



June 7, 2022

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Marin County Board of Supervisors
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SUBJECT: Proposed County and Special District Budget

Dear Supervisors,

RECOMMENDATION

1. Accept the Administrator's Proposed FY 2022-24 County Budget for public review, including special districts under the Board (see Schedule 12 attached), pending your Board's formal adoption of the County Budget;
2. Schedule public hearings on the Proposed FY 2022-24 County Budget to begin on Monday June 20, 2022 at 9:00 a.m.; and
3. Authorize the County Administrator and Director of Finance to make technical and other carry forward adjustments as necessary to properly budget and account for grants, projects and year-end fund balances, including:
 - a. designation of assigned and committed year-end fund balances and the carry-forward of prior year administrative designations (Attachments A-C); and
 - b. other technical adjustments as necessary to accurately reflect the budget - including position and required labor agreement adjustments, the roll forward of existing designations, and Budget Change Proposals and other one-time allocations outlined in the Proposed Budget.

OVERVIEW

We are pleased to present the FY 2022-24 Proposed Budget. As a slow growth county, we need to take a long-term perspective to ensure we are providing excellent services as we adapt to new and emerging community needs. Like the rest of the state, we have experienced a great deal of financial volatility over the past few years due to the COVID-19 pandemic and its impacts. Whether facing a budget shortfall or small operating surplus, we have successfully adapted the way we deliver essential public services in a time of uncertainty.

The Proposed Budget is balanced and recommends substantial one-time investments consistent with community priorities and our continued need to address the impacts of the pandemic. It also includes new ongoing funding for our top community priorities such as homelessness, sea level rise, and emergency preparedness. In a return to our usual practice, we are recommending a two-year budget to provide a multi-year budget plan.

The economic recovery and reopening of our economy have put the County on stable financial footing. Although we are in a strong financial position, we know that

we need to be prepared for future uncertainty. We are mindful of the fiscal cliffs associated with one-time state and federal funding, as well as continued uncertainty relating to the war in Ukraine, ongoing global supply chain issues, high inflation, and investment market volatility.

COMMUNITY PRIORITIES GUIDE BUDGET DECISIONS

Our objective in preparing this Proposed Budget is to present fiscally responsible recommendations that reflect our community’s top priorities. To be a responsive government, we must continue to look ahead, adapt to changing conditions, and build upon the progress we have made to improve services for our residents. We also know that the foundation to effectively serving our community and achieving progress toward these top priorities is recruiting and retaining excellent County employees. Based on your Board’s directions at our March budget workshop, we have added recruitment and retention to our top priorities.

The department workplans presented in this budget address each of your Board’s highest priorities, which include:

- Preserving and increasing affordable housing and addressing homelessness
- Building a racially equitable community
- Reducing carbon emissions and adapting to climate change
- Enhancing disaster preparedness
- Investing in county infrastructure
- Addressing recruitment and retention

BUDGET SUMMARY

The FY 2022-24 Proposed Budget reflects significant changes from recent years, in large part due to the sustained economic recovery and improved revenue projections which now exceed pre-pandemic trends in many key areas. The FY 2022-24 Proposed Budget includes an additional \$5 million in ongoing General Fund funding recommendations to address high priority areas in the budget, including the following:

- Permanent supportive services for formerly homeless individuals
- Reorganization of the Office of Emergency Services
- Creation of a countywide sea level rise unit
- Public communications enhancements
- Environmental compliance support
- Immigration-related services within the Public Defender and District Attorney’s Office

Additionally, the Proposed budget includes \$31 million in recommended one-time investments to address critical needs and establish reserves for high priority initiatives such as affordable housing, emergency preparedness, investments in County facilities and technology upgrades. Your Board has been prudent in establishing reserves which will help mitigate minor economic downturns. Over the next year, staff will monitor the impacts of inflation, changes in state or federal policy, and the continued impacts of COVID-19, and will return to your Board to recommend budget adjustments as needed.

