



**County of Del Norte  
Board of Supervisors**

**Board Report**

**AGENDA DATE:** September 24, 2024

**TO:** Del Norte County Board of Supervisors

**FROM:** Neal Lopez, County Administrative Officer  
Clinton Schaad, County Auditor-Controller

**SUBJECT:** Adopted Budget for Fiscal Year 2024/2025

**RECOMMENDATION FOR BOARD ACTION:**

- 1) Conclude the fourteen (14) day public hearing for the 2024/2025 Fiscal Year Budget and adopt Resolution No. 2024-033, a resolution adopting the 2024/2025 Fiscal Year General County and Special Budgets of Del Norte County as well as setting appropriation limits for the 2024/2025 Fiscal Year; and
- 2) Adopt Resolution No. 2024-032, a Resolution Fixing Tax Rates for the 2024/2025 Fiscal Year; and
- 3) Approve Attachment A as presented for review on September 10, 2024, establishing five (5) General Fund (GF) positions, reclassifying eleven (11) GF positions and adjusting the salary range for one (1) GF position and authorize Human Resources to revise the County staffing chart and complete other administrative tasks as necessary; and
- 4) Approve the Measure R funding for Animal Services as a revision to the FY 2024/2025 Measure R Budget as recommended by the Measure R Oversight/Advisory Committee, as requested and presented by the County Administrative Officer and Auditor-Controller.

**DISCUSSION/SUMMARY**

As required by California Government Code, before you today is a balanced 2024/2025 Fiscal Year (FY) Final Recommended Budget, a resolution adopting the General County and Special Budgets of Del Norte County and setting appropriation limits, and a resolution fixing tax rates for Fiscal Year 2024/2025 (FY 24/25). The total FY 24/25 Recommended Budget is \$242,655,723 with a General Fund budget of \$45,812,990.

During the 14 day Public Hearing timeframe the County continued to reconcile both its accounts payable and accounts receivable processes in order to provide the Board of Supervisors with the most current and accurate information. This continued reconciliation had a net effect of decreasing the overall County budget by \$260,427 or 0.1%. The overall decrease is made up of minor changes to both revenue and expenditures throughout multiple funds that are reflected in the documents you have before you today. As noted above, the overall budget has decreased slightly, but the General Fund budget has seen a modest increase. It is extremely difficult to isolate one

single transaction contributing to these changes as there are hundreds of year end entries posted each year. However, some examples include a revision to the Measure R Budget as a result of the Sheriff's request to remodel the Animal Services office space to provide a safer, more efficient working environment. As recommended by the Measure R Oversight and Advisory Committee, this will require a reduction to the Department Allotment and a corresponding increase in the interfund transfer out to the Capital Improvement Budget of \$30,000. An increase in the Probation Department Data Processing budget in order to complete the implementation of their new case management system. The increased expenditures in the Data Processing accounts have offsetting revenue from AB 109 funds as well as the Juvenile Justice allocation. However these funding sources are housed in the 2011 Realignment budget unit which causes changes to be made in that budget unit as well. A final example of some changes that were made to individual budget units that did not impact other budgets, but did impact the available Fund Balance, is the replacement of some HVAC units that are no longer in working condition and are in need of a full replacement. These units were not included in the initial final budget but have been added during the 14 day public hearing window to address an employee health and safety issue. These replacement units are budgeted in the Elections, Records and the newly created Human Resources/Risk Management budget units. You can find these changes in account 40622 HVAC in each of those departments.

The year end accrual process is predominantly based on projections using both historical data as well as current trends. Having an overall change of only 0.1% is extremely accurate in a budget of over \$240M.

The Final Recommended Budget reflects the recommendation of the County Budget Officer and Budget Team and addresses the goals of the County Strategic Plan adopted in 2024 and the needs of the County overall in order to provide efficient and cost effective services to the residents of Del Norte County with available resources. The final step in the annual budget process is the consideration and adoption of FY 24/25 County Budget and Special District Budgets governed by Del Norte County by resolution of the Board of Supervisors no later than October 2 each year. The County Budget Team begins each budget year with a goal of submitting a balanced budget to the Board of Supervisors as required by California Government Code §29000-29093, commonly known as the County Budget Act. The Recommended Budget approved on June 25, 2024, which will become the Adopted Budget, is the financial operating plan and has been developed over the past few months based on direction received from the Board of Supervisors, additional review and analysis of each department budget by the County Budget Team, revisions requested as a result of Budget Workshops and individual department budget meetings with Department administrative and fiscal staff. Attached to this report are individual Department Budget reports with four columns from left to right showing Actual revenue and expenditures for FY 22/23, the Revised Budget for FY 23/24, Actual revenue and expenditures for FY 23/24, and the Final Recommended Budget for FY 24/25 as well as spreadsheets that summarize this information for General and Non-General Fund Budgets. Also, before you today for consideration and approval are recommended staffing changes reflected in Attachment

A that were presented for review at the regularly scheduled Board meeting on September 10th.

The time and effort of the Auditor-Controller, Assistant County Administrative Officer, Department Heads, the Board of Supervisors and all of the administrative and fiscal staff tasked with developing the FY 24/25 Final Recommended Budget is appreciated.

