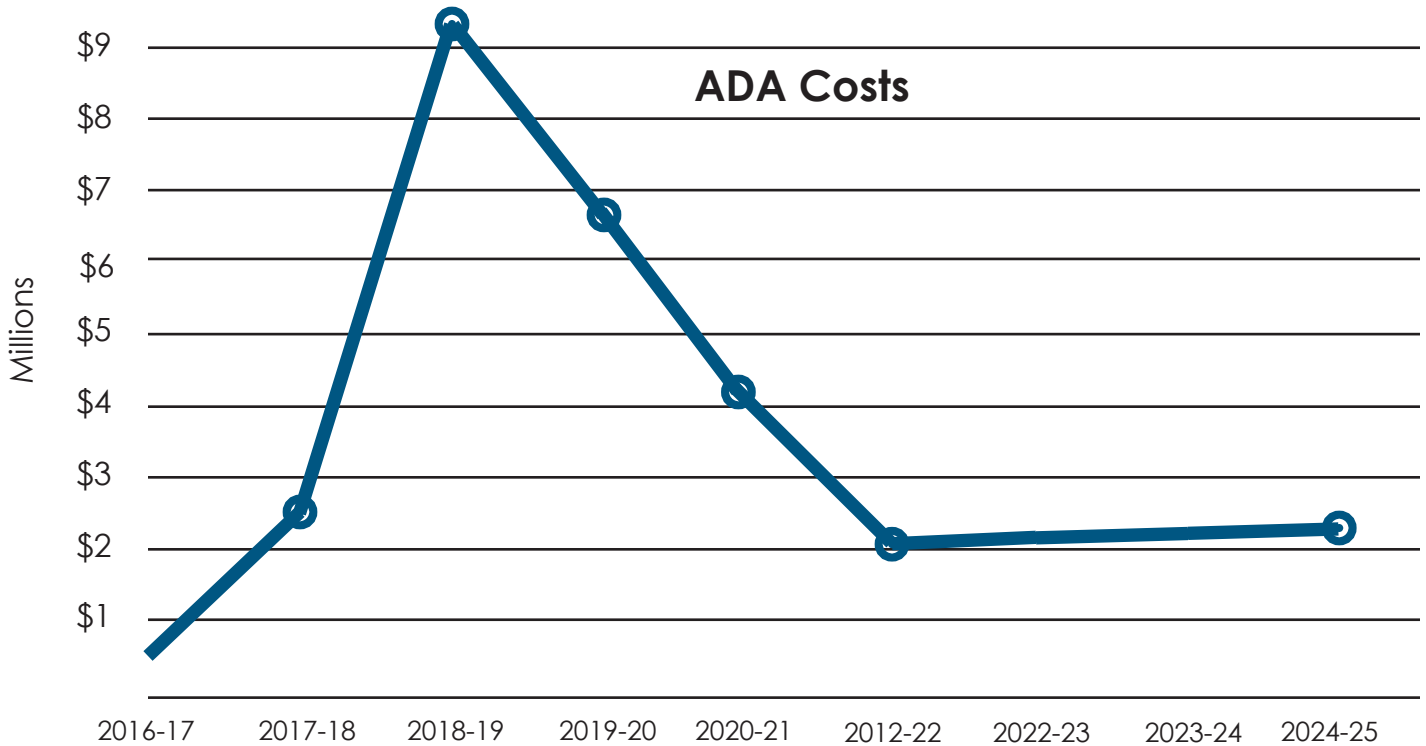


Challenges and

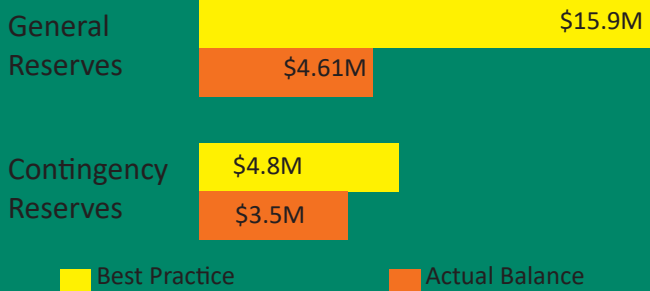


Gold Bluffs Beach

The county in 2016 entered into a consent decree with the Department of Justice, which requires the county to modify its facilities and services to ensure accessibility for all persons. Over the next 7 years, the county anticipates it will cost \$27 million to make the necessary modifications, including \$7.5 million for curb ramps alone.