The FY 2022-24 Proposed All Funds budget is \$716.6 million, a 5.0 percent increase compared to the prior year. The ongoing All Funds budget, which excludes one-time expenses, is \$685.5 million, and is an increase of 4.4 percent compared to last year. The General Fund budget, which is the primary operating fund for the County, is \$558.6 million, which is an 8.2 percent increase from the prior year. Ongoing General Fund expenses of \$527.5 million are a 7.6 percent increase compared to FY 2021-22. Including special districts under the Board, the County’s total budget for FY 2022-24 is \$750.4 million, which is an increase of 4.9 percent from the prior year. A schedule of special district sources and uses is attached (Schedule 12, presented in the State Auditor-Controller format).

	FY 2021-22 Approved	FY 2022-23 Proposed	FY 2022-23 Change	FY 2023-24 Plan	FY 2023-24 Change
General Fund and HHS Operating Fund					
Revenues					
Revenues	446,049,379	476,936,555	6.92%	485,861,853	1.87%
Prior Year Fund Balance	45,940,972	51,116,973	11.27%	20,000,000	-60.87%
Net Transfers	24,179,628	30,619,662	26.63%	31,087,514	1.53%
Total General/HHS Fund Sources	516,169,979	558,673,190	8.23%	536,949,367	-3.89%
Expenditures					
Ongoing	490,229,007	527,556,217	7.61%	536,949,367	1.78%
One Time	25,940,972	31,116,973	19.95%	0	-100.00%
Total General/HHS Fund Uses	516,169,979	558,673,190	8.23%	536,949,367	-3.89%
Countywide All Funds					
Revenues					
Revenues	635,886,171	660,597,247	3.89%	671,787,668	1.69%
Prior Year Fund Balance	49,475,695	59,085,881	19.42%	23,035,512	-61.01%
Net Transfers	(2,802,725)	(2,993,471)	6.81%	(2,871,517)	-4.07%
Total All Fund Sources	682,559,141	716,689,657	5.00%	691,951,663	-3.45%
Expenditures					
Ongoing	656,618,169	685,572,684	4.41%	691,951,663	0.93%
One Time	25,940,972	31,116,973	19.95%	0	-100.00%
Total All Fund Uses	682,559,141	716,689,657	5.00%	691,951,663	-3.45%
Special Districts					
Sources					
Sources	33,036,442	33,250,159	0.65%	34,287,069	3.12%
Uses					
Uses	32,298,642	33,166,816	2.69%	33,585,530	1.26%
Total Special Districts	65,335,084	66,416,975	1.66%	67,872,599	2.19%
Total Sources - Including Special Districts	715,595,583	749,939,816	4.80%	726,238,732	-3.16%
Total Uses - Including Special Districts	714,857,783	749,856,473	4.90%	725,537,193	-3.24%

One-time expenditures total \$31.1 million for All Funds, which is an increase of \$5.2 million from the prior year. This is largely funded by FY 2021-22 expenditure savings and increased revenues in the General Fund from sources such as retiree liabilities (pension and healthcare) as well as improved local property and sales taxes, as well as increased statewide allocations of 1991 Realignment and Proposition 172 revenues. Recommended allocations of General Fund one-time expenditures are included on page 28 of the FY 2022-24 Proposed Budget document and include \$5 million for Affordable Housing Projects, \$5 million for Civic Center facility improvements, \$4.25 million for Fire Department facilities improvements, \$2 million in Health and Human Services Facilities improvements, \$2 million in local match reserves for state and federal grant-funded road improvement projects, \$2 million in facility resiliency improvements, \$2 million in a One-Time supplement to Technology Improvement Board projects, \$500,000 as a reserve for the implementation

of CARE Court, \$250,000 in support of Aging and Adult services, \$250,000 for Septic Upgrade programs, and \$250,000 for community wastewater treatment project planning, and \$4.3 million in Departmental One-Time Budget Change Proposals.

Federal State and Local Fiscal Recovery Funding under ARPA

The historic \$1.9 trillion federal relief program, known as the American Rescue Plan Act (ARPA) of 2021, brought much needed financial resources to millions of Americans and businesses to generate a strong, resilient, and equitable recovery from the pandemic. That relief program included \$65 billion to support counties and cities across the nation through the State and Local Fiscal Recovery Funds (SLFRF). As part of SLFRF, the County of Marin received \$50.2 million over a two-year period.

