



COUNTY OF HUMBOLDT

AGENDA ITEM NO.

H-1

For the meeting of: February 9, 2016

Date: February 1, 2016
To: Board of Supervisors
From: Cheryl Dillingham, Interim County Administrative Officer
Subject: Mid-Year Budget Review for Fiscal Year (FY) 2015-16, Budget Outlook for FY 2016-17, and Recommendations for Budget Adjustments (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive and file a review of the current (FY 2015-16) and projected (FY 2016-17) budget years;
2. Direct the County Administrative Office (CAO) to prepare the FY 2016-17 budget based on the following parameters:
 - a. Set departmental allocations from the General Fund distributing 90 percent of the revenue growth to departments based on current year General Fund allocations;
 - b. Accept and consider requests for additional General Fund appropriations that demonstrate a potential to generate future savings in the General Fund;
 - c. Refund \$600,000 in excess fund balance in the Workers' Compensation fund (3523) to be distributed proportionately to the county funds' past contribution to this fund;

Prepared by Amy S. Nilsen

CAO Approval

REVIEW:

Auditor

County Counsel

Human Resources

Other

TYPE OF ITEM:

☐ Consent
☒ Departmental
☐ Public Hearing
☐ Other

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor Seconded by Supervisor

Ayes
Nays
Abstain
Absent

SEE ACTION SUMMARY

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

Dated: _____

By: _____
Kathy Hayes, Clerk of the Board

- d. Refund \$300,000 based on excess fund balance in the Purchased Insurance Fund, to be distributed proportionately to the county funds' past contribution to this fund;
 - e. Allocate the General Fund monies received as a result of the above approved recommendations c and d to the Liability Fund (3524) in the amount of \$358,483 for FY 2016-17;
- 3. Allocate \$532,926 in on-going Measure Z funding to the Department of Health and Human Services (DHHS) to increase rural child welfare/protection services, mental health and substance abuse treatment and public health services to protect and provide home-based services to the children and families;
 - 4. Approve transferring Measure Z salary savings consistent with the Citizens' Advisory Committee's recommendations to 1100-197 Measure Z for North Coast Substance Abuse Council in the amount of \$113,150 and to 1100-298 Public Works Measure Z in the amount of \$230,000;
 - 5. Roll \$2 million in unspent Measure Z funds from FY 2015-16 to FY 2016-17 for recommended distribution by the Citizens' Advisory Committee for one-time expenditures;
 - 6. Accept one-time proposals from current Measure Z recipients that support and enhance service sustainability for remaining unspent FY 2015-16 Measure Z funds;
 - 7. Provide direction to staff with respect to which of the departmental reorganizations listed on page 11 of this report;
 - 8. Approve the list of budget adjustments shown on Attachment 1 and authorize CAO staff to make any technical corrections necessary to effectuate the Board's direction (4/5 vote required);
 - 9. Allocate a 1.0 FTE Agricultural/Weights and Measures Inspector (class 648, salary range 346) to budget unit 261 Agricultural Commissioner;
 - 10. Approve the concept of a pilot medical marijuana track and trace program as described on page 16 and direct the Agricultural Commissioner to return with a proposal for the program;
 - 11. Direct the Auditor-Controller to transfer \$800,000 in FY 2015-16 from the Tax Loss Reserve Fund to the General Fund; and
 - 12. Provide additional direction to staff as appropriate.

SOURCE OF FUNDING: All County Funds

DISCUSSION:

The CAO undertakes a mid-year financial review each year. The mid-year review serves the dual purpose of monitoring the county's financial status for the current fiscal year and providing staff, your Board and the public with a preview of the county's financial status going into the next budget year. This report has been divided into four key sections: a review of the financial condition in various county funds as of December 31, 2015; a brief overview of the factors which may affect that financial condition heading into

next fiscal year; policy responses staff recommends that your Board consider in light of the county's current or projected financial condition; and a schedule for preparing the county budget for the fiscal year beginning July 1, 2016.

Review of Mid-Year Financial Condition for FY 2015-16

This review covers only the largest county funds and smaller funds with negative balances. Other funds not mentioned appear to be on track, as of December 31, 2015, to end this fiscal year in a positive cash position substantially as budgeted.

1100 – General Fund

The fund containing the majority of county programs is the General Fund. This fund is the source of discretionary money derived from local revenue sources such as property tax and available to be spent on local needs. As stated in the First Quarter Budget Report for FY 2015-16, the General Fund began FY 2015-16 with a positive fund balance of \$8.3 million.

The FY 2015-06 budget was adopted with a \$3.08 million planned spend-down of this balance. Contained in the First Quarter Budget Report were \$2.9 million in additional expenditures, partly offset by revenue in the General Fund. These additional costs were primarily for one-time investments in county departments, contributions to capital and Americans with Disabilities Act projects and a contribution to the General Reserve for FY 2016-17. These costs increased the spend-down of the fund balance to \$6.01 million, leaving an estimated year-end General Fund balance of \$2.29 million.

As identified by departmental mid-year reviews, General Fund net costs through June 30, 2016 show expenditures exceeding revenues by \$4.3 million instead of \$6.01 million due to decreased contingencies usage and increased property tax and federal Payment-in-Lieu-of-Taxes (PILT) revenue. Employee negotiations have come to completion and have resulted in new contracts, which were before your Board in January 2016. The estimated cost for these employee contracts for FY 2015-16 for the General Fund is \$728,000. This cost increase is partly offset by one-time grant reimbursements from a Proposition 84 planning grant that is owed to the General Fund in the amount of \$423,367.

It is estimated that expenditures will exceed budgeted amounts in General Relief (1100-525) by \$98,106 due to reduced collections and \$24,888 for Indigent Defense (1100-250) due to significant caseloads. In addition, based on the State of California's Amnesty program, which provides a one-time amnesty for unpaid traffic and non-traffic infraction tickets, Revenue Recovery is unable to recover costs as a result of this program and it is therefore estimated their contribution to the General Fund will be reduced by \$44,269 for an estimated contribution of \$5,959. Solid Waste fees were inadvertently left in the General Fund at the close of FY 2014-15 in the amount of \$124,480. Solid Waste fees cannot be used for discretionary purposes and therefore must be transferred out of the General Fund into an appropriate Solid Waste fund.

In addition, on January 26, your Board took an initial step in developing a ballot measure for an excise tax on medical cannabis by contracting with The Lew Edwards Group. This was an additional cost to the General Fund of \$171,500 and was funded with redevelopment dissolution funds. There are other costs associated with the implementation of Medical Marijuana Regulation and Safety Act such as the allocation of an additional position for the Agriculture Department, participation in a pilot program to track and trace the sale of medical cannabis and contracting for an Environmental Impact Report study. These additional investments are estimated to cost \$412,660. Funding for the allocation of a position to the Agricultural Department may be offset by a contract with Del Norte County to provide a full range of Commissioner/Sealer services.

As mentioned in the First Quarter budget report, under a Teeter plan, counties allocate 100 percent of secured property tax revenues to participating local governments. This means the schools, cities and special districts receive their revenues without regard for delinquent property tax accounts. In return for advancing these funds, counties collect and retain delinquent property tax, penalties and interest revenue. Although counties lose short-term interest on monies advanced to schools, cities and special districts, this is outweighed by the penalties and interest earned on these delinquent accounts.

FY 2014-15 Year End Fund Balance	8,334,161
FY 2015-16 Adopted Revenue	112,206,641
Property Tax Current - Secured	102,266
Tax Penalties Cost Secured	68,981
Redevelopment Dissolution	241,031
Tax Penalties Cost Secured (Teeter)	800,000
Fund Balance to Solid Waste	(124,480)
Federal PILT	47,528
	1,135,326
FY 2015-16 Adopted Expenditures	(115,287,004)
Board approved expenditure adjustments	(3,164,937)
Unused Contingencies	790,182
Expenditures over budget	(22,953)
	(2,397,708)
Net Costs	(4,342,745)
Estimated FY 2015-16 Year End Fund Balance	3,991,416

A Teeter plan requires counties to have one percent of all property taxes and assessments levied (Revenue and Taxation code 4703(a)) placed in a tax loss reserve fund, or Teeter fund. For Humboldt County this means the county's tax loss reserve fund should be approximately \$1.16 million. Any dollar amount over the one percent requirement can be credited to the county General Fund. The county's tax loss reserve fund (3010) currently has \$2.2 million at the end of FY 2014-15 and it is estimated that on an on-going basis \$700,000 to a \$1 million can be transferred to the General Fund, depending on economic conditions. As a result of this additional revenue, your Board allocated a 1.0 FTE Senior Accountant Auditor to perform the function of tax manager in the Auditor-Controller's Office, which was consistent with recommendations received from the outside audit and the DHHS organizational analysis that recommended additional staffing for the Auditor's Office. At this time, there is \$800,000 that is able to be transferred to the General Fund. Therefore, staff recommends that this transfer take place.

Overall, expenditures are anticipated to exceed budget estimates by an estimated (\$22,953). Therefore, the year-end estimated fund balance for the General Fund is \$3.99 million, as shown in the chart on the previous page.

Measure Z

As a result of departmental mid-year submittals, information is now available to provide a more detailed overview of Measure Z for the current fiscal year. Measure Z revenue and expenditures were adopted at \$8,882,092. As reported by departments during the mid-year review, and review of invoice submittals from outside agencies, it is estimated that Measure Z expenditures will be under budget by \$2.54 million. These unspent funds are primarily due to a delay in hiring an additional 48 county staff. It is not anticipated that these are on-going funds to be allocated in future fiscal years as all 48 positions are either hired or in an active recruitment process. However, these unspent funds are available to be allocated for

one-time expenditures. In addition, it is also estimated that Measure Z revenues will come in over budget by \$532,926 for FY 2015-16, this funding is available for ongoing requests.

The Citizens Advisory Committee (CAC) met on January 14, 2016 to discuss recommendations for the unspent funds. Therefore, the CAC recommended that any “unspent Measure Z revenue be re-examined and allocated to non-sustainable projects based on the secondary list for one-time awards.” The CAC’s secondary list submitted to your Board in May of 2015 is as follows:

- Department of Health and Human Services – Child Welfare Workers \$1,003,139
- North Coast Substance Abuse Council – Rehab Services \$113,150
- Public Defender’s Office – Social Worker/IT Technician \$190,000
- Public Works – Improve road Surfaces \$630,000

There are several things to note about this secondary list. Only the requests from North Coast Substance Abuse Council and Public Works can be considered one-time in nature. The other requests are for staffing and therefore are an on-going cost. In addition, it should also be noted that your Board, during the budget adoption process, did approve \$400,000 in Measure Z funding for Public Works to improve road surfaces.

Therefore, the CAO recommends the following:

- Allocate \$532,926 of ongoing Measure Z funds to the Department of Health and Human Services to increase rural child welfare/protection services, mental health and substance abuse treatment and public health services to protect and provide in-home services to the children and families.
- Allocate \$113,150 to the North Coast Substance Abuse Council for five California state licensed beds for residential substance use disorder treatment services.
- Allocate an additional \$230,000 to Public Works to improve road surfaces.

