

**STATE OF THE COUNTY**

**2018**

**CHAIRMAN JIM DEMARTINI**

**PRESENTED FEBRUARY 6, 2018**

## **Charting a Course for a Bright Future**

Good morning my fellow members of the Board of Supervisors, CEO Hayes, County Counsel Doering, those who are in the Chambers today and those who are watching on television or on the Internet, on this February 6, 2018, the 107<sup>th</sup> Anniversary of President Ronald Regan's birthday. It is a privilege to stand before you today as Chairman of the Stanislaus County Board of Supervisors to present the annual State of the County address.

Stanislaus County encompasses over 1500 square miles and is home to 540,000 people. We have nine incorporated cities, the Coast Range to our West, the Sierra Nevada Mountains to the East and some of the world's most productive farmland on the valley floor. We are recognized internationally for our agricultural innovation and our ability to grow more than 200 commodities here.

The state of the County is healthy and strong. We will always have to take steps to address new obligations that impact our community issued from Washington DC or Sacramento. But we have handled those in the past and will do so again. With one exception, we can face this year and the next decade in much better shape than fourteen years ago when I was first elected to this board.

In the past few years, life has gotten better in Stanislaus County but before I go into the things that I believe have made Stanislaus County a better place to live and work, I would like to compliment my colleagues on the Board of Supervisors for their professionalism and dedication to doing what is best for our community. Being a member of this Board has taught me the importance of collaboration and long range planning. I have always considered it an honor to work with such distinguished and professional individuals, both past and present, that have always had the County's best interest at heart. That doesn't mean that we always agree on everything. We have all been on the losing side of a four to one vote. We often engage in heated debate, that is not a bad thing. We have an obligation to fight for our beliefs and what we think is best for the citizens of Stanislaus County. We all come from different backgrounds, so different views can, and should be expected. While we sometimes disagree, we do it with respect for each other and we all learn from each other. When the vote is taken we accept the decision of the majority and go on to the next issue in full support and committed to success.

County officials understand the need for change in an organization, yet systems can struggle when change occurs if careful planning isn't prioritized. In an organization the size of Stanislaus County, change is constant, but the steadfast focus of our leadership does not change. Our priorities and commitment to "striving together to be the best" keeps us grounded and looking to the future while managing all of our day to day operations.

The key to successfully navigating transition is being agile. Some changes must happen relatively quickly, others take time to consider. The process of change must include taking into account who is affected and how. For us, with 26 departments and a staff of well over 4,000

employees, the impact of change can be great. Changes in county staff and leadership not only affect employees, but the residents that call Stanislaus County home. As an organization, we believe that change is healthy and we work to expand our capacity to be adaptive to change. We have a very strong and capable leadership team across all departments. Stanislaus County provides many services to our residents. It is our County employees that are on the front line, providing health care, repairing our roads, keeping us safe and providing the services we expect from local government each and every day. Our employees are Stanislaus County's greatest asset. They do a great job for all of us and deserve our recognition and thanks. We are continuously exploring strategies and best practices to do our work, more effectively and more efficiently. That principal carries throughout the organization. We greatly prioritize leadership development and our new CEO, Jody Hayes has made it clear to staff that succession planning remains one of our most important endeavors to maintaining the future success of our county government. Talent retention and development will always be key to building and growing organizational capacity.

The strength of our community has always been its people. From the pioneers who immigrated from around the world and established communities here, to the railroads that connected us, to the Gallo Brothers whose start up business would go on to become the largest family owned winery in the world. Stanislaus County has always been home to people with vision and the unique ability to turn challenges into opportunities.

We have thrived not because it was easy to do so, but because of the long term vision, the determination and the independent spirit of our people. The rugged individualists who were our first settlers came here for the opportunity Stanislaus County offered to those who were willing to work hard to succeed. We are not an overnight success story but a collection of people determined to innovate and adapt.

Agriculture, and the businesses that support it, is our County's most important industry. Farmers and ranchers, food processors, equipment repair and manufacturing, trucking companies, nurseries and all the other business that support agriculture comprise one third of our workforce. Stanislaus County's 4100 farms produce almost \$3.3 billion in farmgate value annually; this is more than the entire agricultural value of many states. Our rich soil and our Mediterranean climate make us unique in the world. Stanislaus County must continue to be an advocate for agriculture. We must continue our support for the Ag Commissioner's Office and the programs that strengthen agriculture. We should also continue our commitment to the UC Cooperative Extension which conducts educational and applied research programs that help our farmers develop the best management practices necessary to be able to compete in the world marketplace.

