

COMMUNITY DEVELOPMENT AGENCY
HOUSING AND FEDERAL GRANTS DIVISION

Thomas K. Lai
DIRECTOR

April 12, 2022



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Marin County Board of Supervisors
3501 Civic Center Drive
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SUBJECT: Measure W TOT Oversight Committee's review of the County of Marin's Measure W TOT Compliance Audit Report for the period of July 1, 2020 to June 30, 2021.

Dear Board Members,

RECOMMENDATIONS:

1. Accept the Measure W TOT Oversight Committee Report for the period of July 1, 2020 to June 30, 2021.

SUMMARY:

The Measure W West Marin TOT Oversight Committee (Committee) was established by Marin County Ordinance No. 3692 which was approved by your Board on July 31, 2018 and approved by Marin County voters on November 6, 2018.

The purpose of the Committee is to review, the expenditures of Measure W transient occupancy tax revenue to ensure that the revenue is allocated within the boundaries of the West Marin Tax Area and for the purposes approved by the voters on an annual fiscal year basis.

DISCUSSION:

On an annual basis the Oversight Committee is responsible for ensuring compliance with the Measure's requirements and communicating any concerns or findings to the Marin County Board of Supervisors through an annual audit compliance report. To achieve this an annual audit of the revenues and expenditures of the West Marin Transient Occupancy Tax is provided to the Committee by the Department of Finance. Compliance factors include ensuring new revenue collected is allocated within the boundaries of the West Marin Tax Area and for the purposes approved by the voters with half of the new revenue allocated for fire and emergency services and half allocated for community housing in the West Marin Transient Occupancy Tax Area.

FISCAL/STAFFING IMPACT:

There is no impact to the General Fund net County costs as a result of your Board's action.

*CA-36
Revised*

EQUITY IMPACT:

The Measure W West Marin Transient Occupancy Tax area was established in recognition of the impacts of visitors to the area. The increase in the transient occupancy tax approved by the measure provides increased funding for enhanced fire/emergency services and long-term community housing to stabilize the community.

REVIEWED BY:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Department of Finance | <input type="checkbox"/> N/A |
| <input type="checkbox"/> County Administrator's Office | <input checked="" type="checkbox"/> N/A |
| <input type="checkbox"/> County Counsel | <input checked="" type="checkbox"/> N/A |
| <input type="checkbox"/> Human Resources | <input checked="" type="checkbox"/> N/A |

Respectfully submitted,



Molly Kron
Senior Planner



Leelee Thomas
Deputy Director

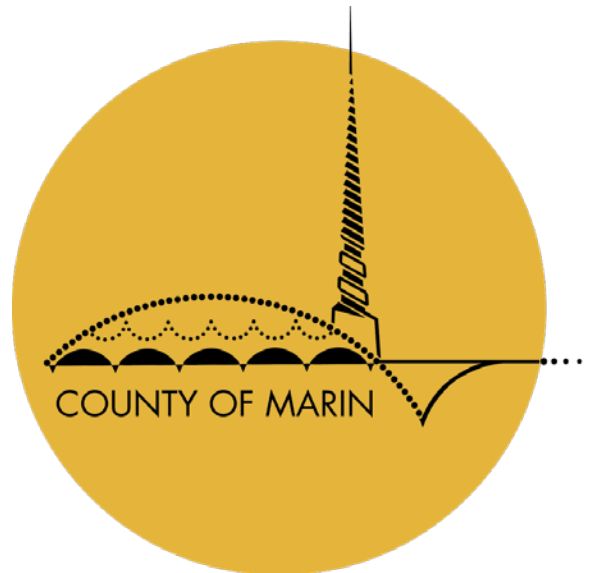
ATTACHMENTS:

1. Measure W TOT Compliance Audit 2020-21
2. Measure W TOT Oversight Committee Report
3. CDA Oversight Committee Report Response

COUNTY OF MARIN

DEPARTMENT OF FINANCE

INTERNAL AUDIT DIVISION



Measure W Community Oversight Committee

Measure W - West Marin Transient Occupancy Tax

Compliance Audit

For the Fiscal Year Ended June 30, 2021

Department of Finance
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DEPARTMENT OF FINANCE - INTERNAL AUDIT DIVISION
MEASURE W-WEST MARIN TRANSIENT OCCUPANCY COMPLIANCE AUDIT
FOR THE AUDIT PERIOD JULY 1, 2020 THROUGH JUNE 30, 2021

Community Development Agency
Marin County Fire Department
Department of Finance
Measure W West Marin TOT Oversight Committee
Cathy Schwemm
Emmanuel Serriere
Michelle Clein
Pamela Lichtenwalner
Scoby Zook

I. EXECUTIVE SUMMARY

Background

On November 6, 2018, the voters of West Marin passed Measure W to establish the West Marin Transient Occupancy Tax area. In recognition of the impacts of visitors to the area, the approval of this measure increased the transient occupancy tax (TOT) to provide targeted funding for enhanced fire and emergency services and long-term community housing. Effective January 1, 2019, Measure W increased the TOT rate in West Marin from 10.0% to 14.0% for hotels and short-term rentals, and it applied a 4.0% tax to commercial campground visitors.

County Ordinance No. 3692 requires all funds to be used exclusively for the benefit of West Marin (West Marin Tax Area). Distribution of such revenues are to have local oversight by the Measure W West Marin Transient Occupancy Tax Oversight Committee (Oversight Committee), whereby the TOT revenue specifically generated by Measure W (Measure W TOT) is to be allocated through a 50%/50% split between fire and emergency services and long-term community housing.

Governance Structure

The Oversight Committee is comprised of resident who live in the West Marin Tax Area. Through Ordinance No. 3692, the Oversight Committee will be provided with an annual audit of the revenues and expenditures of Measure W TOT. The annual audits are aimed to provide the Oversight Committee with transparent fiscal data to ensure that Measure W TOT revenues are spent within the boundaries of the West Marin Tax Area and for the purposes approved by the voters.

Administration

The collection of all TOT from short-term rental operators in unincorporated Marin County, including Measure W TOT, is administered by the Marin County Tax Collector.

