October 16, 2012

Marin County Board of Supervisors
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: Recommended Allocation of One-time Reserves and Set-asides for Safety Net and Infrastructure Needs

Dear Supervisors:

RECOMMENDATION: Approve Recommended Budget Adjustments and Adjustments to Reserves as Detailed in Attachment A

OVERVIEW
As a follow-up to your direction at our June budget hearings, your Board held a public workshop October 2, 2012 to discuss strategic one-time investments from existing County reserves and set-asides for various safety net, infrastructure and unfunded liabilities. At the workshop, your Board discussed various options, addressed questions and suggestions from members of the public, and provided direction to staff to return to your Board 1) in October with specific recommendations for various safety net and infrastructure needs; 2) in November regarding unfunded pension liabilities; and 3) in December regarding unfunded retiree health liabilities.

Per your direction, we are returning to your Board at this time with specific recommendations regarding strategic one-time investments for community safety net and infrastructure needs. A description of the proposed uses is provided below.

Recommended budget and balance sheet adjustments are detailed in Attachment A. Overall, the recommended adjustments result in no increased net county cost or use of fund balance as your Board had previously approved set-asides and reserves to fund the recommended allocations. We will return to your Board in November and December regarding additional allocations relating to pension and retiree health liabilities, respectively.

SAFETY NET INVESTMENTS
Recommendations regarding safety net needs include the following strategic allocations:

A. $125,000 for Family Transitional Housing
The Center for Domestic Peace (CD) provides a significant share of the county's family transitional housing. The Department of Health and Human Services seeks approval to provide supplemental funding for the transitional housing program. CDP would assist 90% of transitional housing residents to develop a plan for securing affordable housing within 3 months and to obtain affordable housing within 12 to 18 months of entering the program. Further, CDP would assist 90% of residents to
develop a plan for economic self-sufficiency within 3 months and CDP would assist 85% of residents to implement the initial steps of the plan within 6 months.

Last year, the Center for Domestic Peace transitional housing program served 39 adults and children in Marin County who were victims of domestic violence. The transitional housing program assisted residents in securing affordable permanent housing and developing individualized economic self-sufficiency plans. Program outcomes were comparable to those of other local transitional housing providers.

B. $400,000 for Community Organizations - Safety Net Support
Given the ongoing challenges of the economic downturn, we are recommending $400,000 for various one-time allocations to countywide safety net providers. These funds would be recommended for Community-based organizations that have stepped up to provide vital community services to our less fortunate residents who have been impacted by the slow economic recovery. The County Administrator will work with Health and Human Services to make specific allocation recommendations for your Board's consideration at a future Board meeting.

C. $500,000 for Child Care Funding Glide Path (over three years)
The State's budget reductions for child care this year approximate $1 million. Though not a direct budget impact to the County, in addition to earlier funding reductions these most recent reductions to community providers represent a major funding and capacity reduction impact to child care in Marin and the State.

The plan is for the Child Care Council and agencies to develop and implement a 3 year ramp down, assuming that Marin Community Foundation (MCF) will agree to match a County $500,000 funding investment over three years, with a focused strategic planning effort to maximize services while adapting to funding reductions and creating a sustainable child care service.

The spending plan, assuming MCF matches the county, is:

- Year 1: 2012-13 -- $500,000 ($250,000 County; $250,000 MCF)
- Year 2: 2013-14 -- $300,000 ($150,000 County; $150,000 MCF)
- Year 3: 2014-15 -- $200,000 ($100,000 County; $100,000 MCF)

Programs included in the planning of the Marin Child Care Council:

- Community Action Marin
- Marin Child Care Council
- Fairfax/San Anselmo Children's Center
- North Bay Children's Center
- Novato Youth Center
- College of Marin Children's Center
- City of San Rafael-Pickleweed Center
- County of Marin – HHS CFS
- Head Start & EHS

D. $250,000 for Mental Health Crisis Residential Services/Buckelew Mental Health Facility
In recent years, there has been a significant decrease in hospital beds available for psychiatric treatment, and an increased need for crisis intervention services with a
population faced with declining public services. One of the key parts of a crisis intervention system that is available in most of our adjoining counties is a Crisis Residential Service. This is a residential facility that treats clients, on a voluntary basis, who might otherwise be hospitalized, or be released from Psychiatric Emergency Services without sufficient community support and thus likely to quickly return to a crisis status.