Reserves: Best Practices vs. Actual Balance

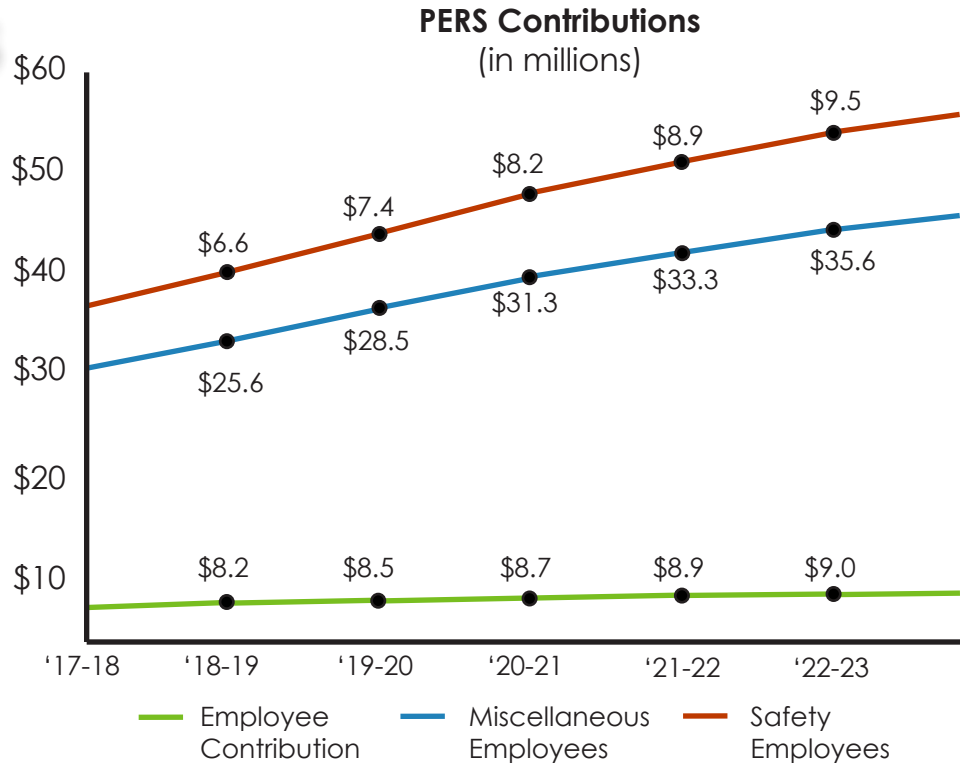


General Reserves is a rainy day fund to be used in cases of financial hardship or emergency. Finance officers recommend maintaining a balance of 10 to 16 percent of General Fund Revenues in this fund. For Humboldt, that would equal at least \$15.9 million. The Board revised its General Reserve policy this year to add 10 percent of cannabis tax revenues to reserves per year. **Contingency Reserves** is funding set aside in a yearly budget to be used for unforeseen circumstances. Recommended levels for this fund are between 2-3 percent of General Fund revenues, or \$4.7 million.

Opportunities

Retirement Costs Continue to Rise

The county's contribution rates towards pension costs are expected to rise over the next several years. CalPERS is now requiring fixed payments towards the county's unfunded liability, rather than a percentage of payroll, which should provide predictability to contribution amounts. The estimated minimum required total employer contribution for FY 2018-19 is \$32.2 million and employee contribution is \$8.2 million, which reflects the annual required contribution but does not address the increasing unfunded liability. In addition, CalPERS has lowered its estimates on expected returns, which is forcing local

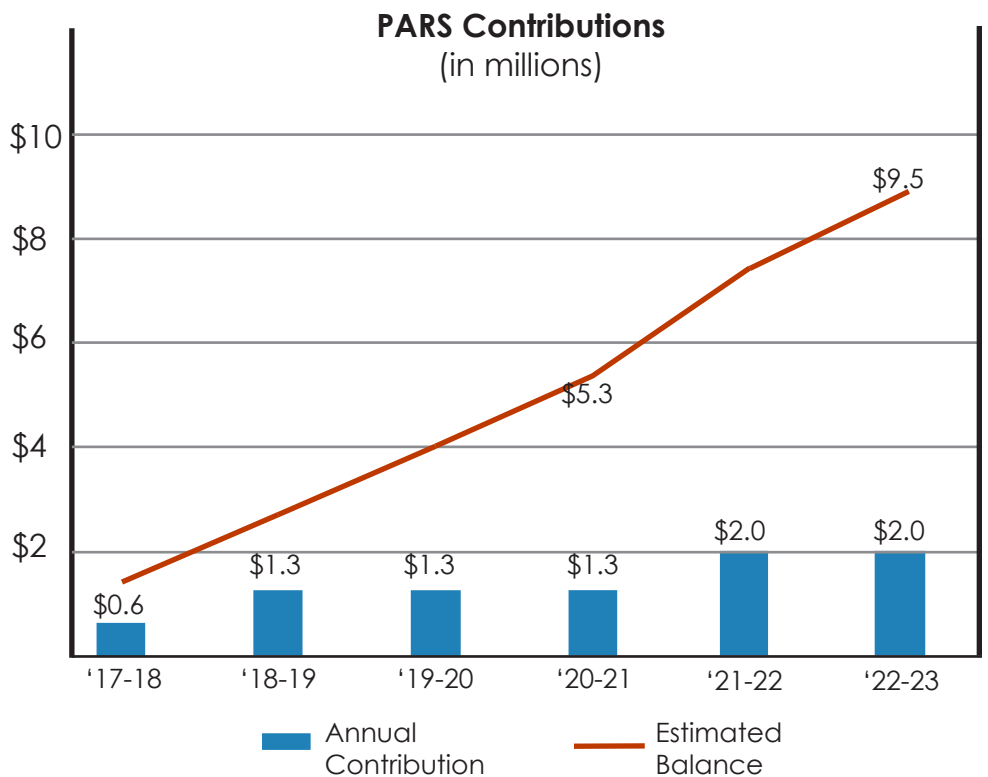


governments to contribute more to retirement. The chart represents the estimated total employer contribution (which includes

employee, employer and unfunded liability contributions annually) for the depicted forecasted timetable.

Board has taken action to stabilize pension cost

To combat our rising retirement costs the Board in 2015 decided to participate in a retirement stabilization plan, known as PARS. Here's how it works: the county invests money in an outside trust fund, which is managed by a third party. This way we can invest more aggressively than the county treasury allows. The idea is that this money grows year after year, and when the time is right – likely at the point we can't afford CalPERS increases – we put that money towards pension costs, which would help level off the increases. More and more governments are taking part in this idea, and it is one way we can protect ourselves for the long-term.