Half of the Measure W TOT collected (50%) must be allocated to enhanced fire and emergency services in the West Marin Tax Area, with funds administered by the Marin County Fire Department. Included in this allocation are various fire districts and volunteer fire departments located in West Marin. Ordinance No. 3692 further states that the Marin County Fire Department shall not obtain more funds in a year than the combined allocation to other West Marin fire districts and volunteer fire departments.

The remaining half of the Measure W TOT collected (50%) must be allocated to long-term community housing in the West Marin Tax Area, with funds administered by the Marin County Community Development Agency (CDA).

All Measure W funding is subject to the approval of the Marin County Board of Supervisors.

Prioritization and Distribution of Funds

Measure W allows for ad-hoc working groups to help inform the funding recommendations made to the Marin County Board of Supervisors for their review, consideration, and approval.

1. Fire and Emergency Services

In December 2018, Marin County Fire Chief, Jason Weber, established an ad-hoc working group (Fire Working Group) to inform the recommendation of the distribution of Measure W Fire & Emergency proceeds. On July 16, 2019, the Board of Supervisors approved an Allocation Plan (Fire Allocation Plan) for Measure W Fire and Emergency service agencies (Member Agencies). As of the date of this report, there have been no revisions made to the Fire Allocation Plan, which provides the following distribution assignments to the respective Member Agencies:

- 1) Bolinas Fire Protection District (Bolinas) - 17%
- 2) Stinson Beach Fire Protection District (Stinson) - 17%
- 3) Fire Department in the Inverness Public Utility District (Inverness) - 14%
- 4) Nicasio Volunteer Fire Department (Nicasio) - 4%
- 5) Muir Beach Volunteer Fire Department (Muir Beach) - 8%
- 6) Tomales Volunteer Fire Department (Tomales) - 2%
- 7) Marin County Fire Department (County Fire), which includes stations in Tomales, Point Reyes, Hicks Valley, Woodacre, and Throckmorton - 38%

2. Community Housing:

In July 2019, a committee comprised of nine community members was established by the Marin County Community Development Agency (CDA) to serve as the Measure W Working Group on Fund Expenditures for Community Housing (CDA Working Group). The purpose of the CDA Working Group is to prioritize and recommend housing needs in the West Marin Tax Rate Area, such as rental support, new construction, and housing for persons with disabilities, which is then considered by the Board of Supervisors and CDA staff when awarding funds to specific projects using Measure W Community Housing proceeds.

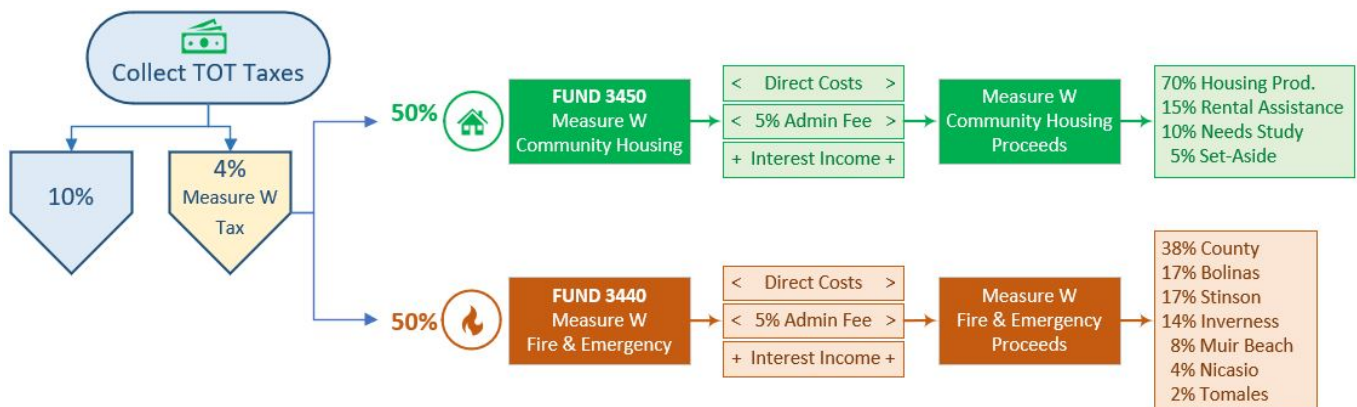
The CDA Working Group recommended the following funding priorities for calendar year 2021, which was approved by the County of Marin Board of Supervisors on May 4, 2021:

- 1) Housing production (70%) - Funding to support the development of housing for West Marin public safety employees, teachers, and other members of the West Marin workforce, housing for families, housing for persons with disabilities, and housing for seniors. Funding is made available across the full spectrum of housing development and allowable for permanent rental, homeownership, and transitional/temporary rental.
- 2) Rental assistance and security deposit assistance (15%) - Funding to help stabilize West Marin families and individuals at risk of losing current housing and in need of support to acquire new housing.
- 3) Housing needs study (10%) - A study of the West Marin Tax Area establishing a baseline understanding of housing market conditions and needs.
- 4) Set-aside for future larger projects (5%) - Funding to be accrued for larger housing projects in the future.

Expenditure of Funds

Per Measure W, administrative expenses are not exceed 5% of the tax revenue in any fiscal year, with any costs of the annual audit for the Oversight Committee paid first, and the remainder split equally between Fire & Emergency services and Community Housing.

Measure W further provides that Measure W TOT proceeds are intended to *augment* support for Fire & Emergency protection and Community Housing in West Marin. Therefore, disbursements of Measure W TOT proceeds shall be subject to terms and conditions established by the County including, but not limited to, requiring recipients to certify that Measure W TOT funds allocated to them are being used to *enhance* services beyond their available resources.



II. SUMMARY OF WORK

Audit Scope and Objective

The scope of this compliance audit will encompass Fiscal Year 2020-21, which spans July 1, 2020 through June 30, 2021. Our scope period will also extend beyond fiscal year-end June 30, 2021 in order to determine the completeness and accuracy of transactions posted pertaining to FY 2020-21 Measure W TOT collections. Our audit objective is to determine that Measure W TOT was collected, distributed, and spent in compliance with Marin County Code Section 3.05.35 and Marin County Ordinance No. 3692.

