

OFFICE OF THE
COUNTY ADMINISTRATOR

April 25, 2017

Matthew H. Hymel
COUNTY ADMINISTRATOR

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

Daniel Eilerman
ASSISTANT COUNTY
ADMINISTRATOR

SUBJECT: Recommended allocation of \$8.3 million in one-time resources

Angela Nicholson
ASSISTANT COUNTY
ADMINISTRATOR

Dear Supervisors:

RECOMMENDATION: Approve recommended budget appropriations and reserve designations as detailed in staff report.

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OVERVIEW

We bring to your Board recommended allocations of one-time funds resulting from \$8.3 million in excess Educational Revenue Augmentation Fund (ERAF) revenues upon completion of a property tax computation audit.

SUMMARY OF ADJUSTMENTS

The California State Controllers' Office recently issued a property tax audit report for the County of Marin related to property tax computation, collection, and apportionment procedures utilized by the County of Marin from July 1, 2012 to June 30, 2016. Based on the issuance of this final audit report, the County of Marin will be dispersing additional ERAF revenues for the period under audit, resulting in an additional \$8.3 million for the County.

The County of Marin has a long standing fiscal policy which directs one-time revenues to be used for one-time expenditures. In January 2017 your Board received a projection for the General Fund which indicated structural budgetary shortfalls beginning in 2018. At this time, impacts stemming from changes in state and federal funding policies are still uncertain. In addition to structural budgetary challenges, the County has identified the need to invest in road and facility infrastructure to address deferred maintenance backlogs. Finally, in March your Board received a report from the Department Works and Marin County Parks which identified over \$8 million in damages resulting from recent storms. Staff is currently working to obtain federal and state reimbursements for these repairs; however, it is unlikely that the County will be fully reimbursed for all costs associated with the storms.

Given these previously identified fiscal needs and areas of risk, we are recommending the following allocation of the one-time ERAF revenues:

Road Infrastructure Improvements	\$	3,000,000
Storm Damage Reserve	\$	2,300,000
Facility Reserve	\$	2,000,000
State and Federal Uncertainty Reserve	\$	1,000,000
Total	\$	8,300,000

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FISCAL IMPACT

With your Board's approval, \$8.3 million in one-time excess ERAF revenue will be used to increase General Fund expenditure appropriations by \$3.0 million to be transferred to the Road and Bridge Capital Fund (1430) for road infrastructure improvements and the remaining \$5.3 million will be allocated to General Fund reserve designations as shown in the table below. Your Board's approval is also required to increase expenditure appropriations in the Road and Bridge Capital Fund (1430) by \$3.0 million, which is fully offset by the transfer from the General Fund.

**General Fund (1000)
Non Departmental**

Type	Summary	Amount
Revenue	Excess ERAF	(\$8,300,000)
Expense	Transfer Out	\$3,000,000

Total Net County Cost (\$5,300,000)

**General Fund (1000)
Balance Sheet Reserves**

Account	Description	Increase	Updated Balance
320525	1-Time Reserve (Storm Damage)	\$2,300,000	\$6,373,727
330312	Facility Reserve	\$2,000,000	\$6,100,000
320530	State and Federal Reserve	\$1,000,000	\$5,803,954


Total Contribution to Reserves \$5,300,000

**Road and Bridge Fund (1430)
Department of Public Works**


Type	Summary	Amount
Revenue	Transfer in from General Fund	(\$3,000,000)
Expense	Professional Services	\$3,000,000

Total Use of Fund Balance \$0

Please feel free to contact me or my staff with any questions or concerns.

Sincerely,


Bret Uppendahl
Budget Manager

Reviewed by,


Matthew H. Hymel
County Administrator

CC:
Roy Given – Director of Finance
Mina Martinovich – Assistant Director of Finance

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