1100- General Fund	
FY 2015-16 Adopted Revenue	8,882,092
Measure Z Sales and Use Tax	532,926
	<u>532,926</u>
FY 2015-16 Adopted Expenditures	(8,882,092)
Measure Z Expenditures Under Budget	2,540,977
	<u>2,540,977</u>
Net Costs	3,073,903
Estimated Unspent Measure Z Funds for FY 2015-16	<u>3,073,903</u>

The above recommendations utilize the full on-going revenues of \$532,926. However, the above recommendations only allocate \$343,150 of the available \$2.54 million for one-time expenses. This means there is still \$2.19 million available for allocation to one-time expenses. Therefore the CAO recommends the following options:

- Roll \$2 million to FY 2016-17 for allocation by the Citizens’ Advisory Committee for one-time costs.
- Fund additional one-time costs to support current Measure Z recipients in the amount of \$197,477 that support and enhance service sustainability. For example, the findings of the sustainable fire services planning effort, associated with the Fire Chiefs Association Measure Z project, brought to

light a critical emergency service gap. Fire service representatives, along with support staff from County Public Works and Planning and Building, identified the need for funding to maintain emergency services to this area. This will allow fire districts to continue to provide emergency service outside of their district boundaries, particularly along Highway 299 (primarily for traffic collisions) while long-term solutions are being pursued. The Fire Chiefs Association, along with any other Measure Z recipient, could submit a proposal to the CAO for utilization of the \$197,477 by close of business day on Friday, February 26. The CAO would later bring back recommendations to your Board on the allocation of these funds.

Fund Balances in Other Funds

Health & Human Services Funds

The Department of Health and Human Services (DHHS) administers six budgeted funds. DHHS began this fiscal year with an overall departmental fund balance of \$14.2 million. All funds remain on budget with the exception of the Mental Health fund. The Mental Health Fund estimates that expenditures will exceed revenues by \$1.1 million, leaving an estimated negative fund balance of (\$4.6 million). This is due to reduced Medi-Cal reimbursements as well as Sempervirens claims containing a high percentage of non-reimbursable administrative days. In the near term DHHS is looking into modifying revenue assumptions around programs' funding sources to be more reflective of what they have the capacity to bill and be reimbursed for. DHHS has been working on these near term adjustments, as well as, long term restructuring strategies that coincide with the Blue Ribbon Task Force.

1120 – Economic Development Fund

Budgeted revenues and expenditures remain on target through the mid-year. The Economic Development Fund (EDF) ended FY 2014-15 with a positive fund balance of \$3,566. The negative fund balance that EDF ended with in FY 2013-14 was a negative (\$164,048). The negative fund balance has been offset by the advance receipt of grant funding from the Workforce Innovation and Opportunity Act. When the required program expenditures are made the fund balance will be negative again. This negative fund balance has existed since before the EDF became part of the County Administrative Office and most likely will need to be covered by the Economic Set-Aside trust fund.

1200 – Roads Fund

The Roads Fund began the fiscal year with a fund balance of \$6.4 million. Projections for FY 2015-16 year end show that there is a likelihood that the fund balance by June 30, 2016 originally budgeted at \$3,610,454 will increase by approximately \$898,850.

1500 – Library Fund

The Library anticipates that expenditures will exceed revenues by \$248,511 for the current fiscal year. This is better than the estimated expenses exceeding revenues by \$425,679 that was included in the adopted Library budget. This is due to salary savings and unanticipated redevelopment dissolution revenues of \$71,886.

3530 – Aviation Enterprise Fund

The Aviation Enterprise Fund began this fiscal year with a negative fund balance of (\$674,128). It should be noted that the fund received a \$500,000 loan from Motor Pool in the current fiscal year to assist with cash flow. This loan will contribute the negative fund balance resulting in a negative balance of \$1.2 million at the end of FY 2015-16. The department now estimates that the negative fund balance may be even larger due to decreased federal reimbursement for security services from the Transportation Security Administration and unanticipated employee related expenses.

Based on the 5 Year Financial Forecast that was before your Board on February 2 the Aviation Fund has an ongoing annual structural deficit of over \$500,000.

The continued negative cash balance and structural deficit in the Aviation Enterprise Fund raises concern. This is because enterprise funds are classified by accounting standards as “business-type activities” and are supposed to stand on their own without the sort of short-term borrowing typical of the county’s governmental funds. Aviation needs to increase revenues or reduce expenditures to eliminate the structural deficit. If this is not accomplished over the next year the deficit will continue to increase and repayment of the loan will become challenging. This growing liability could have the potential to become the responsibility of the General Fund. The county remains committed to maintaining a regional airport that offers commercial air service and will continue to look for solutions to ensure Aviation’s long term sustainability.

Internal Service Funds

The county has 13 Internal Service funds that provide for services to other county departments including: Motor Pool; Heavy Equipment; Risk Management; Communication; Purchasing; and Information Technology. These funds ended FY 2014-15 with a combined fund balance of \$18.1 million.

Two funds, Purchased Insurance and Workers’ Compensation began FY 2015-16 with a combined fund balance of \$2.51 million. In FY 2015-16, a refund of over \$300,000 was issued from the Purchased Insurance and \$600,000 from the Workers’ Compensation fund to county departments. The Human Resources department is recommending issuing another refund, \$300,000 from Purchased Insurance and \$600,000 from the Workers’ Compensation fund for FY 2016-17. These excess funds are available due to insurance reimbursements received from the Excess Insurance Authority and a payroll “true-up” for Workers’ Compensation.

The Liability Fund began the fiscal year with a negative fund balance of (\$640,744). Human Resources estimates that revenues will exceed expenditures, as budgeted by \$756,019. This will bring the fund balance into positive by an estimated \$115,274. This positive movement is attributed to a General Fund contribution of \$352,587, a CSAC-EIA reimbursement and an overestimation in excess coverage premiums.

The Medical Fund continues to experience a rising negative balance, in part due to large increases in health insurance premiums and their subsequent components that have historically been under estimated. The fund began the fiscal year with a negative balance of (\$632,089) and it is estimated that revenues will exceed expenditures by \$25,274. Furthermore, while there are funds that are in negative standing, there are others that have experienced a positive incline. Overall the culmination of the Internal Service Funds will remain relatively similar to that of FY 2014-15. It is expected the overall balance will increase by approximately \$64,000.

Section 2: Budget Outlook for Fiscal Year 2016-17

As your Board directs county staff to begin preparing a budget for next fiscal year, consideration will be paid both to the position of county funds as of mid-year (the subject of the prior section of this report) and to the potential effects of other factors, both internal and external. The primary factors to consider will be the proposed state budget, the economy and the need for long-range planning.

The Proposed State Budget

The governor released the state's proposed budget for FY 2016-17 on January 7. The real budget debate does not begin until late May after the "May Revise" is issued, reflecting state income tax receipts. Typically a large percentage of the proposals from the January release are carried forward into the May Revise. The state's total budget proposal is \$170.7 billion, with \$122.6 billion in general fund spending. General fund expenditures are projected to increase a modest 2.6% from this fiscal year to next. The Governor proposes a supplemental deposit of \$2 billion to be put into the state's Rainy Day Fund - boosting the balance to \$8 billion, from 37 percent today to 65 percent of its constitutional target. There is a significant stress on preparing for the next recession, which the Department of Finance is forecasting in 2017-18. With a \$27 billion deficit just five years ago, financial restraint is required. The emphasis should be on paying down the \$72 billion unfunded liability for state pensions and retiree health care.

The proposed budget for FY 2016-17 does contain some highlights for counties. These highlights include:

Health Care

- County workers conduct Medi-Cal eligibility work on behalf of the state. Medi-Cal caseload continues to grow significantly post implementation of the Affordable Care Act, and the system built to automate eligibility determinations is not yet completely functional. The Budget provides counties an additional \$169.9 million (\$57 million General Fund) in 2016-17 and the following year to administer the program.
- Continuum of Care Reform Resources — The Budget includes \$94.9 million (\$60.9 million General Fund) for Department of Social Services (DSS), Department of Health Care Services (DHCS), county child welfare agencies, and county probation departments to continue the implementation of the Continuum of Care reforms. The reforms emphasize home-based family care, establishes a core practice model to govern all services and provides medically necessary mental health services to children and youth in foster care regardless of their placement setting.

Water

The Budget provides an additional \$323.1 million (\$212.1 million General Fund) on a one-time basis to continue immediate response to the drought. In addition are the following budget proposals:

- State Obligations — An increase of \$385 million for multiple agencies to support projects that meet the state's commitments, one of which falls under the Klamath Agreements (\$250 million).
- Wetlands Restoration — An increase of \$60 million Greenhouse Gas Reduction Fund for the Department of Fish and Wildlife (CDFW) to implement wetland restoration projects, the Humboldt County Resource Conservation District will received a grant in the amount of \$2 million.

Local Public Safety: The budget includes the following for local public safety:

- \$129.7 million for Community Corrections Performance Incentive Grants
- \$20 million for City Law Enforcement Grants
- \$26.8 million for county probation departments to implement Continuum of Care reforms

The Local Economy

Over the past year leading indicators of the local economic environment have moved, for the most part, in a linear fashion. Humboldt County's economy is holding steady with indicators such as help wanted advertisements, building permits and manufacturing orders having changed minimally over the past year. Median home prices have increased from \$269,962 in November 2014 to \$285,000 in November of 2015, with home sales on the rise. Mortgage rates, have increased slightly over last year, with the average 30-

year fixed rate mortgage being 4.125 percent and the average 15-year fixed rate mortgage being 3.24 percent according to Humboldt State's Economic Index report for December 2015. Gas prices have also increased slightly with California's average price per gallon at \$2.87 and Eureka at \$2.77 per gallon.

These steady local economic activities are supported by Beacon Economics' quarterly report dated June 22, 2015. Beacon Economics reports an optimistic outlook on residential real estate in California over the short and medium-run given the tight supply and rising prices, however notes that new housing supply will be critical in preventing prices from being too excessive. Despite this slow start in the real estate market nationwide, it is reported with certainty that the Federal Reserve will begin the process of raising interest rates this year, with an anticipated rate of 5.2% over the next few years. Beacon Economics states, this rate increase "will take some of the wind out of the sails and price growth will cool".

Furthermore, the topic of public pensions and public insurance programs, continues to be a item of discussion on the local and state level. As addressed in the Governors proposed state budget, the funding of public pensions and the growing liability for local governments requires attention.

Expenditure Increases for FY 2016-17

The largest expenditure increase in FY 2016-17 is negotiated employee raises. For the General Fund raises are estimated to cost approximately \$2.12 million.