Audit Approach

This compliance audit was conducted based on an audit plan that included an assessment of the Measure W revenues and expenditures. The Department of Finance Internal Audit Division performed testing through inquiry, observation, inspection, and re-performance of the scope period noted above. We performed our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS, or "Yellow Book") and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing. Detailed audit work papers are available for review upon written request to the Department of Finance Internal Audit Division.

Procedures Performed

We have performed the procedures enumerated below on the proper allocation and accountability of Measure W TOT funds as directed by Marin County Ordinance No. 3692 and Marin County Code, Section 3.05.035, for the scope period encompassing FY 2020-21.

The compliance procedures performed, and their corresponding results are summarized below:

PROCEDURE NO.	COMPLIANCE AREA	PROCEDURE DESCRIPTION	RESULTS
1	Tax Collector	Reviewed and assessed the adequacy of policies, procedures and documentation of the TOT collection process for the 10.0% Uniform Transient Occupancy Tax (TOT) and the additional 4.0% Measure W TOT tax to ensure compliance with the requirements of the corresponding Code and Ordinance.	No exceptions noted
2	Tax Collector	Assessed whether the Measure W TOT tax collection administration system of internal controls were operating effectively to minimize compliance risks.	No exceptions noted
3	Tax Collector	Assessed the compliance and applicable audit assertions associated with the collection of Measure W TOT spanning July 1, 2020 through June 30, 2021.	No exceptions noted
4	Tax Collector	Examined the transaction-level detail of Measure W TOT cash receipts and disbursements from July 1, 2020 through June 30, 2021 and validated that they were properly allocated through a 50%/50% split between fire emergency services (Special Revenue Fund 3440) and community housing (Special Revenue Fund 3450).	No exceptions noted
5	Fire & Emergency	Assessed the compliance and applicable audit assertions associated with the administration of Measure W Fire & Emergency proceeds.	See Section III Observation #1
6	Fire & Emergency	Validated that the annual Administrative Fee Reserve of not-to-exceed 5.0% was accurately calculated, retained and not subject to distribution.	No exceptions noted

7	Fire & Emergency	Verified that claims made and processed for Administrative Fees are properly supported and do not exceed the Administrative Fee Reserve balance.	No exceptions noted
8	Fire & Emergency	Examined allocations made to Member Agencies for Measure W Fire & Emergency pertaining to FY 2020-21 Measure W TOT Collections and validated that such allocations were made in accordance with the Board-approved Fire Allocation Plan.	
		8(a) Verified that Marin County Fire Department did not obtain more funds in a year than the combined allocation to Member Agencies.	No exceptions noted
		8(b) Validated that allocations made to Member Agencies by Marin County Fire were allocated in accordance with the Board-approved Fire Allocation Plan.	See Section III Observation #2
		8(c) Examined evidential matter provided by County Management and external agencies to verify that Measure W program expenditures for fire and emergency services were spent in accordance with the requirements of Measure W.	No exceptions noted
		8(d) Confirmed the Measure W funds maintained by Member Agencies as of July 1, 2020 and June 30, 2020 via cash confirmations, signed and certified by Member Agencies. Verified that cash balances attested to as of July 1, 2020 agreed to prior year audit report. Verified that current year changes to cash balance per cash confirmations agreed to audit testwork performed in Procedure 8(c) above.	See Section III Observation #3
8(e) Verified that certification was provided by Member Agencies attesting that their Measure W TOT proceeds received were used to enhance services beyond their available resources.	No exceptions noted		
9	Community Housing	Assessed the compliance and applicable audit assertions associated with the administration of Measure W Community Housing proceeds.	No exceptions noted
10	Community Housing	Validated that the annual Administrative Fee Reserve of not-to-exceed 5.0% was accurately calculated, retained and not subject to distribution.	No exceptions noted
11	Community Housing	Verified that claims made and processed for Administrative Fees are properly supported and do not exceed the Administrative Fee Reserve balance.	No exceptions noted
12	Community Housing	Examined disbursements made for Measure W Community Housing during FY 2020-21 and validated that such allocations were made in accordance with the Board-approved Funding Priorities for Calendar Year 2021 Plan.	
		12(a) Validated that cash disbursements were allocated in accordance with the Board-approved Funding Priorities Plan.	No exceptions noted
		12(b) Examined evidential matter provided by County Management to verify that expenditures incurred for Measure W Community Housing were spent in accordance with the requirements of Measure W.	No exceptions noted

III. FINDINGS AND RECOMMENDATIONS

Based on the compliance procedures performed, we noted the following observations and discussed our specific recommendations for improvement with Management:

1. Observation #1:

It is important to first note that Marin County Fire Department serves two distinct roles with respect to the Measure W Fire & Emergency program area, each role with its own set of specific and unique responsibilities: 1) As a Member Agency of the Fire Working Group, and 2) As the Administrator of the Measure W Fire Allocation Plan.

Through our review of the processes and procedures performed by Marin County Fire in their administration of Measure W TOT funds (Compliance Procedure #5), we noted opportunities for improvement. Special Revenue Fund 3440 serves as the main repository of Measure W TOT collections mandated for Fire & Emergency. Measure W TOT proceeds contained within this fund are then allocated to the Member Agencies of the Fire Allocation Plan.

However, we observed that Special Revenue Fund 3440 also contained transactions that were exclusive to Marin County Fire Department as a Member Agency. Meaning, Marin County Fire's portion (38%) of Member Agency allocations, and any corresponding expenditures Marin County Fire incurred to enhance fire and emergency protection services, were also posted to Special Revenue Fund 3440.

As the Measure W TOT allocations and expenditures specific to Marin County Fire continue to grow, coupled with the timing differences noted between Measure W TOT collections and the corresponding allocations made to Member Agencies, it is likely that over time, the consolidation of Marin County Fire funds with Measure W TOT Proceeds pending future distribution can lead to increased risk of commingled funds.