### Recommended Budget Process

On June 25, 2024 the Board of Supervisors approved the County's FY 24/25 Recommended Budget giving spending authority to continue County operations as of July 1, 2024 and made it available to the public for review and an opportunity to request changes. Over the past several months the County Budget Team and County Departments have also had the opportunity to review each budget and make necessary revisions of, deductions from, or increases or additions to while working towards the ultimate goal of a balanced Adopted Budget for FY 24/25. In addition, new to the budget process for FY 24/25, several Special Session Board meetings were held to conduct General Fund budget workshops, which also resulted in a few changes to the Recommended Budget and are reflected in the Final Recommended Budget presented today. As of the preparation of this report, individual department budgets have been provided to both the Board and the public through the opening of the public hearing during the most recent meeting of the Board of Supervisors, per Government Code §29080-083. It is now requested that the Board close the public hearing with the intent of approving the County's Adopted Budget for all General Fund, Non-General Fund and Special Budgets by resolution as well as set appropriations limits, and fix tax rates for FY 24/25. After the conclusion of the public hearing, and not later than October 2, 2024, the Board must by resolution adopt the budget as finally determined.

Each fiscal year, the General Fund Budget is balanced by a number of available resources that make up the year end fund balance. Those typically consist of salary savings due to positions that are budgeted for, but either go unfilled or are vacant at times throughout the fiscal year, revenue received in excess of the budget and expenditures other than salary and benefits that came in under budget. Department revenue and expenditure projections are reviewed on a line by line basis, compared to previous fiscal year actuals as well as current fiscal year to date figures. In addition, revenue and expenditures are analyzed based on known operational needs or legislative changes that affect departmental funding sources and uses. Through this review, a list of questions and concerns are noted for each budget as well as any changes that have been requested and agreed upon at the department level. Once Department level budget meetings end and the prior fiscal has been closed out by the Auditor's Office, the County Budget team will typically perform one last thorough review to make certain where possible and practicable, increases or decreases can be made to the Final Recommended Budget for FY 24/25. Oftentimes this final review prompts questions and follow up from the initial Department budget meetings, which may result in another meeting to go over any outstanding questions or items that were noted during those meetings. The County Budget Team will also reach out to Departments requesting

a final review and endorsement that the recommended budget accurately reflects their operational needs for the fiscal year. The results of this process are in front of you today.

At the close of FY 23/24, the year-end General Fund fund balance is \$6,807,381. Consistent with the last several fiscal years and due to the continuing labor market and hiring trends, the fund balance is much larger than usual due to extremely high vacancy and turnover rates in many of the General Fund Departments, continued spending awareness at the department level, higher than projected discretionary revenue and capital expenditures that were budgeted, but not fully expended during FY 23/24. As stated above, the Fiscal Year 24/25 General Fund Budget before you today is balanced at \$45,812,990 and the total County budget is balanced at \$242,655,723. The budget presented continues to meet the primary goals of providing services to the community, supporting public safety and law enforcement, animal services, emergency and disaster response, code enforcement and public nuisance, recreation programs for the youth and adults and safe and adequate infrastructure. Also included in the budget is a significant investment in public infrastructure/capital improvements and much needed fixed assets made possible by funding from multiple sources including but not limited to Measure R, State/Federal Grants and the General Fund. Capital Improvement expenditures are budgeted at \$4,091,097 for FY 24/25 and are outlined in more detail throughout this report. Consistent with FY 23/24, a continued investment in Professional Services is reflected in the budget before you today. In addition, to address the costs associated with the recent total compensation and structural analysis approved by the Board, an additional \$128,000 is also included in professional services.

### Primary Revenue and Expenditures (General Fund)

#### Revenue

The primary source of revenue for County General Fund services (Public Safety - Sheriff/Jail/Coroner, Probation/Reentry, Public Defender, District Attorney), Community Development (CDD Admin, Planning, Building Inspection, Environmental Health, Code Enforcement), Assessor, Auditor/Controller, Treasurer/Tax Collector, Clerk Recorder, Elections, Agriculture Commissioner/Weights and Measures, Animal Services, Building Maintenance and Parks, Information Technology, Administration (including Human Resources, Risk Management, Recreation, Veterans Services) and County Counsel are realized from property tax, sales tax, property tax in-lieu of vehicle license fees and transient occupancy tax. Del Norte County receives one percent (1%) of sales tax paid in the County (other than Measure R), a half cent Prop 172 statewide sales tax for public safety (Sheriff - patrol & dispatch, Jail, DA, etc) and approximately 19% of the property tax paid after apportionment. A number of other revenue sources are received through the State and Federal Government as payments in-lieu of taxes, franchise fees paid by Pacific Corp. and cable T.V. providers, interest earned, tobacco settlement revenue, trial court payments, County fees collected, transfers related to the Pelican Bay State Prison annexation by the City of Crescent City and inter and intrafund

transfers for services provided by Departments such as Human Resources, Information Technology, Auditor (payroll), Treasurer (banking), etc. to other County departments.