We must never forget the value of our agriculture and the importance of preserving farmland for it has been the driving force of our economy. The County's farmland is an irreplaceable natural resource, protected by our Ag Element and LAFCO policy. Only by balancing the need to create housing and job opportunities for an expanding population, with the need to protect our agricultural land, will we ensure the continuing success of our local agriculture.

Stanislaus County has much to be proud and grateful for. Our economy is far better than it was a few years ago. Property values are up, wages are up, unemployment has dropped and violent crime is down as well. Stanislaus County has no general fund debt, almost unheard of in California; we have a balanced budget and reserves of \$186 million, which is approximately 15% of our total budget.

### **StanCERA**

The County's Retirement System, StanCERA, serves approximately 4,300 active members and 3,800 retirees. The System has just recently reached a milestone of \$2 billion in total assets.

Last year the fund experienced a return of 14.4%, well in excess of its assumed return of 7.25% and over the past 15 years the fund has returned 7.7% on an annualized basis. Currently, for every 1 dollar in benefits that's paid to retirees and their beneficiaries, 67 cents comes from investment returns while only 33 cents comes from employer and employee contributions.

StanCERA continues to implement its investment strategy in prudent ways. Just recently, the Board of Retirement committed to purchasing high-quality assets that pay returns precisely when the System's benefit payments come due. This keeps assets invested for as long as possible and minimizes idle cash positions. StanCERA has outperformed other retirement systems and currently stands at a healthy 74 percent funding ratio. Our retired, our current employees and County taxpayers can feel confident that the retirement fund is well managed and investments are based on sound financial principles.

### **Crows Landing Air Facility**

Job creation and economic development continue to be an important focus of this Board, which brings me to a special priority of mine, the development of the former Crows Landing Air Facility. From the commissioning of the Crows Landing Air Facility as an auxiliary airfield to Naval Air Station Alameda in 1942, until its decommissioning by the National Aeronautics and Space Administration in 1999, the military and civilian workforce who lived and worked at the airfield proudly served our nation.

The multiple missions and operations that occurred at Crows Landing brought new residents to Stanislaus County and contributed to the economic prosperity of the county, the State of California and to the security of our nation.

The end of the Cold War reduced military operations at Crows Landing, and the airfield was identified for closure by the Department of Defense's Base Closure and Realignment Commission during the 1990s. The United States Congress conveyed the former military property to Stanislaus County in late 2004. Since that time, the county has embraced the

opportunity to revitalize and diversify our economy through the reuse of the former airfield for the benefit of county residents and the region.

This location could serve as a perfect large industrial campus. With over 1500 acres, the opportunities at this West Side location are enormous. Strategically located less than one mile from Interstate 5 provides the site fast, efficient and convenient highway access along with a future general aviation and corporate air facility that will connect this industrial park with urban business sectors internationally.

Stanislaus County will put a lot of effort into the development of the Crows Landing Industrial Park. The former Naval Air Facility has the potential to create thousands of quality paying jobs, ending those historically long commutes by Stanislaus County residents to the Bay Area for employment.

### **Library**

Another positive attribute of Stanislaus County is our great library system. With the community's support and the passage of Measure S in November, renewing the 1/8 cent sales tax, the Library continues to offer the outstanding information services and resources our residents rely on, all while moving forward with exciting and innovative new projects.

Projects include the expansion of the Turlock Library, the relocation of the Empire Library, creation of a Makerspace technology and a hands-on science center in the Modesto Library, and facility improvements throughout the library system. Access to traditional services has also been expanded with the addition of Friday hours.

The Library has an essential role in supporting early literacy development and helping children prepare for school. A variety of fun and educational early literacy programs are offered at all 13 locations. For families who cannot get to a library, the Youth Services Outreach team delivers these resources out in the community.

A new 5-year strategic plan, based largely on community input, will serve to guide the library to achieve these and other important public service priorities. We have an amazing library system here in Stanislaus County of which we can all be proud.