Health insurance, which contains more than just health insurance premiums, is comprised of vision coverage, employee assistance program, retiree health contribution, Risk Management administrative charges, California Public Employees Retirement System (CalPERS) administration fee and medical fund debt reduction. Health insurance premiums increased by 12 percent from 2015 to 2016. Estimated increase from 2016 to 2017 is eight percent. However, there is a cumulative effect. As a result of these increases, other components of health insurance increase as well as the CalPERS admin fee and the retiree contribution as more staff retire from county service. From FY 2015-16 budget estimates to FY 2016-17 budget estimates health insurance and all of its components are estimated to increase by \$747,714.

Currently estimated cost increases for FY 2016-17 include workers' compensation and liability insurance increases in the amount of \$213,069. In addition, CalPERS retirement costs will see an estimated decrease in the General Fund of (\$129,223) due to employee negotiated shift in costs.

Total known cost increases to the General Fund are \$2.95 million. It should be noted, the 48 positions that were added to the General Fund as a result of Measure Z are not contained in the above cost estimates.

Other possible expenditure increases for FY 2016-17 include an increased financial contribution for Inmate Medical (1100-490) due to what is now known as the "Monterey Decision." The Monterey Decision will impact how jails process and deal with arrestees and inmates. In particular, this includes re-assigning medical prescreening questionnaires and routine cell checks of sobering cells from jail staff to medical staff, likely a Registered Nurse. In order to accommodate the Monterey Decision the county's jail estimates a need for five additional Registered Nurses. Since California Forensic Medical Group (CFMG) provides inmate medical care in the county's jail, the CFMG contract is likely to increase in exceeds of \$500,000. While the General Fund is the primary contributor to Inmate Medical care other counties use Public Health Realignment dollars to fund their jail medical services. This may be a funding option for your Board to consider. In addition, funding through AB 109 may be an option, as this increased level of service can be attributed AB 109. However, the receipt of AB 109 funds is done through a competitive grant process. Measure Z is also another possible funding option.

In addition, General Relief and indigent defense continue to exceed budget estimates and may require additional contributions from the General Fund.

Total estimated discretionary expenditures for the

General Fund in FY 2016-17 are \$57 million, with offsetting revenues of \$53.5 million. This leaves a General Fund shortfall of \$3.55 million. Of this \$3.55 million, \$1.24 million is for contingencies and \$2.3 million is the estimated structural deficit for FY 2016- 17.

Estimated year end fund balance for FY 2015-16	3,991,416
Estimated Discretionary Revenue for FY 2016-17	53,539,239
Estimated Expenditures for FY 2016-17	(57,090,130)
Estimated year end fund balance for FY 2016-17	<u>440,525</u>

Revenue Changes for the General Fund

It is estimated that in FY 2016-17 the General Fund will receive approximately \$358,483 in one-time revenue from an insurance refund from the Purchased Insurance and Workers' Compensation funds as discussed on page 7. It is recommended that the General Fund's portion of this refund be transferred to the Liability fund to increase the Liability Fund's fund balance in order to give the fund the ability to respond to unanticipated claims.

As presented in the Five Year Financial Forecast on February 2, property tax is anticipated to grow by 2.5% in FY 2016-17, or \$1.75 million. Bradley Burns sales tax not related to Measure Z is anticipated to increase by \$255,737. Measure Z sales tax is estimated to increase from the original budgeted amount of \$8.88 million to \$9.85 million, or 11 percent. Expenditure growth continues to consume revenue growth.

Section 3: Policy Considerations

To assist in the development of a balanced FY 2016-17 budget, staff is recommending that the Board provide direction on the issues identified below.

Reorganization of Departments

During the first quarter review of the FY 2015-16 budget that occurred on November 3, 2015, your Board directed the County Administrative Office (CAO) "to review, in consultation with department heads, the current county department structure and responsibilities and report back to the Board with any recommended changes." This direction followed on the heels of the organizational assessment study for the Department of Health & Human Services (DHHS), presented to the Board on September 22, 2015, which contained a number of recommendations for changes to the DHHS structure that also impact other county departments.

CAO staff has examined all of the major county program areas – analyzing how each is currently organized, how it may have been organized in Humboldt County in the past, and how it is organized in other counties around California. This information is contained in Attachment 1.

Although many of the recommendations from the DHHS organizational assessment study bear on structural changes that will require assistance from beyond the department, there are five principal recommendations that specifically concern organizational changes that will impact staffing in other county departments:

budget oversight, Environmental Health, consolidation of IT, Merit System selection, and legislative analyst/public information staff. These specific recommendations are listed in Attachment 2.

In addition to these existing recommendations is that fact that two county departments (Planning & Building, and the CAO) are currently operating with interim department heads. This presents a unique opportunity to make structural changes that are in the best long-term interest for the organization with fewer conflicts around “turf” than might occur with long-entrenched department heads.

After review of the recommendations from the DHHS organizational assessment, analysis of how other counties are structured, and discussions with department heads, CAO staff has identified a number of possibilities for reorganizing county departments. These include:

1. Combine Environmental Health, Planning & Building, and most Public Works functions into a new department (tentatively titled “Development & Resource Management”). Move Code Enforcement from County Counsel to this new department.
2. Separate Motor Pool and Facilities Management from Public Works and re-form the prior General Services Department; remove Purchasing and Information Technology (IT) from the CAO and place them into General Services.
3. Place the major public information and legislative functions of DHHS under the CAO.
4. Ask voters to combine the elected offices of Auditor-Controller and Treasurer-Tax Collector into a new Finance Department; remove Revenue Recovery from the CAO and place it into Finance.
5. Restructure the Aviation Division to enhance the focus on airports as an economic development tool.

If all of these options were to be pursued, the Board and community could expect:

- A “one-stop” single department focused on all the infrastructure and environmental needs of the county.
- A CAO more clearly focused on the legislative, public information and economic development needs of the Board and less focused on internal services to other departments.
- A strengthened financial function with greater opportunities for cross-training and enhanced capacity for oversight.
- A department dedicated to serving the internal functions necessary to support other county operations.

New Development and Resource Management Department

Currently, Environmental Health resides under the Public Health Branch of DHHS, Planning & Building is a separate department that has been downsized from a former Community Development Department, Public Works includes not only permitting and infrastructure functions that support the community but also internal services that primarily support other county departments, and enforcement of county codes is split amongst Environmental Health, Planning & Building and the County Counsel’s office. In a dozen other counties throughout the state, Environmental Health is combined with some or all of the functions of Planning & Building and Public Works. Humboldt County has for many years discussed the idea of a “one-stop shop” for permitting functions, and while this could certainly be accomplished through the co-location of functions under the administration of separate departments, having these functions as part of a single department would provide increased impetus for this customer service improvement to occur.

Currently, Environmental Health is headed by a Director position and Planning & Building has a Deputy Director position that is vacant. Both of these positions have equivalent pay rates to the existing Deputy Director positions within the Public Works Department, making for a relatively seamless merger of staff.

With respect to budget, Environmental Health and Planning & Building are each comprised of a number of distinct budget units that contain only the programs of their respective functions. Environmental Health also has minimal intrafund transfers with other DHHS functions, making this relatively easy to separate out and transfer to another department. The most intricate transition will actually be moving the Code Enforcement Unit out of the County Counsel budget, but Counsel has implemented tracking that will assist.

Once and Future General Services Department

Until 2005, Humboldt County had in place an internal services department (known variously as "Administrative Services" and "General Services"). This is quite common among counties in California, with at least 18 counties having a department which combines a variety of internal functions. Among the opportunities planned to be achieved by the dissolution of Humboldt County's General Services Department in 2005 were to allow the County Architect (a Public Works employee) to work more closely with Building Maintenance (a General Services function transferred to Public Works), and to provide more support staffing to the CAO which was very small at the time. However, neither of these issues would be a concern at the present time. Public Works has reorganized into a Facilities Management Division which includes architectural, building maintenance and real property leasing services. It is proposed that this entire division be moved to General Services, preserving the working relationships that have developed over the past 11 years. In addition, changes in the staffing composition of the CAO as well as the companion idea of enhancing the public information and legislative capacities of the office would preserve sufficient support staff in that office.

The Facilities Management Division of Public Works is headed by a Deputy Director. This position, coupled with a new department head-level position for Director of General Services, would provide a level of succession planning within the new department that did not exist under the former department configuration (prior to 2005). If this direction is pursued in conjunction with the above proposal of a Development & Resource Management Department, the resulting number of department heads will be the same (eliminate Planning & Building Director, turn Public Works Director into Development & Resource Management Director, create new Director of General Services).

Budgetarily, each of the functions recommended for combination into General Services is in a separate budget unit. Three of the four are actually separate internal services funds, and there have been discussions about converting Facilities Management into an internal service fund as well.

Consolidation of Public Information and Legislative Functions

As identified in the organizational assessment report prepared by W. Brown Creative Partners, DHHS has more robust functions for public information and legislative tracking than would customarily be found within an individual department in an organization the size of Humboldt County. Further, in the words of the report, "DHHS dedicated... staff are not coordinated with the CAO and relationships are not formalized. Without coordination, the [staff] may be working in conflict with county policy or identified goals."

Currently, there are five dedicated public information staff and two legislative staff within DHHS. It is likely that at least one position should be retained within DHHS. Given the size of the department, it makes sense to have a full-time public information position. The Sheriff's Office, for instance, also maintains a public information function. However, an examination of "the appropriate reporting relationship" for the

remaining staff – as recommended by the organizational assessment – indicates that these functions should be transferred to the CAO.

The seven current DHHS staff members are in six different position classifications – five of which exist only with the Merit System Services classification structure and have not been adopted as county position classifications. Thus, a classification study would need to be conducted by Human Resources in order for those staff to be transferred from DHHS into another department. In addition, the functions are currently funded through Social Services, so a study of budgetary transfers will be required.

Director of Finance

While the first three possible reorganizations listed above can be properly thought of as a package or suite of changes that interlock, there are two additional ideas that the Board may wish to consider separately. The first of these is the idea of combining two currently separate elected financial offices into a single elected Director of Finance position. California Government Code Section 26980 provides:

The board of supervisors of any county may establish the office of director of finance.

(a) The board of supervisors shall submit to the electors of the county the question of whether the office of director of finance shall be established. If a majority of the voters voting on the question at that election favor the establishment of the office, the board of supervisors shall, by ordinance, create the office.

(b) The board of supervisors at that election may also submit to the voters the question of whether the office, if so established, shall be elective, or appointed by the board of supervisors. If a majority of the voters voting on the question favor making the office elective, the board of supervisors shall, in the ordinance creating the office, make it an elective one.

(c) Any person may be appointed by the board of supervisors, or be a candidate for election, to the office of director of finance, consolidated from other offices pursuant to this chapter, if he or she meets the qualifications set forth in Section 26945 or Section 27000.7.

Section 26981 goes on to state:

The office of director of finance shall be consolidated with the offices of auditor, controller, tax collector, and treasurer and the director of finance shall have all the powers and duties of such offices so consolidated together with such other powers and duties as the board of supervisors may provide.