In January, the Treasury published its Final Rule for SLFRF funds. The Final Rule outlined an expansive list of acceptable uses including revenue replacement, enhanced county staffing and reimbursements for a wide range of public health response costs. Consistent with these guidelines, the County has already incurred response costs in excess of the \$50.2 million award and has submitted eligible General Fund expenditures to qualify for full reimbursement. Accordingly, the \$50.2 million in relief funding received from the Treasury can be repurposed for uses consistent with your Board’s adopted Year 1 allocations and our proposed Year 2 allocation without concerns of disallowances due to time limits or further restrictions.

In the FY 2021-22 Budget, your Board approved an initial expenditure plan of \$25.1 million of SLFRF funding, which included allocations for permanent supportive housing, racial equity initiatives, climate change projects, and enhanced emergency response capacity. Over the past nine months, staff have been working collectively to develop proposals for the remaining \$25.1 million and are proposing the recommendations listed below:

Recommended Spending Plan (2022) - \$25.1 million

- Project Homekey and Permanent Supportive Housing – \$7,000,000
- Capital Support for Golden Gate Village – \$5,000,000
- Southern Marin Service Center – \$4,000,000
- Climate Change Projects – \$3,000,000
- City/County Partnerships on Homelessness – \$1,500,000
- Community Healthcare Infrastructure Support – \$1,000,000
- West Marin Tourist Infrastructure – \$1,000,000
- Broadband Investments – \$1,000,000
- Non-Profit Partnerships and Community Services – \$500,000
- COVID-19 Recovery Reserve – \$1,100,000

Improving Financial Position

Given the post-COVID economic recovery, our Five-Year General Fund projection indicates a balanced budget over the next five years. The longer-term outlook is heavily dependent on several key assumptions. For revenues, we are now projecting that the Countywide assessed value, which determines property tax revenues, will grow at 6.5 percent in FY 2022-23 and will average 5.4 percent over

the subsequent four years. Sales taxes have fully recovered at the local level, and we are now projecting that sales tax revenues in FY 2022-23 will be approximately 20 percent higher than what was received in FY 2020-21. Similarly, state allocations of Proposition 172 revenues, which are based on statewide sales tax revenues, are expected to grow by approximately 18 percent compared to FY 2020-21 actuals.

Recent property tax growth has been strong due to historically low mortgage rates, implementation of Proposition 19, and a surge in housing demand largely driven by workers who are now able to work remotely is greatly surpassing prior year local sales. Similarly, sales tax revenues have been buoyed by one-time stimulus and this revenue source can decline during economic downturns. While we are expecting growth in these areas to slow in coming years, the new ongoing baseline contributes to a significant improvement for our longer-term revenue projections.

Pension costs, which account for nearly 10 percent of the County's expense budget, will decrease by over \$6 million in FY 2022-23 due to the significant market investment returns of 2021. The County's current unfunded pension liability has been eliminated and the resulting savings will be recognized over a phased-in period of five years, pursuant to funding policies established by the Marin County Employee Retirement Agency (MCERA). Although we are fortunate to have eliminated our unfunded pension liabilities, the County's retiree liabilities will continue to be significantly affected by annual returns in the stock market, and staff will update longer term projections of pension costs later this Fall after determining the impact of stock market losses in the Spring of 2022.

The County's total unfunded retiree liabilities were reduced by over \$400 million last year largely due to market investment gains. However, despite the extraordinary gains, we are still facing over \$175 million in other retiree liabilities. It has been a long-term goal of your Board to reduce unfunded retiree liabilities, and due to market gains the County is able to modify its existing amortization schedule for the unfunded retiree healthcare liabilities from 21 years to 15 while maintaining a level annual contribution. This will lead to long-term savings and a quicker reduction in our future liabilities. To reduce investment earnings volatility, and to continue our commitment to reducing unfunded retiree liabilities, your Board approved a new fiscal policy in April to allocate any ongoing pension savings to the retiree healthcare trust fund, when the General Fund is balanced. This policy will remain in effect for five years, or until the retiree healthcare trust is 85 percent funded.