Recommendation:

We recommend that Management consider placing their share of Measure W TOT allocations, along with corresponding expense transactions, in a fund that is separate and apart from Special Revenue Fund 3440.

Management Response:

County of Marin Fire Department Management agreed with our recommendations.

2. Observation #2:

When performing Compliance Procedure #8(b), we examined the cash disbursements made from Special Revenue Fund 3440, noting that for FY 2020-21 only one installment of fund allocations were made to Member Agencies, pertaining to Measure W TOT proceeds collected from July 1, 2020 through December 31, 2020. As of the date of this audit report, the final installment of fund allocations pertaining to the second half of FY 2021 (January 1, 2021 through June 30, 2021) remains outstanding.

Recommendation:

We recommend that Management distribute allocations within 90 days of the end of each semi-annual installment period. For example, proceeds collected from July 1st through December 31st should be disbursed no later than March 31st, etc.

Management Response:

County of Marin Fire Department Management agreed with our recommendations.

-
3. **Observation #3:** Through our confirmation and recalculation of cash balances attested to by the Member Agencies, in conjunction with our examination of the FY 2020-21 cash ledger, we noted a discrepancy between cash balances confirmed and attested to by Tomales Volunteer Fire Department, as compared to the allocations made to them. We determined that this discrepancy originated from a stale-dated check (i.e. uncashed check). While typically an uncashed check is considered a timing difference and therefore a permissible reconciling item, we consider this to be an audit observation worth noting due to the nature of the potential internal control risk, as this stale-dated check was undetected by both Management and by Tomales Volunteer Fire Department, despite the Statements provided by Management to its Member Agencies at each installment interval, and despite the cash confirmation balance provided by Tomales to Management.

As documented in prior year's audit report (Compliance Audit for the audit period January 1, 2019 through June 30, 2020), we provided a series of recommendations to Management, including the recommendation that an at-least quarterly cash review and reconciliation be implemented. This recommendation had not been implemented by Management for FY 2020-21. If a quarterly cash reconciliation process had been implemented, it would have significantly reduced the likelihood that this stale-dated check, in the amount of \$3,633 to Tomales Volunteer Fire Department dated September 12, 2019, would have gone undetected by Management, and the corrective actions of issuing a replacement check would have likely followed.

Recommendation:

Consistent with prior year's recommendation, we continue to recommend that Management implement a practice of performing an at-least quarterly cash reconciliation, and that such reconciliation be reviewed and approved by someone other than the preparer.

Management Response:

County of Marin Fire Department Management agreed with our recommendations.

Conclusion

We have audited the Measure W compliance with the specific compliance requirements described in the County's Measure W ordinance as of and for the fiscal year ended June 30, 2021, noting several process improvement observations, for which corresponding departments have agreed to incorporate and implement going forward.

In our opinion, the County complied, in all material respects, with the provisions of Marin County Code Section 3.05.35 and Marin County Ordinance No. 3692 for the audit period July 1, 2020 through June 30, 2021. A detailed accounting of Measure W TOT by Program Area, as of and for the fiscal year ended June 30, 2019, 2020, and 2021 is located in **APPENDIX B** of this report.

We appreciate the assistance and cooperation of the Marin County Fire Department, Marin County Community Development Agency, the Department of Finance Central Collections Division, and the Measure W West Marin TOT Fire and Emergency Agencies during the performance of this audit. Please contact us if you have any questions or comments regarding any of the information contained in this audit report.

IV. DISTRIBUTION

Community Development Agency Management
Marin County Fire Department Management
Department of Finance Management
Measure W Community Oversight Committee

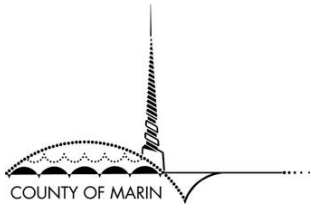
Audit Team:

Mina Martinovich, Assistant Director of Finance
Margie Roberts, Audit Manager
Michelle Babb, Auditor I

Issued this 6th day of December 2021



Roy Given, CPA
Director of Finance

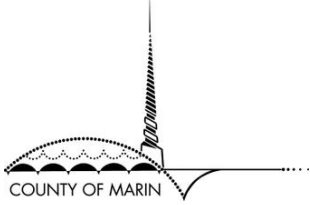


APPENDIX A
3-Year Comparative Financial Statements

Measure W West Marin Transient Occupancy Tax
Comparative Balance Sheets
As of June 30, 2019, 2020, and 2021

	June 30, 2019			June 30, 2020			June 30, 2021		
	Fire & Emergency Services	Long-Term Community Housing	Total	Fire & Emergency Services	Long-Term Community Housing	Total	Fire & Emergency Services	Long-Term Community Housing	Total
ASSETS									
Cash and Investments in County Pool	\$ 190,612	\$ 190,612	\$ 381,224	\$ 419,056	\$ 599,283	\$ 1,018,339	\$ 668,018	\$ 965,970	\$ 1,633,988
Due from Other Funds	-	-	-	11,930	-	11,930	50,050	-	50,050
Total Assets	<u>\$ 190,612</u>	<u>\$ 190,612</u>	<u>\$ 381,224</u>	<u>\$ 430,986</u>	<u>\$ 599,283</u>	<u>\$ 1,030,269</u>	<u>\$ 718,068</u>	<u>\$ 965,970</u>	<u>\$ 1,684,038</u>
LIABILITIES									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 7	\$ -	\$ 7
Due to Other Funds	68,811	-	68,811	287,540	-	287,540	489,723	-	489,723
Due to Other Governments	112,271	-	112,271	103,621	-	103,621	215,356	-	215,356
Total Liabilities	<u>181,082</u>	<u>-</u>	<u>181,082</u>	<u>391,161</u>	<u>150,000</u>	<u>541,161</u>	<u>705,086</u>	<u>-</u>	<u>705,086</u>
FUND BALANCES									
Restricted	-	181,082	181,082	-	426,708	426,708	-	951,073	951,073
Assigned	9,530	9,530	19,060	39,825	22,575	62,400	12,982	14,897	27,879
Total Fund Balances	<u>9,530</u>	<u>190,612</u>	<u>200,142</u>	<u>39,825</u>	<u>449,283</u>	<u>489,108</u>	<u>12,982</u>	<u>965,970</u>	<u>978,952</u>
Total Liabilities and Fund Balances	<u>\$ 190,612</u>	<u>\$ 190,612</u>	<u>\$ 381,224</u>	<u>\$ 430,986</u>	<u>\$ 599,283</u>	<u>\$ 1,030,269</u>	<u>\$ 718,068</u>	<u>\$ 965,970</u>	<u>\$ 1,684,038</u>

Reported using the current financial resources measurement focus and the modified accrual basis of accounting.