And Section 26982 provides:

The consolidation of the office of director of finance with any elective office shall become effective only upon the expiration of the current term of office of the incumbent of the office so consolidated.

Currently, the county has elected offices of Auditor-Controller and Treasurer-Tax Collector. The Auditor-Controller has 13 funded positions (four of which are dedicated specifically for payroll functions) and the Treasurer-Tax Collector has 8 funded positions. These small staff sizes are of concern for departmental operations, as has been noted in the past with respect to other small departments. The Treasurer-Tax Collector does not have an Assistant position for coverage and succession planning purposes. Conversely, the Auditor-Controller does not have back-up positions for a number of functions and the low staffing levels have been consistently noted in outside audits as well as the DHHS organizational assessment.

Having a combined Finance Department would provide a number of opportunities to increase cross-training, upgrade position capabilities, and establish backup coverage and succession planning structures. It is further recommended that the Revenue Recovery staff (another 10 positions) be combined with the new Finance Department, further increasing these opportunities. The combined department would have a total of five supervisory staff and operate with a total staffing level more conducive to long-term sustainability.

The idea of a combined Finance Department was previously considered in the 1990's, based on a recommendation from the Grand Jury. One of the principal objections to the idea at that time was that it was framed in terms of taking away the right of the electorate to choose their financial officers. However, state law permits the Board of Supervisors to pose the question of having an elected Director of Finance to the voters. Then-County Administrative Officer John Murray presented a report on the idea to the Board of Supervisors on February 24, 1998 (item E-6). At that time, Mr. Murray did not recommend moving forward with the concept for two reasons: it would not save costs, and the election cycle at that time would have the issue on the ballot at the same time as election for the position of Auditor-Controller. The rationale for considering this idea again is not to save costs but to provide better coverage for the financial functions of the county.

As to the election cycle issues, the terms of the incumbents in both current elected offices expire on the first Monday in January following the general election in November 2018 (January 7, 2019). Your Board could place the question of creation of a single office on the ballot for Humboldt County voters in November 2016. If the voters decide to combine the offices, there would be a full two years to plan an orderly transition and begin position analysis and cross-training efforts (including the implementation of effective internal controls). If the voters decline the combination, CAO staff could return at next year's mid-year budget review with alternative plans to enhance the capabilities of the separate offices. This would likely entail an additional General Fund cost for new positions.

More Economic Development Focus at Airports

As with most transportation facilities, the county's airports serve a dual role as not only infrastructure for the movement of people and goods, but also a significant contributor to the economic vitality of the community. This is especially true of the commercial-service airport (ACV, or the California Redwood Coast Humboldt County Airport). Commercial aviation is so important to the business community that a combined effort of business leaders has supported attraction of additional air service to ACV and the local economic development commission is spearheading airline recruitment efforts. However, the split balance between needed infrastructure repairs and maintenance (and the funding necessary for this) and the energy that must be committed to airline recruitment and retention efforts has created a downward trajectory that has been noted in these quarterly budget reports for several years. Ultimately, the current situation is unsustainable, which led to the creation of a Board ad hoc committee.

The Aviation Advisory Committee, in its last annual report to your Board, called for the vacant Airports Manager position to be filled. However, given current staffing costs for airport operations, there is simply not funding to do so. Some in the community have asked whether the airports should be transferred out of the Public Works Department (or out of the county structure altogether). However, given the fact that the airports are transportation infrastructure and that no other department within the county has experience operating such facilities (and likewise, no other local entity has the financial wherewithal to assume control of the airport system), this does not appear to be a viable option.

Instead, a path forward at this time appears to be separating the infrastructure maintenance and repair functions of the Aviation Division from the economic development functions. Retain the former under the Public Works (or Development & Resource Management) Department, but move the latter to the Economic

Development Team within the CAO. Moving economic development related staff out of the Aviation budget would free up funding to hire an Airports Manager, while also providing continuity with respect to airline attraction efforts. This position could then be additionally tasked with responsibility for generating revenue throughout the airport system.

This would also benefit the County's economic development efforts. Due to staff turnover, the Economic Development Team has shrunk significantly. No current staff member has a background in transportation infrastructure, which is a major thrust of the county's Comprehensive Economic Development Strategy.

Other Possibilities

There are a wide variety of other combinations possible. To cite a few examples, it is relatively rare for a Sheriff's Office to include Animal Control functions, there are several counties that combine Assessor and Recorder offices, moving Clerk of the Board functions under the CAO has been evaluated a number of times, and the Human Resources Department could use additional support. However, staff would caution your Board against making too many shifts at one time due to the limits on the capacity of the organization to deal with these moves while continuing to move forward on other important initiatives. In addition, as noted there are other aspects of the DHHS organizational assessment that need to be pursued. The possibilities listed above are those that CAO staff, in conjunction with department heads, believes would provide the organization with the greatest forward momentum at the present time.

General Considerations

If your Board elects to move forward with any or all of the discussed reorganizations (or to direct staff to examine other reorganizations), time will be required for implementation. Some considerations with respect to each individual possibility are noted above, but additional difficulties are to be expected with departmental reorganizations. Your Board should anticipate that additional information would be coming forward throughout the spring as part of the FY 2016-17 budget preparation process, and that the reorganizations would be effective July 1, 2016 (except the Finance Director, which requires voter approval).

Investments to Prepare the County for Medical Marijuana Law Implementation

Last September, the state legislature passed and Governor Brown signed a three-bill package of regulations for the industry that has developed around medical marijuana since the passage of Proposition 215 in 1996. These three bills, known collectively as the Medical Marijuana Regulation and Safety Act (MMRSA), provide substantial new roles for county governments in moving this industry out of the "gray market" status it has held for the past two decades. As the center of one of the planet's premier cannabis-growing regions, Humboldt County has an interest in availing itself of these new regulatory roles. Accordingly, your Board has taken a number of actions to implement MMRSA and has acknowledged that more actions will be required over the next year. Some of these actions will require funding for staffing, consulting and other professional services. These include:

Allocate 1 New Position in the Agriculture Department

Under the terms of MMRSA, medical marijuana is now classified as an agricultural product which provides the California Department of Food and Agriculture (CDFA) with numerous responsibilities. CDFA is authorized to contract with Agricultural Commissioners in each county to carry out these responsibilities, which include: licensing and annual inspection of cultivation sites; implementing a program to tag each plant with a unique identifier; implementing a program for reporting the movement of medical cannabis; creating and enforcing regulations to ensure compliance with weighing device standards; and creating and enforcing regulations to ensure licensee compliance with existing state and local laws. It is virtually certain that CDFA will in fact utilize this contracting authority to share these responsibilities with Agricultural Commissioners, and locally the Humboldt County Commissioner has begun participating in numerous

activities relating to these new areas of agricultural responsibility. The salary and benefits costs for Agricultural Inspector I on an annual basis is \$66,160.

Participate in Pilot Program for Track and Trace

One of the issues associated with the regulation and taxation of marijuana is how to track the movement of an agricultural product through various stages of its growth, harvest, processing and distribution. In other states, radio frequency identification tags have been used to attempt to control the movement of cannabis. However, these tags have limits when applied to the large numbers of plants involved in commercial-scale grow operations. The county has been approached by a firm which is expert in using unique seals to track tobacco and currency transactions worldwide. This firm has offered to conduct a pilot project for a limited number of cannabis cultivators and the county in order to determine the viability of using their seals both to assure collection of a county tax and to protect the Humboldt brand name or "appellation" in the marketplace. There would be a nominal cost to the county to participate in the pilot project, and additional staff time would also be required.

Contract for Assistance to Place an Excise Tax on the November Ballot

Chapter 3.5 of Division 8 of the Business and Professions Code, added by MMRSA, provides authority for counties to "impose a tax on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing medical cannabis or medical cannabis products...." This broad authority is subject to voter approval, and is in addition to regulatory fees which may be assessed to cover the cost of county programs as well as sales taxes which may be applicable to sales of medical cannabis products. Because Humboldt County is primarily a spot for cultivation of cannabis rather than retail sales, and because fees may cover the cost of certain aspects of implementation of the law but will provide no generalized revenue source for governmental operations, it is in Humboldt County's interest to examine the possibility of taking a tax to the voters.

During the preparations for the countywide sales tax that came to be known as Measure Z of 2014, the Board and staff found it useful to use professional firms that conducted statistically valid polling to determine voters' willingness to support a tax increase, assist County Counsel in composing ballot question language, and support staff and the Board with informational messages about the impact of the tax measure. The same two firms that assisted with these efforts during Measure Z are willing to work with the County again to determine voters' support for a cannabis excise tax. The cost of the efforts for Measure Z (split over three separate agreements) were approximately \$94,500. Because an excise tax effort will involve additional research and polling the county has contracted for services in the amount of \$171,500 for this effort.

Contract for an Environmental Impact Report Study on Grow Impacts

On January 26, your Board adopted a Mitigated Negative Declaration under the California Environmental Quality Act to support a limited regulatory scheme embedded in the ordinance adding Sections 313-55.4 *et seq.* (Coastal Zoning Regulations) and 314-55.4 *et seq.* (Inland Zoning Regulations) to the Humboldt County Code. Your Board expressed intent to pursue additional regulations on other land use types for which adequate environmental review had not been conducted. In furtherance of this, staff researched estimated costs to prepare an Environmental Impact Report (EIR). It is estimated that securing an EIR will cost between \$150,000 and \$175,000. At this time, staff is recommending appropriation of \$150,000; if the costs exceed this figure, an item will be brought back to the Board for additional funding.

Source of Funding

The total cost for these four investments, which are warranted in order to best position Humboldt County to take advantage of its new authority under MMRSA, is \$412,660. Fortunately, the county currently has resources in the form of redevelopment dissolution to help offset this unanticipated costs.

Rebuild of Economic Development

In 2012, the county's Economic Development Division was transferred from the former Community Development Services Department to the County Administrative Office. Since that time, the division has experienced a complete turn-over of staff. As noted previously, the staff size has been reduced and needs to be augmented. One option is to move a position from the Aviation Division to focus on infrastructure needs, but this will not allow for the entire economic development mission of the county to be pursued. It is likely that additional staff positions will be warranted and that some additional funding will be needed. Prior to making these investments, however, staff believes it is in the county's interest to evaluate the current structure and mission of the division. The CAO proposes to contract with the firm that previously evaluated the division in 2012. Given the limited scope and cost of the contract, this contract will not come back to your Board for approval; however, a budget adjustment within the Economic Development Fund is included to pay for this work.