Although recent revenue trends point to improvements in the County's financial position, several of these factors could change quickly if the economy worsens, inflation continues to rise, or additional variants of COVID-19 impact our economy. Recent survey data from the Philadelphia Federal Reserve and Wall Street Journal show that economists are predicting an increased risk of a recession within the next year due to persisting inflation, increasing interest rates, supply chain disruptions, labor shortages and geopolitical instability.

State Budget Outlook

This year’s May Revision of the Governor’s Budget included an historic \$97.5 billion surplus, driven predominately by 7.8 percent GDP growth and continued strong sales of property and goods throughout the state. Nearly \$50 billion of the surplus is allocated towards discretionary spending priorities, the largest piece being \$32 billion towards one-time programmatic expansions, followed by \$12 billion in direct relief payments, including a proposed \$400-per-vehicle rebate to all vehicle owners in the state. The remainder of the discretionary surplus was put aside to pay down debts and build reserves – citing the economic uncertainty from the recent stock market decline and negative leading economic indicators as cause for fiscal prudence. Only \$2 billion was marked for ongoing spending increases, such as the expansion of Medi-Cal to undocumented residents. Like many other counties, we are concerned about adequate funding to effectively implement the Governor’s Community Assistance, Recovery, and Empowerment (CARE) Court proposal.

Disaster Response and Preparedness

In recent years, Marin County has experienced wildfires, flooding and extensive power outages that have impacted our residents and sometimes limited our ability to fully operate our facilities when needed. In recognition that our facilities often become the hub of regional emergency response efforts, staff have prioritized the development of resilient essential services facilities to support our emergency response efforts and continue providing services during times of emergencies. Through electrical assessments, rewiring and other capital improvements, staff have instituted backup power functionality at the Marin Health and Human Services 120 North Redwood Drive facility and at the Marin Center Exhibit Hall and Veteran’s Memorial Auditorium – both of which have been used as critical evacuation centers and operations centers for county staff. Staff are currently working on assessing the costs to install similar enhancements for the Marin County Civic Center and will return to your Board to provide recommendations on related improvements.

The County of Marin and our local, regional, and state partners have increasingly been on the front lines in wildfire response and preparations. Over the past few years, our staff have been involved in responding to some of the State’s historic wildfires, logging more than 19,700 hours for out-of-county wildfire response on the Dixie Wildfire in 2021, and 9,600 hours for wildfire response within the County. Through additional local funding streams afforded by Measure C, for example, the County’s participation in the Marin Wildfire Prevention Authority have enabled staff to complete over 15,300 wildfire inspections and over 175 workdays of vegetation management and fuels reduction in FY 2021-22. Funding through the West Marin Transient Occupancy Tax (TOT) has led to increased water rescue equipment, additional community disaster preparation coordinators and increased medical training for staff, as well as contributions to partner agencies in West Marin. Additionally, Marin County Fire is working closely with our state legislative partners on the possibility of enhancements to wildfire response, which could result in an ongoing \$5 million in new funding towards two additional fire crews in Marin through enhancements to the Cal Fire budget.

Given recent trends and the likelihood that emergency events will likely increase in scale, complexity, and frequency, staff have contracted for a review our existing capacity and organizational structure within the Office of Emergency Services. Based on this review, we are recommending additional staffing as well as restructuring the Office of Emergency Services. The goal of this assessment is to ensure that the County is appropriately staffed and organized to plan for, and respond to, more frequent emergency events. Over the next few months, staff will prepare an implementation plan and return to your Board with a recommended reorganization proposal.

Ongoing General Fund contributions include an additional \$1 million to reorganize and enhance the Office of Emergency Services. The Proposed Budget also includes an additional \$4.25 million in one-time funding for future Fire Facilities improvements, as well as \$2 million in Facility Resiliency Improvements at County facilities.