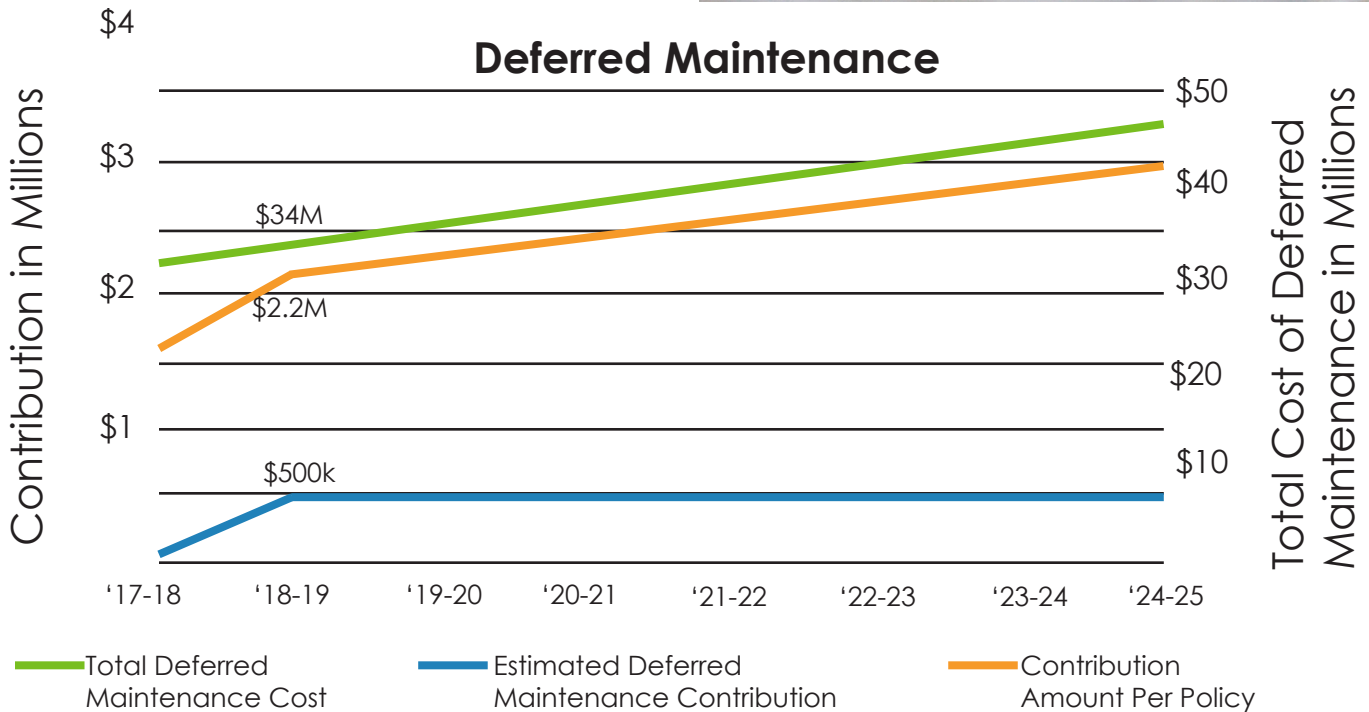




Challenges



The county has fallen far behind in regular upkeep of its facilities. As a result, there are several county facilities that need significant repair or rehabilitation. Deferring maintenance on public infrastructure will only make it more costly later when repairs and fixes are eventually made. The county needs to increase spending on maintenance to keep the facilities in serviceable condition.



Deferred Maintenance: How Can We Keep Facilities in Good Order?

While deferred maintenance costs continue to rise, county policy require a contribution of 5 percent of estimated deferred maintenance costs to be allocated on an annual basis. However, due to a number of internal and external factors policy levels have yet to be realized. This budget proposed contributing \$250,000 to this purpose. Providing for and maintaining infrastructure is one of the Board's core roles in the 2018 strategic

framework. Deferred maintenance costs are estimated at \$32 million and should continue to rise by at least 3.5 percent per year. The county must allocate more funding towards deferred maintenance so that it meets or approaches policy levels. In addition, the county must prioritize the projects it will take on with any additional funding.

Performance Measures

During the months of February and March county departments participated in the Budget Roadshow and traveled to several parts of the county to listen to community members discuss which county services they would like to see improved. Staff then took the feedback received from all four Budget Roadshows and placed this information online for ranking. The county will track its progress for the following priorities:



Affordable Housing

There is a lack of affordable housing in our community and we want to show our efforts to improve this situation. We will measure our performance:

- Incentivizing housing investment for community members
- Reviewing housing options for county employees

Adverse Childhood Experiences (ACEs)

Humboldt County has the highest rate of childhood trauma in the state. How are we working to prevent this in the future, and to ensure those affected will be able to recover? Some ideas include:

- Improving mental health services and facilities for children

Economic Development

What efforts are we undertaking to spur economic development in Humboldt County and help businesses have success?

- Updating Local Coastal Plans (especially for Humboldt Bay)
- Streamlining the county's multiple permitting processes through policy or co-location
- Creating a climate action plan and plan for alternative energy export
- Economic Development after the legalization of cannabis

Roads and Trails

Roads trails and public infrastructure are important assets in our community, and we want to maintain them. We will look at how well we:

- Improve infrastructure like facilities, roads and rural broadband
- Preserving our rivers and water sheds

Targeting Hard Drugs

How are we dealing with hard drugs like meth and heroin? How are we doing at combating the opioid epidemic in our community?

- Addressing substance abuse and opioid addiction

Ensuring Success of Cannabis Industry

How are we supporting this industry?

- Permitting cannabis facilities and farms
- Collecting excise tax
- Performing inspections



Measure Z

Through three years of Measure Z, the half-cent sales tax passed by voters in 2014, the community has seen 71 new public safety projects funded, with 19 more on the way this year. Outlying areas now have 24/7 patrol by law enforcement, local roads are in better shape, and motorists can be assured that an ambulance will be there in case an accident happens on Highway 299. While the community still has many public safety needs, we are safer since the passage of Measure Z.

