



CITIZENS' ADVISORY COMMITTEE ON *MEASURE Z* EXPENDITURES

(Advisory Committee will make recommendations to the Humboldt County Board of Supervisors as to expenditure of funds derived from *Measure Z*.)

APPLICATION FOR FUNDING

RECEIVED
MAR 18 2015
CAO

Agency Name: County of Humboldt – County Administrative Office
Mailing Address: 825 Fifth Street, Room 111, Eureka, CA 95501
Contact Person: Phillip Smith-Hanes Title: County Administrative Officer
Telephone: (707) 445-7266 E-mail address: cao@co.humboldt.ca.us

1. AMOUNT OF MEASURE Z FUNDING REQUESTED FOR FY 2015-16:

\$2,750,000 or \$550,000 every year for 5 years.

2. ENTITY TYPE -- Please check appropriate box.

- a. Humboldt County Department
- b. Contract Service Provider to Humboldt County
- c. Local Government Entity
- d. Private Service Provider
- e. Non-Profit Service Provider
- f. Other

3. Please provide brief description of proposal for which you are seeking funding.

The County Administrative Office is requesting \$2,750,000 for the county's General Reserve. The General Reserve is a "savings account" to be used for future needs or during economically challenging times when expenditures exceed available revenues. In order to maintain basic public safety services, in fiscal years 2009-10 and 2010-11 the county spent down \$2,750,000 of the General Reserve due to the economic downturn. The General Reserve has a target balance of between eight and ten percent of the County's total General Fund revenues, or approximately \$8.7 million. The current balance in the General Reserve is \$1,172,737.

4. *Measure Z* funding is scheduled to "sunset" in 2020. How are you developing a plan for sustainability, including diversification of funding sources, in order for your proposal to carry on without reliance on future *Measure Z* funds?

A contribution to the General Reserve develops sustainability by setting-aside Measure Z funds into the county's "savings account" for future needs. Expending all Measure Z funding without setting funds aside places the county and other funded entities in a precarious position should Measure Z sunset after 5 years.

5. If this request is for the continuation, or expansion, of an existing program/service, what is the current source of funding for that program/service?

This request continues the county's efforts at building sufficient reserves as demonstrated by the Board of Supervisors Strategic Framework, Six Key Goals for 2015-16 by rebuilding reserve and contingency accounts. Sufficient reserves protects the community from drastic service reductions during an economic downturn or disaster situation. Any contribution to the General Reserve must come from the county's discretionary revenue sources, such as Measure Z.

6. If you are awarded *Measure Z* funds, how will you use them to leverage additional grants, contributions, or community support?

If the General Reserve receives a contribution from Measure Z the General Reserve will have an increased ability to provide for future needs during times of economic disadvantage. Should Measure Z sunset after 5 years the General Reserve would be a possible funding option for county departments and other entities to continue the work that they began under Measure Z.

The Board of Supervisors has already set aside \$400,000 in contingencies for a FY 2015-16 contribution to the General Reserve. The General Reserve goal of \$8.7 million still remains, \$2.75 million is only a portion of that goal.

7. Will this proposal require new or expanded activity on the part of another entity to be fully functional and effective? If so, please describe.

No, this request does not require a new or expanded activity on the part of another entity.

ATTACHMENTS—Please include the following with your application

Proposal Narrative: Brief description of your request for *Measure Z* funds – Please explain how it is an essential service or for public safety. (one page maximum)

On October 7, 2008 the Board adopted a reserve policy. The purpose of the reserve policy is to hold funds in reserve for cash flow purposes, revenue shortfalls, unpredicted one-time expenditures and capital expenditures. The cash reserve that holds discretionary dollars is the General Reserve. The policy calls for a General Reserve target balance of between eight and ten percent of the County's total General Fund revenues. For fiscal year 2014-15 the target balance is \$8.7 million. However, the General Reserve has a current balance of only \$1,172,737. The General Reserve balance was at its highest in fiscal year 2008-09 when the balance was \$3 million. The General Reserve fund is the last resort in balancing the county's budget.

In fiscal years 2009-10 and 2010-11 the General Reserve was the last resort for the county. With sales tax revenues declining and little to no growth in property taxes the county was in a financially difficult situation. The fiscal year 2009-10 budget required the use of \$2 million in General Reserves to balance the budget. In fiscal year 2010-11 the county was still continuing to experience a revenue shortfall, amid growing expenditures. On average, General Fund departments decreased their budgets by 7%. However, this still required the use of General Reserves of \$750,000, leaving a balance of only \$250,000.

While the county has been able to make some contributions to the General Reserve, the contributions have diminished significantly due to increased insurance and retirement costs. Without the safety net of a "savings account" the county is at financial risk.

Placing Measure Z funds into the General Reserve leaves the county with a financial reserve for times when revenues decline or a natural disaster strikes. Cash reserves also ensure the continued presence of public safety in our community even when the economy recedes. In fact, the county was able to avoid layoffs of uniformed law enforcement personnel in fiscal year 2009-10 and 2010-11 in part due to the existence of General Reserve

Rebuilding reserve accounts is one of the Board of Supervisors Six Key Goals for 2015-16.

Program Budget

Expenditure:

1100-199-3342 Contribution to General Reserve	<u>\$2,750,000</u>	
	\$2,750,000	Total Expenditures

I declare under penalty of perjury under the laws of the State of California that the above statements and all attachments are true and correct

DATE: 3/17/15

SIGNATURE: Phillip Smith Jones

SUBMIT THIS APPLICATION TO:

Humboldt County Citizens' Advisory Committee on *Measure Z* Expenditures
c/o County Administrative Office
825 Fifth Street, Suite 111
Eureka, CA 95501-1153.
