



# COUNTY OF HUMBOLDT

For the meeting of: 11/7/2023

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File #: 23-1470

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**To:** Board of Supervisors  
**From:** County Administrative Office

**Agenda Section:** Time Certain Matter

**Vote Requirement:** Majority

SUBJECT:

2:00 PM - Public Opinion Research Related to Future Ballot Measures

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive the report on public opinion research regarding public interest in potential ballot measures;
2. Provide direction to staff regarding inclusion of potential elements described below in the ordinance creating the Office of the Director of Finance;
3. Direct staff to return at the November 28, 2023 Board of Supervisors meeting with a resolution and any and all other documents necessary to place a measure regarding creation of the Office of the Director of Finance on the March, 2024 ballot; and
4. Direct staff to conduct further public outreach regarding a local revenue measure and return with any and all other documents necessary to place such a measure on the November, 2024 ballot.

SOURCE OF FUNDING:

General Fund

DISCUSSION:

On May 2, 2023, The Humboldt County Board of Supervisors (Board) appointed Supervisors Madrone and Bushnell to a Roads Ad Hoc Committee with the responsibility to review and recommend actions related to a local revenue measure in 2024. At that meeting the Board also authorized engagement with a firm to conduct public opinion research regarding revenue for roads repairs and establishing the Office of Director of Finance, otherwise known as the Department of Finance, the latter of which was the result of Board direction from Dec. 6, 2022. In October, the firm FM3 conducted a survey of approximately 660 likely voters, almost evenly split into fifths between the five supervisorial districts. The focus of the survey was to determine community priorities, including, without limitation whether there is an interest in pursuing the issues mentioned above.

Results of the survey indicate that a ballot measure consolidating the Treasurer-Tax Collector and Auditor-Controller into a centralized department led by a professionally trained Director of Finance appointed by the Board is potentially viable, as well as a revenue measure for road repairs and general county services - with more than 50% indicating support for each measure. Whether or not your Board chooses to place the measures before voters in 2024, some of the polling results are worth noting:

- In keeping with previous surveys, housing, homelessness and drug addiction are top of mind concerns with over 67% of voters.
- The electorate continues to place a greater emphasis on maintaining 9-1-1 response times, disaster preparedness and addressing homeless and housing issues than other priorities.
- 72% of voters still believe that there is a great/some need for additional funds, with 68% believing that there is great/some need to repair streets and roads.
- Similar to what is being seen in other parts of the state, voters have become more tax sensitive and a majority, 51%, are concerned about waste and inefficiency in county government.
- Voters are concerned that the state has taken hundreds of millions from the county to balance its budget and force local governments to pay for unfunded mandates and support efforts to keep taxes local, just for Humboldt.

Based on the polling, the Roads Tax Ad Hoc recommends placing the measure before voters, however the ad hoc did not come to consensus regarding whether it should be placed on the March or November ballot in 2024.

Some of the advantages of placing on the March ballot include:

- The polling shows that there is no significant statistical difference between March and November voters on this measure.
- The measure would potentially be on a less crowded ballot as the November presidential ballot will have more state-wide measures than March.
- Earlier assurance heading into Fiscal Year 2024-25 regarding funding available for roads and general services. If your Board placed the measure on the March ballot staff recommend the ordinance be created as a general purpose revenue measure, rather than a special purpose measure.

Some of the advantages of placing on the November ballot include:

- Significantly more amount of time available to carry out thorough community outreach regarding the measure needed for the community to better understand the measure.
- More voter participation is expected for presidential elections, which would increase the total amount of community input on the measure.
- Retains flexibility on whether the measure should be a general purpose or special revenue measure. To this end, Assembly Constitutional Amendment 1 (ACA1) is scheduled to appear on

the November ballot statewide, which, if passed, would lower the voting threshold from 67% to 55% for special purpose taxes, including measures appearing on the same ballot. An additional poll is scheduled to run in June, 2024 to again gauge voter interest after additional public education has taken place. That second round of polling results would provide your Board with additional information that could factor into the decision on whether to place a general or special purpose measure on the ballot.

Given this information, staff recommends that your Board place a measure on the November, 2024 ballot to fund road repairs and general county services.

