



## SUMMARY REPORT

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**Agenda Date:** 8/4/2020

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**To:** County of Sonoma Board of Supervisors and Board of Commissioners of the Community Development Commission

**Department or Agency Name(s):** Department of Health Services and the Sonoma County Community Development Commission

**Staff Name and Phone Number:** Barbie Robinson, 565-7876

**Vote Requirement:** 4/5th

**Supervisory District(s):** Countywide

**Title:**

Sonoma County Local Mental Health, Addiction and Homeless Services Measure Transactions and Use Tax (Second Reading)

**Recommended Action:**

- A) Adopt an Ordinance entitled the "Sonoma County Local Mental Health, Addiction and Homeless Services Measure Transaction and Use Tax Ordinance" imposing a countywide 1/4 cent special transactions and use tax (sales tax) in Sonoma County for Sonoma County behavioral health and homeless services pursuant to Revenue and Taxation Code section 7285.5. (Second Reading - Ready for adoption)
- B) Authorize the Department of Health Services to coordinate with the County Administrator to contract with the California Department of Tax and Fee Administration to administer the tax, if approved by voters.
- C) Adopt a resolution calling a special election to submit to the voters of Sonoma County a one-quarter of one percent (0.25%) sales tax measure entitled "the Sonoma County Local Mental Health, Addiction and Homeless Services Measure Transaction and Use Tax Ordinance" and ordering that the special election be consolidated with the statewide general election to be conducted on November 3, 2020.

**Executive Summary:**

On July 28, 2020 the Board adopted a resolution introducing a proposed ordinance imposing a countywide 1/4 cent transactions and use tax (sales tax) in Sonoma County for Sonoma County behavioral health and homeless services and waiving further reading.

On July 14, 2020 the Department of Health Services and the Sonoma County Community Development Commission presented a report to the Board on a proposed November 2020 Sonoma County Local Mental Health, Addiction and Homeless Services Measure Transactions and Use Tax Ordinance, including polling results and a draft expenditure plan. The Board directed staff to return on July 28, 2020 to introduce and waive further reading of a proposed ordinance imposing a 1/4 cent countywide transactions and use tax (sales tax) in Sonoma County for Sonoma County behavioral health and homeless services.

On May 21, 2019 the Sonoma County Board of Supervisors directed county staff to work with a consultant to develop recommendations to address the gap between the need for homeless and behavioral health services and existing available resources. Since that time, the Department of Health Services and the Community Development Commission have retained a consultant (TBWB Strategies), conducted three public opinion

surveys and engaged in extensive community outreach to determine the public's priorities and consider a possible placement of a 1/4 cent sales tax on a countywide election ballot to support these needed services. The recommendations below are consistent with the public's priorities that were expressed during the community outreach efforts. Further, the recommendation is consistent with the Board's previous direction to provide more efficient, effective, and sustainable behavioral health and homeless services in Sonoma County.

The actions before you include adopting an ordinance to impose a ¼ cent countywide special sales tax to provide additional revenue for Sonoma County Behavioral Health and Homeless Services, if approved by the voters, and adopt a resolution calling a special election and ordering that the special election be consolidated with the statewide general election on November 3, 2020.

**Discussion:**

The Sonoma County Department of Health Services' Behavioral Health Division is responsible for providing an array of mental health services to the County's most vulnerable residents who suffer from serious emotional disturbance (youth) or severe mental illness (adults), along with intensive outpatient services, crisis services, medication support services, residential services, and inpatient care services. A set of funds is also set aside for prevention and early intervention services. In addition, the Behavioral Health Division is responsible for providing substance use disorder services to those residents suffering from alcohol and other substance use disorders. In 2019, the Department of Health Services provided behavioral health services to approximately 15,000 high-need individuals in the County.