I think it is worth noting that several of the key revenue sources mentioned above exceeded the budget at fiscal year end. Some of those revenues include secured property taxes, property tax in lieu of vehicle license fees, sales tax, transient occupancy tax, interest revenue and timber yield tax.

With respect to visitor driven taxes and fees, for the second year in row, the overall camping revenue associated with Florence Keller, Kamph Memorial and Ruby Van Deventer County Parks have come in under budget and have been budgeted accordingly in the FY 24/25 Budget.

As stated in last year's budget report, the Budget Team realizes these revenue sources fluctuate from year to year. We fully understand the connection between the pandemic and camping revenue increases that were experienced during FY 21/22 and 22/23 and will continue to budget camping related revenue in collaboration with the applicable Department Head and fiscal staff by considering trends, spikes and downturns in visitor and tourism data for our community.

Note: For over a decade now, the State has appropriated insufficient funding for payments in-lieu of property taxes that many California counties would otherwise receive if the lands owned by the State were in public ownership. A majority of the Board has indicated it to be prudent to account for the underpayment from the State as an accounts receivable or an amount due from the State to Del Norte County. For FY 24/25 the estimated amount owed to the County remains at \$679,519.

### Expenditures

The primary expenditures for the County General Fund are employee related costs. As is common with any service-oriented entity and local governments, the majority of annual costs are associated with salary and benefits which account for approximately 55% of the Final Recommended FY 24/25 General Fund budget. Included in salary and benefits expenditures are employee wages, retirement, medical, dental, life, vision insurance and workers comp. Consistent with most fiscal years, the most significant hurdles include increased costs associated with the current employment contracts that allow for wage increases based on years of service and negotiated wage adjustments; increasing PERS rates and unfunded accrued liability payments attributable to significant system losses dating back to 2008/2009, recent losses in FY 22/23 that have essentially zeroed out the gains from FY 21/22, significant funding policy changes over the past 13 years made by CalPERS in an attempt to smooth out huge gains and loses, underperformance in investments managed by CalPERS as well as impacts from negotiated wage adjustments (it is worth noting, CalPERS has estimated a 9.3% rate of return for FY 23/24); the County Health Fund that reflects the rising costs of healthcare and OPEB liabilities that must be accounted for (pay-as-you-go) and are significantly underfunded. Currently the County does not contribute anything to the unfunded OPEB liability, which compounds the unfunded liability annually. The combined unfunded

liability between CalPERS and Other Post Employment Benefits such as healthcare and dental has a valuation of over \$130 million dollars.

One major factor that drives much of these costs is staffing levels. Being one of the only factors that can be controlled by the County, the County continues to work towards a balance between staffing levels and the services expected by the community and directed by the Board to be provided. General Fund staffing levels have remained extremely consistent over many years now, which has resulted in a struggle to meet increasing demands, but has kept costs down as much as possible. It has become increasingly more obvious that many of our service departments do not have the necessary resources/staffing to meet the demands of the community, mandated programs or other County Departments. It is worth mentioning, this is primarily a recruitment and retention issue and not the number of positions allocated to Departments by the Board. Although this will be discussed more thoroughly later in this report, this is the primary reason why Measure R and the positions that were established with those funds are so critical. Many of the opponents of this tax are also those in the community complaining that Law Enforcement, Animal Services, Code Enforcement, Planning Services, OES Services, etc. are not adequate and more recently, publicly stating wages are not high enough. The bottom line is, vital services required and demanded are provided by County employees, which are associated with salaries and benefits. These services are simply not possible without staff that are being paid competitive wages.

Del Norte County is a CalPERS (PERS) contracted member and as such has been affected by significant rate increases over the last several years. Due to massive losses in 2008/2009, underperforming in many years since and funding policy changes attempting to address these losses, contracting agencies such as Del Norte County have struggled to fund the constantly increasing annual costs. PERS has basically passed the buck on these losses and the funded status of the plan to counties and other contracted agencies with very little concern about the financial health of these agencies. In addition to this, PERS continues to lose money on an annual basis and continues to pass the new losses onto local governments and other contracted agencies. For the first time in years, in FY 21/22 PERS exceeded expected investments returns of 7% by over 14%. However, in typical PERS fashion, this return triggered a change in the funding policy, which reduced the discount rate, nearly eliminating the benefits of this gain for PERS members. On a more positive note and as stated previously in this report, CalPERS has exceeded the discount of 6.8% by 2.5% with a return for FY 23/24 of 9.3%. The impact from this return will not be realized until the next valuation, but we remain hopeful this will become the trend rather than a one time improvement. As provided by the Auditor-Controller, the County's contribution to PERS over the past few years have been \$6,885,999.00 in 20/21 FY, \$7,227,658 in FY 21/22, \$7,561,555 in FY 22/23 and \$7,614,442 in FY 23/24. The contribution for FY 24/25 is projected to be \$7,880,400. These contributions consist of a percentage of annual payroll each fiscal year and a lump sum payment for the County's unfunded accrued liability. These percentages and lump sums are calculated annually by PERS based on an actuarial valuation of the County's defined benefit plans for Miscellaneous and Safety employees.