### **Focus on Prevention**

Another positive development in Stanislaus County is our Focus on Prevention Strategy, a community-wide effort on addressing the root causes of our most challenge issues, and not just treating the symptoms of these challenges. This presents a significant opportunity for partnerships across all sectors of our community for the benefit of all county residents. As a community, we need to look at our service delivery system in a different light. Government

alone cannot accomplish this task. It will require all sectors of society participating and working together. I am pleased to report that leaders throughout our community have embraced this challenge, and have come together to have the difficult discussions that are required to make real change. To support this effort, the County has formed a Stewardship Council that consists of two leaders from ten sectors identified for participation. They include government, businesses, non-profits, education, faith, neighborhoods, philanthropy, health, media, arts, sports and entertainment. Representatives from all ten sectors in Stanislaus County have come together to work toward a common set of objectives to address the hard truths regarding what is really going on in our families and communities. The roster of leaders throughout our community who participate on the Stewardship Council is very impressive, and demonstrates the commitment we have throughout our County to work together. We are very fortunate to have some of our top business leaders working side-by-side with dedicated leaders from all sectors of the community to address our most difficult challenges. What's even more impressive are the common goals and strategies emerging from this effort. This group is results focused, and has made it clear that we will measure our outcomes and hold one another accountable to deliver strategies that create real impact in our community; we must continue to demand that of ourselves.

The first area of concentration under Focus on Prevention has been a community-wide effort to respond to the growing homelessness crisis that has emerged in communities throughout California. Although this problem may feel very personal to our community, the statistics show that we are definitely not alone. Data from the 2017 homeless survey shows that California now represents 25% of the total homeless population in our country. Nationwide, approximately 192,000 homeless are classified as unsheltered, and an amazing 49% of those who are unsheltered live in California. While the homeless population went up 1% nationwide, California experienced a 13.7% increase from 2016 to 2017. In Stanislaus County homelessness was up 15.8%.

Communities throughout our State are struggling with how to respond to this issue. Through Focus on Prevention, the County has taken the lead on developing an initial Outreach and Engagement Center, a new program locating several homeless services in one central location. On the first day the center was open we began to see what happens when you break down silos and work together.

While out on patrol the Modesto Police and Fire Department identified a couple in need of help. Rather than working with several agencies operating at various locations, the Outreach and Engagement Center was able to help this couple immediately. The Outreach and Engagement Team was able to establish one of the individuals as a veteran, connected the couple to disability services and other veteran benefits. The Behavioral Health Team placed them in permanent housing and they were also provided clothing as well as basic needs. County agencies operating at different locations and independently of each other would not have been able to respond to this veteran's crisis situation as quickly or as efficiently as the Outreach and Engagement Center did. The success of this long term commitment to improve outcomes and the quality of life in our county depends on all of us working together. The next area of emphasis has already begun, with key community leaders coming together to tackle the difficult challenge of strengthening

families, with an initial emphasis on working with families involved in the criminal justice system.

Stanislaus County's Focus on Prevention is a bold, new approach. Confronting the challenges of homelessness and the impact of crime on our future generations is no easy task. In doing so, we must acknowledge that government alone cannot fix all of our societal problems. If we are going to reduce the basic causes of our societal ills, it will be through strengthening those critically important institutions of family, faith, education and work, with government playing a supportive role, but not the only one.

### **Public Safety**

Public safety has always been one of the Board's highest priorities. All county residents deserve to live in homes, neighborhoods, and have schools and workplaces free from the threat of criminal behavior. If you do not feel safe in your community, if your children are not safe in your neighborhood park, your local government has let you down. Realizing the importance of public safety, the Board of Supervisors has committed increased amounts of additional funding over the past 3 ½ years for enhanced public safety. In total, we have added \$8 million in additional General Fund dollars to our public safety departments to support this priority each year going forward. This dedicated funding allowed us to add 84 positions between the Sheriff's Department, Probation Department, District Attorney and Public Defender's office. This is in addition to the significant funding we have provided for the expansion of our jail operations and additional support for state of the art equipment and training for public safety employees.

Stanislaus County is proud to be the only California County that was awarded funding from the State of California for three separate public safety programs aimed at housing and rehabilitating juvenile and adult offenders.

- The expanded Juvenile Hall, a state of the art Juvenile Commitment Center with 60 beds for local youthful offenders was built in 2013.
- The second Public Safety Center, a 552 bed facility for adult offenders was completed in 2016.
- And the just completed 288 bed Re-Entry and Enhanced Alternatives to Custody Training Center which is scheduled to open this year.

This new \$44.5 million project is the final piece of a very ambitious plan to modernize public safety facilities and bring more opportunity for those incarcerated to change their lives and reduce the tragic cycle of recidivism in our community. This is the first of its kind project in California.

