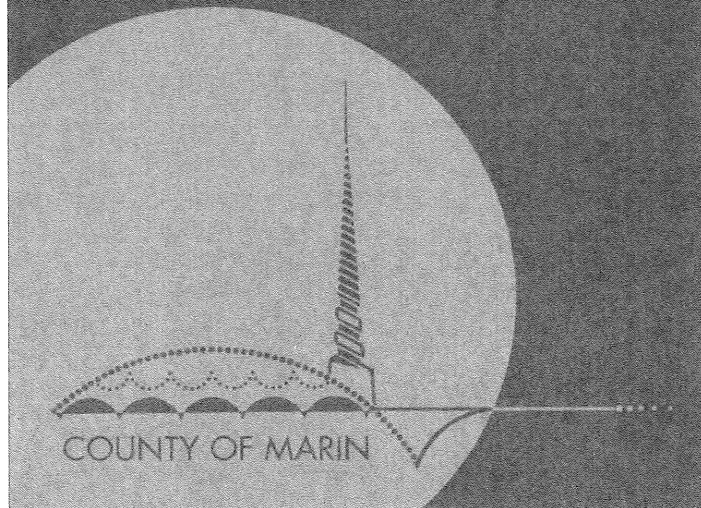


Office of the County Executive
3501 Civic Center Drive
San Rafael, CA 94903
MarinCounty.gov

April 16, 2024



FY 2023-24 BUDGET UPDATE AND PROJECTIONS



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Budget Update
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PURPOSE OF BRIEFING

Slide 2

- High Level Budget Process Overview
- Recommendation for Prior Year Unassigned Fund Balance
- Projected Year End Fund Balance – FY 2023-24
- Updated General Fund Projection
- Next Steps for FY 2024-26 Proposed Budget



COMMUNITY PRIORITIES

CONTINUE TO ADJUST BUDGET TO REFLECT COMMUNITY PRIORITIES

Slide 3

Affordable
Housing and
Addressing
Homelessness

Race Equity

Climate Change
and Sea Level
Rise

Disaster
Preparedness

County
Infrastructure

Recruitment and
Retention



GOALS FOR FY 2024-26 BUDGET PROCESS

NEW TWO-YEAR BUDGET CYCLE

Slide 4

- Countywide rollout of Race Equity Budget Tool
- Continuous Improvement across the organization
- Planning for increased state budget risks
- Cost-covered or one-time BCPs only; maintain critical services
- Accelerate investments in deferred maintenance of County facilities



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ALLOCATION OF PRIOR YEAR FUND BALANCE

COUNTY OF MARIN

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Slide 6

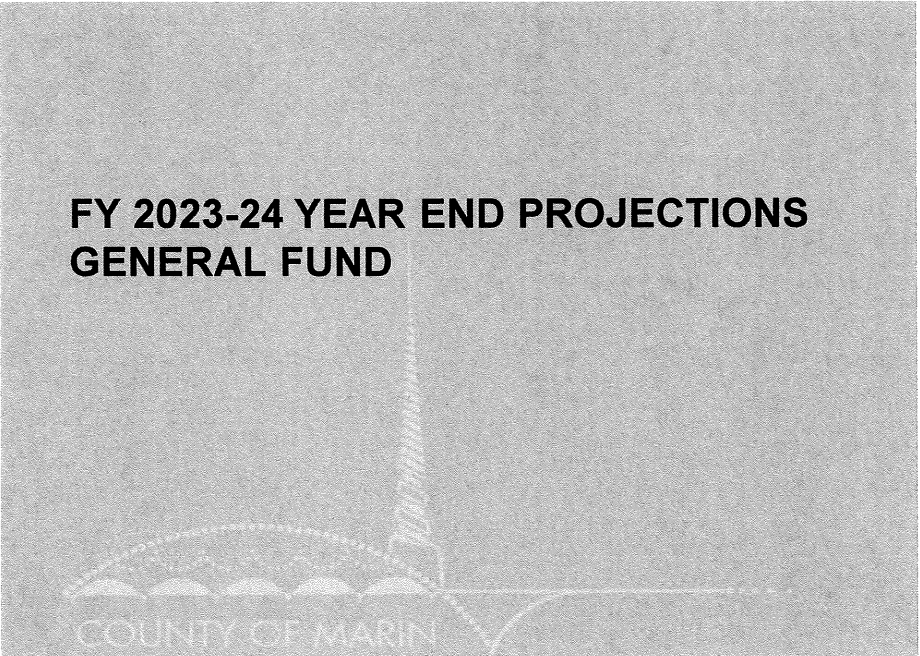
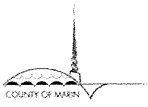
ALLOCATION OF FY 2022-23 UNASSIGNED YEAR END FUND BALANCE