Climate Change and Sustainability

County departments continue to work collaboratively and with community stakeholders to adapt to enhanced flooding and sea level rise, reduce our carbon footprint, and build a more sustainable community. These efforts include the recent formation of a nonprofit, MarinCAN (formerly *Drawdown: Marin*), to engage and assist residents with home improvements, transportation alternatives and waste reduction initiatives that will all contribute to the goal of shrinking of the County’s greenhouse gas emissions by 530 thousand metric tons by 2030. In April 2021, your Board also approved a reusable foodware ordinance which will turn Marin in to a regional leader in the effort to reduce the use of plastic in our communities and landfills, including a countywide mini-grant program to assist food service vendors throughout the 18-month transition period.

Through long-standing partnerships with our cities and towns with programs such as BayWAVE, the County has been able to complete planning and transportation studies of the Richardson Bay, as well as technical studies of flooding risk along the Bothin Marsh and Bay Trail. Through coordination within the County of Marin and out partner agencies, BayWAVE staff have included hazard risk and sea level rise adaptation measures as part of efforts to update the Countywide Plan and Local Hazard Mitigation Plan.

To proactively address this emerging community need, we are recommending an additional \$800,000 in ongoing General Fund support to establish a dedicated Sea-Level Rise Unit to coordinate countywide efforts on climate change and sea-level rise adaptation and mitigation. Staff will be returning to your Board to recommend specific staffing and programming recommendations for this unit.

Additionally, the Proposed Budget includes allocations of one-time funding towards continued reusable foodware ordinance support, project planning for community wastewater treatment facilities, funding for additional studies and technical assistance to develop a Countywide Stream Conservation Area Ordinance, and studies of coastal erosion and flooding risks. Lastly, the Proposed Budget includes recommendations for allocations of American Rescue Plan Act funding of \$3 million to support climate change mitigation and sea level rise adaptation initiatives.

Technology Investments

In February, your Board adopted the Digital Marin Strategic Plan to guide leadership, governance, and collaborative actions that advance broadband deployment and digital adoption. This will be accomplished by establishing a community-driven operating entity that will implement the goal of broadband for all. From the outset, the project envisions a future where everyone in Marin has access to affordable, reliable, resilient, and safe broadband with robust devices, technical support, and the digital literacy needed to take part in an ever-increasing digital world.

The Proposed Budget includes recommendations for \$5 million in countywide technology investments, as well as an additional 2.0 FTE to support geographic information systems and criminal justice database management and integration support. Additionally, the Proposed Budget includes recommendations of American Rescue Plan Act funding of \$1 million to expand and support access to digital broadband in underserved areas of Marin

Capital Infrastructure Investments

Investing in infrastructure remains a high priority for the County. Current estimates indicate that the County has over \$200 million in deferred maintenance across over 40 facilities. Progress has been made in many key areas, including the recent completion of a new fire station in Tomales, rehabilitation and replacement of the Civic Center Roof and refurbishment of the West Marin Service Center, but many other facilities remain in need of additional work. As part of the FY 2021-22 Proposed Budget, your Board approved expanding the annual General Fund contribution to the Capital Improvement Program from \$5 million to \$7 million to address critical facility improvements and reduce deferred maintenance. This year's proposed Capital Improvement Plan includes \$16 million in recommended funding from the General Fund for projects over the coming two fiscal years. And while this will help mitigate deferred maintenance needs, the Capital Planning team estimates that high priority facilities such as HHS, Fire and the Civic Center will require an additional \$100 million in funding over the next 10 years.

In addition to County buildings, investments in the unincorporated area pavement conditions have been a top priority in recent years. Last year, your Board approved expanding our General Fund contribution for summer road rehabilitation projects by \$5 million to improve roads and bridges in unincorporated Marin to maintain current Pavement Condition Index (PCI) ratings and minimize future deferred maintenance needs. Through these annual maintenance and rehabilitation projects on more than 420 miles of County-maintained roads, the Department of Public Works has overseen a steady increase of our PCI score from 45 in 2007 to the current PCI score of 66. Current estimates indicate that to address deferred maintenance and bring out PCI score to 85 would require approximately \$75 million in one-time investments. Other major roadway upgrades this last year include the completion of the County-managed "Upgrade the Drake" project in November 2021. This \$18 million project included repaving, bicycle-pedestrian and landscaping improvements, and signal and lighting upgrades along the 2.2 miles stretch of County-maintained roadway from Highway 101 to the Ross

town limits. Additionally, staff will be returning to your Board to recommend proposals to adopt a “Vision Zero” plan for unincorporated Marin to provide education, road, and traffic improvements to eliminate traffic fatalities and sever injuries in our community.