The Sonoma County Community Development Commission is the lead agency for homeless services in the County. It deploys a combination of federal, state, and local funds to contract with community-based providers that deliver an array of services to clients in Sonoma County, including community shelters, transitional housing, housing placement, rent assistance, eviction prevention, and street outreach. According to the 2020 Sonoma County Homeless Point-In-Time Census and Survey (2020 Survey), in 2020, 2,745 individuals experienced homelessness, with 19 percent of the homeless having a psychiatric condition and 26 percent having a substance use disorder.

A combination of factors have resulted in the Department of Health Services' ability to meet the increasing need for mental health services including the increasing cost of services; rising home prices; and stagnant wages. In addition, a primary factor impacting the Department of Health Services' ability to meet the mental health needs of the community is the state's decision to redirect 1991 Mental Health Realignment (1991 Realignment) to address In Home Supportive Services caseload growth in Social Services for a five-year period from fiscal year 2016-2017 through fiscal year 2020-2021. 1991 Realignment is one of the primary sources of funding for mental health services. Despite increasing costs and demand for services, the 1991 Realignment funding level has not increased since fiscal year 2016-2017, significantly contributing to the Department of Health Services' fiscal challenges.

To address the gap between the need for services and available revenue, over the past several years the Board of Supervisors and the Department of Health Services have invested significant one-time funding to maintain access to critical behavioral health services in the County. However, even with the allocation of these resources, there is a significant revenue gap between the community's need for services and the amount of appropriated funding the Department of Health Services receives from local, state, and federal sources. In order to address the increasing demand for mental health and homeless services, an ongoing source of revenue is needed. Without it, painful reductions to programs and services will undoubtedly occur, having a detrimental effect on vulnerable populations and our community. The ripple effects of homelessness and

untreated mental health services downstream on our criminal justice system, health systems, and educational systems cannot be understated - resulting in increased incarcerations, emergency room visits, and homeless on our streets.

These compounding issues demand creative approaches to generate additional revenue to support the needs of the most vulnerable residents of Sonoma County. By focusing on the most vulnerable in our system, the County centers the needs and realities of those clients in its future efforts and enjoys more effective and efficient service provision for all. Successful efforts in other states and counties have increased public funding for facilities, staffing, and programs supporting those with mental illness, facing substance use disorder issues, and experiencing homelessness. For example, in 2017 voters in Mendocino County passed Measure B, a half-cent sales tax measure that increased funding for mental health facilities and services. Other examples include Measure H, a March 2017 Los Angeles County sales tax for homeless services and prevention and Measure P, a November 2018 City of Berkeley real property transfer tax to fund homeless services.

In light of the critical situation, in May, 2019 your Board directed the Department of Health Services, in partnership with the Community Development Commission, to explore the placement of a revenue measure supporting behavioral health and homeless services on the November 2020 ballot.

As directed, staff have been exploring the feasibility of a revenue measure with the expertise of TBWB Strategies, including community outreach and engagement, public opinion polling, and community education.

#### Community Outreach

Since late 2019, the Department of Behavioral Health and Community Development Commission administration, staff and consultants have met with and requested feedback from representatives of the Sonoma County organizations listed below. Feedback from these organizations was supportive and positive, however there was concern expressed for expenditures focused on the most vulnerable in the county, including those with serious and persistent mental illness and substance use disorders, in lieu of coordination or prevention and early intervention. The intent of this expenditure plan is to fund services and programs for those with the most acute behavioral health needs and the homeless. Absent the revenue measure, there will be additional *significant* cuts to services and programs including early childhood mental health programs and other prevention and early intervention in order to meet the basic core needs of Behavioral Health. These cuts will have negative impacts on our criminal justice and hospital systems. Absent the revenue measure, the County will continue to experience gaps in the behavioral health system of care and gaps in our housing continuum. A focus on these specific needs is not intended to overlook or undervalue the essential services clinics provide, or deny that clients have fluid needs across a system of care and across the lifespan. The measure is intended to focus on the areas of intervention for those that are the most vulnerable and with the most intensive needs in the system because those are also the most expensive, and falling short causes expenses to climb and health to deteriorate, and stresses other areas of our community like the emergency department and criminal justice system.