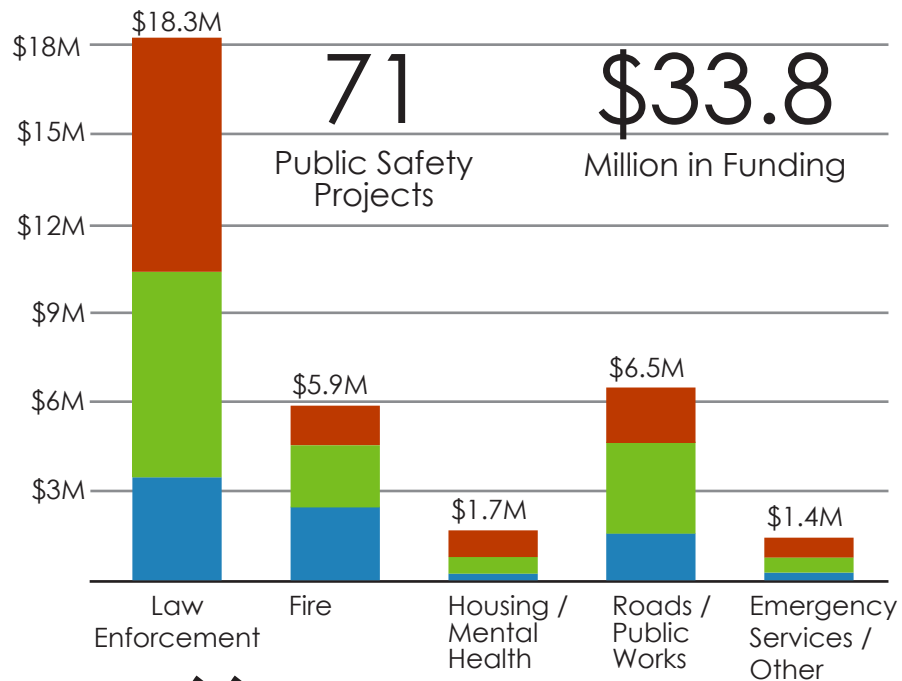
Measure Z-funded officers maintain a frequent and visible presence along the waterfront and city trails, addressing complaints and dismantling camps. Disposed garbage includes discarded needles and other environmental hazards. Eureka's Mobile Intervention Services Team (MIST) officer allows for more frequent and effective opportunities to engage homeless individuals and offer referrals to services. In some cases, these efforts have resulted in decreased arrests, complaints/calls for service and emergency hospitalizations.



Eureka Police Department

Public Safety Projects Funded in First 3 Years of Measure Z

Category	Yr 1	Yr 2	Yr 3
Law Enforcement	\$3.5M	\$6.9M	\$7.9M
Fire	\$2.5M	\$2.1M	\$1.3M
Housing / Mental Health	\$223k	\$582k	\$896k
Roads	\$1.6M	\$3.0M	\$1.8M
Em. Svc's/Other	\$285k	\$524k	\$659k
TOTAL	\$8.1M	\$13.1M	\$12.6M



*A complete list of Year 4 projects is in Section J.

“The Fortuna DTF agent has increased the level of drug enforcement in the Eel River Valley. Our SRO is building bridges between students and staff, which is a positive impact.”
City of Fortuna Police Department
 Project funded 1 officer assigned to the Drug Task Force (DTF) and 1 School Resource Officer (SRO).

“We have added deputies in Southern and Eastern Humboldt, and North Area Command. We added Correctional Officers in the jail and are helping fix the emergency radio infrastructure.”
Humboldt County Sheriff's Office
 Project funded 38 personnel, a Lenco Bearcat and snow rescue vehicle, and radio study.

Public Safety

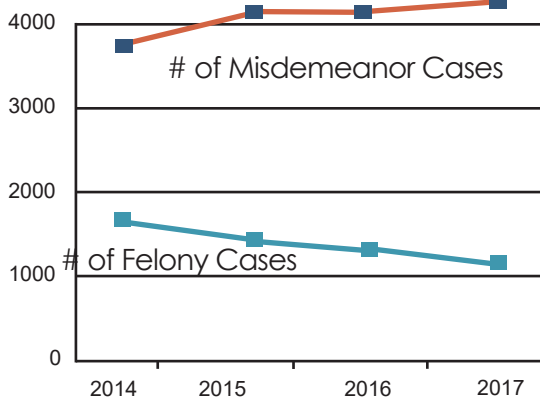
“ Volunteer fire departments are receiving equipment recognized as standard across the nation, allowing them to perform emergency response. ”

Humboldt County Fire Chiefs' Association

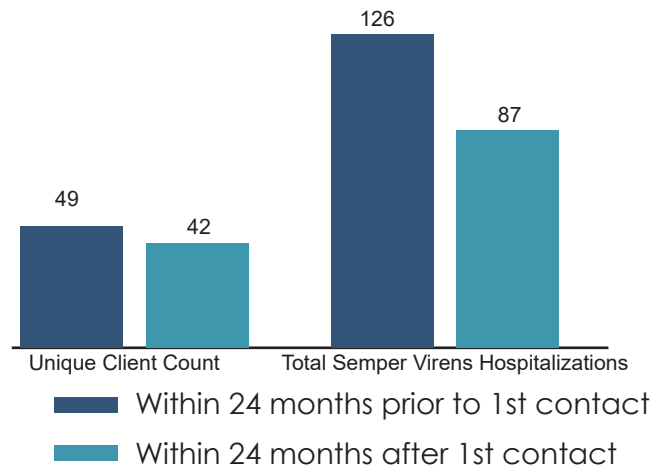
Project is funding personal protective gear, fire trucks, building sheds, dispatch and planning fees.



District Attorney Caseload



MIST Program Outcomes



Behind the data:

With additional staff the DA now assigns one attorney to follow a serious/violent case from beginning to end. This increases efficiency and effectiveness, and it gives victims of violent crime the attention they deserve.

The DHHS-Mobile Intervention Services Team reports that there has been a 31 percent reduction in psychiatric hospitalizations in the 2 years after first contacting a client.