The Proposed Budget includes over \$15 million in additional one-time set asides from the General Fund to support Civic Center facility improvements, Fire Facilities improvements, Health and Human Services Facility improvements, and local match reserves for state and federal grant-funded road improvement projects. Through the American Rescue Plan Act spending plan, we are recommending an allocation of \$4 million toward the development of a Southern Marin Service Center Hub, \$1 million in West Marin tourist infrastructure support, and \$1 million in community healthcare infrastructure support.

Racial Equity

In February, your Board received a report from the Office of Equity and community partners on an update to the County’s Race Equity Action Plan. Approved on February 8, 2022, this plan identifies high-leverage areas to catalyze racial equity in Marin, focusing on economic opportunity, housing, and mental health strategies. Developed through extensive community dialogue and engagement, the updated Race Equity Action Plan recommends a variety of action steps, including a proposal to adjust the living wage to \$18.00; establish a Mental Health Access Fund to provide health resources to marginalized groups; and to develop a housing security loan program to provide technical assistance and financial support to homebuyers from marginalized communities.

In April, the Office of Equity began seeking applications from residents, community-based organizations, and staff from local municipalities to serve on the Race Equity Action Plan Implementation Team. Composed of 23 members, the Implementation Team will take the lead on accomplishing the goals and priority actions in the plan, which will focus on external initiatives and policies, as well as recommendations to improve the delivery of County services. Other initiatives include implementing the County’s first participatory budgeting process, which will give the Marin community an opportunity to allocate \$2.5 million in one-time funding towards high-priority projects focused on achieving equitable community outcomes in areas such as economic opportunity, housing, and mental health.

The Proposed Budget also includes an allocation of \$2.5 million in previously approved Equity-related one-time expenses and initiatives that cover a wide variety of priorities, such as job growth and development for underserved communities, support for restrictive covenant mapping, and cultural programming, among others.

Addressing Homelessness

The County’s “Housing First” policy approach seeks ways to provide permanent housing in both scattered site, supportive housing and providing connections to needed services for chronically homeless residents and families. Through historic state and federal funding opportunities, the County has committed to providing \$20 million to support Project Homekey, and in doing so will receive roughly \$47 million in funding to provide over 135 permanent supportive residential housing units at

four new locations in Marin, including the recently acquired Project Homekey Property in Greenbrae.

The County's efforts have shown significant successes in recent years. Since October 2017, 481 high-needs individuals experiencing chronic homelessness in Marin have been placed into permanent supportive housing, with an average of 13 individuals per month post-COVID, and an overall housing retention rate of 95 percent. Marin's focus on permanent supportive housing resulted in Marin being one of the only counties in the state with a decrease in homelessness in the 2019 Point-in-Time Count; including a 28 percent decrease in chronic homelessness in Marin. The recent 2022 Count indicated an 8 percent increase over the prior three years. The 2022 Count also reflected the County's concentrated efforts to end veteran homelessness with a drop among those with military service declining by over 30 to and a return to 2019 levels.

While one-time state grant funding through initiatives like Project Homekey have been pivotal to the success of larger initiatives, this budget reflects the County's own ongoing local funding commitment to resolving homelessness. The Whole Person Care Division carries out the County's homelessness policy work and coordinates care and services for people experiencing homelessness. This division has more than doubled its staffing levels since 2020 through a combination of state grants and General Fund support. The County currently spends approximately \$25 million annually on homelessness prevention and response programs, including over \$8.6 million in discretionary General Fund support that is used to leverage more than \$16 million in state and federal dollars.

The FY 2022-24 Proposed Budget includes additional ongoing allocations of \$1.5 million for permanent supportive housing services and preserves critical Whole Person Care services by backfilling the loss of the state-funded pilot program. In addition, allocations of American Rescue Plan Act funding include \$7 million towards permanent supportive housing and \$1.5 million for City/County partnerships to enhance homelessness services.

