

## **Measure X Sales Tax Revenue Allocation Discussion, Recommendations, and Direction** **November 16, 2023**

### **Background**

On November 3, 2020, voters in Contra Costa County approved Measure X, a Countywide, 20-year, half-cent sales tax. The ballot measure language stated the intent of Measure X as “to keep Contra Costa’s regional hospital open and staffed; fund community health centers, emergency response; support crucial safety-net services; invest in early childhood services; protect vulnerable populations; and for other essential county services.”

The Measure X Community Advisory Board was established on February 2, 2021, to advise the Board of Supervisors on the use of Measure X funds. The Advisory Board consists of 17 members, comprising 10 Supervisorial District appointees (2 per Supervisorial District) and 7 At-Large members.

The Advisory Board began meeting on April 13, 2021 and spent countless hours in 25 meetings receiving and reviewing information regarding unmet community needs, hearing from and listening to a multitude of organizations and individuals, and considering and developing processes to develop funding recommendations that aligned with their Vision Statement and conformed to their Operating Principles.

This prioritization process was very challenging, given the breadth and depth of needs in the community and the relatively limited amount of Measure X funding available. The Advisory Board received funding requests totaling over \$350 million and recognized that there are many additional community needs that were not formally brought to their attention. The Advisory Board also noted that many worthy strategies and programs presented to the Advisory Board which are important did not rank at the top.

On October 12, 2021, the Measure X Community Advisory Board presented their report to the Board of Supervisors to summarize the work of the Advisory Board over the previous six months (Attached). The Advisory Board specifically recognized that the need for a strong hospital and clinic system was a key element in the Measure X ballot measure language. The Contra Costa Regional Medical Center and Health Centers (and related clinics) provide critical services to the most vulnerable members of our community, and it is imperative that they remain financially viable. As noted in the Operating Principles of the Advisory Board, “Sustaining a strong social safety net is important for the health and prosperity of all.” In addition, the “Healthy Communities,” goal specifies: “We strive to be a community in which all residents have access to affordable, timely, culturally-responsive healthcare; adequate housing; high-quality childcare; and nutritious food, all of which has become more urgent as we address the ravages of the pandemic.”

After consideration of the Measure X Community Advisory Board report and public comment, utilizing the priority list developed by the Advisory Board, the Board of Supervisors discussed their preliminary funding priorities at their October 12, 2021, meeting and requested additional

information from staff. Following the Board meeting, staff met with individual Board members to provide information and respond to questions and to review individual Supervisor's priorities. County Administrator staff then asked County departments to develop project proposals aligned with these priorities. These projects were presented during Measure X Community Advisory Board meetings and are enhanced with greater detail as part of Attachment B's. Using those proposals, CAO staff prepared an expenditure plan for Measure X revenue.

#### Reserve Recommendation

Due to the seasonal fluctuation of sales tax revenues, an adequate fund balance is essential to mitigating adverse impacts to on-going programs from short-term or long-term reductions in revenue. Therefore, it is recommended that a Measure X reserve be established.

The Community Corrections Partnership (CCP) provides a model for establishing a reserve. The CCP is responsible for the development of the County's AB 109 Plan that advises the Board of Supervisors on specific programming needed to implement the provisions of the 2011 Public Safety Realignment legislation. Historically, the CCP has aimed to have an ongoing budget that was fully funded by the Community Corrections base annual revenue. To ensure that sufficient fund balance reserves are maintained, the CCP established a fund balance reserve policy to maintain a minimum fund balance equal to 50% of the ongoing Community Corrections budget.

Balancing strong financial policy with community needs, it is recommended that a funding reserve of 25% be established for Measure X. A reserve of approximately \$26 million will support three months of on-going operations should sales tax revenues decline drastically.

#### Revenue and Allocation Projections

The County uses a sales tax consultant for these revenue projections. Revenue growth projections vary by industry group. Approximately 3% growth is included in these projections. The latest net revenue projections (Attachment A) and anticipated availability of funding is summarized below:

	<b>Net Revenues</b>	<b>Available for Board Action</b>
FY 2020-21 Actual Revenues	\$27,471,000	
FY 2021-2022 Projected Revenues	\$104,000,000	
FY 2022-2023 Projected Revenues	\$107,000,000	
<b>Total</b>	<b>\$238,471,000</b>	
Reserved Monies	\$26,000,000	
One-Time Allocation Available	\$105,471,000	<b>\$212,471,000</b>
Initial On-Going Allocation	\$107,000,000	
<b>Total</b>	<b>\$238,471,000</b>	

### On-going Allocations

The Measure X Advisory Board identified on-going needs in the community, which require on-going revenues for a specified period. In order to provide sufficient time to establish programs that will positively impact the community and produce measurable outcomes, it is recommended that on-going funding be allocated for an initial three-to-five-year period. Due to timing of these recommendations (mid-November) and normal timing associated with starting new/expanded programs including planning, hiring and purchasing, it is further recommended that the initial on-going funding cycle be April 1, 2022 through June 30, 2023. Future cycles will be included in the County's annual budget and will be based upon the County's fiscal year of July 1 through June 30.