Set Parameters to Guide FY 2016-17 Budget Preparation

As presented in the Five Year Financial Forecast, many counties continue to struggle financially. According to a recently released report from the National Association of Counties (NACo), 95 percent of county economies have not returned to their pre-recession employment rates and only 214 out of 3,069 county economies have recovered on the four key indicators NACo analyzed – economic output (GDP), jobs, unemployment rate and home prices. For Humboldt County home prices and building permits issued are still below pre-recession levels and recovery continues to be slow. Based on this

Estimated year end fund balance for FY 2015-16	3,991,416
Estimated Discretionary Revenue for FY 2016-17	53,539,239
Estimated Expenditures for FY 2016-17	(56,520,741)
Estimated year end fund balance for FY 2016-17	<u>1,009,914</u>

information the CAO recommends setting departmental allocations from the General Fund distributing 90 percent of the revenue growth to departments based on current year General Fund allocations. Setting departmental allocations at 90 percent of revenue growth begins to reduce the on-going structural deficit by \$570,389. As mentioned on page 10 of this report, estimated expenses for FY 2016-17 are \$57 million. However, by setting the General Fund allocations at 90 percent of available revenue, expenses could be reduced to \$56.52 million with an estimated deficit of \$2.99 million, as shown in the chart on the next page. General Fund departments will have to absorb \$569,389 in increased costs. If similar reductions are made in future years the structural deficit could be reduced or eliminated.

In addition, the CAO recommends accepting requests for additional General Fund appropriations that have the potential to demonstrate future savings. The funding available for requests will be dependent on updated fund balance estimates and actual budget submittals.

Approve Various Budget Adjustments

The CAO during the Mid-Year Budget Report frequently brings forward budget adjustments on behalf of departments in order to decrease the number of individual items coming to the Board, and provide time savings to departments. Most of the changes are related to increased expenditures which are offset by

dedicated funding sources, special revenues or grant funding that are not available for other activities. The recommended budget adjustments requested are detailed in Attachment I. These include:

- \$25,000 County Administrative Office (1100-103) for the development of a property tax sharing report from the county property tax management system, Megabyte. On July 28, 2015 your Board authorized the CAO to negotiate with the Fieldbrook-Glendale Community Services District (FGCSD) for a share of the county's General Fund property tax revenue growth due to FGCSD expansion of their district boundaries. The CAO and the FGCSD met and came to an agreement to exchange property tax despite the county continuing to retail all of its service responsibilities in the newly annexed areas. In order to properly administer the transfer of property tax a report is necessary that will track and determine property tax growth. The development of this Megabyte report will cost \$25,000. Sufficient one-time funds exist due to the dissolution of redevelopment. This supplemental budget supports the Board's Strategic Framework, Priorities for New Initiatives by providing community appropriate levels of service.
- \$500,000 Capital Projects (1100-170) – to Recognize Assembly Bill 109 funding approved by the Community Corrections Partnership Executive Committee for cash match for the Senate Bill 863 Community Corrections Resource Center construction project. The proposed construction would provide appropriate program and office space for the services presently housed in the Community Corrections Resource Center, as well as create additional in-custody re-entry program housing. This supplemental budget supports the Board's Strategic Framework by enforcing laws and regulations to protect residents.
- \$124,480 Contribution Other (1100-199) – solid waste fees were advertently left in the General Fund at the close of FY 2014-15 and need to be moved to fund 3691 Redway Transfer Maintenance. Funds derived from gate and franchise fees cannot be used to support the General Fund for non-solid waste purposes unless approved by the voters. Therefore these funds need to be transferred to support solid waste services. This supplemental budget supports the Board's Strategic Framework by managing resources to ensure sustainability of services.
- \$23,318 District Attorney (1100-205) - to cover overtime costs for retired annuitants to prosecute a backlog of homicide cases. Revenue is available for overtime costs from the Asset Forfeiture Trust fund. This supplemental budget supports the Board's Strategic Framework by enforcing laws and regulations to protect residents.
- \$66,307 Regional Facility (1100-254) – the Regional Facility requires the replacement of two HVAC units. The cost for two HVAC units is \$37,557. In addition, the Probation facilities require facility repairs due to deferred maintenance. Repairs include replacing floor tiles and worn carpet. This is estimated to cost \$28,750. Currently, funds are available through the Youthful Offender Block grant due to allocation increase for Humboldt County for these supplemental budget requests. This supplemental budget supports the Board's Strategic Framework, Core Roles by providing for and maintaining infrastructure.
- \$36,997 Agricultural Commissioner (1100-261) - Medical marijuana is now classified as an agricultural product which provides the California Department of Food and Agriculture (CDFA) with numerous responsibilities. CDFA is authorized to contract with Agricultural Commissioners in each county to carry out these responsibilities, which include: licensing and annual inspection of cultivation sites; implementing a program to tag each plant with a unique identifier; implementing a program for reporting the movement of medical cannabis; creating and enforcing regulations to

ensure compliance with weighing device standards; and creating and enforcing regulations to ensure licensee compliance with existing state and local laws. It is virtually certain that CDFA will in fact utilize this contracting authority to share these responsibilities with Agricultural Commissioners, and locally the Humboldt County Commissioner has begun participating in numerous activities relating to these new areas of agricultural responsibility. Therefore a supplemental budget is necessary to provide sufficient staffing in the Agricultural Commissioner's office to handle the increased workload. Sufficient funds exist as the county will be entering into a contract with Del Norte County to provide commissioner/weights and measure services. An additional General Fund contribution may be needed at a later date. This supplemental budget supports the Board's Strategic Framework by enforcing laws and regulations to protect residents.

- \$150,000 Planning (1100-277) - your Board adopted a Mitigated Negative Declaration under the California Environmental Quality Act to support a limited regulatory scheme embedded in the ordinance adding Sections 313-55.4 *et seq.* (Coastal Zoning Regulations) and 314-55.4 *et seq.* (Inland Zoning Regulations) to the Humboldt County Code. Your Board expressed intent to pursue additional regulations on other land use types for which adequate environmental review had not been conducted. In furtherance of this, staff researched estimated costs to prepare an Environmental Impact Report (EIR). It is estimated that securing an EIR will cost between \$150,000 and \$175,000. At this time, staff is recommending appropriation of \$150,000. Sufficient one-time funds exist due to the dissolution of redevelopment. This supplemental budget supports the Board's Strategic Framework, Priorities for New Initiatives by providing community appropriate levels of service.
- \$532,926 DHHS Measure Z (1100-293) – based on revised Measure Z revenue estimates there is an additional \$532,926 available to allocate to on-going costs. The Measure Z Citizens' Advisory Committee submitted to your Board a secondary list should additional funding become available. This allocation of Measure Z funds will increase rural child welfare/protection services, mental health and substance abuse treatment and public health services to protect and provide home-based services to the children and families. This supplemental budget supports the Board's Strategic Framework by creating opportunities for improved health and safety and protecting vulnerable populations.
- \$1,227,374 Social Services (1160-511) – Social Services received intergovernmental transfer funds from Partnership Health Plan of California. These additional funds will be used for agreements to provide housing and/or medical support to the homeless population for both families and the singles. This supplemental budget supports the Board's Strategic Framework by creating opportunities for improved health and safety and protecting vulnerable populations.
- \$40,552 Veterans Service Officer (1160-599) –Assembly Bill 171 restored the state's funding level for the county veterans services to \$5.6 million starting Fiscal Year 2015-16. Therefore, a supplemental budget adjustment is necessary to accommodate the increase in funds from the State Aid for Veterans Affairs Subvention Funds and State Aid for Medical Cost Avoidance for the Current Fiscal Year 2015-16. These additional funds will be used to offset the new costs associated with moving to a new location, modifications to the new location, new scanning equipment, updated manuals and mandatory training. The adjustment will aid the Veteran's Office in being more accessible to veterans and their families and increase outreach to those who cannot access the current location. This meets the Board's Strategic Framework by providing for and maintaining infrastructure as well as protecting vulnerable populations.

- \$5,000 Consumer Protection (1175-406) - The State Water Resource Control Board awarded the county additional funds for the current fiscal year. This allows beach water samples to be tested to identify potential sources of contamination. This supplemental budget supports the Board's Strategic Framework by creating opportunities for improved safety and health.
- \$6,000 Child Health and Disability Prevention (1175-418) – The Child Health and Disability Prevention (CHDP) program in Public Health has agreed to be the Fiscal Agent for Humboldt Immunization Coalition's 2016 Educational Campaign. The Campaign's goal is to educate the community's parents about the new California Senate Bill 277 which removes exemptions to vaccine requirements for school entry except for medical necessity. This will be done via media campaigns including radio and print ads as well as educational brochures. This new bill is effective July 1st 2016 so it is imperative to get information out to parents in the community. Not only will it aid in informing parents locally it will also educate the community on the importance of vaccination and ideally increase vaccination in the community, therefore creating a safer and healthier community. This supplemental budget supports the Board's Strategic Framework by creating opportunities for improved safety and health.
- \$49,007 CARE (1175-437) - The State Office of AIDS awarded the North Coast AIDS project (NorCAP) additional funding for FY 2015-16 for the HIV Care Program and AIDS Drug Assistance Program (ADAP). Additional funding for the HIV Care Program is \$70,414 and this increase in funding will support NorCAP outreach to populations vulnerable to HIV/AIDS. Additional funding for ADAP is \$5,126. The increase in ADAP funding will support continued assistance to people living with HIV/AIDS obtaining medications in both Humboldt and Del Norte counties. The cost of providing this service is more than the award from the state. The increase in funds will alleviate the need to use public health realignment funds. This supplemental budget supports the Board's Strategic Framework by improving safety and health and protecting vulnerable populations.
- (\$81,043) Drug Free Communities (1175-451) - the federal grant that funds Drug Free Communities (DFC) was not renewed for the federal fiscal year beginning October 2015. Some projects will be shifted to Alcohol and Other Drug Prevention. Therefore a reverse supplemental budget is requested. The reverse supplemental budget supports the Board's Strategic Framework by managing resources to ensure sustainability of services.
- \$125,605 PH Preparedness & Response (1175-455) - The emergency preparedness grant is a combination of federal and state funding offered through the California Department of Public Health (CDPH). The overall grant was increased and there a supplemental budget is being requested. Grant funds are used to assist Public Health, hospitals, skilled nursing facilities, and other health care facilities with their efforts in response, planning, obtaining needed equipment, training staff, and testing their emergency preparedness and response plans. This supplemental budget supports the Board's Strategic Framework by creating opportunities for improved health and safety of the community.
- \$87,864 ETD Multi-Project (1190-582) – The Employment and Training Division has received Workforce Innovation and Opportunity Act (WIOA) Title I Youth funds for delivering youth services in the Eureka region in the amount of \$87,864. This supplemental budget will support the youth in the Eureka region to obtain summer employment, year-round employment opportunities, internships, job shadowing and competency based learning. This meets the Board's Strategic Framework by creating opportunities for workforce development and supporting business.

In addition, budget adjustments are necessary to more accurately reflect expenditures; these can also be found in Attachment 1.

