

April 22, 2025

Dear Chair Bushnell and Board of Supervisors,

The Citizens' Advisory Committee on Measure Z has completed its task for to review Measure Z expenditures and funding proposals, and this letter, along with the report prepared by your staff provides our recommendations for the coming fiscal year. Our Committee membership has undergone a lot of change over the last year but due to our processes and support from your Board, I believe the Committee remains confident that this tax measure is continuing to serve the voters' intent and looks forward to further improving the effectiveness of this tax measure.

FY 2025-26 Applications

The total amount of funding available for the Committee to recommend for Fiscal Year 2025-26 is \$1.3 million. The initial amount requested from applications was just over \$3 million, which was reduced to \$1,743,898 after revisions. The amount in reserve is \$864,000.

In total, 11 applications were received from various county departments and community partners this year, which is much lower than previous years. The Committee determined that all of the applications received met the spirit of Measure Z, and two applicants chose to withdraw their applications. Two meetings were held between February and March to evaluate the various proposals received.

Due to limited funding our Committee is only able to recommend your Board funds four applications, and two (Rio Dell and Fire Chiefs) cannot be fully funded based on the amount of money available. These two applications were tied in our rankings, and we are forwarding this list to you as is and leave it to your discretion to determine how to address this situation.

3-Year Spending Plan, County-Community Partner Allocations

The 3-year spending plan adopted by your Board, upon recommendation by the Measure Z Committee, has proven to be effective in maintaining the most essential public safety services that have come before this Committee. This plan provides guaranteed funding for the Sheriff's Office, District Attorney, Public Defender, Fire, Ambulance Services, Fortuna Police and other agencies. Over the last 10 years, our Committee has consistently rated the programs in the 3-year spending plan as the highest-ranking applications. As Chair, I believe the spending plan is a valuable tool to ensure Measure Z protects these services from increasing costs and volatility in sales tax performance.

However, our Committee remains concerned about the overall split in funding between county departments and community partners. The Committee recommended that in order to retain the voters' intent that Measure Z provide the broad range of services included in the measure, the funding should be split at roughly 70% for county departments and 30% for community partners, after factoring in the spending plan (or guaranteed funding) and application process. The

spending plan provides 86.65% of funding to county departments and 13.35% to community partners. This means that, without reducing funding to county departments, and additional \$2.4 million would need to be allocated through the application process to community partners to achieve that balance. Our recommendations on applications this year would bring that split to 78.5% for the county and 22.5% for community partners.

Measure O, Public Works Allocation

The Committee was pleased to see that Measure O passed this past November, and staff informed us that through the community education process on the measure they heard repeatedly that the effectiveness of Measure Z positively influenced voters' ability to trust the Board would make good decisions with Measure O. The first decision that should be made is to move the Public Works allocation related to the Brush Cutting Program from Measure Z to Measure O. This would provide roughly \$400,000 in ongoing funding to be dedicated to other Measure Z programs.

While our Committee did not come to a majority decision regarding how those funds should be re-allocated, I will reiterate that additional funding is needed for community partners to achieve the 70/30 split mentioned above. I will also caution your Board that if you choose to fund the Public Defender's application, which is to add a Deputy Public Defender position, annual funding for that position would be guaranteed because their department has so few employees funded by Measure Z. This application is for \$155,000 and the allocation would grow each year due to salary and benefit increases.

Future Years

While the spending plan has been valuable, it has reduced the discretionary amount of funding available for our Committee to recommend each year. On top of that, the actual performance of sales tax seems to be declining. Staff estimated that \$13 million would be raised in FY 2024-25 and FY 2025-26, but they also said those projections are wavering. Thankfully, your Board followed our recommendation to create a reserve account to be used when revenues do not meet projections. There's a strong chance that your Board will need to use a reserve this year and next, and I encourage you to stand firm in using that reserve only for this purpose and not to expand service.

Finally, our Committee is looking forward to getting to work in the fall on re-evaluating the spending plan and recommending a new multi-year plan. Thank you for continuing to value the work of our Committee and making the difficult decisions to ensure Measure Z serves the intent of voters who passed this measure.

Respectfully submitted,

Tami Trent, Chair, Measure Z