### Expenditure Plan

The expenditure plan included in this report includes one-time allocations (available for distribution immediately), first cycle funding allocations of fifteen months (available April 1, 2022 through June 30, 2023), and future year on-going allocations. The table below summarizes the expenditure plan. Each recommendation is also referenced by an attachment number (B.1 through B.31) which correlates to an attached 'host' department proposal. Individual County departments were identified to act as the host department for programs. Thirty-one program areas identified by the Measure X Community Advisory Board are recommended for funding at this time.

It is anticipated that County departments will contract with community based organizations to provide some of these services. Under Contra Costa County Administrative Bulletin 613, competitive bidding is required for County contracts with community-based organizations for health and human services funded by new, dedicated funding streams. The Board can waive this competitive bidding process for these contracts if they are funded by general purpose Measure X funds, as long as no state or federal grant funds are used in these contracts. If the County supplements Measure X funding with state or federal grant funds to fund a contract with a CBO, the terms of the grant award would have to be reviewed to determine whether competitive bidding was a condition of receiving the grant.

The County Administrator is recommending that departments be given additional consideration when requests are made for approval of RFP waiver for the first funding year.

The programs included in the expenditure plan identified below are categorized by the five goals of the Measure X Community Advisory Board. As noted by the Advisory Board, many programs fall into multiple goal areas (we've identified the main area).

- Goal #1: Mental Well-Being: We strive to be a community that supports the mental and behavioral health and well-being of all residents through prevention, crisis response services, intersectional supports, and innovative cross-sector approaches.
- Goal #2: Equity in Action: We strive to be a community that prioritizes equity and removes structural barriers that cause inequities and poverty, so that all residents can thrive.

- **Goal #3: Healthy Communities:** We strive to be a community in which all residents have access to affordable, timely, culturally-responsive healthcare; adequate housing; high-quality childcare; and nutritious food, all of which have become more urgent as we address the ravages of the pandemic.
- **Goal #4: Intergenerational Thriving:** We strive to be a community that intentionally strengthens and provides support for all residents and for family members of all generations, including children, youth, and older adults.
- **Goal #5: Welcoming & Safe Community:** We strive to be a community where all residents feel safe and welcome and receive emergency help when they need it.

The attachments identified in the table below (B.1 through B.24) include program narrative details.