| <b>Received Written Outreach and/or Presentations</b>                                       |
|---|
| City Managers   |
| City Mayors and Representatives   |
| Redwood Community Health Coalition - Sonoma County Fully Qualified Health Center Leadership |
| Police Chiefs & Sheriff Essick  |

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**Agenda Date: 8/4/2020**

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| Catholic Charities                                   |
| Sonoma County Business Representatives               |
| ESC Union Leadership                                 |
| SEIU Leadership                                      |
| NAMI   |
| Federated Indians of Graton Rancheria Tribal Council |
| DA Jill Ravitch                                      |
| St. Vincent de Paul Board                            |
| Health Action Council                                |
| Santa Rosa Junior College Staff & Leadership         |
| COTS   |
| Los Cien   |
| Santa Rosa Metro Chamber Advocacy Committee          |
| All City Council Members                             |
| West County Community Services                       |
| Judge DeMeo  |
| Reach for Home                                       |
| Sonoma County Office of Education / Leadership 40    |
| Sonoma County Medical Association                    |
| Sonoma Applied Village Services                      |
| Buckelew Programs                                    |
| Social Advocates for Youth                           |
| The Living Room                                      |
| YWCA   |
| Interfaith Shelter Network                           |
| PEP Housing  |
| Women's Recovery Services                            |
| Seneca Center  |
| Community Action Partnership                         |
| Petaluma People Services                             |
| Russian Riverkeepers                                 |
| Sonoma County Acts of Kindness                       |
| Squeaky Wheel Bicycle Coalition                      |
| Veterans Resource Center                             |

### Public Opinion Surveys

Public opinion surveys were conducted by EMC Research in Sonoma County among likely November 2020 voters in August 2019 and May 2020. In both surveys, the Behavioral Health measure received support above the two-thirds threshold needed for passage. The August 2019 survey was conducted August 15-22, 2019,

with 607 total completed interviews. The May 2020 survey was conducted May 3-7, 2020, with 612 total completed interviews. Each survey has an overall margin of error of  $\pm 3.9$  percentage points. The surveys were offered in English and Spanish, and voters were invited to participate via landline, cell phone, and email invitations.

Mental and behavioral health services were consistently viewed by the public as a priority for more funding. Surveyed voters believe that Sonoma County has a need for additional funds to address several priorities, and the vast majority indicate a great need or some need for more money for mental health services, and opioid and substance use treatment. Initial support for a mental and behavioral health services revenue measure is above the two-thirds threshold needed for passage. The proposed ballot measure has consistently received support above two-thirds in an uninformed vote, with seven-in-ten voters (70%) approving the measure in the May survey.

A final public opinion survey was conducted June 30 - July 2, 2020, to test any changes in support in light of continuing challenges with COVID and the national events regarding the Black Lives Matter movement. 615 interviews were conducted with an overall margin of error  $\pm 3.95$  percentage points. A split-sample methodology was used to test different sales tax durations:

- Sample A (10 year) n=300; margin of error  $\pm 5.66$  percentage points
- Sample B (No sunset) n=315; margin of error  $\pm 5.52$  percentage points

Voters were contacted for phone interviews via landline and cell phone, and via an email invitation to complete a web version of the survey. Interviews were conducted in English and Spanish.

Conclusions from the survey showed that optimism and positive feelings towards Sonoma County remain positive amid the ongoing pandemic, but have decreased since peaking in May. Voters continue to believe funding is needed for mental health services. The sales tax with a 10-year duration was determined to be the most viable option and voters continue to be above the two-thirds threshold for this measure.

Staff have continued to seek public feedback from the community about the public's priorities. Feedback received continues to confirm the public's support for the proposed ordinance and expenditure plan.