The percentage of payroll contribution includes both employer and employee percentages based on current negotiated contracts. The County has four classifications of employees covered under PERS. The current employer rates are 8.65% for Misc Classic (pre-PEPRA), 9.080% for Misc PEPRA, 18.11% for Safety Classic (pre-PEPRA) and 13.54% for Safety PEPRA. The current rates for employees are 8% for Miscellaneous and 12% for Safety. The annual increases from CalPERS and the significant increases in the unfunded accrued liabilities, continue to negatively affect the ability to invest elsewhere and proactively address funding needs, salary disparities, and expanded services. It is worth noting that, at the regularly scheduled Board meeting on March 26, 2024, the Board of Supervisors adopted the 2024 Pension Management Policy in an effort to better manage the County's pension plans and the ongoing uncertainty experience with CalPERS.

The County Health Fund is another major obstacle in balancing the budget each year and another major factor in the County's inability to control costs associated with medical, dental and vision insurance. In the 15/16 FY, the Board of Supervisors approved entering into a fully funded pool in an effort to stabilize annual fluctuations the County was experiencing under the self-funded model. The overall goal was budget stability and the ability to project costs with more certainty and accuracy, which allows the County to better plan for other needs of the community and the services provided. Although the change has slowed the increases and made the budgeting more predictable, increased expenditures for the Health Fund are projected annually. It is also worth noting since the change the County's cumulative increases remain below market trends and in some years have been significantly below. Since the Board's approval to join a fully funded pool, the average increase has been just over 2.4% annually, which is far below the trends for other PRISM agencies at 5.5%. However, the County has experienced its two most significant premium increases over the past two fiscal years at 9.1% and 11.3% respectively. With the average increase over the past decade of only 2.4% and a renewal rate for FY 24/25 of 4.9%, we are hopeful this does not become a trend and staff will proactively address this with the County's insurance broker. The County's Recommended Budget for the Health Fund in the 24/25 FY is approximately \$9 million. The funding for the Health Fund is primarily provided by the County at approximately \$6.4 million annually. The remainder of the funding comes from employees and retirees based on negotiated rates.

The Budget Team is also requesting to continue the vehicle replacement funds established in FY 20/21 to replace the necessary tools many of our departments have been lacking for years. Annually, one of the most difficult items to fund and budget for are vehicles for General Fund departments. Replacing vehicles that have been in service for years, vehicles with high mileage, vehicles in disrepair or all of the above has been an ongoing struggle. Without an alternative option, continued use of these vehicles results in significant maintenance costs as well as unreliable transportation for employees that are often required to travel to very remote areas of the County. Several departments rely on vehicles to perform daily functions such as Building Inspection, Information Technology, Animal Services, Assessor, Environmental Health and Engineering. In addition, vehicles are often used for out of town travel to attend

meetings, training and transport related duties. Several departments currently share vehicles which has proven to be ineffective due to the demand for the vehicles.

With the additional fund balance now available, the recommendation today is to continue the authorization of vehicle replacement funds with the intent of providing funding each fiscal year to address the ongoing needs of the County's General Fund departments and to begin a process of turning the County's vehicles over timely in hopes of establishing and maintaining a reliable fleet. Establishing a reliable inventory of vehicles to meet the demands of the departments will save the County exorbitant maintenance costs while providing safe and reliable transportation to County employees. The request for FY 24/25 is now \$200,000 as reflected below in the fund balance section.

In addition to the most significant expenditures addressed above, the General Fund has typical Services and Supplies business expenses such as insurance, utilities, office supplies, equipment maintenance, vehicle maintenance, structure maintenance, household supplies, postage, printing, contracted professional services, county vehicle fuel, employee travel and training, etc. For Fiscal Year 24/25, the County is experiencing the first significant increase for insurance in years. The County is a member of the Trindel Insurance Fund, which is a Joint Powers Authority with several other California Counties. The insurance fund consists of a banking layer, which is individually funded by each County and a pooling layer that is funded and shared by all member counties. Due primarily to huge increases in workers comp cases, property claims and never before seen losses from a liability standpoint as a result of nuclear verdicts against local agencies, the County will see an increase in premiums of \$491,600 for FY 24/25, or 20.64%. Other Charges include contributions to outside agencies such as the Chamber/Visitors Bureau, DNACA and the H-DNFC, all of which have been approved for an increased contribution during the past three budget cycles. Other Charges also include principal and interest payments for debt, shared cost payments for other facilities such as the courthouse, etc.; Fixed Asset expenditures which consist of purchases of any capitalized asset. This could include vehicles, appliances, capital/facilities improvements above a certain threshold, land acquisitions, etc.; and Intrafund transfers which consist primarily of costs associated with the County's indirect cost plan or direct billing from other County departments. Together with Salary and Benefit expenditures, the County is tasked with providing a vast array of services to the community all within a budget in which expenditures continually outpace increases in revenue/resources.