Affordable Housing

Addressing Marin's housing crisis and its impact on residents and local workforce remains one of your Board's highest priorities. To address housing needs, your Board has looked to a variety of solutions, including tenant protections, preservation of existing affordable housing, and production of new affordable housing. The County remains committed to increasing housing stock, availability, and rental affordability, and like other Bay Area jurisdictions, is meeting the challenge of planning for more housing under the Regional Housing Needs Allocation (RHNA). Unincorporated Marin County is planning for over 3,500 new housing units in the new eight-year cycle that begins in 2023.

Meeting these requirements will not be easy and will require public support and creative solutions. County staff have held 40 public meetings to receive feedback on the proposed housing element, and staff are continuing to work on the draft plan in preparation for state deadlines in FY 2022-23. County staff have also worked to ensure local ordinances are in compliance with the new housing laws passed by the state legislature and are working to support efforts to expand the

use of Accessory Dwelling Units, including providing technical support and waiving certain fees.

The Proposed Budget includes over \$10 million in investments towards Affordable Housing. This includes a \$5 million one-time contribution to the County's Affordable Housing Trust, and \$150,000 to establish a pilot to support homeowners and incentivize additional Accessory Dwelling Units in Marin. Additionally, the Proposed Budget includes allocations of American Rescue Plan Act funding of \$5 million to support capital improvements at the Golden Gate Village Housing development in Marin City.

Behavior Health Service Enhancements

This budget reflects your Board's ongoing commitment to ensure quality behavioral healthcare for all Marin residents. The County has expanded behavioral healthcare staffing levels as behavioral health-focused revenues, including Proposition 63 Mental Health Services Act (MHSA), have increased. General Fund dollars continue to be utilized to fill important programmatic gaps that are ineligible for state funding, including detention health, residential care services, and the implementation of a new behavioral health Electronic Health Record system.

The COVID-19 pandemic has exacerbated an existing mental health crisis statewide, particularly in our schools, among the aging, and among unsheltered populations. This budget reflects your Board's increased investment in mental health services across all ages and incomes in Marin, primarily funded through increasing MHSA funded programs, including increased early prevention programming in our schools to ensure that location is not a barrier to on-location, supportive behavioral health services.

In April, your Board approved a grant-funded expansion of the County's Mobile Crisis Team, which added a second team and transitioned services to a dispatch model. A key link in an equitable Care Continuum, Mobile Crisis Teams offer a social worker and clinical-based approach to individuals in behavioral health crisis and reduces the reliance on law enforcement responses to mental crises. The \$1.9 million, grant-funded expansion allows for greatly improved response times throughout Marin. Over the next year, we will continue to collaborate with our cities and towns to enhance our mobile crisis team services to the community.

Justice Partnerships

Marin County's Criminal Justice departments, in partnership with Health and Human Services, have taken a whole person approach in providing better services to our residents through cooperation, data-driven decision making, and innovation. This effort included a renewed focus on the existing Clean Slate program, a collaboration of four County Departments and community-based organizations in Marin City and the Canal neighborhood. These outreach-based events bring County professionals from the District Attorney, Probation Department and Public Defender directly to communities to provide convenient, on-the-spot guidance and information on how eligible residents can expunge criminal records, terminate probation, or dismiss a conviction, as well as how to gain access to public assistance and other supportive programs offered through Health and Human Services.

An emerging focus within the Criminal Justice community will be the State's implementation of the Governor's Community Assistance, Recovery and Empowerment Court, commonly referred to as the CARE Court. Designed to revolutionize how the state funds criminal justice and mental health services for individuals who are homeless and have severe mental disabilities, this proposal will impact many departments within the Public Safety service area by requiring individual behavioral health, housing and representation plans for everyone that is accepted into the program. And while the Care Court may lead to significant improvements for eligible residents, Departments are working with state partners to resolve many outstanding questions regarding the program, including issues regarding funding, staff capacity and potentially downstream impacts to other programs. The Governor's May Revise budget included minimal funding for support implementation of the CARE Court. Adequate state funding to allow for the successful implementation of this program remains a serious concern.