### Proposed Ballot Measure

The proposed Measure that was included in the public opinion survey was titled: Sonoma County Local Mental Health, Addiction and Homeless Services Measure

The ballot question reads: *To provide local mental health and addiction services and facilities for children, adults, veterans, seniors and those experiencing homelessness including: permanent supportive housing; crisis assessment; emergency psychiatric care; early detection and intervention; suicide prevention; and opioid and substance use prevention, treatment and recovery, shall the County of Sonoma establish a countywide ¼ cent sales tax for ten years, providing approximately \$25 million annually, with annual audits and citizen oversight to ensure funds are properly spent?*

The proposed Ordinance would impose a 1/4-cent countywide sales tax for ten years, and would generate approximately \$25 million annually. The proposed Expenditure Plan sets out five program categories that include critical service areas and a specific percentage of revenue allocated to each. The proposed Expenditure Plan is included in Attachment 1 to this report. Two-thirds (2/3) of the voters casting a ballot must vote to approve the tax.

The state sales tax cap is 7.25% and state law limits the combined local sales tax of all jurisdictions within the

County to a total of 9.25%. Effective April 2019, the City of Cotati has met this threshold. However, in September 2018, the Governor signed Senate Bill (SB) 152, which authorizes the County of Sonoma and its local jurisdictions to impose an additional 1% combined sales tax. Please see Attachment 3 for a breakdown of the current sales tax by jurisdiction.

The County has agreed to be responsible for the cost of the election, which is estimated to be approximately \$280,000 to \$420,000. If the election is successful, the County will receive reimbursement for the cost of the election.

Proposed Program Categories (further detailed in Expenditure Plan):

1. Behavioral Health Facilities (Proposed 22% of Total Funding)
  - Residential Care Facility
  - Transitional Housing for individuals discharging from crisis services
  - Psychiatric Health Facility and Operations
2. Emergency Psychiatric / Crisis Services (Proposed 44% of Total Funding)
  - Mobile Support Team (MST) Expansion/Crisis, Assessment, Prevention, and Education
  - Crisis Stabilization Unit
  - Residential Crisis Services
  - Inpatient Hospital Services - Adult
3. Mental Health & Substance Use Disorder Outpatient Services (Proposed 18% of Total Funding)
  - Mental Health Services at Children's Shelters
  - Mental Health Services for Children and Youth
  - Services to support Residential Care Facilities, Permanent Supportive Housing, and other Housing
  - Substance Use Disorder Services Expansion
4. Behavioral Health Homeless / Care Coordination (Proposed 14% of Total Funding)
  - Behavioral Health Services for individuals who are homeless
  - Care Coordination for High Needs Homeless and expansion of Interdepartmental Multi-Disciplinary Team (IMDT)
5. Transitional & Permanent Support Housing (Proposed 2% of Total Funding\*)
  - Supportive Housing Pool

*\*This area receives the smallest amount of proposed funding due to the influx of state funding for housing from the Newsom administration's focus on homelessness. The proposed Expenditure Plan allows for movement between categories should state or federal funding shift.*

Implementation of the Tax and Citizens Oversight Committee

To implement the tax, the County will have to contract with the California State Department of Tax and Fee Administration (formerly the State Board of Equalization) to collect and administer the tax and will be responsible for distribution of the tax revenue based on the Expenditure Plan. An Annual Report to be presented to the Oversight Committee and available to the public shall include the following information:

- 1) Budget to actual and fund balance reports.
- 2) Demonstration of compliance with the expenditure plan.

3) Any material changes in service needs or allocations.

The implementation of the Measure will be the responsibility of the Sonoma County Board of Supervisors who will oversee distribution of the funds. Funds will be utilized through a mix of contracted services and direct county services. The Board of Supervisors shall establish a citizens' oversight committee to provide transparency and ensure fiscal accountability. The committee shall review the receipt and expenditures of the revenue from the transactions and use tax, including the County's annual independent audit. The committee's review shall be completed in conjunction with the County's budget process. The committee shall produce an annual oral or written report on its review which shall be considered by the Board at a public meeting. Any final written report shall be a public record.