Hoopla Ambulance

“ July '17 to March '18: Hoopa Ambulance responded to 244 calls with an average response time of 5 minutes in town, and 11 minutes along Hwy 299. ”

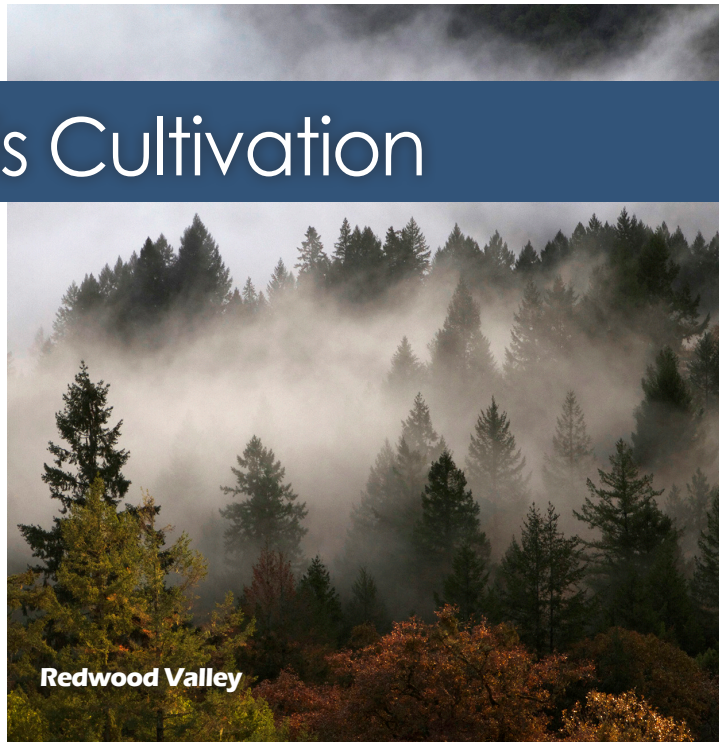
K'ima:w Medical Center

Project is funding Hoopa Ambulance, which provides service along Highway 299



Cannabis Cultivation

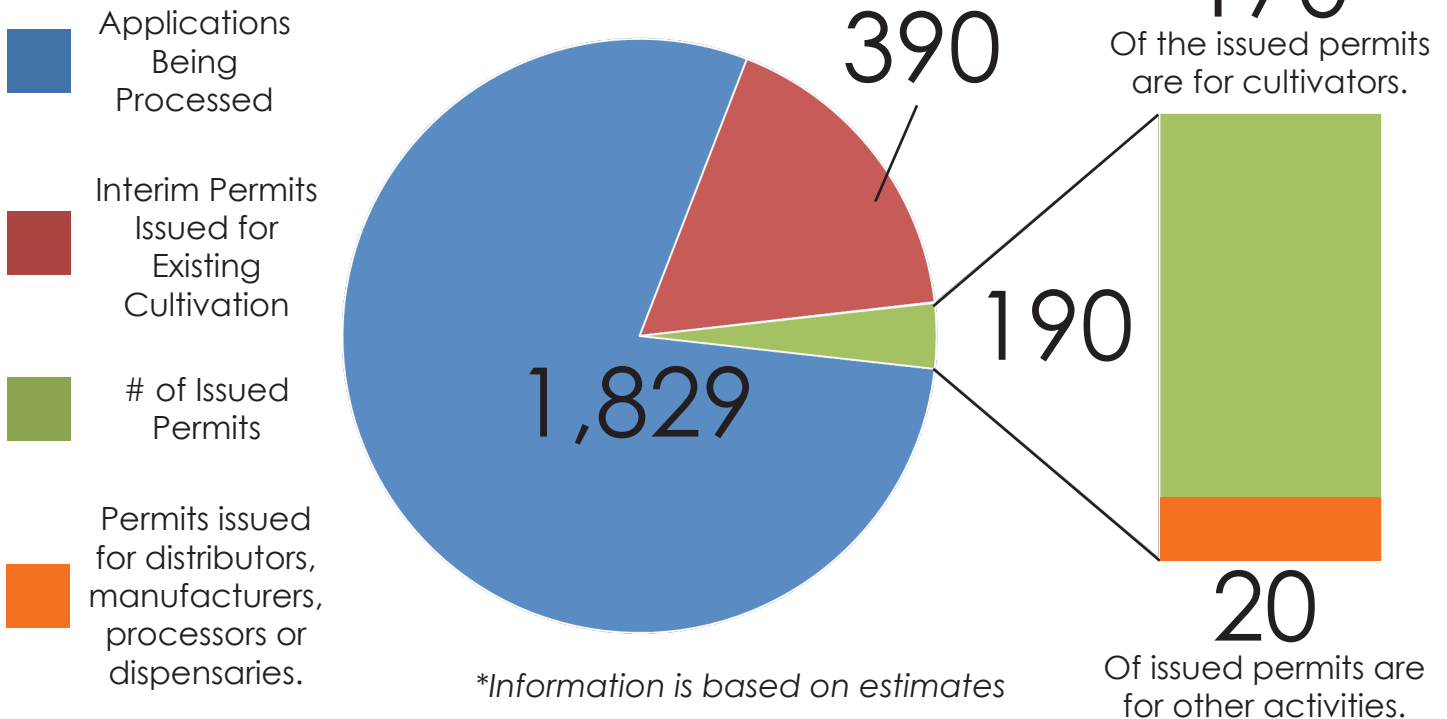
In May 2018 the Board of Supervisors adopted "Cannabis 2.0," which revised the county's cannabis land use ordinance. Among the changes, the new rules cap the total number of cultivation sites based on watershed. This change will help ensure that Humboldt County's rivers and creeks remain healthy and vibrant for years to come.



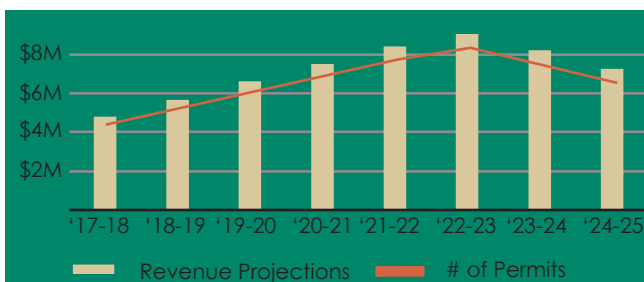
Redwood Valley

Cannabis Permits

Total Applications Received = 2,371



*Information is based on estimates



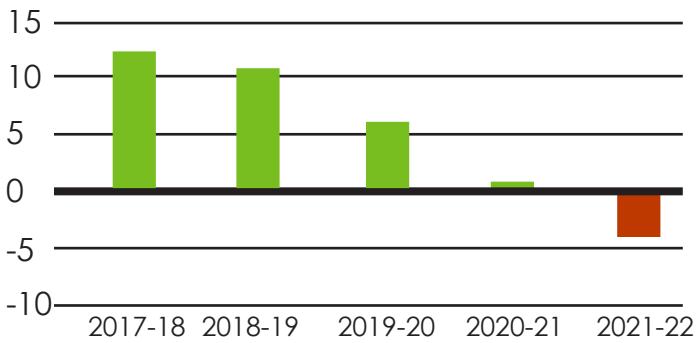
The Future of Cannabis

Utilizing Measure S revenues to fund ongoing expenses requires careful consideration as this excise tax is a new revenue source and the cannabis industry is in its infancy in terms of legalization. Revenues are projected to decline in 2023 when rules limiting farm sizes sunsets.