Three years ago, on a visit to the Public Safety Center with Sheriff Christianson and former CEO Stan Risen, we stopped at a classroom where men in their 30s were learning to read. Sheriff Christianson began talking to these men who had been in and out of jail for most of their lives. The Sheriff asked them "How many of you dropped out of high school?" Everyone raised their

hand. Then he asked them how many had substance abuse issues- all of them. “How many of you lived in a single parent home growing up?” All raised their hands again. Then the Sheriff asked these men “How many of you have children?” All of them responded that they had children of their own.

I thought to myself, who was raising their children? Were they in foster care? Were they living with relatives? Were they homeless? It seemed obvious to me that unless we begin to do things differently to break this cycle, nothing will ever change.

Albert Einstein once said, “Insanity is doing the same thing over and over again and expecting different results.” Mr. Einstein could have been talking about today’s criminal justice system. When we are not seeing the outcomes and overall impact that we desire, we must try a different way. The Re-Entry and Enhanced Alternatives to Custody Training Center is a new approach to reduce recidivism. This new center has enabled the County to construct new program space within the secure perimeter of the Public Safety Center that links with the Stanislaus County Probation Department’s Day Reporting Center. The program space will allow for evidence-based programs to enhance current alternatives to incarceration. Key to the project are the programmed spaces for adult education, religious services, counseling, self-help classes, mental health evaluations and other life-skills including career programs.

The County has capitalized upon the \$40 million funding award for the Re-Entry and Enhanced Alternatives to Custody Training Center in a unique way to fully leverage resources aimed at successful inmate rehabilitation and re-entry into the community. The long-term goal is to reduce recidivism, ensure the public’s safety, and create hope for inmates, their families and the community. In a few short years, and with over \$138 million in state funding, we have delivered projects that will make for a safer Stanislaus County.

### **StanCOG**

Our roads and bridges are the county’s most important infrastructure assets. Realizing that, the voters of Stanislaus County approved Measure L, a one-half cent sales tax for the improvement of local transportation infrastructure. The sales tax will generate approximately \$960 million in revenue for transportation improvements over 25 years. With Measure L we will also be able to leverage additional funding from state and federal grant programs.

With the passage of Measure L, the County will preserve existing infrastructure and improve neighborhoods with a focus on local streets and roads. Sixty five percent of the funding will be going to every city and the County to repave streets, fill potholes, and upgrade local transportation infrastructure. Measure L funds will also be used to reduce traffic congestion by eliminating bottlenecks thereby improving commute reliability.

In passing Measure L, Stanislaus County became a self-help county, a designation that allows the region to be eligible to compete for funding designated exclusively for counties, cities and regional agencies in which voters have approved taxes dedicated to transportation improvements.

Revenues available to operate, maintain and improve the transportation system have not kept up with the needs of our communities. That has now changed. Many of the transportation infrastructure projects can only be partially funded with federal or state grants, and those grant programs have requirements for local matching funds. Measure L will improve our ability to cover local match requirements, so we can leverage the measure funds to better compete for state and federal grants, creating opportunities for further transportation projects.

## **Water**

I have given you many positive things about our County today. Things have gotten better, but there are storm clouds on the horizon. All of the good news and developments we have seen in the last few years could be erased by one proposed action of the State of California, the proposal by the State Water Resources Control Board to divert an ever increasing percentage of water, possibly up to 60 percent, from the Tuolumne, Merced and Stanislaus Rivers that serve this area. I believe that taking the water we depend on and diverting it to the Delta and the ocean is the single greatest threat to the economy and quality of life to our area.

The implications of this water grab will go beyond Stanislaus County as this policy will also severely impact San Joaquin and Merced Counties. It will have a huge impact on farming, business and property values. This proposal seriously threatens both the quantity and quality of our drinking water. It will impact each and every one of us.

No State or Federal money went into the construction of the Don Pedro or Exchequer dams. These dams are owned by the ratepayers of the irrigation districts. Yet the State Water Resource Control Board wants take the water stored behind those facilities that we own, and use it for their purpose. We are told it's for the benefit of the salmon. But in their own reports they acknowledge that salmon restoration can only be accomplished by combined efforts of flow increases, predation suppression and habitat restoration. But the only mandate in the proposal is to increase flows. A study by the Modesto and Turlock Irrigation Districts show that up to 97 percent of the salmon smolt are eaten by striped bass, a non-native fish, before they reach the ocean. If the State Water Resources Board really wanted to improve the mortality of salmon smolt they should start with a plan to reduce the number of striped bass first. By their own admission, just increasing river flows does little if anything to increase salmon numbers. Yet that is their only requirement.