Lastly for the General Fund, the Board of Supervisors recently approved a Director of Human Resources and Risk Management. With this change, the County Administration Department, which currently includes HR and RM, will be divided into two separate General Fund Departments. Also added through the budget workshops was an increase to BOS travel, investigative services in the Public Defender Budget and an additional \$70,000 for Economic Development for a total of \$140,000. With the dissolution of the Tri-Agency JPA, the Board has asked the Economic Development Technical Advisory Committee consisting of Chair Wilson and Supervisor Short to conduct an assessment of the options available to the County to establish a mechanism for the County to be



more proactive and engaged in local and regional economic development. A report from the EDTAC is expected in the next couple of months.

### Budget Team recommendations for the use of General Fund Fund Balance

As stated previously in this report, at the end of the Fiscal Year 23/24, the General Fund has a Fund Balance of \$7,115,041. \$4,451,000 of the carryforward balance was used to offset expenditures that exceeded revenues in the FY 24/25 Final Recommended General Fund Budget, leaving \$2,664,041 of unallocated funds. Similar to previous fiscal years, and to balance the budget as required by the Government Code, the County Budget team is recommending the following allocation of these funds. These recommendations are consistent with several of the Board priorities set through the County's Strategic Plan. A couple of examples include IED-1 Maintain or Improve County Facilities and Infrastructure and IED-2 Improve Aesthetics of County Owned Property and Facilities The Board has openly identified the jail rehabilitation project, Pyke Field improvements and improvements to the Veterans Memorial Building as priorities for capital improvements. By transferring over \$1.5M to the Capital Improvement Budget, the Board is actively addressing this focus area and goals. Two others would be GGB-2 Practice Fiscal Responsibility and GGB-4 Embed Strategic Planning into the County Culture and Budget Process.

- 1) Increase the General Fund Contingency from \$100,000 to \$500,000
- 2) Increase the General Fund Reserve from \$100,000 to \$500,000
- 3) Increase the General Fund vehicle replacement account from \$120,000 to \$200,000
- 4) Increase the interfund transfer from the General Fund to the Capital Improvement Fund to \$1,784,041

### Revenue and Expenditures (Non-general Fund)

The primary funding sources for the majority of the County's Non-general Funds is Federal and State funding with in some cases, a small percentage from a County Contribution. The majority of the Non-general Fund departments include the Department of Health and Human Services, which includes Behavioral/Mental Health, Social Services, Public Health and Public Assistance/Employment and Training; CDD Roads, Child Support Services; Office of Emergency Services, California Department of Public Health Grants; Capital Improvements; Health Fund, CSA Fund, Flood Control Districts, etc. Budgets such as the Capital Improvements budget oftentimes require General Funds or other one-time funding to fund and complete deferred maintenance projects such as painting and roofing. As part of the 2024 Strategic Plan recently adopted by the Board includes action items for developing a capital improvement planning team that will be tasked with completing a comprehensive capital improvement plan.

The primary expenditures for these departments are the same as those mentioned above. In addition to those, several of the Non-general Fund departments provide

numerous local services and community assistance related programs including but not limited to behavioral health, alcohol and other drug, public health, tobacco prevention, housing, women infants and children, employment and training, child and adult protective services, crisis response, child support, emergency preparedness and response, boating safety, tobacco prevention, operating contributions to CASA and Senior Center, domestic violence assistance, cash and other aid to individuals and families, housing assistance and road and other infrastructure maintenance and improvements.

Another significant non-General Fund project included in the FY 24/25 Budget, carried forward from FY 23/24, is the Encampment Resolution Fund award of \$10.8M for an emergency shelter, micro-village and navigation center that will be located at Williams Drive.

### Attachment A – Staffing Change Requests

Each fiscal year as part of the County budget process, Departments are given an opportunity to submit requests through written justification to establish, eliminate, reclassify, reassign or reorganize positions when they submit their Department Requested Budgets.

#### Establish

The recommendation before the Board of Supervisors today includes the approval of five (5) new classification (job) descriptions in the General Fund and one (1) revised job description, which includes an Auditor/Appraiser I/II/III in the Assessor's Office, a Supervising Fiscal Officer in the Auditor-Controller's Office, Deputy Sheriff Bailiff I/II, Deputy Sheriff Bailiff Sergeant and a Coroner Investigator in the Sheriff/Coroner's Office as well as a revised job description for the Dispatcher I/II/III changing the classification to a Dispatcher I/II also within the Sheriff/Coroner's Office staffing structure. Attachment A represents five (5) additional General Fund full time positions (FTE's), three as a result of the new job/revised job descriptions mentioned above and two (2) additional positions that do not include a newly established classification, which includes an Administrative Analyst I/II that will be added to the Sheriff's Office and Code Enforcement Officer I/II/III in CDD-Public Nuisance.

For the non-General Fund, there are not any requested staffing changes for the Final Adopted Budget.

#### Reclassify

Department staffing change requests include reclassification of eleven (11) General Fund positions. which includes the reclassification of one (1) Property Appraiser I/II/III to the Auditor/Appraiser I/II/III in the Assessor's Department; five (5) Dispatcher I/II/III positions to the Dispatcher I/II, one (1) Sheriff's Coroner Assistant to a Coroner Investigator and three (3) Deputy Sheriff I/II/III positions to the Deputy Sheriff Bailiff I/II

and one (1) Sheriff's Sergeant to a Deputy Sheriff Bailiff Sergeant in the Sheriff/Coroner's Office.