A Look Ahead

If current trends continue, the General Fund is expected to fall to a negative balance as early as 2020. This is a significant risk to the county's ability to serve the community, particularly when it comes to public safety. Major contributing factors to the declining fund balance include increasing retirement and health insurance costs, and slow to moderate revenue growth, particularly property tax and Measure S, the cannabis cultivation tax passed by voters in 2016.

Projection of General Fund Balance

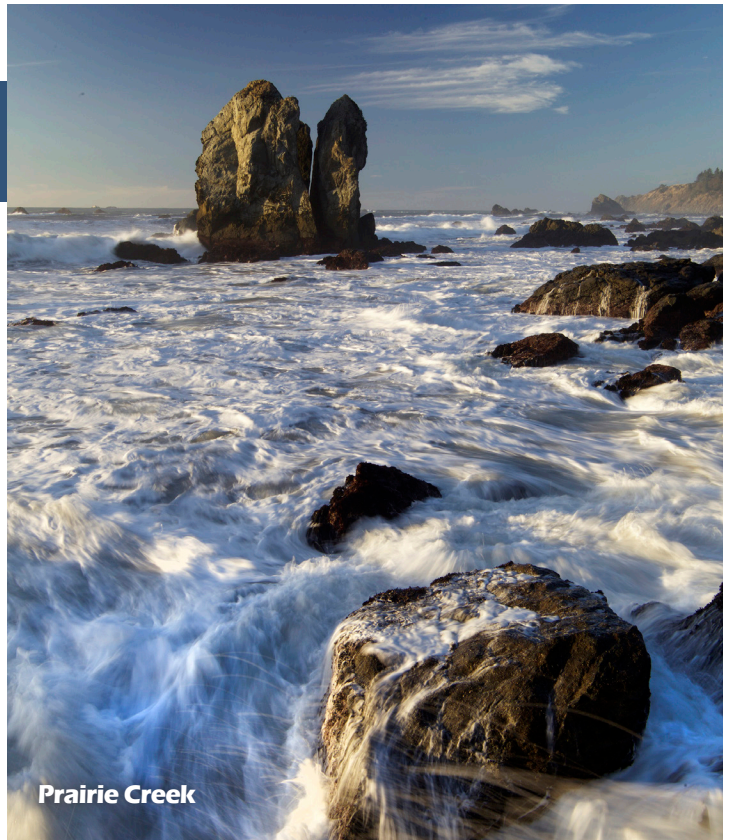


General Fund Projection Results

Expenditures exceed revenues for each year of the forecast.

This forecast assumes that annual contributions to deferred maintenance are \$500k and reserves are 10 percent of Measure S revenues. Contingencies are \$3.5 million.

Entering FY 2018-19, an additional \$935,000 is needed annually, or \$6.5 million total, to begin to meet annual policy levels for reserves, contingencies and deferred maintenance.



Prairie Creek

What does this all mean?

Based on the forecast the General Fund is starting to show improvement, however the county is still spending more than it earns, and that disparity will grow in future years if no action is taken.

There are a number of fiscal concerns/issues, such as insufficient Reserves; fixed costs increasing faster than revenue growth; loss of Measure Z revenue; and reliance on fund balance to produce a balanced budget, that are manageable with a long-term plan and a disciplined approach.

Your Board has taken steps to begin addressing the above concerns. Commitment to those plans will provide the county with the best chance to weather the inevitable financial storms headed our way.



Community Connections

County programs among state's most innovative

Six Humboldt County programs were recognized by the California State Association of Counties (CSAC) as being among the most innovative, efficient and cost-effective in the state. Every year CSAC holds a competition called the Challenge Awards with all of California's 58 counties wherein each jurisdiction is invited to submit their best new programs for consideration. The competition received more entries than ever this year (288), with 16 programs receiving Challenge Awards (the competition's top honor), and 31 were recognized with Merit Awards. Humboldt County earned three Challenge Awards and three Merit Awards



Programs were recognized from the following departments: Sheriff's Office, Public Works, Agriculture Department, Child Support, and the County Administrative Office.

Sheriff's Office **Reprogramming Corrections**

The Sheriff's Office partnered with Humboldt State University sociology students to conduct research regarding reducing recidivism, especially in light of 2011 prison realignment. One of the recommendations that came from the research was to hold a three-day re-entry fair to connect people in custody with community resources and employers.

Agriculture Department **Track and Trace Pilot Project**

The Agriculture Department developed and implemented a cannabis track and trace project for tracking the movement of medical cannabis from cultivator to dispensary. Humboldt was the first California county to implement a program to track the movement of cannabis products through the distribution chain. The project has proven useful to both industry and regulators as it provides verification for proof of origin and whether the product is legal.

Public Works **Tsunami Zone App**

The Tsunami Hazard Zone App was developed to provide an additional tool for community tsunami hazard planning and emergency preparedness on the North Coast. Staff took an inter-agency approach and used existing tsunami hazard data to create an accessible, dynamic interface that could be used online from any device. The goal is to use the app as part of the community's emergency planning efforts for home, work, school, and play. Check out the app at humboldt.gov/TsunamiApp.

Helping Humboldt

County Administrative Office

Budget Roadshow

In a critical year where Humboldt County was set to begin receiving cannabis tax revenue for the first time, staff from many departments and elected officials went on the road to discuss the budget face-to-face with the community, and received more input than ever.

