



MEASURE W WEST MARIN TOT OVERSIGHT COMMITTEE

March 7, 2023

OVERSIGHT COMMITTEE

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Dear Board of Supervisors,

SUBJECT: The Measure W West Marin Transient Occupancy Tax (TOT) Oversight Committee's review of the County of Marin's Measure W West Marin Transient Occupancy Tax Compliance Audit Report for the period of July 1, 2021 to June 30, 2022.

RECOMMENDATION: The Measure W West Marin Transient Occupancy Tax Oversight Committee recommends to the Board of Supervisors to accept the Measure W West Marin Transient Occupancy Tax Compliance Report for the period of July 1, 2021 to June 30, 2022.

BACKGROUND: The Measure W West Marin Transient Occupancy Tax Oversight Committee (Committee) exists by virtue of Marin County Ordinance No. 3692 which was approved by your Board on July 31, 2018. Measure W was approved by Marin County voters on November 6, 2018.

Per Ordinance No. 3692, Measure W created a transient occupancy tax rate of four (4.00) percent ("the West Marin Transient Occupancy Tax") of rent charged in the West Marin Transient Occupancy Tax Area, in addition to the tax rate of ten (10) percent applicable to the entire unincorporated County of Marin. The West Marin Transient Occupancy Tax is a special tax that shall be used for the benefit of the West Marin Transient Occupancy Tax Area. The Special Tax became effective January 1, 2019. Half of the West Marin Transient Occupancy Tax collected must be allocated to fire and emergency services in the West Marin Transient Occupancy Tax Area and half must be allocated for community housing in the West Marin Transient Occupancy Tax Area.

SUMMARY: On February 9, 2023, the Audit report for fiscal year 2021-22 was presented to the Oversight Committee by Michelle Camacho, the Audit Manager and Mina Martinovich, the Director of Finance for Marin County. The revenues and expenditures for the fiscal year 2021-22 were spent and distributed according to the Measure W West Marin Transient Occupancy Tax per the fifty/fifty split for fire and emergency services and community housing for the West Marin area. The Administration fee of 5% was calculated correctly and only two observations were noted in the report regarding fire, which fire management has agreed with the recommendations from the auditors and will be implementing actions to improve their internal processes. Otherwise, the auditors reported there were no findings, difficulties, or any non-compliant issues during the audit.

While the Auditors are not required to make comments regarding unspent funds, we would like to. Ordinance No. 3692 tasks our Oversight Committee with ensuring “that the revenue is spent within the boundaries of the West Marin Tax Area and for the purposes approved by the voters.” Simply put, we are concerned with the unspent amount of Measure W funds earmarked for Community Housing and administered by the Community Development Agency (CDA). We have no such concerns regarding the Fire and Emergency portion of Measure W proceeds.

Furthermore, we have no concerns regarding the 70% of Community Housing funds that are earmarked, per Board approval, for Housing Production. These projects are large and irregular in timing and we would expect that amounts might accumulate before being distributed.

Our concerns focus on the remaining 30% of the Community Housing funds, those for Rental Assistance and Security Deposit Assistance, Housing Needs Study, and Set-Aside for Future Larger Projects, to use the Board-approved guideline titles found in the current Audit.

For fiscal year ending June 30, 2022, the unspent amounts in those three categories totaled \$266,812. Going back to the beginning of Measure W (January 1, 2019) and using carryover assumptions, the unspent amount of those same three categories totals \$544,095.

To put this in perspective, Measure W has raised \$2,180,319 in Community Housing funds over its lifetime; \$544,095 (25%) remains unspent. We think this amount is high in light of the Community needs.

We are reasonably confident that the Measure W Transient Occupancy Tax funds were collected and distributed, for the Fire and Emergency portion according to Measure W and Ordinance No. 3692.

Regarding, the Community Housing portion of the tax, we are reasonably confident that the Measure W Transient Occupancy Tax funds were collected according to Measure W and Ordinance No. 3692. However, we are concerned about the amount of these funds that remains unspent as expressed above.

We recommend that the Board of Supervisors accepts the compliance audit report for the fiscal year of 2021-2022 along with the comments in this letter.

Sincerely,



Pamela Lichtenwalner

Chair

Measure W West Marin Transient Occupancy Oversight Committee