



COUNTY OF HUMBOLDT

AGENDA ITEM NO.

C5

For the meeting of: February 27, 2018

Date: January 26, 2018
To: Board of Supervisors
From: Amy S. Nilsen, County Administrative Officer
Subject: Headwaters Fund Budget Transfer and Board Manual Amendments

RECOMMENDATION(S):

That the Board of Supervisors:

- 1. Authorize the transfer of funds in Fund 1120, Budget Unit 286, Headwaters Fund from the Community Investment line items to the Grant Fund line items for the Decade of Difference 8 Year Initiative.

Revenue:

Table with 3 columns: Item ID, Amount, and Fund No. Includes items 1120 286 705026 and 1120 286 705029.

Expense:

Table with 3 columns: Item ID, Amount, and Fund No. Includes items 1120 286 3019 and 1120 286 3246.

- 2. Approve the amendment to the Headwaters Board Manual to define the termination process related to Headwater Fund Board (HFB) member's absences.

Prepared by Karen Meynell, Economic Development Specialist

CAO Approval [Signature]

REVIEW: Auditor County Counsel [Signature] Human Resources [Signature] Other

TYPE OF ITEM: [X] Consent, Departmental, Public Hearing, Other

PREVIOUS ACTION/REFERRAL: Board Order No. Meeting of:

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor Wilson Seconded by Supervisor Bass
Ayes Bass, Fennell, Sundberg, Behn, Wilson
Nays
Abstain
Absent

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: 2/27/18
By: Kathy Hayes, Clerk of the Board

SOURCE OF FUNDING:

Headwaters Fund

DISCUSSION:

Headwaters Fund Transfer of Grant Funds Budget

The Headwaters Fund recommends funding the \$150,000 Decade of Difference Year 8 award out of the Grant Fund (3848). The original budget calls for \$100,000 of the award be paid out of the Grant Fund and \$50,000 be paid out of the Community Investment Fund. Unlike the Grant Fund, the Community Investment Fund has no funding replenishment mechanism. The interest earned in fiscal year 2016-17 for the Grant Fund is sufficient to cover the entire Year 8 award. The Headwaters Fund Board recommends the budget reflect that all \$150,000 come from the Grant Fund.

Board Manual Amendment

There is not clear direction in the Headwaters Fund Board Manual (Manual) on how or when Headwater Fund Board (HFB) member's attendance of meetings may impact the appointment to the HFB. While this is not currently an issue, the HFB took action to recommend new language to be included in the Manual, as these changes are easier to make when there is not an attendance issue. Below are the recommended changes to the existing Manual language:

- “9. Termination
- a) A HFB Member may be terminated from HFB due to excess absences as defined by the Board of Supervisors, unexcused absences, behavior detrimental to HWF, or any other reason. The HFB shall first make a recommendation of termination review to the Board of Supervisors, who may then ~~accept or reject the recommendation for termination~~ terminate membership on a majority vote.
 - b) Excess absences shall be defined as missing more than 50% of the scheduled meetings in a calendar year or three consecutive meetings.
 - b) c) A Board Member's service can also be terminated after failing an annual performance review as determined by the HFB and the Board of Supervisors.”

FINANCIAL IMPACT:

Changing the source of the funding for the Decade of Difference Year 8 award will result in not decreasing the balance of the Community Investment Fund by \$50,000. Since the Community Investment Fund has no funding replenishment mechanism, this means that those funds, \$50,000, will be available for future projects. The Grant Fund receives income from interest on loans and the endowment. Therefore reducing the Grant Fund by \$50,000 will have less of an impact because it will be replenished by future interest income.

The amendments to the Board Manuals and fund transfer proposal support the Board's Strategic Framework initiative to safeguard the public trust by managing our resources to ensure sustainability of services.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

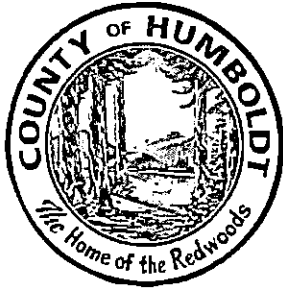
Your Board could choose to deny the funds transfer request and Board Manual amendment, but this is not advised as the Headwaters Fund Board recommends these changes.

ATTACHMENTS:

Attachment 1: Amended Board Manual with recommended changes.

