



November 4, 2014

Matthew H. Hymel  
COUNTY ADMINISTRATOR

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**SUBJECT:** Recommended Allocation of One-time Resources

Dear Supervisors:

**RECOMMENDATION:** Approve Recommended Budget Appropriations as Detailed in Attachment A

**OVERVIEW**

What follows is a request to appropriate approximately \$5.8 million in one-time budget allocations consistent with your Board's direction at our recent budget workshop.

Additional One-time Revenues:

Approximately \$5.8 million in one-time revenues is available due to \$1.8 million in additional property tax revenues, \$1.4 million in unfunded mandate reimbursements from the State, and approximately \$2.6 million your Board's one-time reserve.

**RECOMMENDED ONE-TIME BUDGET APPROPRIATIONS**

A description of the proposed uses is provided below. Recommended budget and balance sheet adjustments are detailed in Attachment A.

**A. \$2.0 Million for Mental Health Pilot Program (FY 2014-15)**

The Mental Health Pilot program will support adult residential care placement programs by providing \$2.0 million in the current fiscal year. The funds will provide access for severely mentally ill clients to residential placement services including board and care facilities, Institutes for Mental Disease placements (IMDs), skilled nursing facilities (SNF) and mental health rehabilitation centers (MHRC). The cost per bed day for these facilities ranges from \$80 (board and care) to nearly \$300 (MHRC) per bed day.

In recent years, several factors have resulted in increased costs and an ongoing budget gap of approximately \$2.0 million in the adult residential program, including: 1) increases in provider rates that are non-negotiable; 2) increased need for higher level of care beds (IMDs, MHRC, SNFs); 3) longer lengths of stay; 4) lack of availability of lower level/lower cost beds (i.e. board and care); and 5) change in mental health and substance use services policy regarding residential placements. Historically, this operating gap has been primarily offset by one-time revenues and reserve funds, which are no longer reliable sources going into 2015.

The department is implementing several strategies to contain costs while maintaining effective outcomes, including: 1) a search for more lower cost board and care providers to 'step down' clients from higher to lower levels of care where appropriate; 2) hiring a fully-offset IMD Nurse Care coordinator position to provide oversight of clients in MHRCs and IMDs, and to assist with discharge planning; 3) limiting the

number of available beds for placement; and 4) planning for a less expensive, 12-bed transitional housing alternative (which could take 2-3 years to operationalize). It is anticipated that these measures may require 18-24 months to reduce the \$2.0 million adult residential operating gap. \$2.0 million in funding is recommended for appropriation to Health & Human Services.

**B. \$350,000 for Aging Initiative Recommendations (FY 2015-16)**

To address the growing aging population of Marin, HHS has convened a steering committee to identify gaps in service needs over the next 5 years. If approved by your Board, \$350,000 would be allocated to be used to fund Aging Initiative Recommendations for non-profit service providers to address these identified service gaps. A Request for Proposal (RFP) process would be initiated this year and services would begin in 2015-16. \$350,000 is recommended for appropriation to Health & Human Services, which will be carried over into FY 2015-16 for distribution next fiscal year after its RFP process.

**C. \$237,500 for Homeless Programs (FY 2014-15)**

To maintain homeless services in our community, we are recommending that your Board consider a \$100,000 allocation to partially fund the San Rafael Streets Team for FY 2014-15. This amount of funding would at least match the level of funding provided by the City of San Rafael. \$100,000 is recommended for appropriation to Non-Departmental. Spending of these funds would be subject to future Board approval of a contract with the City of San Rafael.

In addition, Homeward Bound is facing a budget gap this year. A \$137,500 allocation would allow Homeward Bound to maintain current services for homeless adults and families in San Rafael and Novato. \$137,500 is recommended for appropriation to Health & Human Services, which will propose an amended contract with Homeward Bound for your future consideration.

**D. Increase Living Wage Ordinance to \$13.00 per hour (\$325,000 FY 2014-15; \$650,000 FY 2015-16)**

As part of the annual living wage report to your board, we will be recommending a cost of living adjustment (COLA) for 2015. The current living wage rate is \$10.50 per hour including health benefits, and \$12.10 per hour without benefits. Estimating a 3% COLA at this time, we would project a COLA adjustment effective January 1, 2015 to cost approximately \$430,000 ongoing (one half of this would represent a FY 2014-15 cost given the January 1<sup>st</sup> effective date). The FY 2014-15 budget includes sufficient funding for a COLA.

There has been some discussion that the current living wage rate is insufficient given the high cost of living in Marin. Since 80%-90% of living wage beneficiaries in Marin are our 1,500+ In-Home Supportive Services (IHSS) providers, we reviewed and confirmed that, as of August 2014, Marin's IHSS wage remains the highest wage among our comparable counties, second only statewide to the County of Santa Clara, which recently increased to \$12.44 per hour.

If the County were to increase the current LWO rate from \$12.10 per hour to \$13.00 per hour, the estimated additional net county cost (beyond the cost of a 3.0% COLA) would be approximately \$600,000 ongoing, again one-half of which would represent a FY 2014-15 cost, and an estimated \$650,000 ongoing in FY 2015-16 - including approximately \$50,000 for impacted County employees. If approved, as with any CPI adjustment, Health and Human Services would seek approval from the State to

implement the increased wage as soon as practical, likely by February or March 1<sup>st</sup>. An increase to \$13.00 per hour would also increase the IHSS program maintenance of effort going forward by the same \$600,000 per year for the increment above a 3.0% COLA (or \$1.0 million overall including the estimated \$430,000 COLA adjustment).