Over the past two years, staff has been working with Buckelew services to apply Mental Health Services Act (MHSA) monies to convert an existing Buckelew facility, Drake House, into a crisis residential unit. Although most of the projected $1.8 million project is funded there remains a $250,000 gap for the project.

E. $300,000 for Rapid Rehousing
In 2009 the County received a three-year grant of over $600,000, under the American Recovery Reinvestment Act (ARRA "stimulus" funding) to provide services to persons experiencing homelessness and those at risk of homelessness in Marin. This "Rapid Rehousing" program assisted 237 adults and children in Marin to become stably housed. Funding for this program was expended in September of 2011. The US Conference of Mayors has described the program as "fundamentally changing" the way communities respond to homelessness.

The recently concluded Charrette process included two recommendations that would be addressed through the proposed allocation of $300,000:

- $150K for rapid rehousing to expand successful homeless prevention activities, especially among individuals and families with high barriers for accessing housing and services.
- $150K to establish a Housing Locator Service to identify available housing opportunities for homeless and precariously housed households, supplementing case management activities provided to these households.

Rapid rehousing is a highly effective tool based in best practices which significantly reduces the time households spend in homelessness and can prevent unnecessary stays in shelter/temporary housing. Short-term to medium-term financial assistance, coupled with help to locate housing, provides immediate solutions to homelessness which has been proven to be successful in Marin.

F. $140,000 to Repay Housing Trust
In August 2011, the Board of Supervisors upheld, in part, an appeal of a Planning Commission decision to approve a minor subdivision by overturning a condition of approval requiring payment of an affordable housing in-lieu fee established in the County's Development Code. This decision was based on the Board's conclusion that the regulations in question lacked sufficient clarity to apply the fee for two-lot land divisions proposing one undeveloped lot. In the interest of consistency and fairness, the Board subsequently authorized the retroactive elimination of the in-lieu fee for three similar subdivisions that were approved while the regulations were in effect. The total amount of in-lieu fees affected by this retroactive decision amounts to $139,212.

Reimbursement of these fees to the County's Affordable Housing Trust would avoid the negative consequence of diminishing the amount of funds available to support affordable housing projects and programs in the County.
G. $300,000 for Development of 14 Affordable Homes for Homeless Families

Homeward Bound of Marin is requesting $300,000 in capital funding for the construction phase of its “Oma Village: Housing for Homeless Families” project. The County of Marin has already provided initial support of $250,000 towards the purchase of the land. With additional funding provided by the Marin Community Foundation, the Dominican Sisters, and some significant private donors, Homeward Bound was able to complete the purchase of the “Ohloff” property at 5394 Nave Drive in Novato for $790,000 in June 2012. Homeward Bound of Marin is now engaged in the second and final stage of this project, a $3.2 million capital campaign which will transform a ramshackle collection of aging buildings into a community of 14 affordable new family homes.

These homes would house extremely low-income families who have worked their way out of homelessness and are employed or moving toward employment through job training. Built to green specifications and at only 500-1,000 square feet per building (a mix of 1- and 2-bedroom units are planned for the site), the homes would be eco-friendly, energy-efficient, and will exemplify what has become known as the Small House Movement.

Families experiencing homelessness with children now make up 35 percent of Marin’s homeless population. The County has recorded more than 200 such families now facing homelessness, with more than 1,000 additional families “precariously housed” and at risk of losing their stability. For the past 3 years Homeward Bound has seen the 20-family waitlist for Emergency Shelter remain at full capacity (with demand far exceeding capacity).