Regarding the Office of the Director of Finance measure, staff recommend placing this measure on the March, 2024 ballot. Staff recommends the ballot question be stated as follows:

***Humboldt County Fiscal Accountability and Financial Management Act.*** *To maintain stringent fiscal accountability standards and ensure the Treasurer/County Auditor is professionally trained/qualified, shall the County of Humboldt consolidate the offices of Auditor-Controller and Treasurer-Tax Collector into one department led by an appointed, professionally qualified Director of Finance responsible for:*

- *making only authorized and legal payments;*
- *ensuring timely and accurate property tax billing and payments; and*
- *requiring posting of monthly financial reports for public review?*

Some of the benefits of creating an Office of Director of Finance were presented to the Board in December, but they bear repeating for this discussion. In the Fiscal Year 2023-24 adopted budget, the Auditor-Controller has 19.0 full-time equivalent (FTE) positions, and the Treasurer-Tax Collector has 9.0 FTE. As with many other departments, recruitment and retention continue to be challenging. An advantage to combining these two offices would be to increase overall staffing levels in relatively small departments, which provides opportunity for cross-training, establishing backup coverage, and succession planning. Combining the departments would also provide opportunities to create more efficient and effective processes, procedures and communication. In addition, creating an appointed director of a combined department would allow the county to perform nation-wide recruitments to ensure the department head is professionally trained and has all of the skills needed to carry out the mission of the department. The Board would also be able to track the performance and effectiveness of a director of finance, and act swiftly when necessary to make changes, rather than having to wait until a future election.

### **Ordinance Considerations**

If your Board chooses to move forward with a measure to consider creating an appointive Office of the Director of Finance, staff will introduce an ordinance at the Nov. 28, 2023 Board meeting. Parameters of an ordinance would include the following elements, subject to your Board's input:

### **Qualifications:**

State law (Government Code [GC] 26945) requires an Auditor to meet at least one of the following criteria (summarized for brevity):

1. Authorized to practice as a certified public accountant.

2. Possess a baccalaureate degree with a major in accounting, *or* a business-related degree that includes at least 24 semester units in accounting-related subjects *and* has served within the last 5 years in a senior fiscal management position in a public agency, or nonprofit, dealing with public accounting or auditing responsibilities, for a continuous period of not less than 3 years.
3. Has served as county auditor, chief deputy county auditor, or assistant county auditor, or an equivalent position for a continuous period of not less than three years.

State law (GC 27000.7) also requires a Treasurer-Tax Collector to meet at least one of the following:

1. Has served in a senior financial management position in another public agency dealing with similar financial responsibilities for a continuous period of not less than 3 years, including, but not limited to, treasurer, tax collector, auditor, auditor-controller, or the chief deputy or an assistant in those offices.
2. Possess a baccalaureate, masters, or doctoral degree in any of the following majors: business administration, public administration, economics, finance, accounting, or a related field, with a minimum of 16 college semester units in accounting, auditing, or finance.
3. Authorized to practice as a certified public accountant.
4. Designated as a Chartered Financial Analyst, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

The decision for your Board to make is to choose whether a Director of Finance must meet the qualifications for *either* an Auditor or Treasurer-Tax Collector, or *both* positions. It should be noted that if the measure is approved by voters, your Board would ultimately have the authority to appoint a director and could evaluate individuals whose qualifications exceed the minimums against those who only meet them, providing a wider pool of candidates from which to choose. In addition, your Board could require that a Director of Finance appoint an employee to oversee the Auditor-Controller functions of the office, and another employee to lead the Treasurer-Tax Collector functions to ensure specialty knowledge and continuity of operations.

Therefore, staff recommend that the qualifications for a Humboldt County Director of Finance include the state qualifications for an Auditor *or* Treasurer-Tax Collector, and that the director be required to appoint different staff to oversee each function of the office.

**Removal From Office:**

The Office of Director of Finance will have significant responsibility to make only legal and authorized payments from the county treasury, ensure timely and accurate property tax billings and revenue disbursement, and responsibility regarding how public funds are invested. Ensuring the Director of Finance is independent from the Board of Supervisors is a top concern among likely voters. While all department heads can be removed by a simple majority of the Board, requiring a super majority to remove the Director of Finance provides additional autonomy while still retaining accountability to the Board.

Therefore, staff recommend that your Board require that the Director of Finance can only be removed

by a 4/5 vote of the Board of Supervisors.

**Citizen Advisory Body:**

An additional action that would help ensure the Director of Finance’s independence from the Board could be to create an advisory body tasked with reviewing the office’s operations. By law, the Office of Director of Finance is required to have an annual audit to be made of the office. The Board of Supervisors may request the Grand Jury select the independent auditor to complete this task, the Board could choose the auditor, or it may designate another body to choose the auditor, such as a citizen advisory body. The Board in 2021 created the Audit Committee, charged with assisting the Board in its oversight of the integrity of the county’s financial statements, systems of internal controls, qualifications and independence of the county’s external auditor, and the performance of the county’s corrective action plan.