Attachment 1:

Amended Headwaters Fund Board Manual with Recommended Changes



The Headwaters Fund

INVESTING IN OUR COMMUNITY

BOARD MANUAL

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1. Introduction

- a) As part of the Headwaters Fund, this Manual outlines the Headwaters Fund Board formation, duties, board structure, tenure, termination, behavior, and procedures. The Headwaters Fund Board is an advisory board recommending Headwaters Fund project funding, policies and budgets to the Board of Supervisors for approval. This Manual accompanies the Community Investment Fund, Grant Fund, and Revolving Loan Fund Manuals that outline policies and procedures of the various Headwaters Fund program areas.

2. Definitions

- a) "HFB" means the Headwaters Fund Board.
- b) "HWF" means the Headwaters Fund program.
- c) "BOS" means the County of Humboldt Board of Supervisors.
- d) "Member" means a member of the Headwaters Fund Board.
- e) "Staff" means staff of the County of Humboldt's Economic Development Division administering the Headwaters Fund.
- f) "RLF" means the Revolving Loan Fund program of the Headwaters Fund.
- g) "CIF" means the Community Investment Fund program of the Headwaters Fund.
- h) "GF" means the Grant Fund program of the Headwaters Fund.

3. Duties

- a) The Headwaters Fund Board duties are the following:
 - i) Recommend funding of Grant Fund and Community Investment Fund applications to Board of Supervisors for approval: HWF Staff will provide the initial screening for applications for project grant funding. HFB will pass a slate of recommended applications to BOS for review and approval. The Community Investment Fund and Grant Fund Manuals outline details on project selection criteria and processes.
 - ii) Recommend annual budgets to Board of Supervisors for approval: Utilizing HWF Staff support and recommendations, HFB will recommend annual budgets for CIF, GF, RLF, and HWF administration to the Board of Supervisors for approval.
 - iii) Recommend Headwaters Fund policy and procedures to Board of Supervisors for approval:
 - a) Utilizing HWF Staff support and recommendations, the HFB will recommend to the Board of Supervisors policies and procedures for the management of the Headwaters Fund including the Board Manual, Charter, and CIF, RLF, and GF Policy Manuals.
 - b) Utilizing HWF Staff support and recommendations, HFB will recommend to the Board of Supervisors revisions and variances to policies and procedures for the management of the Headwaters Fund including the Board Manual, Charter, and CIF, RLF, and GF Policy Manuals.
 - iv) Solicit community input: HFB will solicit and receive community input where appropriate.
 - v) Issue annual reports: HFB will present an Annual Report to the Board of Supervisors. The report will summarize projects of the Headwaters Fund and their benefits to the community. The report will include a summary of fund balances, expenditures, revenues, and information on funded projects.
 - vi) Stay informed and active in the Fund's mission and activities: HFB Members have significant responsibility in HWF's management and success. Thus, they should attend all meetings, actively fulfill their duties with diligence and integrity, and remain informed of HWF operations.
- b) County staff will provide the HFB with staff support; in addition, HWF funds will be available for technical or financial consulting to assist the Board in application analysis and review.

4. **Board Structure**

- a) HFB consists of 7 members of the community, recommended by the Board of Supervisors Headwaters Fund Subcommittee, and appointed by the Board of Supervisors.

5. **Selection of HFB Members**

- a) The selection process will consist of three stages: recruitment, Headwaters Fund Subcommittee screening, and Board of Supervisors approval. This process will be performed with the assistance of the Clerk of the Board of Supervisors in conformance with the Maddy Act (Gov. Code Section 5490 et. seq.).
- b) During the recruitment stage, the Headwaters Fund Subcommittee (i.e. County Treasurer/Tax Collector, the County Administrative Officer and two Supervisors) will publish criteria and desired qualifications for HFB Members and solicit applications. In order to be considered for the HFB, all candidates must first submit a timely application.
- c) Once the deadline for submitting applications has expired, the Headwaters Fund Subcommittee will conduct interviews and evaluations of candidates. County staff will provide the committee with recommended interview questions and evaluation criteria based on best practices. The Committee will also identify any potential conflicts of interest the candidate may have. Top candidates will meet with the Committee, hear an overview of the organization, receive relevant organizational materials describing the organization's products or services, and ask/answer questions about their fitness for HFB service. Using selection criteria, including the criteria in Section 6, below, the Screening Committee will recommend (with reasons) to the Board of Supervisors a pool of up to 14 candidates for appointment. All applications for appointment will be submitted to the full Board of Supervisors for consideration. The Board of Supervisors may conduct interviews with candidates in a process open to the public. The Board of Supervisors will deliberate on and appoint the Headwaters Fund Board, considering how to achieve the best balance of skills and competencies on this standing committee.
- d) If a seat is vacated by an HFB Member or a HFB Member is removed by the Board of Supervisors, Headwaters Fund Staff will notify the Clerk of the Board of Supervisors within 20 days. The Clerk of the Board of Supervisors will publish notice of the unscheduled vacancy for 10 working days. After said noticing period, the vacancy shall be filled using the selection process as described above.