Oma Village would be a Permanent Supportive Housing Program - something which differentiates it from regular affordable housing. Residents would be required to engage in one-on-one meetings with the on-site Resource Counselor and would also be required to participate in bi-weekly house meetings.

A community building will provide meeting space, as well as a computer-learning and tutoring center, and on-site laundry. The support systems that Homeward Bound brings to the table meets community concerns around serving homeless children in the county school systems. Children living in the Oma Village would engage in homework clubs and tutoring and would be eligible for sports and summer camp scholarships. Services for adults would include counseling, credit clean-up, money-management and budgeting, parenting workshops, recovery groups, and employment services.

Homeward Bound has already received over $600,000 in CDBG and HOME funds for the $3.2 million capital campaign. City of Novato staff supports Oma Village, assisting in the rezoning process and recommending us for a $400,000 affordable housing trust fund grant.

Homeward Bound is approaching other major foundations, many of whom supported construction of the Next Key Center's affordable housing, a few years ago, and we believe that $300,000 from the County of Marin would send out a strong message to other funders and cement your support for homeless families in Marin.
Other partners include the Fire Department and local schools. The Novato Fire Department will be using the old buildings on the Ohrloff Property as a training exercise before we proceed with demolition. We have talked to the principal of the Hamilton School, who is thrilled about the stability this housing will provide for homeless children already in his school, and we have planned to partner and co-locate workshops such as parenting, budgeting, resume development etc.

INFRASTRUCTURE NEEDS
Recommendations regarding infrastructure needs include the following strategic allocations:

H. $2.035 million for High Priority Road Maintenance Improvements
For many years, securing adequate funding for road maintenance has been a challenge for cities and counties throughout California. The causes of the road maintenance problem are clear: years of inflation, rising oil prices, state budget impacts, and more recently the economic downturn. In response, the County has been providing funding beyond the roughly $10 million average annual road maintenance budget.

In 2006, the Board of Supervisors initiated a 5-year, $25 million Road and Bridge Program to address deferred roads infrastructure. That program resulted in more than 100 miles (25%) of county roads receiving some sort of surface treatment. The Board recently authorized a second $25 million plan accelerated to a three-year program. Ensuring geographic equity and the most expeditious use of funds, these programs are making a difference. More work, of course, is needed.

At this time, staff recommends a $2.035 million one-time allocation to address an additional 30-40 miles of road overlay and/or seal coat - as well as additional repairs toward several major slides.

I. $0.80 million for Community Infrastructure Matching Funds
Many of our public roads and community facilities are badly in need of disability access and basic facility maintenance improvements. The County is considering up to $800,000 in matching funds for various community projects to leverage those communities that are willing to step up and raise funds to improve our community’s assets. Approval of these funds would be based on the value of the community improvement, the ability to leverage funds, and future Board approval.

Please let me know if you have any questions or concerns.

Sincerely,

Dan Eilerman
Deputy County Administrator

Reviewed by,

Matthew H. Hymel
County Administrator

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Notes:

1. Appropriate $800,000 for new Community Matching Funds set-aside to Non-Departmental; $2.035 million transfer out for Roads Fund projects; and $140,000 to the Affordable Housing Trust - offset with reductions to budgeted set-asides and partial use of one-time reserves (3121250; $2,035,000)

2. Appropriate to Health & Human Services $125,000 for Family Transitional Housing; $400,000 for Community Organizations/Safety Net Support; $500,000 for Child Care Funding Glide path; $250,000 for Buckelew Mental Health Facility; $300,000 for Rapid Rehousing; and $300,000 for Oma Village/Affordable Homes - offset with budgeted set-asides; partial use of State budget reserve (3121273; $250,000); partial use of one-time reserves (3121250; $965,000); and use of an administrative designation (9000615; $250,000)

3. Appropriate $2,035 million to Road & Bridge Fund with offsetting transfer in from General Fund

4. Appropriate $140,000 to Affordable Housing Trust with offsetting transfer in from General Fund