For the non-General Fund, there are not any reclassification changes for the Final Adopted Budget.

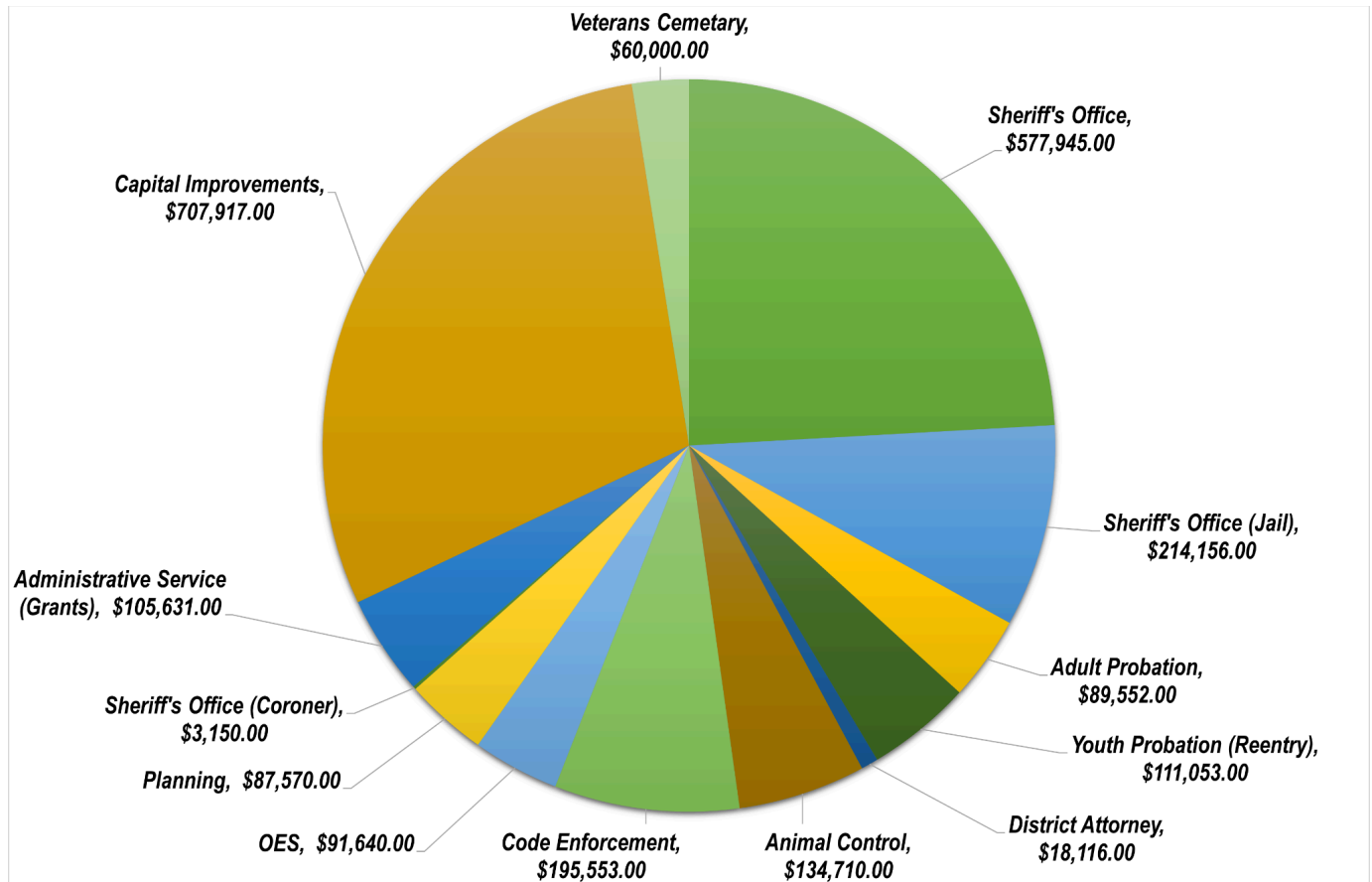
### Range Adjustments

Salary Range adjustment requests in Attachment A and before the Board today include one (1) position within the Sheriff/Coroner's Office and includes the Dispatch Supervisor.

In addition to the staffing changes presented in Attachments A to this report, there are also staffing changes that can be expected through successor MOU's and Resolutions with bargaining groups, a potential change in minimum wage and a compensation analysis, which are all factors that can, and will, impact County staffing over the next several months.

### Measure R

In November of 2020 the voters of the unincorporated area of Del Norte County approved a one percent (1%) local sales tax to support some of the most significant services provided by the County to the community and all of those that visit. True to the intent of Measure R in providing those services, the Board approved funding to support law enforcement, emergency and disaster preparedness, public nuisance, blight & code enforcement, emergency dispatch, animal services, planning and capital improvements & public infrastructure. A chart showing how Measure R funds are budgeted to be expended in FY 24/25 on these vital services is provided below.