6. **Selection Criteria**

- a) Individuals selected for HFB should exhibit the following characteristics:
 - i) **Integrity:** Members should strive for the highest level of non-partisanship, resist all efforts by groups or individuals to influence HFB decisions, and keep commitments outside of the HWF from influencing positions taken on HWF decisions. Members should support, without prejudice, investments in the community interest that meet the HWF priorities. Political, racial, religious, and other differences must never be criteria for declining funding, or providing funding. Members must preserve the independence of HWF decision-making from outside pressures of special interest groups, friends, business associates or others.
 - ii) **Breadth of Interest:** Members are selected to bring diverse community experience and knowledge to HWF decision-making. Each Member's background becomes an asset to HWF relations, investment decisions, and service. During HFB decision-making, each Member must scrupulously set aside past interests and commitments in order to serve the community as a whole. Only those individuals, no matter how selfless and committed, able to employ past experiences for the general community good should become Members.
 - iii) **Background:** Members should be selected from a reasonable cross-section of the

community but should not be expected to represent the special interest of a group or sector. People with experience in the following areas should be considered:

- a) Environmental affairs
 - b) Social welfare
 - c) Rural development
 - d) Governmental operations
 - e) Industry clusters
 - f) Banking and finance
 - g) Non-profit administration
 - h) Public interest
 - i) Economic development
- iv) Team Considerations: HFB should be considered as a team. Each Member will bring his/her own assets, and the group overall must have the necessary breadth and depth of expertise. Members should also be willing and able to work as team players at all times.
 - v) Time Requirements: Because of the importance of HWF to the County, Members selected to HFB must make HWF their highest service and community commitment. Board service requires substantial time, thought and energy. Thus, only individuals able to make the needed commitment will be chosen.

7. Orientation

- a) New Members will receive an orientation, Board Manual, and sign all appropriate documents.

8. Board Tenure

- a) HFB members will serve staggered terms to avoid 100% turnover of the HFB at the expiration of the term.
- b) HFB Members will serve an initial 2 year appointment followed by two possible 3-year renewal terms (re-appointments come as recommendations from the Headwaters Fund Board and are approved by a majority vote of the Board of Supervisors) for a total possible service time of 8 years. The HFB shall make recommendations for re-appointments to the Board of Supervisors who may then accept or reject the re-appointment by a majority vote. In the event a recommendation for re-appointment is rejected by the Board of Supervisors, the seat shall be deemed vacated at the expiration of the term and the selection process as described in Section 5 shall commence.

9. Termination

- a) A HFB Member shall be terminated from HFB due to excess absences as defined by the Board of Supervisors, unexcused absences, behavior detrimental to HWF, or any other reason. The HFB shall first make a recommendation of termination review to the Board of Supervisors, who may then ~~accept or reject the recommendation for termination~~ terminate membership on a majority vote.
- b) Excess absences shall be defined as missing more than 50% of the scheduled meetings in a calendar year or three consecutive meetings.
- b) c) A Board Member's service can also be terminated after failing an annual performance review as determined by the HFB and the Board of Supervisors.

10. Operating Procedures

- a) Meetings and notice
 - i) Regular Meetings: HFB shall meet at least once per quarter or more as required to review applications and appeals, at an agreed upon time and place. Upon a vote of the HFB any regular meeting may be cancelled or moved to a date specified in said vote.
 - ii) Special Meetings: HWF Staff shall, upon the written request of 2 members of the HFB,