- Completion of FY 2022-23 Year End Audit has identified **\$4,568,982** in unassigned fund balance
- Higher-than-expected salary savings and excess Education Resource Augmentation (ERAF) revenues.
- Recommended allocation:
 - \$2.2m – Increase State and Federal Budget Reserve (\$9.2m)
 - \$2.2m - Contribute to Affordable Housing Trust (\$11.8m)



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FY 2023-24 YEAR END PROJECTIONS GENERAL FUND

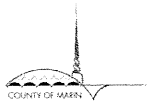


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FY 2023-24 GENERAL YEAR END PROJECTIONS

Slide 8

- Expenditure savings of \$16.1m largely reflect vacant positions, release of prior year contract expenditures, and other non-salary expense savings (approx. 2% operating expenditures)
- \$24.3 million in additional revenues, largely reflects local property tax & ERAF; and 1991 Public Health Realignment
- Moderate shortfalls in Proposition 172 and Sales tax
- Where applicable and ongoing, revenue gains will be incorporated into the ongoing budget for FY 2024-26



FY 2023-24 GENERAL YEAR END PROJECTIONS

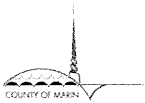
SAVINGS WILL BE USED TO SUPPORT OPERATIONS AND FOR ONE-TIME ALLOCATIONS FOR FY 2024-26 BUDGET

Slide 9

Expenditure Savings	\$16.2m
Revenue Increases and Balance Sheet Adjustments	\$26.8m
Projected Year End Fund Balance	\$43.0m

<Less amount required for annual rollover> \$22m

Total Available for One-Time Uses in FY 2024-25 **\$21.0m**



POTENTIAL ONE-TIME INVESTMENTS

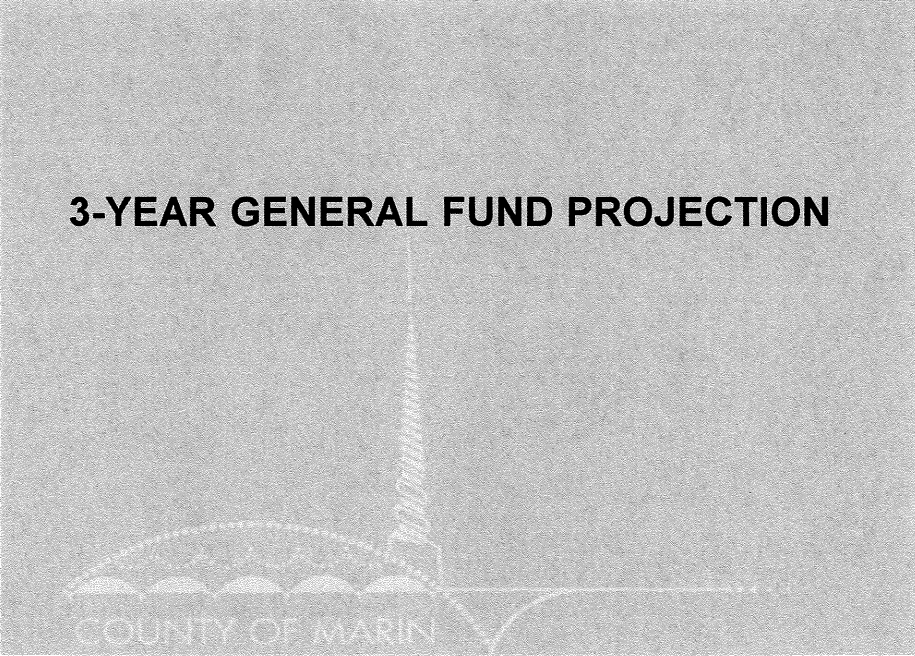
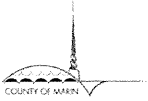
Slide 10

- Enhancing the State Budget Reserve
- Community and West Marin Infrastructure
- Additional VMA Campus Capital Improvements
- Set Aside for Future Participatory Budgeting program
- Mandated Stormwater Enhancements
- One-Time Facility Investments
- Continued Home Appliance Electrification Rebates
- Department One-Time Budget Change Proposals



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3-YEAR GENERAL FUND PROJECTION

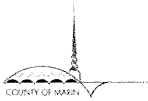


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HIGH-LEVEL BUDGET PROJECTION OVERVIEW