County Administrative Office

All Hands Training Day

Humboldt County reserved a full work day to bring all employees together and provide mandated and elective trainings, and had the training sessions take place on what was traditionally a county holiday for minimal impact on the public.

North Coast Regional Department of Child Support Services (NCDCCS)

Child Support Collections for Multiple Small Counties

The challenge was to maximize the opportunity for small counties to collect child support for parents when the other parent is receiving worker's compensation. Staff with specific expertise in this subject used relationships they have built to hone in on a process that is effective and efficient for smaller counties. This process is now being used by NCDCCS to collect child support on worker's compensation claims for 14 small, rural counties.



Employees from the North Coast Regional Department of Child Support Services receive a CSAC Merit Award.



Wraparound Unit team members, from left: Tim Johnson, Candice Campbell, Marshall Boyett, Heidi Young, Trevlene Blood, Donna Filippini, Dani Widmark and Corina Keppeler.

Wraparound program unites services for youth

The Department of Health & Human Services has increased outreach to struggling youth and their families, and is currently engaging more than 40 young people dealing with emotional and behavioral health challenges in an innovative program.

Wraparound is a holistic approach to at-risk youth client intervention, bringing together staff from multiple programs to collaborate on cohesive treatment strategies. It's an intensive method of engaging children and youth with complex needs so that they can remain in their homes and communities. Perhaps most importantly, family members are engaged and encouraged to fully invest themselves in treatment plans. Staff from Children's Mental Health, Child Welfare Services and Probation collaborate on individualized cohesive recovery strategies.

Beginning in April 2016, Children & Family Services, joined by Probation, started training as Wraparound coordinators and coaches. In September, eight employees attended the National Wraparound Implementation Academy in Washington D.C. That was followed in October by National Wraparound Implementation Center training in Humboldt.

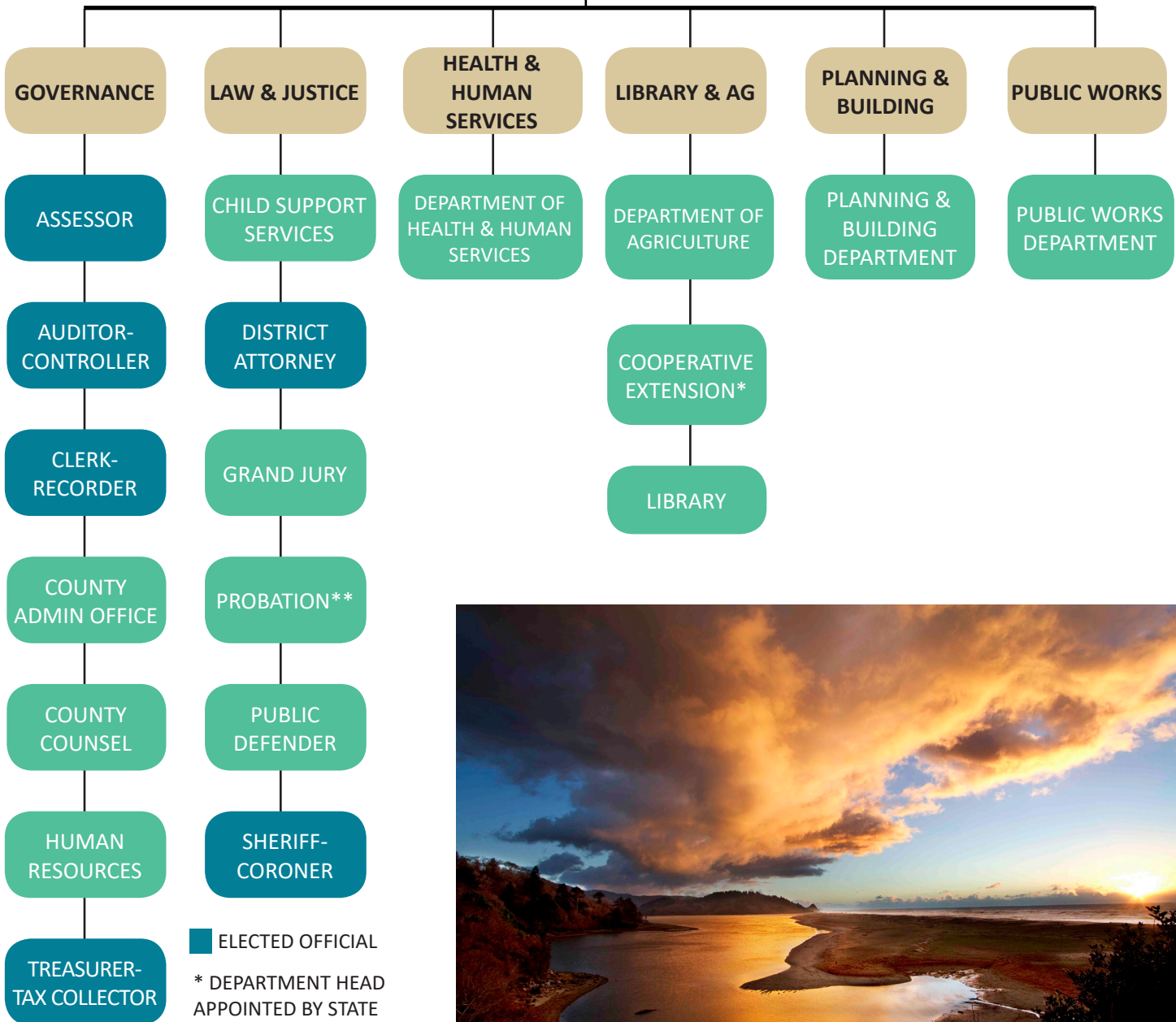
The Wraparound program has the ability to accommodate up to 100 families.