- \$123,000 District Attorney (1100-205) - to cover overtime costs for retired annuitants to prosecute a backlog of homicide cases. This budget adjustment will transfer funds from salaries due to salary savings. This supports the Board's Strategic Framework by enforcing laws and regulations to protect residents.
- \$113,150 Measure Z Contribution Other (1100-197) - to provide the North Coast Substance Abuse Council with Measure Z funding for five California state licensed beds for residential substance use disorder treatment services based on the Citizens' Advisory Committee's recommendations. This budget adjustment supports the Board's Strategic Framework by creating opportunities for improved health and safety and protecting vulnerable populations.
- \$230,000 Public Works Measure Z (1100 298) - to increase the Public Works' Measure Z allocation to improve road surfaces in the amount of \$230,000 as recommended by the Citizens' Advisory Committee. This budget adjustment supports the Board's Strategic Framework by creating opportunities for improved health and safety and protecting vulnerable populations.
- \$22,578 Library (1500-621) – Your Board approved expenditures for Corporation for Education Network Initiatives in California (CENIC) in May of 2015. CENIC will enhance the Internet service provided to three of its library facilities by increasing download speed and at three smaller branch sites. CENIC requires additional funds in order to complete installation. Funds are available due to reduced expenditures for parking lot resurfacing and the Sierra installation. The additional cost for the CENIC installation is \$22,578. This budget adjustment supports the Board's strategic framework by providing for and maintaining infrastructure.
- \$1,360,000 Mental Health (1170-424) - Despite the ongoing recruitment efforts of the Department of Health and Human Services (DHHS) and the County Human Resources Department, DHHS-Mental Health continues to experience significant difficulties recruiting and retaining qualified psychiatrists for these mandated and entitlement services. FY 2015-16 salary savings as projected at mid-year is \$2.6M or 11%. Staffing shortages in specialty behavioral health care providers is not endemic to Humboldt County nor limited to the northern region. The need for an adequate supply of mental health professionals is especially acute in underserved rural communities. While DHHS will continue to work with the County Department of Human Resources on additional recruitment and retention strategies related to psychiatrists as well as other professional medical staff such as Physicians Assistants, Nurse Practitioners, Registered Nurses and other staff, it is anticipated that the use of contract providers will continue into the second half of FY 2015-16 and therefore necessitates a budget adjustment for contract provides. This budget adjustment supports the Board's Strategic Framework by providing and maintaining infrastructure and by creating opportunities for improved safety and health.

Approve Position Allocation Adjustments

Similar to budget adjustments, the CAO during the Mid-Year budget report will also bring forward position allocation adjustments on behalf of departments in order to decrease the number of individual items coming to the Board. In Personnel Allocation Table (Attachment II) one position allocation requested. This includes:

- In the Agricultural Commissioner budget unit (1100-261) allocate 1.0 FTE Agricultural Inspector I/II/SR position to budget unit 261. This position will carry out responsibilities related to medical marijuana, which include: licensing and annual inspection of cultivation sites; implementing a program to tag each plant with a unique identifier; implementing a program for reporting the movement of medical cannabis; creating and enforcing regulations to ensure compliance with weighing device standards; and creating and enforcing regulations to ensure licensee compliance with existing state and local laws. This position allocation supports the Board's Strategic Framework by enforcing laws and regulations.

Section 4: Budget & Fee Update Calendar

The proposed calendar for County budget development (Attachment 5) provides for final adoption of the budget on June 28, 2016. The intent is to allow for adoption of the budget before the beginning of the next fiscal year.

The calendar for FY 2016-17 includes only one community outreach meeting due to technological advancements and the success of the last several budget meeting, these meetings will be held in each supervisorial district, at the same time, on Thursday, March 3.

FINANCIAL IMPACT:

The recommended budget adjustment will increase the overall county budget by \$2,852,324.

OTHER AGENCY INVOLVEMENT:

None.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Recommendation 2.b.

The Board could choose to not accept any supplemental requests. This is not recommended as supplemental requests that reduce costs in the future should be analyzed.

Recommendations 2.c, d.

The Board could choose not to refund Purchased Insurance and Workers' Compensation charges to departments. This is not recommended as both funds (Purchased Insurance and Workers' Compensation) have excess fund balance that should be returned to the contributing funds.

Recommendations 3 through 6.

The Board could choose to allocate Measure Z funds in a different manner than recommended by the Citizens' Advisory Committee. This is not recommended as the committee's purpose is provide your Board with recommendation through a transparent process.

Recommendation 7.

The Board could choose not to proceed with any departmental reorganizations. This is not recommended as this would leave the current county structure in place.

Recommendation 8.

The Board could choose not to refund Purchased Insurance and Workers' Compensation charges to departments. This is not recommended as both funds (Purchased Insurance and Workers' Compensation) have excess fund balance that should be returned to the contributing funds.

Recommendations 3 through 6.

The Board could choose to allocate Measure Z funds in a different manner than recommended by the Citizens' Advisory Committee. This is not recommended as the committee's purpose is provide your Board with recommendation through a transparent process.

Recommendation 7.

The Board could choose not to proceed with any departmental reorganizations. This is not recommended as this would leave the current county structure in place.

Recommendation 8.

The Board could choose not to approve some or all of the budget adjustments and require individual departments to return to the Board with separate supplemental budgets. This is not recommended as these budget adjustments support the Board's Strategic Framework.

ATTACHMENTS:

- 1.Recommended Budget Adjustments
- 2.County Functions
- 3.Departmental Structure Recommendations from DHHS Organizational Assessment Study
- 4.Position Allocation Table
- 5.Budget & Fee Schedule Development Calendar for 2016-17

ATTACHMENT 1

RECOMMENDED BUDGET ADJUSTMENTS

Fund	Budget	Acct #	Budget Name	Account Name	Adjustment	
Budget Adjustments						
Revenue						
1100	170	504410	Capital Projects	2011 Public Safety Realignment	\$ 500,000	Adjust for revenue
1100	205	705031	District Attorney	Transfer from DA Seized Funds	\$ 23,318	Adjust for transfer from Asset Foreiture
1100	254	525040	Regional Facility	Youthful Offender Block Grant	\$ 66,307	Adjust for additional block grant funding
1100	261	526514	Agricultural Commission	Del Norte County	\$ 36,997	Adjust for actual revenue
1100	293	640000	DHHS Measure Z	Medi-Cal FFP	\$ 20,801	Adjust for actual revenue
1100	888	101101	General Purpose Revenue	RDA Dissolution Increment	\$ 175,000	Adjust for actual revenue received
1100	888	107050	General Purpose Revenue	Measure Z Sales Tax	\$ 532,926	Adjust for revenue
1100	888	710050	General Purpose Revenue	Fund Balance Transfer	\$ 124,480	Adjust for Solid Waste
Total General Fund					\$ 1,479,829	
1160	511	707010	Social Services	Misc Revenue	\$ 1,227,374	Adjust for actual revenue
1160	599	524000	Veterans Service Officer	State Aid For Veterans Affair	\$ 17,652	Adjust for actual revenue
1160	599	524005	Veterans Service Officer	St Aid For Medical/Cost/Avoid	\$ 22,900	Adjust for actual revenue
Total Social Services Fund					\$ 1,267,926	
1175	406	514202	Consumer Protection	Beach Act Monitoring Grant	\$ 5,000	Adjust for additional revenue
1175	418	707800	Child Health and Disability Preve	Trust Fund Transfer	\$ 6,000	Adjust for revenue
1175	437	514007	CARE NorCAP	ST-ADAP Admin	\$ 5,126	Adjust for grant revenue
1175	437	586499	CARE NorCAP	State Aid Health Realignment	\$ (26,533)	Adjust due to grant revenue
1175	437	631124	CARE NorCAP	Federal-HIV Care Consortium	\$ 70,414	Adjust for grant revenue
1175	451	515011	Drug Free Communities	Federal - Drug and Alcohol	\$ (81,043)	Adjust for loss of grant revenue
1175	455	509050	PH Preparedness & Response	Federal Reimbursement Grant	\$ 77,745	Adjust for actual grant revenue
1175	455	526523	PH Preparedness & Response	Health Reseources Services Admin	\$ 47,860	Adjust for actual grant revenue
Total Public Health Fund					\$ 104,569	
Total Revenue					\$ 2,852,324	
Expenditures						
1100	103	2118	County Administrative Office	Professional & Special Services	\$ 25,000	Megabyte report
1100	170	8469	Capital Projects	Corrections Resource Center	\$ 500,000	Cash match for SB 863 Community Corrections Resource center
1100	199	3257	Contributions-Other	Contribution to Other Funds	\$ 124,480	Contribution to solid waste
1100	205	1460	District Attorney	Overtime	\$ 23,318	To cover actual overtime costs
1100	235	2113	Probation	Maintenance Structures	\$ 28,750	Facility deferred maintenance
1100	254	8428	Regional Facility	HVAC System	\$ 37,557	Two HVAC units
1100	261	1100	Agricultural Commissioner	Salaries and Wages	\$ 21,701	Position allocation to track and trace the sale of medical cannabis
1100	261	1450	Agricultural Commissioner	Unemployment	\$ 66	Position allocation to track and trace the sale of medical cannabis
1100	261	1470	Agricultural Commissioner	Health Insurance	\$ 8,020	Position allocation to track and trace the sale of medical cannabis
1100	261	1471	Agricultural Commissioner	Life & Air Travel	\$ 36	Position allocation to track and trace the sale of medical cannabis
1100	261	1472	Agricultural Commissioner	Dental	\$ 735	Position allocation to track and trace the sale of medical cannabis
1100	261	1500	Agricultural Commissioner	Retirement	\$ 4,778	Position allocation to track and trace the sale of medical cannabis