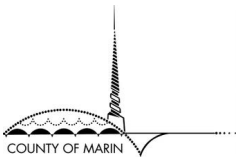


APPENDIX A
3-Year Comparative Financial Statements

Measure W West Marin Transient Occupancy Tax
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020, and 2021

	Fiscal Year 2019			Fiscal Year 2020			Fiscal Year 2021		
	Fire & Emergency Services	Long-Term Community Housing	Total	Fire & Emergency Services	Long-Term Community Housing	Total	Fire & Emergency Services	Long-Term Community Housing	Total
REVENUES									
Taxes	\$ 193,107	\$ 193,107	\$ 386,214	\$ 596,999	\$ 596,999	\$ 1,193,998	\$ 556,793	\$ 556,793	\$ 1,113,586
From Use of Money and Property	555	555	1,110	8,899	10,828	19,727	3,272	3,660	6,931
Total Revenues	<u>193,662</u>	<u>193,662</u>	<u>387,324</u>	<u>605,898</u>	<u>607,827</u>	<u>1,213,725</u>	<u>560,065</u>	<u>560,453</u>	<u>1,120,518</u>
Expenditures									
Current									
General Government	3,050	3,050	6,100	-	17,346	17,346	54,847	35,701	90,548
Public Protection	181,082	-	181,082	575,603	-	575,603	532,061	-	532,061
Public Assistance	-	-	-	-	331,810	331,810	-	8,065	8,065
Total Expenditures	<u>184,132</u>	<u>3,050</u>	<u>187,182</u>	<u>575,603</u>	<u>349,156</u>	<u>924,759</u>	<u>586,908</u>	<u>43,766</u>	<u>630,674</u>
NET CHANGE IN FUND BALANCES	9,530	190,612	200,142	30,295	258,671	288,966	(26,843)	516,687	489,844
Fund Balances - Beginning of Year	-	-	--	9,530	190,612	200,142	39,825	449,283	489,108
FUND BALANCES - END OF YEAR	<u>\$ 9,530</u>	<u>\$ 190,612</u>	<u>\$ 200,142</u>	<u>\$ 39,825</u>	<u>\$ 449,283</u>	<u>\$ 489,108</u>	<u>\$ 12,982</u>	<u>\$ 965,970</u>	<u>\$ 978,952</u>

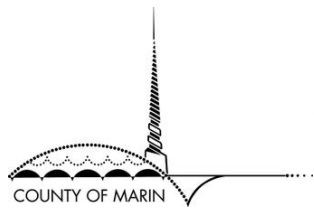
Reported using the current financial resources measurement focus and the modified accrual basis of accounting.



APPENDIX B
Account Balances by Program Area

As of and for the Fiscal Years Ended June 30, 2019, 2020 and 2021

MEASURE W - FIRE & EMERGENCY SERVICES	1/1/2019 - 6/30/2019	7/1/2019 - 6/30/2020	7/1/2020 - 6/30/2021	TOTAL
	FY 2018-19	FY 2019-20	FY 2020-21	
Measure W TOT Collections	\$ 193,107.34	\$ 596,998.97	\$ 556,792.81	\$ 1,346,899.12
Pooled Interest Income	555.40	8,899.07	3,271.61	12,726.08
One-Time Election Reimbursement	(3,050.50)	-	-	(3,050.50)
Total Measure W TOT Revenue	190,612.24	605,898.04	560,064.42	1,356,574.70
Less: 5% Administrative Fee Reserve	(9,530.61)	(30,294.90)	(28,003.22)	(67,828.74)
Total Measure W TOT Proceeds	181,081.63	575,603.14	532,061.20	1,288,745.97
<u>Fire & Emergency Funds Disbursed To:</u>				
Bolinas	(30,878.00)	(97,705.00)	(32,369.16)	(160,952.16)
Inverness	(25,429.00)	(80,463.00)	(26,656.95)	(132,548.95)
Muir Beach	(14,531.00)	(45,979.00)	(15,232.54)	(75,742.54)
Nicasio	(7,265.00)	(22,990.00)	(7,616.27)	(37,871.27)
Stinson	(30,878.00)	(97,705.00)	(32,369.16)	(160,952.16)
Tomales	(3,633.00)	(11,494.00)	(3,808.14)	(18,935.14)
County Fire	(69,022.00)	(218,399.00)	(72,354.66)	(359,775.66)
Total Fire & Emergency Disbursements	(181,636.00)	(574,735.00)	(190,406.88)	(946,777.88)
Measure W Proceeds Balance at June 30th	(554.37)	868.14	341,654.32	341,968.09
<u>Measure W Proceeds Due (To)/From:</u>				
Bolinas	94.12	(147.53)	(58,081.23)	(58,134.64)
Inverness	77.57	(121.44)	(47,831.61)	(47,875.48)
Muir Beach	44.47	(69.25)	(27,332.35)	(27,357.13)
Nicasio	21.73	(34.13)	(13,666.18)	(13,678.57)
Stinson	94.12	(147.53)	(58,081.23)	(58,134.64)
Tomales	11.37	(18.06)	(6,833.08)	(6,839.78)
County Fire	210.98	(330.19)	(129,828.63)	(129,947.85)
Total Measure W Proceeds Due (To)/From	554.37	(868.14)	(341,654.32)	(341,968.09)
MEASURE W - COMMUNITY HOUSING	1/1/2019 - 6/30/2019	7/1/2019 - 6/30/2020	7/1/2020 - 6/30/2021	TOTAL
	FY 2018-19	FY 2019-20	FY 2020-21	
Measure W TOT Collections	193,107.34	596,998.97	556,792.81	1,346,899.12
Pooled Interest Income	555.40	10,828.39	3,659.83	15,043.62
One-Time Election Reimbursement	(3,050.50)	-	-	(3,050.50)
Total Measure W TOT Revenue	190,612.24	607,827.36	560,452.64	1,358,892.24
Less: 5% Administrative Fee Reserve	(9,530.61)	(30,391.37)	(28,022.63)	(67,944.61)
Total Measure W TOT Proceeds	181,081.63	577,435.99	532,430.01	1,290,947.63
<u>Community Housing Funds Disbursed For:</u>				
Housing Production	-	(221,810.00)	(8,065.00)	(229,875.00)
Rental and Security Deposit Assistance	-	(100,000.00)	-	(100,000.00)
Housing Needs	-	(10,000.00)	-	(10,000.00)
Total Community Housing Disbursements	-	(331,810.00)	(8,065.00)	(339,875.00)
Measure W Proceeds Balance at June 30th	181,081.63	245,625.99	524,365.01	951,072.63