**Measure R Expenditures Budgeted FY 24/25**

At fiscal year end, Measure R sales tax revenue has continued the trend of exceeding the budgeted revenue for the fiscal year. In addition, expenditures once again were less than anticipated and budgeted in FY 23/24 due to difficulty in filling positions approved by the Board and staffing vacancy rates in safety positions that received wage adjustments through Measure R. It is important to note, based on the projected FY 24/25 revenue from the Auditor-Controller's Office, set annual obligations for Measure R are fully funded. It is even more important to note that without Measure R, vital services this community demands and expects from County staff due to the passage of Measure R, would be significantly impacted.

Included in today's FY 24/25 Recommended Budget are total costs associated with ongoing funding for positions created through Measure R and negotiated wage adjustments from FY 21/22 and FY 23/24, continuing the support and expansion of vital services. Current requests for Measure R funding, to be considered by the Measure R Oversight and Advisory Committee on September 11, 2024, include a revision to a previously approved livestock/horse trailer from \$30,000 to \$16,000, a new vehicle for \$61,000, kennels for \$7,500 and an office remodel for \$30,000 all of which have been requested by the Sheriff for the Animal Services Department. The request submitted also includes fencing/gate, which has been previously approved by the Committee and the Board for \$25,000.

Previously approved by the Committee and the Board through the Recommended Budget in June include \$20,000 for the purchase of a new side-by-side commercial refrigerator/freezer at the Youth Opportunity Center, \$45,000 for a new minivan to support programs at the Youth Opportunity Center and \$60,000 for the installation of an irrigation system to allow for the expansion of the Veteran's Memorial Cemetery providing an estimated 1,000 additional plots. Also approved previously by the Committee and included in Attachment A as presented, is an estimated \$47,000 annually to partially fund a new Code Enforcement Officer to primarily address issues and provide services associated with the unhoused population through the County's efforts to significantly reduce homelessness. DHHS has committed \$40,000.00 annually to assist with funding this much needed position.

With respect to the use of Measure R funds for uses related to public infrastructure and capital improvements, the Board has previously authorized the use of Measure R funds to improve public parking on County owned property located at the Del Norte County Veterans Memorial Hall and at the parking lot shared by the Del Norte County Courthouse and the Sheriff's Department/County Jail. The engineering and design of this project has been completed and a contract for construction has been awarded to Tidewater Contractors. It is hoped that construction will be completed before the end of FY 24/25. Funds necessary for this work are included in the 24/25 budget. Also, during the FY 24/25 Board Budget Workshops the Sheriff requested an allocation of \$30,000 from Measure R to conduct improvements to the office and counter space in the Animal Services office. This request was presented to the Measure R Oversight/Advisory Committee who have reviewed the request and are recommending inclusion in the Board's approved adopted budget.

Lastly with regard to Measure R, no Measure R funds have been requested, approved or directed towards salaries or any other financial benefit for County Administrators or Elected Officials (Board of Supervisors, Department Heads and Assistant Department Heads, Deputy Directors). All positions and wage adjustments funded by Measure R are for positions directly engaged in providing vital services to the residents and visitors of Del Norte County. It is essential to recognize that a sales tax is a unique revenue generator ensuring costs associated with providing vital services are shared with the visitors who also place a demand on those services.

#### Fish and Game Advisory Commission

As part of the FY 24/25 Recommended Budget, staff recommended and the Board approved the use of County General Funds for funding of the activities of the County's Fish and Game Advisory Commission for those expenses not covered by the Commission's primary revenue source, fine collection. Under California's Fish and Game Code, counties may establish local Fish and Game Advisory Commissions which are nominally supported through the collection of Fish and Game fines. For several years, the Fish and Game Commission Fund revenue has not been sufficient to cover expenditures. The Budget Team has reviewed this situation and has determined that the Fish and Game Advisory Commission was established in 1996 under County Ordinance

96-08, which states in part: "The commission is established to serve in an advisory capacity to the board of supervisors in all matters concerning fish and game within the county, and on matters affecting fish and game within the county. This commission is to function as "the county fish and wildlife commission," as provided in Section 13103 of the Fish and Game Code. Any expenditure of funds pursuant to Section 13103 of the Fish and Game Code or any commitment of county funds must be authorized by the Board of Supervisors of the County prior to the expenditure." As such, included in the budget are General Fund appropriations of \$7,364 for the FY 24/25 operating costs as reflected in the final 105-256 Budget unit and reflects an increase of \$1,806 from the Recommended Budget approved in June.

### Pacific Shores Watch Station

As part of the FY 24/25 Recommended Budget, the Natural Resources and Environmental Coordination Technical Advisory Committee (NRECTAC) recommended and the Board approved the annual use of County General Funds to support the operating cost associated with the Pacific Shores Watch Station. Annual costs are estimated at \$8,000 to \$15,000, which the NRECTAC feels could be far less than one minor cleanup from illegal activities and illegal dumping that is deterred by the watch station's existence. The request for FY 24/25 is \$11,743 as reflected in the 320-312 Budget unit and was approved by the Board in June.