County Organizational Chart

CITIZENS OF HUMBOLDT COUNTY

BOARD OF SUPERVISORS



ELECTED OFFICIAL
 * DEPARTMENT HEAD APPOINTED BY STATE
 ** DEPARTMENT HEAD APPOINTED BY COURTS



Staying Involved



Digitally at Humboldt.gov.org

- Sign up for the county's monthly electronic newsletter
- Weigh in on county issues on the Open Humboldt discussion forum
- Join Nextdoor.com to connect with your neighbors

In Person

- Attend the annual Budget Roadshow in Feb or March
- Attend or watch a Board of Supervisors meeting on Tuesdays
- Attend the budget hearings in June



Photography credits

Martin Swett

- P. 7 Patrick's Point
- P. 7 Bald Hills
- P. 7 Bald Hills (Snow)
- P. 9 Ave. of the Giants
- P. 12 Gold Bluffs Beach
- P. 14 Baker Beach
- P. 18 Redwood Valley
- P. 19 Prairie Creek

Martin Swett is an avid landscape photographer who prefers to go off the beaten track in search of great images. Martin's photography expeditions take him throughout the Western United States, but he can frequently be found on Humboldt's trails, creeks and beaches during golden hours. Check out more of his work on Flickr.com.



Gold Bluffs Beach

Nanci Bryant

- P. 7 Kneeland Road
- P. 7 Mattole Road
- P. 10 Upper Monument
- P. 11 Kneeland
- P. 23 Hummingbird

Nanci Bryant is an employee of the Agriculture Department. She takes her camera everywhere and enjoys taking landscape shots and clearly identifying a subject within a frame. Her dog Beau is a frequent star of her photography.



Firecracker Flower

Jill Duffy

- P. 8 Orick
- P. 22 Stone Lagoon
- Back Cover

Jill Duffy is a former 5th District Supervisor. She enjoys taking nature shots of the beautiful 5th District, which includes Hoopa, Orick, Fieldbrook, Korb, Orleans, McKinleyville, Trinidad and more.



Orick

Other Submitted Photos

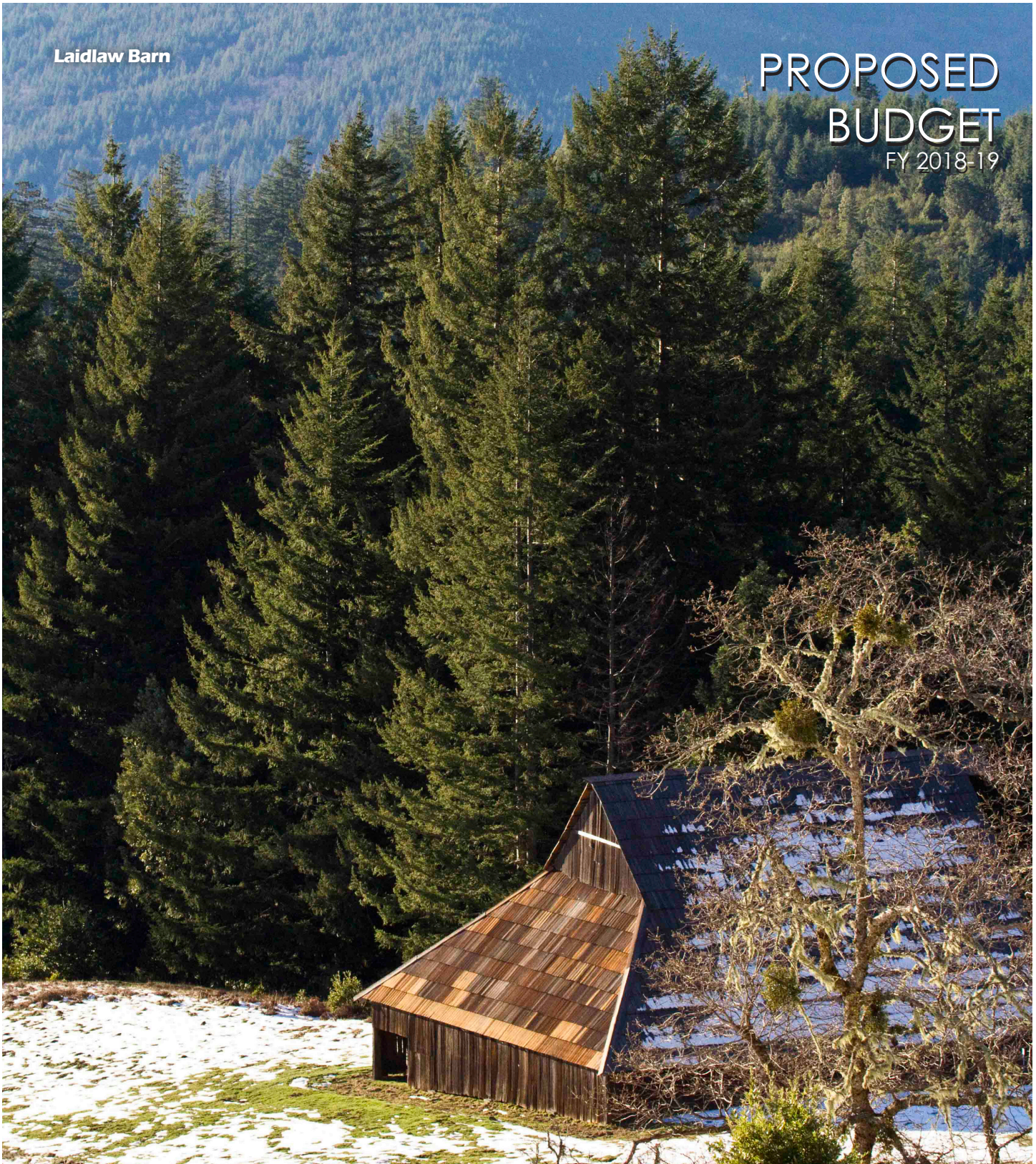
- Cover Photo - Humboldt County Public Works
- P. 16 Eureka Police Department
- P. 17 Briceland Volunteer Fire
- P. 20 Humboldt County
- P. 21 Humboldt County Dept of Health & Human Services
- P. 21 Humboldt County DHHS



Laidlaw Barn

PROPOSED BUDGET

FY 2018-19



HUMBOLDT COUNTY
CALIFORNIA