A related issue we should be concerned about is the Governor's ill conceived proposal to divert the Sacramento River around the Delta, through a massive tunnel project. This would allow even more Delta water to be pumped to Southern California. This project should it be built, will

divert Sacramento River water around the Delta causing destruction of wildlife habitat and degradation of water quality by allowing saltwater intrusion into the estuary. Many believe that is the real reason why there is such an effort to increase tributary flows into the San Joaquin River.

California has a water supply problem. In 1973, when the last state reservoir was opened at New Melones, our population was 20.8 million people. Since then we have grown to almost 40 million. But our water storage capacity has only increased by 1% in that time. It doesn't take a rocket scientist to see the problem. We need more reservoirs and groundwater recharge, not less.

In November of 2014 voters in California and in Stanislaus County overwhelmingly approved Proposition 1, a water bond premised on the construction of two new reservoirs. We will see later this year if state follows through on that commitment and authorizes the Temperance Flat and Sites facilities.

If both are built our storage capacity of water would increase by approximately 3 million acre feet. That happens to roughly equal to the storage capacity of Don Pedro and Exchequer Dams. But nowhere in Proposition 1 did it say we were going to be reducing or eliminating the capacity of existing dams. At the time California voters said, they wanted more reservoirs, the State Water Resources Control Board's proposal will significantly reduce the storage already built and paid for. We cannot let this happen.

Our region faces a calamity on the scale of the great depression. I do not exaggerate here. In their own words, the State Water Resources Control Board stated their proposal would create, and I quote, "A state of regulatory drought in terms of the water supply" for our area. The loss of the water in our reservoirs will create the following of thousands of acres of prime farm land. To understand the scale of this reduction, the largest water taking to date was the Central valley improvement act, where 800,000 acre feet a year was taken from over 10 million acres. The current proposal envisions taking a minimum of 300,000 acre-feet from only 500,000 acres.

Such a steep cut will affect every aspect of valley life. The water board wants everyone to think this is about farmers vs. fish. It's not. All of us, farmers, teachers, businessmen, seniors, east side, west side, city dwellers and homeowners will all be significantly impacted by this proposal. Jobs will be lost. New job creation will become harder. Property values will plummet, costing citizens and government millions of dollars for essential services. Even more, the State Water Resources Control Board has failed to consider the impacts on our drinking water, groundwater sustainability or even the adverse impacts to our communities and schools. It is ironic that the agency responsible for California's water future is not discussing the need for increasing water supply, but instead intends to take water away from communities, like ours, who have invested our own resources to address water needs.

The State Water Resources Control Board has the responsibility to balance the needs of the people, the economy, and the environment, but based on the current proposal the Water Board woefully fails to meet that obligation. This unelected board has far too much power and virtually no accountability, and that has to change.

The irrigation districts are currently engaged in settlement discussions with the Governor's office on this issue. If an agreement can be reached that protects our investments in water infrastructure and strengthens our groundwater sustainability and drinking water quality we stand ready to support it.

But make no mistake, this struggle is for our very future. We must not back down. Stanislaus County must work with San Joaquin and Merced Counties, our Cities, the Irrigation Districts, the Farm Bureau, our business community and our residents. We must ensure that we retain the water that is ours. We must fight this water grab legislatively and politically. Our economy and quality of life depends on this effort. Losing this battle is not an option.

### **Conclusion**

Stanislaus County has a proud past and as we chart our course for a bright future, County government must be focused, efficient and professional. Your County Board of Supervisors has developed priorities that focus on public safety, health, economic development and the efficient delivery of public services.

I have listed many positive things about us today in this State of the County Address. Life has improved in Stanislaus County and continues to get better. We must all work together to define our future. We have always faced challenges, and with challenges come new opportunities. How we handle them is fully in our hands. We should not look to Sacramento or Washington to solve our problems or make us more prosperous. They do not know what is best for us. That task is ours and ours alone.

I want to thank my fellow Board Members, Department Heads and all the employees of this great organization for their dedication and commitment to excellence. Together we will be up to all the challenges that lie ahead.