



COUNTY OF HUMBOLDT

For the meeting of: 3/26/2020

File #: 20-327

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

SUBJECT:

Supplemental Budget for Economic Development Fiscal Year 2019-20 to Provide Matching Funds for United States Department of Agriculture Grants to Support Humboldt County's Dairy Industry (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve a supplemental budget for Economic Development fiscal year 2019-20 budget to provide matching funds for a United States Department of Agriculture (USDA) Value Added Producer Grant and a USDA Rural Development Opportunity Grant. (4/5th Vote Required)

SOURCE OF FUNDING:

Transfer in from Economic Development Set-Aside Trust Fund (3842)

DISCUSSION:

According to data reported by the National Farmers Union (NFU), the average dairy farm has shown a positive net income only once in the last decade, in 2014. In 2018, the average value of production exceeded the total cost of producing each hundredweight of milk in only one state, California, and nationwide, dairy farmers lost an average of \$3.21 per hundredweight of milk produced.

National market conditions for milk-based products, milk derivatives and processes, combined with localized events (such as the closure of Loleta Cheese and recently announced plans for Organic Valley to downsize or leave the market entirely) have resulted in a negative impact to Humboldt County's dairy industry.

These conditions have driven dairy stakeholders in Humboldt County to approach the County Administrative Office (CAO) of Economic Development for assistance. Local dairymen and dairy experts agree that, if not but for assistance from the county, a loss of jobs and other negative impacts to those ancillary businesses who are dependent on Humboldt County's dairy industry is inevitable.

Because local funding is limited, Economic Development engaged with its counter parts at the USDA

to identify opportunities for leveraging county fiscal aid with state and federal programs which are aimed at assisting rural communities and supporting rural agriculture.

Staff recommends appropriating \$66,000 from the Economic Development Set-Aside trust fund to be used as matching funding for the USDA's Value-Added Producer Grant (VAPG) and also for Rural Business Development Grants to be used to assist the county's dairy industry with strategic planning and small business training and technical services.

The VAPG program helps agricultural producers enter into value-added activities related to the processing and marketing of new products. The goals of this program are to generate new products, create and expand marketing opportunities and increase producer income.

Rural Business Development Grants are designed to provide technical assistance and training for small rural businesses. These grants can aid dairy businesses with training and technical assistance, such as project planning, business counseling and training, market research, feasibility studies, professional or/technical reports or producer service improvements.

The county's contribution will be matched with USDA funding for each of the aforementioned grant opportunity. The lead agencies for these two programs will be Western United Dairies, a trade organization representing more than 60% of the milk produced in California, and Western Organic Family Farms, a dairy co-operative comprising local dairy producers from the Eel River Valley area.

FINANCIAL IMPACT:

This will reduce the Economic Development Set-Aside trust fund by \$66,000.00 and increase 1120-275 revenues by the same. This amount shall be expended through Professional Services to provide matching dollars to aid the local dairy industry. The current balance of the Set-Aside trust fund is \$80,484.22. There will be no impacts on the General Fund.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by seeking outside funding sources to benefit Humboldt County needs.

OTHER AGENCY INVOLVEMENT:

N/A

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion

ATTACHMENTS:

2020 -1120-275 Budget Adjustment USDA dairy grant

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

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