Slide 12

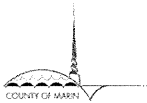
- Budget is balanced over the next three years, maintains critical services
- County remains in a good financial position, despite economic concerns at the state level
- Property tax growth expected to slow
- Given the age of County facilities, the County will need to invest more to adequately maintain our capital infrastructure



HIGH-LEVEL PROJECTION SUMMARY

Slide 13

- State budget shortfall is significant; anticipating May Revise for potential County impacts
- Approximately \$21m opportunity for one-time investments, not recommending ongoing enhancements



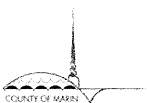
BUDGET ASSUMPTIONS

COUNTY PROJECTIONS ASSUME MODERATE ECONOMIC GROWTH

Slide 14

Revenues

- Assumptions reflect moderate growth and stabilized economy
 - Reduced property tax growth (6% to 5%)
 - Moderate local sales tax and TOT growth
 - Uncertain state revenue outlook
- Projections are contingent upon State budget (May Revise) for state revenue streams for health and safety services

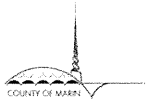


BUDGET ASSUMPTIONS

Slide 15

Expenditures

- Maintains high priority services that have been previously funded through one-time funds (e.g. homelessness services, community response teams)
- Cost of living and equity adjustments consistent with bargaining agreements
- Includes contributions to the Retiree Health Trust (\$13.0m) and Affordable Housing Trust (\$5.0m), per Fiscal Policies



NEW FISCAL POLICY RECOMMENDATION – WEST MARIN AND COMMUNITY INFRASTRUCTURE

Slide 16

- To address critical infrastructure needs countywide, the County will allocate \$1 million to both the **West Marin Infrastructure Reserve** and the **Community Infrastructure Reserve (\$2m annually)**
- Three-year pilot program, so long as General Fund is balanced

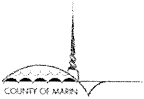
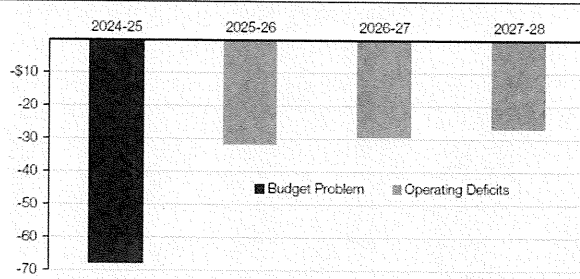


STATE BUDGET CONCERNS CONTINUE BEYOND FY 2024-25

The Legislative Analyst Office projects operating deficits over \$20b through FY 2027-28

Early action state budget package includes \$17b in cuts to current year to help resolve FY 2024-25 deficit

State Faces Serious Budget Problem in 2024-25, and Significant Operating Deficits in Future Years
(In Billions)



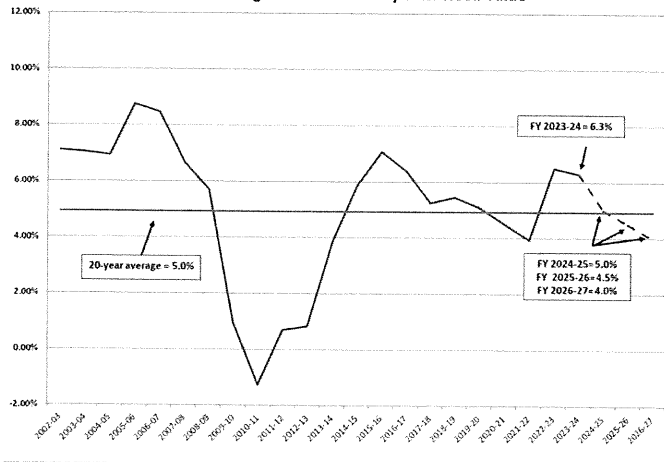
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PROPERTY TAX REVENUE: ASSESSED VALUE (AV) PROJECTED TO SLOW

GROWTH EXPECTED TO DECLINE TO 5.0% IN FY 2024-25

Slide 18

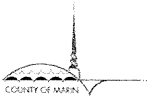
Annual Changes in Marin County's Assessed Value



NEXT STEPS IN THE FY 2024-26 BUDGET PROCESS

Slide 19

- Return to your Board in June to present the FY 2024-26 Proposed Budget,
 - Provide updates on roads, capital facilities, and other topics highlighted during the March Budget Workshop
- Incorporate new Fiscal Policy to increase contributions to West Marin & Community Infrastructure
- Set Public Hearings for June 24, 2024 to review the FY 2024-26 Proposed Budget



QUESTIONS?