- call a special meeting of the HFB for the purpose of transacting the business designated in the call.
- iii) The Agenda for the meeting will be posted as required by the Ralph M. Brown Act (the “Brown Act,” Gov. Code, § 54950 et seq.). . HFB Staff or his or her authorized representative shall post an agenda for each regular HFB meeting or a notice for each special HFB meeting containing a brief description of each item of business to be transacted or discussed at the meeting, together with the time and location of the meeting. Agendas and notices shall be posted at 520 E Street, Eureka, California (a location readily accessible to the public) at least seventy-two (72) hours in advance of each regular meeting and at least twenty-four (24) hours in advance of each special meeting. HFB Staff shall maintain a record of such posting.
- b) Right of Public to Appear and Speak
 - i) At every regular meeting, members of the public shall have an opportunity to address the HFB on matters within the HFB’s subject matter jurisdiction. Public input and comments on any item not on the agenda shall occur during the time set aside for general public comment. Public input and comments on matters on the agenda shall be made during the time set aside for public comment on that item.
 - ii) The Chairperson or presiding officer may limit the total amount of time allocated for public discussion and/or the time allocated for each individual speaker.
 - c) Non-Agenda Items
 - i) Matters brought before the HFB at a regular meeting that were not placed on the agenda of the meeting shall not be acted upon by the HFB at that meeting unless action on such matters is permissible pursuant to the Brown Act. Those non-agenda items brought before the HFB that the HFB determines will require HFB consideration and action and where the HFB action at that meeting is not so authorized shall either be placed on the agenda for the next regular meeting or referred to HWF staff as directed by the Chairperson or the presiding officer.
 - d) Manner of acting and decision-making
 - i) In discussions and decision-making, Board Members will act in an open-minded, respectful, and independent manner with integrity. The Board will strive for unanimity in decision-making; if unable to make a unanimous decision, the Board will rely on majority opinion in decision-making.
 - e) Quorum
 - i) Required Number to Constitute Act: At least 4 Members of the HFB shall constitute a quorum for the purpose of conducting HFB business, exercising HFB powers and for all other purposes, but a smaller number may adjourn from time to time until the quorum is obtained. Every official act of the HFB shall be adopted by a majority vote. A “majority vote” shall mean a majority of the quorum of the HFB. [So this will mean that 3 members of a 7 member body can make decisions. Are you sure this is what you want?]
 - f) Officers and duties
 - i) HFB Officers, as described in this section, will be selected annually by majority vote of HFB.
 - ii) Chairperson: The Chairperson will ensure the effective action of the board in governing and supporting the HWF. Among other tasks, the Chairperson will be responsible for meeting agendas, communications within the Board, and setting decision-making processes.
 - iii) Vice-Chairperson: The Vice-Chairperson will act as Chairperson in absence of the Chairperson and will assist the Chairperson on other duties or special projects. In case of the resignation, removal or death of the Chairperson, the Vice-Chairperson shall perform such duties as are imposed on the Chairperson until such time as a new Chairperson is selected.

- iv) Secretary: HWF Staff will provide a Secretary to keep the records of the HFB, act as secretary at meetings of the HFB, record all votes and keep a record of the proceedings of the HFB in a journal of proceedings to be kept for such purpose.
- g) Vacancies
 - i) Vacancies will be handled according to the process outlined in Section 5.
- h) Resignation
 - i) Resignation from the board must be in writing and received by the Board of Supervisors.
- i) Minutes and official recommendations
 - i) HWF Staff will record and distribute minutes of the meeting.
 - ii) All official recommendations to BOS shall be in writing and an approved copy of each recommendation filed in the official book of recommendations of the HFB.
- j) Conduct During HFB Meetings
 - i) Parliamentary Procedure. Unless a different procedure is established by resolution of the HFB or set forth in this Manual, the rules of parliamentary procedure as set forth in Robert's Rules of Order Revised shall govern all meetings of the HFB.
 - ii) The Chairperson, or in the Chairperson's absence, the Vice-Chairperson shall call the meeting of the Members to order and shall act as the chairperson of the meeting. The Chairperson, or the Chairperson's designee, shall establish rules of the meeting that will freely facilitate debate and decision-making. The Chairperson will indicate who may speak when and when a vote will be taken.
- k) Brown Act Requirements
 - i) The provisions contained in this Section 10 are consistent with the provisions set forth in the Brown Act. In the event any provision contained herein is inconsistent with the Brown Act, as it currently exists or as it may be subsequently amended, the provisions contained in the Brown Act shall prevail.

11. Conflict of Interest Policy

- a) This Policy covers economic conflicts of interest (as defined in California Government Code 8100 et. seq.; and Humboldt County Ordinance) and other conflicts of interest. Any HFB Member or HWF Staff who has an interest in a contract or other transaction presented to HFB or a committee thereof for authorization, approval, or ratification shall make a prompt and full disclosure of his/her interest to HFB or committee prior to its acting on such contract or transaction. Such disclosure shall include any relevant and material facts known to such person about the contract or transaction and the nature of the potential conflict. Said person will recuse himself/herself from decision-making, voting, and using personal influence in the discussions with respect to such contract or transaction. Such person may be counted in determining whether a quorum is present for the Board meeting but may not be counted when the Board or a committee of the Board takes action on the transaction. The minutes of the meeting shall reflect the disclosure made, the vote thereon, the abstention from voting and participation, and whether a quorum was present.