In 2017, the Board authorized the establishment of the Pacific Shores Watch Station under a three year Coastal Development permit and Memorandum of Agreement with the California Department of Fish and Wildlife. Through extensions and amendments to the permit and the agreement, the watch (host) station has been operating since 2018. Until recently, operating costs have been supported by the Pacific Shores Settlement funds, which staff projects will be fully depleted this fiscal year. The current permit is valid through March 11, 2027. This request is to support the ongoing operations, at a minimum, through the life of the permit at which time staff will bring further alternatives back to the Board.

In the long term, staff will look into potential partners and other funding sources to either fully fund or offset continued operations of the watch station. Those mentioned during the NRECTAC were CDFW, WCB, SRA, local Tribes, etc.

### American Rescue Plan Act (ARPA)

Through the Federal American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) all California cities and counties were allocated COVID related recovery funds. In addition to the CSLFRF funding through ARPA, the County was notified by CSAC in September of 2022 that an additional tranche of funding called the Local Assistance and Tribal Consistency Fund (LATCF) would also be allocated. This funding was created for revenue sharing counties or counties with large amounts of federally owned public lands born out of the recognition that the presence of federal lands can limit a community's economic opportunities. In what was a long hard fought

battle for CSAC, the formula for these funds focused on several economic indicators such as poverty rates, household income, land values, unemployment rates and federal land acreage within each local government, as defined by PILT. Based on the formula, Del Norte County received \$3,577,717 in additional one-time funding.

The FY 24/25 Recommended Budget for one-time funding received through the ARPA reflects a fund balance after the close of FY 23/24 of \$6,016,201, which was previously designated by the Board for prioritized capital projects such as the Jail Rehabilitation and improvements to Pyke Field, additional costs of mandated medical and mental health services at the jail as well as any other one-time procurements subsequently prioritized and approved by the Board.

#### Return of Excess Funds – Self Insurance Premiums

Del Norte County is a member of Trindel Insurance Fund, a Joint Powers Authority (JPA) consisting of 12 northern California counties. The JPA is a risk financing mechanism through banking and pooling resources for essential layers of insurance coverage such as property, liability and workers compensation.

Annually, an actuarial review and audit are conducted on the Trindel Insurance Fund. Each member county determined to have retained earnings through this review in excess of required self insured retention thresholds and calculated claims liabilities are eligible to have 50% of these funds returned to them, credited to future premiums, retained by Trindel or any combination of these options are requested by the member. In December of 2021, the Board authorized the County Administrative Officer to sign the return of funds letter from Trindel requesting that excess workers compensation and liability program funds be returned to the County and authorized the Auditor-Controller to establish a fund to account for these funds separately as uses are limited.

The Board has approved the use of these funds, consistent with the recent pension management policy as well as the strategic plan to practice fiscal responsibility, to establish a pension stabilization fund via an irrevocable 115 Trust. The current balance of this fund is \$2,450,310 and this would represent the County's first proactive step towards addressing the normal costs and unfunded liability through PERS. Establishing this trust provides the County a true mechanism for Additional Discretionary Payments (ADP's), stabilization funds to offset ramp up periods if necessary as well as funds that can be used for annual pension related costs.

#### **ALTERNATIVES:**

N/A

#### **FINANCING:**

Various sources as described within this Board Report.

## **OTHER AGENCY INVOLVEMENT:**

Multiple, County State and Federal agencies, offices and/or non-profit businesses.

## **STRATEGIC PLAN ALIGNMENT:**

The Board of Supervisors' adopted Strategic Plan contains the following Focus Areas and Goals.

- Focus Area 1: County Staffing and Capacity (CSC)
- Focus Area 2: Infrastructure and Economic Development (IED)
- Focus Area 3: Law, Justice, and Homelessness (LJH)
- Focus Area 4: General Governance and Budget (GGB)

### **This item addresses the following Goals:**

- CSC-1: Reduce Vacancy Rates
- CSC-2: Improve Recruitment Outcomes and Expedite Hiring Process
- CSC-3: Reduce Employee Turnover and Increase Retention
- CSC-4: Improve Access to Housing Opportunities for County Employees
- IED-1: Maintain or Improve County Facilities and Infrastructure
- IED-2: Support Countywide Economic Development
- IED-3: Improve Aesthetics of County Owned Property and Facilities
- LJH-1: Improve Community Indigent Defense
- LJH-2: Proactively and Collaboratively Address Community Homelessness
- LJH-3: Improve and Expand Opportunities and Interventions for Justice Involved Youth
- GGB-1: Maintain Core Service Levels
- GGB-2: Practice Fiscal Responsibility
- GGB-3: Improve Oversight of County Programs and Services
- GGB-4: Embed Strategic Planning Into County Culture and Budget Process

## **ATTACHMENTS:**

1. Attachment A: Proposed Staffing Changes
2. Attachment B: Children's Budget (presented directly within this Board Report)
3. Attachment C: New Resolution for Assistant Department Head classifications
4. Attachment D: New Resolution for Deputy Branch Director classifications
5. Attachment E: Budget Sheets

## **APPROVALS:**

Clinton Schaad, Auditor-Controller  
Neal Lopez, County Administrative Officer  
Samantha Burtch, Clerk of the Board