Program Area	One-Time	4/1/2022 through 6/30/2023	Total Allocation	On-Going FY 2023-2024	Attachment
<b>Goal #1: Mental Well Being:</b>					
CCRMC Psychiatric Emergency Services - 3,000 square feet Expansion	\$ 5,000,000		\$ 5,000,000		B.1
A3 Contra Costa Community Crisis Initiative	\$ 5,000,000	\$ -	\$ 5,000,000	\$ 20,000,000	B.2
EPSDT Leverage Fund for Children's Mental Health Services	\$ 3,250,000		\$ 3,250,000		B.3
San Ramon Valley FPD Behavioral Health Crisis Response Pilot Program	\$ 740,200		\$ 740,200		B.4
<b>Goal #2: Equity in Action:</b>					
Innovation Fund (Pilots and Innovative Projects)	\$ 2,000,000		\$ 2,000,000		B.5
Racial Equity and Social Justice	\$ -	\$ 600,000	\$ 600,000	\$ 1,200,000	B.6
Arts and Culture Programs	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	B.7
Language Access Equity for Measure X Meetings	\$ 50,000	\$ 25,000	\$ 75,000	\$ 25,000	B.8
Measure X Needs Assessment Report Writer	\$ 20,000		\$ 20,000		B.9
<b>Goal #3: Healthy Communities:</b>					
Contra Costa Regional Medical Center		\$ 40,000,000	\$ 40,000,000	\$ 40,000,000	B.10
CCRMC Medical Clinic and Office Complex - 40,000 square feet Expansion	\$ 30,000,000		\$ 30,000,000		B.1
New Public Health Lab - 15,000 square feet	\$ 25,000,000		\$ 25,000,000		B.1
CCRMC Parking Structure - 325 spaces	\$ 15,000,000		\$ 15,000,000		B.1
CCRMC Interventional Radiology - 5,000 square feet Suite	\$ 5,000,000		\$ 5,000,000		B.1
Local Housing Trust Fund (Including Funding for Homeless Housing/Services)		\$ 10,000,000	\$ 10,000,000	\$ 12,000,000	B.11
Permanent Supportive Housing (Net of Match)	\$ 5,200,000		\$ 5,200,000		B.12
Contra Costa CARES - Expanded/Comprehensive Healthcare for Uninsured	\$ -	\$ -	\$ -	\$ 750,000	B.13
<b>Goal #4: Intergenerational Thriving:</b>					
County Youth Centers - East and Central County	\$ 10,000,000	\$ 1,750,000	\$ 11,750,000	\$ 3,500,000	B.14
Accessible Transportation Strategic Plan Implementation	\$ -	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	B.15
Master Plan for Aging/Local Community Based Aging Services	\$ 250,000	\$ 1,000,000	\$ 1,250,000	\$ 2,000,000	B.16
<b>Goal #5: Welcoming &amp; Safe Community:</b>					
East County Fire - Build/Reopen and Staff Fire Stations (via annexation)	\$ 17,200,000		\$ 17,200,000	\$ 3,500,000	B.17
Contra Costa County Fire - Build/Reopen and Staff Fire Stations	\$ 1,600,000	\$ 3,500,000	\$ 5,100,000	\$ 3,500,000	B.17
Fire/Wildland Mitigation/Fuel Reduction	\$ -	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	B.17
Pinole Fire - Increase Service (via contract or annexation)		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	B.17
Unincorporated Patrol - Decreased Response Times	\$ 360,000	\$ 6,000,000	\$ 6,360,000	\$ 6,000,000	B.18
Body Worn and In-Car Cameras - Sworn Staff	\$ 720,000	\$ 1,841,000	\$ 2,561,000	\$ 1,841,000	B.19
Climate Sustainability-Sustainability Trust Public Works Projects	\$ -	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	B.20
Climate Equity and Resilience Investment in Conservation and Development		\$ 500,000	\$ 500,000	\$ 500,000	B.21
Community Based Restorative Justice	\$ 2,000,000		\$ 2,000,000		B.22
Illegal Dumping Initiative		\$ 600,000	\$ 600,000	\$ 600,000	B.23
Sales Tax Consulting Administrative Expense	\$ -	\$ 265,000	\$ 265,000	\$ 200,000	B.24
<b>Totals</b>	<b>\$ 128,390,200</b>	<b>\$ 76,731,000</b>	<b>\$ 205,121,200</b>	<b>\$ 106,266,000</b>	

### Measure X Tracking and Appropriation Adjustment

Within the General Fund (100300), establish department 0013 in the Finance System in the County Administrator's Agency (03) to track receipt and disbursement of Measure X general purpose revenues.

Based upon the County Administrator's expenditure plan, the attached appropriation adjustments (Attachment D) allocate monies to County host agencies for programming and distribution through June 30, 2023. The appropriations total \$204.456 million (one-time funds of \$128.390 million, and on-going funds of \$76.066 million). Note that \$665,000 in Measure X funding is already included in fiscal year 2021/22 appropriations.

<u>Host Agency</u>	<u>Funding</u>
Health Services	\$ 133,450,000
Contra Costa County Fire Protection District	\$ 26,800,000
Employment & Human Services	\$ 13,000,000
Department of Conservation & Development	\$ 12,500,000
Sheriff-Coroner	\$ 8,921,000
County Administration	\$ 5,285,200
Public Works	\$ 2,500,000
Probation	\$ 2,000,000
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	\$ 204,456,200

On-going appropriations for these recommendations total \$106.266 million, beginning July 1, 2023.

### Other Considerations/Next Steps

The County Administrator's expenditure plan includes a total allocation of \$205.121 million of the \$212.471 million available through June 30, 2023. The annualized cost, non-one-time costs, of these allocations is \$106.266 million. Based upon a projected on-going revenue of \$107.0 million for fiscal year 2022-2023, \$734,000 is available for an on-going allocation (\$107.0 million minus \$106.266 million) and \$6.616 million is available for one-time allocation (\$7.35 million minus \$734,000). Staff requests that the Board provide additional direction regarding these remaining funds in a future meeting. As detailed above, a total of \$7.350 million remains available for allocation.

Individual Board members requested follow-up information on the following six programs: Animal Services' dead animal pick-up, Childcare, Childhood Mental Health, Children with Disabilities, the Northern Waterfront Initiative, and Victim Assistance to Crime Victims. In the current funding cycle, Measure X for these programs (all on-going) is not feasible due to insufficient funding after addressing other MXCAB and Board of Supervisors' priorities. In consideration of the interest shared within the MXCAB membership and Board discussion, these proposals are included for informational purposes in Attachment D, should future allocation opportunities arise.

An annual report to the Board of Supervisors on the outcomes and impact of allocated Measure X funds is a responsibility of the Measure X Community Advisory Board. Staff will work with the Advisory Board and department staff to develop measurable performance outcomes and provide the required annual report. It is anticipated an oversight report from the MXCAB would come to the Board after a twelve-month period.