Given our concerns, the Proposed Budget includes a recommendation to set aside one-time funding of \$500,000 for CARE Court implementation. In addition, we are recommending \$200,000 in one-time support for improved criminal justice public database management. Ongoing General Fund enhancements include immigration contract support in the District Attorney's Office and 1.0 FTE to provide immigration representation within the Public Defender's Office.

EQUITY IMPACT STATEMENT

The County of Marin strives to be an anti-racist, multicultural organization committed to accountability, transformational change, and community engagement. Diversity, equity, inclusion, and belonging are our core values embedded into the culture of the County of Marin to guide initiatives, distribution of resources and community partnerships. We have worked with your Board and County Departments to ensure that the budget allocation process continues to be informed by a racial equity lens that evaluates the potential impacts on marginalized and underserved populations within our community.

In addition, this proposed budget includes a revised County Mission that incorporates equity into each focus area, as well as \$2.5 million in one-time funding towards equity initiatives across the County. Some of the initiatives included in that allocation include:

- Fire Foundry Career Development Program Support - \$500,000
- Equity and Jobs at the County of Marin - \$350,000
- Marin City Community Engagement Plan - \$100,000
- Marin County Parks Recruitment and Workforce Development - \$130,000
- Stipends for Boards and Commissions Members - \$30,000

More details and a complete list of recommended allocations are detailed within the Proposed Budget.

FINANCIAL ATTACHMENTS

This letter includes several attachments. The attached Schedule 12 summarizes special district sources and uses in the State Auditor-Controller format. We are also requesting your Board’s approval to make technical adjustments as necessary to properly budget and account for grants, projects and other financial allocations, including properly accounting for authorized position allocation adjustments and unspent purchase orders, associated requisitions and related appropriation authority to open the new fiscal year as part of the Final Budget for FY 2022-24.

Attachments A-C detail carryforward administrative designations and designations of fund balance. Consistent with Governmental Accounting Standards Board (GASB) Statement No. 54, these carryforward designations are categorized as either “Commitments,” which require your Board’s approval to establish, change or utilize, or “Assignments,” which require County Administrator approval. The Assignments category includes administrative designations, and some operating reserve accounts – such as the vehicle replacement or radio replacement accounts and stabilization funds. The Commitments category includes reserves for self-insurance, economic uncertainty, contracts, a state/federal budget reserve, and one-time project set-asides.

CONCLUSION

For a more detailed overview of the FY 2022-24 Proposed Budget, please refer to the Proposed Budget document. Copies of the Proposed County Budget are available for public review on the County’s website

<https://www.marincounty.org/depts/ad/divisions/management-and-budget/budget-overview>.

Detailed information is available from the Department of Finance relating to special districts under the Board and it will be published online as well.

The significant one-time and ongoing investments outlined in our Proposed Budget present a unique opportunity to make a lasting positive change in our community. Much of our work next year will focus on the implementation of these investments in our top community priorities. In addition, we will be creating a new countywide Sea-Level Rise unit, reorganizing and enhancing our Office of Emergency Services, partnering with our cities and towns to better address homelessness; and adopting a state-required Housing Element to plan for more affordable housing.

We want to thank your Board for all your guidance and steady leadership throughout the COVID-19 pandemic. We are blessed to have talented and dedicated county employees who have stepped up to provide essential services and adapt to the emerging needs of our community. We have emerged from the volatility of the past two years with an improved fiscal position, and we are fortunate for the opportunity to expand our services in high priority areas. We only need to look at recent history to know that these strong economic conditions can change quickly. We will continue to plan for future uncertainties such as higher inflation, market losses, COVID-19 variants, and the end of state and federal one-time funding. As we have learned over the past few years, by working together with our employees, cities/towns, community partners, and our residents, we can effectively adapt to our communities most important needs.

Respectfully submitted,



Matthew H. Hymel
County Administrator



Mina Martinovich, CPA
Interim Director of Finance

Attachments:

FY 2022-23 Administrative Designation Carryforward
FY 2022-23 Year End Fund Balance Commitments and Assignments
FY 2022-23 Schedule 12 Special Districts Sources and Uses