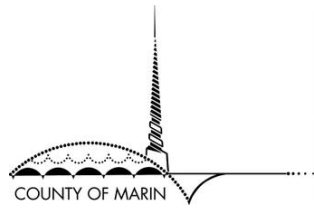
**APPENDIX C
Fire Emergency Allocations Detail**

As of and for the Fiscal Years Ended June 30, 2019, 2020 and 2021

<u>For Fiscal Year(s)</u>	<u>Bolinas</u>	<u>Inverness</u>	<u>Muir Beach</u>	<u>Nicasio</u>	<u>Stinson</u>	<u>Tomales</u>	<u>Marin County</u>	<u>TOTAL</u>	<u>T/M</u>
<u>FY 2019 and 2020:</u>									
Allocations Earned by Member Agency	128,636.41	105,935.87	60,534.78	30,267.39	128,636.41	15,133.70	287,540.21	756,684.77	A
Allocations Distributed to Member Agency	(128,583.00)	(105,892.00)	(60,510.00)	(30,255.00)	(128,583.00)	(11,494.00)	(287,421.00)	(752,738.00)	A
Allocations Owed to Member Agency	53.41	43.87	24.78	12.39	53.41	3,639.70	119.21	3,946.77	A
Allocations Received	128,583.00	105,892.00	60,510.00	30,255.00	128,583.00	11,494.00	287,421.00	752,738.00	A
Proceeds Spent by Member Agency	(36,271.19)	(99,000.00)	-	-	(60,980.95)	-	(11,930.00)	(208,182.14)	A
Post-Audit Adjustments	-	(52.00)	-	-	322.45	-	-	270.45	
Member Agency Available Proceeds Balance	92,311.81	6,840.00	60,510.00	30,255.00	67,924.50	11,494.00	275,491.00	544,826.31	
<u>FY 2021:</u>									
Allocations Earned by Member Agency	90,450.39	74,488.56	42,564.89	21,282.45	90,450.39	10,641.22	202,183.23	532,061.14	
Allocations Distributed to Member Agency	(32,369.16)	(26,656.95)	(15,232.54)	(7,616.27)	(32,369.16)	(3,808.14)	(72,354.59)	(190,406.81)	
Allocations Owed to Member Agency	58,081.23	47,831.61	27,332.35	13,666.18	58,081.23	6,833.08	129,828.64	341,654.33	
Allocations Received	32,369.16	26,656.95	15,232.54	7,616.27	32,369.16	3,808.14	72,354.59	190,406.81	
Proceeds Spent by Member Agency	(59,707.72)	(60,690.00)	(2,691.25)	(44,544.27)	(91,755.56)	-	(38,119.96)	(297,508.76)	B
Member Agency Available Proceeds Balance	(27,338.56)	(34,033.05)	12,541.29	(36,928.00)	(59,386.40)	3,808.14	34,234.63	(107,101.95)	
<u>Life-to-Date:</u>									
Net Allocations Owed to Member Agency	58,134.64	47,875.48	27,357.13	13,678.57	58,134.64	10,472.78	129,947.86	345,601.10	
Member Agency Available Proceeds Balance	64,973.25	(27,193.05)	73,051.29	(6,673.00)	8,538.10	15,302.14	309,725.63	437,724.36	
Measure W TOT Funds Available	123,107.89	20,682.43	100,408.42	7,005.57	66,672.74	25,774.92	439,673.49	783,325.46	

T/M Legend

- A Agrees to prior year Audit Report
- B See APPENDIX D for Expenditure Detail

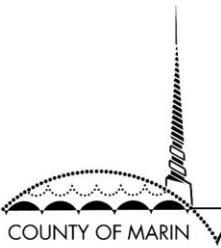


**APPENDIX D
Measure W Expenditure Detail**

As of and for the Fiscal Year Ended June 30, 2021

FIRE & EMERGENCY	Proceeds Spent	T/M	COMMUNITY HOUSING	Proceeds Spent	T/M
Bolinas	59,707.72	A	Housing Production	8,065.00	G
Inverness	60,690.00	B	Rental & Security Deposit	-	
Muir Beach	2,691.25	C	Housing Needs Study	-	
Nicasio	44,544.27	D	Set-Aside	-	
Stinson	91,755.56	E	Total	8,065.00	
Tomales	-				
County Fire	38,119.96	F			
Total	297,508.76				