\$325,000 is recommended for appropriation to Health & Human Services and \$650,000 to Non-departmental to be carried forward to FY 2015-16 or utilized for employee impacts.

**E. \$250,000 for Early Childhood Investments (\$125,000 each of next two fiscal years)**

In coordination with First 5 and the Marin Community Foundation, we are recommending the allocation of \$250,000 over the next 2 years for quality preschool and affordable childcare slots, as well as dental screening and access to care. First 5 will provide \$250,000, including \$125,000 to support their role as convener; \$50,000 for outreach and education; and \$75,000 to support quality preschool, childcare affordability, and healthcare/dental screening. In addition, the Marin Community Foundation is also expected to be making grants of at least \$250,000 within this area of coordinated early childhood investments.

\$250,000 is recommended for appropriation to Health & Human Services, which will develop contracts and carry forward approximately one-half of these funds into FY 2015-16.

**F. \$200,000 for Marin Promise (\$100,000 each of next two fiscal years)**

We are recommending matching funds to support Marin Promise programs to increase college enrollment and readiness for economically disadvantaged Marin youth. These matching funds would provide \$100,000 this year and a commitment for an additional \$100,000 next year, contingent on the ability for Marin Promise to raise at least \$350,000 from other funders for year FY 2015-16.

\$200,000 is recommended for appropriation to Non-Departmental, with a contract to be developed in coming weeks. One-half of these funds would be carried forward into FY 2015-16.

**G. \$750,000 for Climate Action Plan**

As part of implementing the County's Climate Action Plan, \$750,000 is recommended in FY 2014-15 for the following:

- County Emissions Reductions: \$500,000 to install solar panels on County facilities and to convert Civic Center lights to energy efficient LED lamps. Past analyses have identified a number of potential County-owned locations that are appropriate for solar installations including the County Jail, the Health and Wellness Campus, or the Ignacio Corporation Yard. A California Energy Commission Low Interest Loan could potentially be used to leverage the County's investment in photovoltaic installations. Similarly, PG&E offers zero interest financing for LED conversions, which could be utilized to further leverage the County's investment.
- Countywide Vulnerability Assessment: \$250,000 to establish an inter-jurisdictional partnership to evaluate where potential climate impacts warrant

more detailed assessments of vulnerability and strategic responses. Funding for this program could also be used for seed funding and/or matching grants to secure state and federal funds.

\$750,000 is recommended for appropriation to Non-Departmental, with funds carried forward into FY 2015-16 as necessary.

**H. \$1,000,000 for Road & Bridge Improvements**

Consistent with your Board's policy of improving the County's Pavement Condition Index (PCI), we are recommending an allocation of \$1 million to the Road and Bridge Rehabilitation Program to support infrastructure improvements as part of the Summer 2015 paving program.

The County currently has approximately \$4 million in identified sources for the Summer 2015 program, and this allocation will increase the available funding to \$5 million. We will need to continue utilizing one-time revenues and year-end available fund balance to reach the targeted investment level of \$8 million per year for road infrastructure rehabilitation.

Over the past six years the County has invested approximately \$28 million to resurface more than 20% of the total road inventory. The PCI rating has improved from 49 in FY 2008/09 to 60 in FY 2013/14; however, there is still a current unfunded maintenance backlog of approximately \$69 million.

\$1 million is recommended to be transferred to the Road & Bridges Fund.

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

Sincerely,



Daniel Eilerman  
Deputy County Administrator

Reviewed by,



Matthew H. Hymel  
County Administrator

MERIT FMBB Document Number: 100022115

Exhibit A

Fund	Department	Expense	Revenue	Transfer In	Transfer Out	NCC/Use of Fund Balance	Note
General Fund	Health & Human Services	\$3,062,500				\$3,062,500	1
	Use of Available Prior Year Fund Balance (3121250)		(\$2,562,500)			(\$2,562,500)	1
	Non-Departmental	\$1,700,000	(\$3,200,000)		\$1,000,000	(\$500,000)	2
<b>General Fund Total</b>		<b>\$4,762,500</b>	<b>(\$5,762,500)</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$0</b>	
Road & Bridge Fund	Public Works	\$1,000,000		(\$1,000,000)		\$0	3
<b>Road &amp; Bridge Fund Total</b>		<b>\$1,000,000</b>	<b>\$0</b>	<b>(\$1,000,000)</b>	<b>\$0</b>	<b>\$0</b>	
<b>All Funds Use of Fund Balance</b>		<b>\$5,762,500</b>	<b>(\$5,762,500)</b>	<b>(\$1,000,000)</b>	<b>\$1,000,000</b>	<b>\$0</b>	

Notes	
1	Appropriate \$3,062,500 to Health & Human Services, consisting of \$2.0 million for Mental Health Pilot Program; \$350,000 for Aging Initiative Recommendations; \$137,500 for Homeward Bound; \$325,000 to increase the LWO rate to IHSS program; and \$250,000 for Early Childhood Investments offset with use of one-time reserves (GL 3121250).
2	Appropriate \$1,700,000 to Non-Departmental, consisting of \$200,000 for Marin Promise; \$100,000 for San Rafael Streets Team; \$750,000 for Climate Action Plan; and \$650,000 for LWO to \$13/hr; as well as \$1,000,000 budgeted transfers out to the Road & Bridge Fund for Summer 2015 Road Program offset with appropriation of \$1,400,000 revenue for pre-2004 State unfunded mandate reimbursements, and \$1,800,000 additional property tax revenue collections for 5.8% growth relative to 4.0% budget estimate.
3	Appropriate \$1,000,000 transfer in to Road & Bridge Fund from General Fund for Summer 2015 Road Program.