ATTACHMENT 1

RECOMMENDED BUDGET ADJUSTMENTS

Fund	Budget	Acct #	Budget Name	Account Name	Adjustment	
1100	261	1600	Agricultural Commissioner	FICA	\$ 1,661	Position allocation to track and trace the sale of medical cannabis
1100	282	277	Planning	Professional & Special Services	\$ 150,000	Adjust for Medical Marijuana EIR
1100	293	1100	DHHS Measure Z	Salaries and Wages	\$ 320,039	Adjust for Measure Z revenue
1100	293	1450	DHHS Measure Z	Unemployment	\$ 2,400	Adjust for Measure Z revenue
1100	293	1470	DHHS Measure Z	Health Insurance	\$ 35,254	Adjust for Measure Z revenue
1100	293	1471	DHHS Measure Z	Life & Air Travel	\$ 212	Adjust for Measure Z revenue
1100	293	1472	DHHS Measure Z	Dental	\$ 5,250	Adjust for Measure Z revenue
1100	293	1500	DHHS Measure Z	Retirement	\$ 75,609	Adjust for Measure Z revenue
1100	293	1600	DHHS Measure Z	FICA	\$ 24,483	Adjust for Measure Z revenue
1100	293	1700	DHHS Measure Z	Workers Compensation	\$ 57,221	Adjust for Measure Z revenue
1100	293	2125	DHHS Measure Z	Transportation and Travel	\$ 33,259	Adjust for Measure Z revenue
Total General Fund					\$ 1,479,829	
1160	511	3346	Social Services	Family Housing Medical Support	\$ 377,374	Homeless support
1160	511	3621	Social Services	RCAA	\$ 850,000	Homeless support
1160	599	2117	Veterans Service Officer	Office Supplies	\$ 2,000	Office supplies
1160	599	2121	Veterans Service Officer	Rents & Leases - Structures	\$ 9,300	Lease for new building
1160	599	2217	Veterans Service Officer	Books & Periodicals	\$ 900	Veterans Affairs benefit and law manuals
1160	599	2317	Veterans Service Officer	Office Expense - Equipment	\$ 18,352	Scanning equipment
1160	599	2614	Veterans Service Officer	Staff Development & Training	\$ 10,000	Mandatory training
Total Social Services Fund					\$ 1,267,926	
1175	406	2497	Consumer Protection	Beach Act Monitoring Grant	\$ 5,000	Beach water testing
1175	418	2560	Child Health and Disability Preve	Special Projects	\$ 6,000	Immunization expenditures
1175	437	2109	CARE NorCAP	Household Expense	\$ 12	Adjust for grant expenditures
1175	437	2110	CARE NorCAP	Insurance	\$ 327	Adjust for grant expenditures
1175	437	2115	CARE NorCAP	Memberships	\$ 63	Adjust for grant expenditures
1175	437	2117	CARE NorCAP	Office Supplies	\$ 200	Adjust for grant expenditures
1175	437	2120	CARE NorCAP	Rents & Leases - Equipment	\$ 10	Adjust for grant expenditures
1175	437	2121	CARE NorCAP	Rents & Leases - Structures	\$ 3,397	Adjust for grant expenditures
1175	437	2125	CARE NorCAP	Transportation and Travel	\$ 60	Adjust for grant expenditures
1175	437	2126	CARE NorCAP	Utilities	\$ 248	Adjust for grant expenditures
1175	437	2324	CARE NorCAP	Special Dept Exp-Donations	\$ 500	Adjust for grant expenditures
1175	437	3017	CARE NorCAP	Small Grants Program	\$ 11,912	Adjust for grant expenditures
1175	437	3125	CARE NorCAP	Information Services Charges	\$ 343	Adjust for grant expenditures
1175	437	3502	CARE NorCAP	State ADAP Grant	\$ 14,319	Adjust for grant expenditures
1175	437	3928	CARE NorCAP	Expense Tranfers	\$ 17,616	Adjust for grant expenditures
1175	451	2106	Drug Free Communities	Communications	\$ (585)	Adjust for reduced grant expenditures
1175	451	2107	Drug Free Communities	Duplicating	\$ (740)	Adjust for reduced grant expenditures
1175	451	2109	Drug Free Communities	Household Expense	\$ (16)	Adjust for reduced grant expenditures
1175	451	2110	Drug Free Communities	Insurance	\$ (722)	Adjust for reduced grant expenditures
1175	451	2116	Drug Free Communities	Postage	\$ (100)	Adjust for reduced grant expenditures

ATTACHMENT 1

RECOMMENDED BUDGET ADJUSTMENTS

Fund	Budget	Acct #	Budget Name	Account Name	Adjustment
1175	451	2120	Drug Free Communities	Rents & Leases Equipment	\$ (8) Adjust for reduced grant expenditures
1175	451	2121	Drug Free Communities	Rents & Leases Structures	\$ (4,198) Adjust for reduced grant expenditures
1175	451	2123	Drug Free Communities	Special Departmental Expense	\$ (489) Adjust for reduced grant expenditures
1175	451	2125	Drug Free Communities	Transportation and Travel	\$ (153) Adjust for reduced grant expenditures
1175	451	2126	Drug Free Communities	Utilities	\$ (153) Adjust for reduced grant expenditures
1175	451	2147	Drug Free Communities	Media	\$ (439) Adjust for reduced grant expenditures
1175	451	2148	Drug Free Communities	Computer Software	\$ (429) Adjust for reduced grant expenditures
1175	451	2225	Drug Free Communities	Transportation Out of County	\$ (79) Adjust for reduced grant expenditures
1175	451	2313	Drug Free Communities	Hazardous Material Disposal	\$ (92) Adjust for reduced grant expenditures
1175	451	3928	Drug Free Communities	Expense Transfers	\$ (72,840) Adjust for reduced grant expenditures
1175	455	2110	PH Preparedness & Response	Insurance	\$ 88 Adjust for grant expenditures
1175	455	2116	PH Preparedness & Response	Postage	\$ 20 Adjust for grant expenditures
1175	455	2117	PH Preparedness & Response	Office Supplies	\$ 3,570 Adjust for grant expenditures
1175	455	2118	PH Preparedness & Response	Professional & Special Services	\$ 612 Adjust for grant expenditures
1175	455	2120	PH Preparedness & Response	Rents & Leases Equipment	\$ 1,606 Adjust for grant expenditures
1175	455	2125	PH Preparedness & Response	Transportation and Travel	\$ 253 Adjust for grant expenditures
1175	455	2148	PH Preparedness & Response	Computer Software	\$ 2,500 Adjust for grant expenditures
1175	455	2345	PH Preparedness & Response	Lab Annex/Modular	\$ 45,944 Adjust for grant expenditures
1175	455	2614	PH Preparedness & Response	Staff Development & Training	\$ 50 Adjust for grant expenditures
1175	455	3137	PH Preparedness & Response	A-87 Over Charges	\$ 500 Adjust for grant expenditures
1175	455	3177	PH Preparedness & Response	Health Resources Service Admin	\$ 57,985 Adjust for grant expenditures
1175	455	3928	PH Preparedness & Response	Expense Transfers	\$ 2,477 Adjust for grant expenditures
1175	455	8931	PH Preparedness & Response	Centrifuge	\$ 10,000 Adjust for grant expenditures
				Total Public Health Fund	\$ 104,569
1190	582	3653	ETD Multi-Project	Youth Program	\$ 87,864 Youth work experience activities
1190	582	9333	ETD Multi-Project	WIB Reimbursement from EDD	\$ (87,864) Adjust for grant revenue from Economic Development
				Total Employment Training Fund	\$ -
				Total Expenditures	\$ 2,852,324
Appropriation Transfers					
From:					
1100	205	1100	District Attorney	Salaries	\$ 123,200 Salary savings
1100	295	1100	District Attorney Measure Z	Salaries and Wages	\$ 100,000 Salary savings
1100	296	1100	Probation Measure Z	Salaries and Wages	\$ 93,150 Salary savings
1100	297	1100	Sheriff Measure Z	Salaries and Wages	\$ 150,000 Salary savings
				Total General Fund	\$ 466,350
To:					
1100	205	1400	District Attorney	Extra help	\$ 117,677

ATTACHMENT 1

RECOMMENDED BUDGET ADJUSTMENTS

Fund	Budget	Acct #	Budget Name	Account Name	Adjustment	
1100	205	1460	District Attorney	Overtime	\$	5,523 Actual costs due to homicide cases
1100	197	3330	Measure Z Contribution Other	Cont to Substance Abuse	\$	113,150 North Coast Substance Abuse Measure Z
1100	298	2153	Public Works Measure Z	Special Dept Exp-Area 3	\$	38,334 Measure adjustment
1100	298	2154	Public Works Measure Z	Special Department Expense-Area 4	\$	38,334 Measure adjustment
1100	298	2155	Public Works Measure Z	Special Department Expense-Area 5	\$	38,334 Measure adjustment
1100	298	2156	Public Works Measure Z	Special Department Expense-Area 6	\$	38,330 Measure adjustment
1100	298	2157	Public Works Measure Z	Special Department Expense-Area 1	\$	38,334 Measure adjustment
1100	298	2159	Public Works Measure Z	Special Department Expense-Area 2	\$	38,334 Measure adjustment
Total General Fund					\$	466,350
From:						
1170	424	1100	Mental Health	Salaries & Wages	\$	895,971
1170	424	1450	Mental Health	Unemployment Insurance	\$	6,720
1170	424	1470	Mental Health	Health Insurance	\$	163,991
1170	424	1471	Mental Health	Life & Air Travel Insurance	\$	669
1170	424	1472	Mental Health	Dental Insurance	\$	15,505
1170	424	1500	Mental Health	Retirement	\$	211,673
1170	424	1600	Mental Health	FICA	\$	65,471
Total Mental Health					\$	1,360,000
To:						
1170	424	2763	Mental Health	SV/PES	\$	1,100,000
1170	424	2766	Mental Health	Medication Support	\$	260,000
1170	495	2602	Sempervirens	Physician Services	\$	1,100,000
1170	495	9138	Sempervirens	Cost Applied	\$	(1,100,000)
1170	498	2602	Medication Support	Physician Services	\$	260,000
1170	498	9138	Medication Support	Cost Applied	\$	(260,000)
Total Mental Health					\$	1,360,000
From:						
1500	621	8076	Library	Computer Equipment	\$	6,078
1500	621	8186	Library	Improvements	\$	16,500
Total Library					\$	22,578
To:						
1500	621	8066	Library	Computer Equipment	\$	22,578
Total Library					\$	22,578