T/M	Nature of Expenditures	Expense Amount	West Marin Area	Description
A	Salaries and benefits	\$ 59,707.72	Bolinas	To fund 50% of Assistant chief salary, increase in Night Officer Duty Shift pay, and expansion of 4-month seasonal firefighter program to year-round part-time
B	Salaries and benefits	\$ 60,690.00	Inverness	To fund 100% of Fire Services Officer Position
C	Salaries and benefits	\$ 2,691.25	Muir Beach	Reimbursement of payroll costs
D	Fire Station Capital Improvements	\$ 44,544.27	Nicasio	To augment remodel costs for Fire Station located at 5 Old Rancheria Road. The remodel project is to accommodate recently acquired Type-6 Wildland Vehicle, Engine #763
E	Salaries and benefits	\$ 91,755.56	Stinson	To fund 100% of Second Duty Officer position, plus fund the hourly wages for 10 various staff members designated to Measure W efforts
F	Emergency Generator Repair	\$ 2,167.32	San Geronimo Valley	To fund the maintenance and repair of emergency generator located at San Geronimo Valley Community Center Gym. Facility will be used as an emergency shelter by Valley Emergency Readiness Group.
F	Professional Services: Disaster Coordinator	\$ 8,525.00	San Geronimo Valley	To fund the contracted professional services for San Geronimo Valley Disaster Coordinator
F	Minor Equipment	\$ 27,427.64	(various)	To fund the acquisition of fire/emergency protection equipment and supplies (i.e. chest compression system, power supplies, radios, water rescue gear, etc.)
G	Preservation of Affordable Housing	8,065.00	San Geronimo Valley	Planning, capital needs assessment, appraisal, and financing costs for the development of the Two Bird property in San Geronimo



MEASURE W WEST MARIN TOT OVERSIGHT COMMITTEE

CHAIR
Scoby Zook
Inverness

April 1, 2022

Dear Board of Supervisors,

VICE CHAIR
Pamela Lichtenwalner
Stinson Beach

SUBJECT: The Measure W TOT Oversight Committee's review of the County of Marin's Measure W TOT Compliance Audit Report for the period of July 1, 2020 to June 30, 2021.

Cathy Schwemm
Tomas

RECOMMENDATION: The Measure W TOT Oversight Committee recommends the Board of Supervisors accept the Measure W TOT Compliance Report for the period of July 1, 2020 to June 30, 2021.

Emmanuel Serriere
Inverness

BACKGROUND: The Measure W West Marin TOT Oversight Committee (Committee) exists by virtue of Marin County Ordinance No. 3692 which was approved by your Board on July 31, 2018. Measure W was approved by Marin County voters on November 6, 2018.

STAFF
Rhonda Kutter
Aide to Supervisor Rodoni
District 4

Per Ordinance No. 3692, Measure W created a transient occupancy tax rate of four (4.00) percent ("the West Marin Transient Occupancy Tax") of rent charged in the West Marin Transient Occupancy Tax Area, in addition to the tax rate of ten (10) percent applicable to the entire unincorporated County of Marin. The West Marin Transient Occupancy Tax is a special tax that shall be used for the benefit of the West Marin Transient Occupancy Tax Area. The Special Tax became effective January 1, 2019. Half of the West Marin Transient Occupancy Tax collected must be allocated to fire and emergency services in the West Marin Transient Occupancy Tax Area and half must be allocated for community housing in the West Marin Transient Occupancy Tax Area.

Marin County Civic Center
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415-473-3246

The purpose of the Committee is to review, on an annual fiscal year basis, the expenditure of Measure W transient occupancy tax revenue to ensure that the revenue is allocated within the boundaries of the West Marin Tax Area and for the purposes approved by the voters. The Department of Finance performs an annual audit of the revenues and expenditures of the West Marin Transient Occupancy Tax and provides the audit to the Committee annually for review.

DISCUSSION:

[1] On December 13th, 2021 Mina Martinovich, Assistant Director of Finance, guided the Committee, along with representatives of County Fire and the Community Development Agency (CDA), through the Compliance Audit Report, reviewing the process for collecting the 4% portion of the Measure W TOT tax, the process for

allocating costs, and the amounts segregated for the two main funding areas: (1) fire and emergency services and (2) community housing.

[2] Ms. Martinovich then led us through four pages of financial statements: Comparative Balance Sheets; Comparative Statement of Revenues, Expenditures and Changes in Fund Balances; Account Balances by Program Area; and Fire and Emergency Allocations Detail. The Auditors decided that more reports, and more detail than in the previous year were necessary to convey the entire financial picture of these funds. We noted that there are multiple complications in administering these funds; we appreciate the detail of the reports.

[3] Again this year, the Compliance Audit made several recommendations regarding the Fire and Emergency portion of the funds. One, that Marin County Fire, as both the administrator of the fire funds and as a member agency, should consider placing their Measure W Fire member funds in a separate account from the main Special Revenue Fund 3440. Two, that County Fire, as administrator, disburse allocations to member agencies within 90 days of the end of each semi-annual installment period. Three, that County Fire, as administrator, perform, at least quarterly, a cash reconciliation to be prepared and reviewed by two different people. This last recommendation came about due to the detection of an uncashed check that had been written to a member fire department. County Fire, in response to the recommendations, has agreed with all of them. We endorse these recommendations.

[4] The Compliance Audit contained Appendix D which detailed (1) TOT amounts spent by each fire agency and (2) TOT amounts spent for community housing, detailed further by the four housing subject areas and the geographical area of the only grant. The Audit Report team provided us with a second Appendix D (For Informational Purposes Only) which added, for fire and for housing, which specific agencies spent the funds. CDA paid \$8,065 for the entire year for Housing Production and nothing for Rental Assistance. The Committee asked Leelee Thomas of CDA if any others had applied for housing funds. She responded that no one else had applied. See further discussion below.

[5] At all times during the review, the Auditors provided answers to the Committee's questions. We further appreciate that representatives from County Fire and CDA were present for the Audit Report meeting, and that the Auditors provided the Appendix D (Informational Purposes Only) report along with the Audit Report.

[6] As a final step in the oversight process, the Committee formed two sub-committees: one to affect a survey and a second to write the Board letter. Scoby Zook and Emmanuel Serriere were appointed to the survey subcommittee, and Scoby Zook and Pamela Lichtenwalner to write the letter.