The Audit Committee was established by resolution (Resolution 21-30) and not adopted into county code, however remains a functional body. This committee could potentially be repurposed to serve as the advisory body of the Office of Director of Finance. However, if the advisory body is included in the ordinance establishing the Director of Finance, changes to that body would need to go before voters. Keeping this advisory body formed via Board resolution allows the body to remain nimble in their mission and more quickly adapt emerging needs.

Therefore, staff recommends that, if the Office of Director of Finance is approved by voters, your Board later repurpose the Audit Committee to advise your Board on the new office, but that the committee not be included in the ordinance establishing the Office of the Director of Finance.

**FINANCIAL IMPACT:**

<b>Expenditures (1100-103)</b>	<b>FY23-24</b>	<b>FY24-25 Projected</b>	<b>FY25-26 Projected</b>
Budgeted Expenses	\$208,000	\$69,000	\$3,000,000
Additional Appropriation Requested			
<b>Total Expenditures</b>	<b>\$208,000</b>	<b>\$69,000</b>	
<b>Funding Sources (Fund, Budget Unit)</b>	<b>FY23-24 Adopted</b>	<b>FY24-25 Projected*</b>	<b>FY25-26 Projected*</b>
General Fund	\$208,000	\$69,000	\$3,000,000
<b>Total Funding Sources</b>	<b>\$208,000</b>	<b>\$69,000</b>	

*\*Projected amounts are estimates and are subject to change.*

On May 2, 2023, the Board approved a supplemental budget in the amount of \$336,250 for a professional services agreement with The Lew Edwards Group to conduct public opinion research, resident engagement and outreach, with revenue from General Fund Contingencies (1100-990).

Expenditures associated with the entire agreement are estimated at \$336,250 through fiscal year 2024-2025. Of that amount, \$58,250 was budgeted for FY 2022-2023, \$208,000 is estimated for FY 2023-24 and \$69,000 is estimated for FY 2024-25.

If approved by voters, creating an appointive Office of the Director of Finance would provide the county the ability to perform searches beyond the county borders for a professionally trained Director of Finance responsible for ensuring audits and mandatory reports are completed timely and accurately, and help the county to continue receiving millions in state and federal revenue for roads, public health, job placement, public safety, housing and other vital services.

If approved by voters, the revenue measure is projected to generate \$12 million per year for roads repairs and general county services. The measure, if approved by voters, would not take effect until Jan. 1, 2025, and the county would not begin collecting revenue until April, 2025, providing the county approximately 3 months of revenue for FY 2025-26. Staff are estimating that would generate \$3 million for FY 2025-26.

STAFFING IMPACT:

Placing a measure on the ballot represents a significant undertaking of staff from multiple departments and Supervisors' time. Staff will likely attend dozens of meetings and appear at community events to speak with residents about the measures and respond to questions. The revenue measure, in particular, will require significant outreach from staff and partner agencies in order to provide robust educational opportunities for the community. If the revenue measure were to appear on the March ballot, it compresses the time available to coordinate with the necessary parties and conduct robust outreach.

STRATEGIC FRAMEWORK:

The recommended actions support the following areas of the Board of Supervisors' Strategic Framework.

Core Roles: Provide for and maintain infrastructure

New Initiatives: Facilitate the establishment of local revenue sources to address local needs

Strategic Plan: 2.1 - Improve transportation network to be properly-maintained, multi-model and energy efficient (e.g. roads, trails, public transportation and commercial airline)

OTHER AGENCY INVOLVEMENT:

If a countywide tax is approved by voters, all cities within the county would be affected. However, due to the passage of Assembly Bill (AB) 1256 (Wood), your Board is authorized through January, 2027 to impose, after voter approval, a local sales tax of up to 1%, which when combined with any other local revenue measure, would exceed the current state-imposed 2% local limit.

The Office of the Director of Finance would impact all local agencies that hold their funding in the county treasury, including local school district, special districts, fire departments and others.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

1. Public opinion research results

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**PREVIOUS ACTION/REFERRAL:**

Meeting of: May 2, 2023; July 19, 2022; Dec. 6, 2022; March 16, 2021

File No.: 23-624; 22-946; 22-1583; 21-313