Function	Where It Currently Is in Humboldt	Where It Used to Be	Where It is in Other Counties
Assessor	stand-alone office	stand-alone office	stand-alone office (29), combined with Recorder (11), combined with Clerk and Recorder (17)
Auditor-Controller	stand-alone office	stand-alone office	stand-alone office (37), combined with Treasurer-Tax Collector (7), Finance Director (7), combined with Clerk (3), combined with Clerk and Recorder (3)
Payroll	under Auditor-Controller	under Auditor-Controller	(Modoc under IT, Plumas & Tulare under HR)
Clerk of the Board	under Board of Supervisors	CAO	under Board of Supervisors (29), CAO (19), under County Clerk (9)
County Clerk	combined with Recorder	stand-alone office	stand-alone office (6), combined with Recorder (26), combined with Assessor and Recorder (17), combined with Auditor (3), combined with Auditor and Recorder (3), General Services (1), combined with Treasurer-Tax Collector (1)
Elections	under County Clerk	Administrative Services	stand-alone office (14), under County Clerk (42), under combined Auditor-Controller/Treasurer-Tax Collector (1)
Recorder	combined with County Clerk	stand-alone office	combined with Clerk (26), combined with Assessor (11), combined with Assessor and Clerk (17), combined with Auditor-Controller and Clerk (3)
Economic Development	CAO	Community Development	stand-alone office (15), Community Development (12), CAO (11), contracted (7), under Planning & Building (5), shared agency (4), under DHHS (1), Resource Management (1), Job Training (1)
Information Technology	CAO	General Services	stand-alone office (33), General Services (10), CAO (10), contracted (3), under Assessor (1)
Purchasing	CAO	General Services	stand-alone office (3), General Services (21), CAO (18), Public Works (4), combined w/ IT (1), combined w/ Fleet (1), under Auditor-Controller/Treasurer-Tax Collector (1), under HR (1)
Revenue Recovery	CAO	under Auditor-Controller	Stand-alone office (3), Auditor-Controller (2), Finance (5), Treasurer-Tax Collector (25), Child Support (2), Auditor-Controller, Treasurer-Tax Collector (5), CEO (2), CAO (2), Probation (4), General Services Department (2), Controller-Treasurer (1), Auditor-Controller, Treasurer-Tax Collector, Registrar of Voters (1)
Code Enforcement	under County Counsel		stand-alone office (1), under Planning and/or Building (21), part of Community Development (20), part of Resource Management (6), under combined Planning & Public Works (3), under Environmental Health (1), under Public Works (1)
Personnel	combined with Risk	stand-alone office	stand-alone office (16), combined with Risk (21), CAO (18), combined with Risk & Purchasing (1), under Auditor-Controller-Treasurer-Tax Collector (1)
Risk Management	combined with Personnel	General Services	stand-alone office (1), CAO (28), combined with Personnel (21), under County Counsel (3), combined with Personnel & Purchasing (1), under Auditor-Controller (1)
Treasurer-Tax Collector	stand-alone office	stand-alone office	stand-alone office (42), combined with Auditor-Controller (7), Finance Director (7), combined with Clerk (1)
Child Support Services	regional department	stand-alone office (formerly DA; law has changed)	stand-alone office (44), regional department (13)
Victim-Witness	under DA	under DA	
Probation	stand-alone office	stand-alone office	
Juvenile Detention	under Probation	under Probation	
Public Defender	stand-alone office	stand-alone office	
Conflict Counsel	under Public Defender	stand-alone office	
Alternate Counsel	under Public Defender	contracted, under Conflict Counsel	
Jail	under Sheriff	under Sheriff	
Animal Control	under Sheriff	under Ag Commissioner	stand-alone office (15), under Sheriff (16), under Public Health (10), under Ag Commissioner (5), contracted out (4), General Services (2), joint-powers authority (1), Public Works (1), combined with other functions under different title (2)
Emergency Services	under Sheriff	CAO	stand-alone office (11), under Sheriff (18), CAO (14), Fire (9), General Services (3), under Public Health and/or Health & Human Services (2)
Coroner	under Sheriff	stand-alone office	
Public Administrator	under Sheriff	combined with Coroner	
Mental Health	DHHS	stand-alone office	
Alcohol & Other Drugs	under Mental Health	under Mental Health	
Public Health	DHHS	stand-alone office	
Environmental Health	under Public Health	under Public Health	stand-alone office (13), under Public Health and/or Health & Human Services (32), part of Community Development or Resource Management (12)
Social Services	DHHS	stand-alone office	
Employment & Training	under Social Services	stand-alone office	

<u>Function</u>	<u>Where It Currently Is in Humboldt</u>	<u>Where It Used to Be</u>	<u>Where It is in Other Counties</u>
Public Guardian	under Social Services	stand-alone office	
Veterans Services	under Social Services	stand-alone office	
Ag Commissioner	stand-alone office (service to Trinity)	stand-alone office	
Cooperative Extension	regional department	regional department	
Library	stand-alone (cooperative with cities)	stand-alone (cooperative with cities)	
Building	combined with Planning	Community Development	stand-alone office (7), Planning & Building, Community Development (31), Planning & Bldg & Environmental Health (8), Building & Public Works (5), No response (7)
Planning	combined with Building	Community Development	stand-alone(8), Planning & Building, Community Development (31), Planning & Bldg & Environmental Health (8), Planning & Building & Public Works (5), No response (7)
Housing	under Planning & Building	Community Development	
Aviation	Public Works	Public Works	stand-alone office (10), Public Works (18), no county-operated airports (10), General Services (5), part of Community Development or Resource Management (5), CAO (3), special districts (2), joint powers authority (1), under Economic Development (1), under Facilities (1), under Ag Commissioner (1)
Facilities	Public Works	General Services	stand-alone office (3), General Services (22), Public Works (18), CAO (7), part of Community Development or Resource Management (2), combined Planning & Public Works (1), under Parks (1), under Economic Development (1), combined with Fleet (1)
Motor Pool	Public Works	Public Works	Stand-alone office (2), Public Works (21), General Services (14), CAO (5), under Community Development Services (3), under Transportation (2), combo Community Development Agency, Transportation (1), combined Planning & Public Works (2), Sheriff (1), combined with Facilities (1), combined with Facilities and Airports (1), under Internal Service Department (1)
Surveyor/Land Use	Public Works	Public Works	
Natural Resources Planning	Public Works	Community Development	
Parks	Public Works	Public Works	
Roads	Public Works	Public Works	
Solid Waste	Public Works	Public Works	Environmental Health (12), Public Works (16), JPA with cities (4), Community Development Services (5), Public Works & Planning (1), Facility Services (1), Public Works & Transportations (2), Resource Management Agency 4, Planning, Public Works and Environmental Services Agency (1), CAO (1), Health & Human Services (1), Health Care Agency or Health System (2), Conservation & Development Services (1),
Transportation (TDA)	Public Works	Public Works	
Water Management	Public Works	Public Works	

Departmental Structure Recommendations from DHHS Organizational Assessment Study

VI. G. 2. Recommendation: DHHS Budget Oversight – While DHHS has staff dedicated to managing their budget, and there appears to be adequate fiscal controls in place, the lack of knowledge and oversight regarding DHHS budget outside the Department is a concern. The lack of knowledge and oversight could be addressed through training of CAO and/or Auditor- Controller staff to take a larger oversight role. Although fiscal controls are monitored well by the Department, there should be an oversight reviewing process outside the Department. DHHS has already begun to work more closely with the CAO on these issues and they should continue to work together towards a better oversight solution.

VI. E. 4. Recommendation: Environmental Health – This study identified that Environmental Health may be moved to another department. If there are specific communications or service delivery issues (not identified in this report), or the County is considering reorganizing other environmental programs (e.g., planning and zoning services), a study or task force should be created to further examine the issues. Research indicates (CSAC – California State Association of Counties, County Structure) 33 out of 58 Counties in California have Environmental Health within the Public Health Department, with the balance located in separate agencies or standalone agencies.

VI. F. 1. Recommendation: Consolidation of IT Services – An assessment, including County IT, should be considered to investigate potential opportunities for improved operations and efficiencies through consolidation or enhanced oversight of the DHHS IS function. County IT has been making extensive upgrades to systems and the County's IT infrastructure, however resources to do additional work are limited. At this particular point in time, assigning the additional responsibility to County IT to participate in such an assessment may not be possible, due to the other goals and objectives they are currently focused on. DHHS IS seems to be functioning well in delivering the critical day-to-day IT operational needs for the Department and should remain to do so until such time as an assessment is completed and all parties agree to an action plan to consider partial or full partnership with County IT. DHHS should continue to work cooperatively with County IT.

VI. F. 4. Recommendation: Merit System and Selection Process – Human Resources should coordinate with affected County Departments, primarily DHHS, and provide a recommendation to the Board of Supervisors in the near future in anticipation of changes to Merit System Services. It is recommended that one of the joint tasks assigned to County Administration, County Human Resources, and DHHS in 2016 be a review of the options available to Humboldt County with the overall objective to modernize, simplify and streamline the Humboldt County Human Resources System.

VI. F. 5. Recommendation: Legislative Analyst/Public Information Staff – Consideration should be given to the appropriate reporting relationship for DHHS Legislative Analyst and Public Information staff, and the roles and responsibilities of these positions should be reviewed.

Legislative Analysts and Public Information staff are typically located in the Board of Supervisors and/or the CAO's office. These positions typically communicate on behalf of the CAO and/or the Board of Supervisors. In larger counties, additional staff may be assigned to, or co-located with a major County Department; however they work closely with the Board of Supervisors and CAO. In the interim, a written

Attachment 3

procedure for Legislative Advocacy and for Public Relations should be developed by the CAO/Board of Supervisors and DHHS to ensure that the DHHS staff seeks advance approval for communications and messages where appropriate, and that the CAO is informed as needed regarding these activities.

Personnel Allocation by Budget Unit for FY 2015-16

BUDGET			SALARY	FY 2014-15	FISCAL YEAR 2015-16			
UNIT	TYPE	CLASSIFICATION NO./TITLE	RANGE	YEAR-END	BOARD	MID-YEAR	YEAR-END	
			7/6/2013		AUTHORIZED	ADOPTED	ADJUSTED	AUTHORIZED
261 AGRICULTURE COMMISSIONER/SEALER OF WEIGHTS & MEASURES								
	FT	167 EXECUTIVE SECRETARY (MC)	368	1.00	1.00			1.00
	FT	648 AGRI/WGTS & MSRS INSPECTOR I/II/SR	346/379/402	4.00	4.00	1.00		5.00
	FT	824 AGRI. COMM./SEALER WGHTS & MEASURES	*	1.00	1.00			1.00
FUNDED POSITIONS				6.00	6.00	1.00		7.00
POSITIONS FROZEN INDEFINITELY								
TOTAL POSITIONS ALLOCATED				6.00	6.00	1.00		7.00

BUDGET & FEE SCHEDULE DEVELOPMENT CALENDAR FOR 2016-17

Wednesday, February 3	Board Reviews Strategic Framework
Tuesday, February 9	Present 2015-16 Mid-Year Budget Report to Board of Supervisors
Thursday, March 3	Technologically Advanced Community Budget Meeting
Monday, February 29	Budget workshop: County Administrative Office presents 2016-17 budget instructions to county departments
Friday, April 1	2016-17 Budget Requests Completed by county departments and due to County Administrative Office
Monday, April 18	2016-17 department presentations to Board of Supervisors
Monday, May 2	2016-17 department presentations to Board of Supervisors
Tuesday, May 3	Present 2015-16 Third Quarter Budget Report to Board of Supervisors
Tuesday, June 7	County Administrative Office presents 2016-17 proposed county budget to Board of Supervisors
Monday, June 20	Public hearings on 2016-17 proposed county budget; 1:30 & 6:00 p.m.: Clerk of the Board required to publish notice
Monday, June 27	Fee Update: County Administrative Office distributes fee instructions to county departments
Tuesday, June 28	FY 2016-17 county budget adopted by Board of Supervisors
Monday, August 8	Fee update requests completed by county departments and due to County Administrative Office
Tuesday, September 20	FY 2016-17 county fee schedule public hearing noticed and fees publicly available & public hearing for special district budgets
Tuesday, October 4	FY 2016-17 county fee schedule adopted by Board of Supervisors
Tuesday, November 1	Present 2016-17 First Quarter Report to Board of Supervisors
Monday, November 7	Effective date for updated county fees (except Planning & Building)

BUDGET & FEE SCHEDULE DEVELOPMENT CALENDAR FOR 2016-17

Monday, December 5 Effective date for updated Planning & Building Fees