[7] The survey sub-committee met and decided to focus this year's survey on the low amount of spending on Community Housing, especially on Housing Production and

Rental Assistance which, according to the guidelines, targeted 70% and 15% respectively of total Measure W housing funds. The sub-committee emailed each entity receiving housing funds in the prior period, asking them to explain the situation from their point of view. The survey sub-committee noted that no funds had been expended for Rental Assistance during this fiscal year, a period of economic stress for many families. Approximately \$80,000 would constitute 15% for Rental Assistance.

[8] The three agencies that received Rental Assistance funds in the prior period all reported that no Rental Assistance funds were available for this period. In a meeting with the Executive Director of WMCS and her colleague, we discovered that the system for getting rental assistance to residents stumbled during this period. She reported that people were put on waiting lists, even as residents bunched together to save rent and borrowed from relatives to avoid losing their housing. The ED stated that the previous period's Rental Assistance (\$37,000) had been used up in a month, and in order to keep helping their clients during this period WMCS used its own funds.

The survey sub-committee then sent an email to CDA requesting clarification. They replied:

- a) The prior year MWWM TOT Rental Assistance funds had been distributed when no other rental assistance funds were available;
- b) The county received millions of dollars from Community Development Block Grants, the Marin Community Foundation and federal and state funds during this period and all of these monies were available for West Marin residents;
- c) Many of the West Marin partner organizations assisted with outreach and referral; and
- d) Housing Assistance has not been prioritized for this year; that it is beneficial to accumulate funds for larger more impactful investments in housing projects; and that Community Housing funds will not always be spent 100% each year.

[9] We also sent an email to Ms. Martinovich, asking if the small amount of spending (on the Housing side) was not worth a comment in the Audit Report. She replied that the Auditors had no reason to make a note of the low amount because it represented only a 'fluctuation' in spending and was not an item that rises to the level of an audit finding or audit observation.

[10] Regarding the Housing Production portion of the Housing funds, the Bolinas Community Land Trust and CLAM (The Community Land Trust of West Marin) both confirmed that they did not request any Housing Production funds because they had no project ready for funding.

[11] The Committee makes the following observations

There appeared to be a lack of coherent communication between CDA and local agencies regarding the availability of Measure W Rental Assistance funds for this period.

Both WMCS and SGVCC reported that they had a need for the Measure W Rental Assistance funds during the year; they often had difficulty connecting their clients with the federal and state funds, which were more restricted than Measure W Rental Assistance funds.

We calculated that \$79,864.50 of Rental Assistance was the targeted figure based on the Working Group guidelines for West Marin residents in need of Rental Assistance during this period. No dollars were actually distributed.

CDA did not disburse funds according to the Working Group guidelines regarding Rental Assistance.

We accept the idea of accumulating funds for the Housing Production portion of the Community Housing money. For this period \$372,701 was available with only \$8,065 spent. The relevant local organizations have confirmed to us that they had no large projects that needed funding for the 2020-2021 fiscal year.

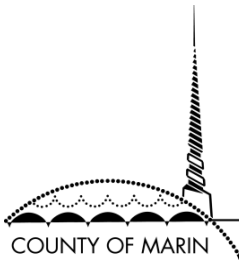
[12] We believe that the Measure W TOT funds were collected and distributed (with the exceptions noted in paragraph [11]) according to Measure W and Ordinance No. 3692 and that the Compliance Audit is complete and correct. We recommend that the Board of Supervisors accept the Compliance Audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Scoby A. Zook". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Scoby Zook, Chair
WMMW TOT Oversight Committee

cc: Roy Given
Leelee Thomas
Jason Weber



COMMUNITY DEVELOPMENT AGENCY
HOUSING AND FEDERAL GRANTS DIVISION

April 12, 2022

Thomas K. Lai
DIRECTOR

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SUBJECT: Community Development Agency Response to Measure W TOT Oversight Committee's review of the County of Marin's Measure W TOT Compliance Audit Report for the period of July 1, 2020 to June 30, 2021.

This letter is in response the letter from the WMMW TOT Oversight Committee, signed by Soby Zook, Chair and dated April 1, 2022 which expresses concerns about the of spending on Community Housing, especially on Housing Production and Housing Assistance.

During the 2020-21 audit period no applications were received for housing assistance programs and only one (1) housing production application was received and subsequently funded.

The Measure W Community Housing funds are available to applicants on a rolling basis. Eligible applicants can apply for project funding at any time. There is no requirement to be invited to apply for funding, nor is there a limitation on the number of projects an organization can request funds for.

The application and guidelines are available on the [Measure W Community Housing webpage](#) for organization to access at any time. Interested parties are also able to request applications from staff directly. Staff made considerable efforts to communicate the responsive nature of the Measure W Community Housing Funding program structure when the program priorities and process were established and approved by the Board of Supervisors (BOS). Housing providers in West Marin were aware of the availability of Measure W funds and the priorities established by the Measure W Working Group.

As noted in the TOT Compliance Audit Report the County received 33 million in resources from Community Development Block Grants, the Marin Community Foundation, and federal and state funds for COVID related rental assistance. However, housing assistance has remained an eligible funding category and was included in the Board of Supervisors approved priorities authorized on May 4, 2021. Applicants who received Measure W housing assistance in 2020 could have submitted another application.

The TOT Compliance Audit Report may have misunderstood written comments by staff regarding fund accumulation. At no time has staff

suggested housing assistance not be funded in favor of accumulating funds for larger housing projects. Staff did identify that:

“Given the nature and cost of housing development and acquisition, the Community Housing funds will not always be spent 100% each year. It is beneficial to accumulate funds for larger more impactful investments in housing projects, this will actually make them more effective given the extremely high costs in West Marin.”

Moving forward, staff will conduct additional outreach to past, current, and potential partner organizations after the Board of Supervisors approves priorities later this Spring. We look forward to continued collaboration with the WMMW TOT Oversight Committee and the Measure W Working Group and to serving the West Marin communities.

Respectfully submitted,



Molly Kron
Senior Planner



Leelee Thomas
Deputy Director