The Board shall adopt a resolution regarding the appointment of seven committee members, and any additional duties of the committee. Two of the Committee members will be selected by the Sonoma County City Selection Committee. Additional members shall include a Hospital Representative or first responder (a list of names of potential members submitted by the hospital association, fire chiefs association or law enforcement association), a business community representative (a list of names of potential members submitted by a chamber or business association), and a community member with lived experience of mental health needs or homelessness. Committee Members will serve a three-year term and are eligible to be reappointed by their appointing body.

The funds collected from the transactions and use tax ordinance shall be accounted for and tracked by the County Auditor-Controller Treasurer-Tax Collector to facilitate citizen oversight.

The amount generated by this revenue source and how it was used shall be included in the annual review of the County's financial operations by an independent certified public accountant, which the committee shall review.

To preserve the integrity and independence of the oversight process, the committee's responsibilities shall not include decision-making on spending priorities, financing plans or tax rate projections or assumptions and the committee shall have no authority to direct, nor shall it direct, County or City staff or officials.

**Reallocation Provisions**

The Board of Supervisors may approve by a four-fifths vote authorizing the transfer of transaction and use tax revenue from one category to another category for the specific programs identified in the Expenditure Plan. Funds may also be reallocated within one of the five categories set forth in the Expenditures Plan if a program is needed to be expanded or contracted or came under budget and/or additional federal or state revenue or grant funding became available; a program could not be implemented due to extraordinary circumstances and/or the implementing agency requested a change to the program.

**Prior Board Actions:**

On July 28, 2020 the Board adopted a resolution introducing a proposed ordinance imposing a countywide 1/4 cent transactions and use tax (sales tax) in Sonoma County for Sonoma County behavioral health and homeless services and waiving further reading.

On July 14, 2020 the Board 1) received a report from staff on proposed November 2020 Sonoma County Local Mental Health, Addiction and Homeless Services Measure Transactions and Use Tax Ordinance, including polling results and draft expenditure plan and 2) directed staff to return on July 28, 2020 to introduce and waive further reading of a proposed ordinance imposing a 1/4 cent countywide transactions and use tax (sales

tax) in Sonoma County for Sonoma County behavioral health and homeless services.

On May 21, 2019 the Board approved an agreement with Terris Barnes Walters Boigon Heath, Inc. to develop and support implementation of a strategic public outreach and engagement plan to consider options and recommendations for increasing revenue, including the possibility of a behavioral health and homeless services revenue measure in November 2020, for the period June 1, 2019 to June 30, 2020 in an amount not-to-exceed \$458,300.

**FISCAL SUMMARY**

| <b>Expenditures</b>                | <b>FY 20-21<br/>Adopted</b> | <b>FY 21-22<br/>Projected</b> | <b>FY 22-23<br/>Projected</b> |
|------------------------------------|-----------------------------|-------------------------------|-------------------------------|
| Budgeted Expenses                  |                             |                               |                               |
| Additional Appropriation Requested |                             |                               |                               |
| <b>Total Expenditures</b>          |                             |                               |                               |
| <b>Funding Sources</b>             |                             |                               |                               |
| General Fund/WA GF                 |                             |                               |                               |
| State/Federal                      |                             |                               |                               |
| Fees/Other                         |                             |                               |                               |
| Use of Fund Balance                |                             |                               |                               |
| Contingencies                      |                             |                               |                               |
| <b>Total Sources</b>               |                             |                               |                               |

**Narrative Explanation of Fiscal Impacts:**

N/A

| <b>Staffing Impacts:</b>                       |  |                               |                               |
|--|--|-------------------------------|-------------------------------|
| <b>Position Title (Payroll Classification)</b> | <b>Monthly Salary Range<br/>(A-I Step)</b> | <b>Additions<br/>(Number)</b> | <b>Deletions<br/>(Number)</b> |
|  |  |                               |                               |
|  |  |                               |                               |

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

Attachment 1 - Resolution Calling an Election

Attachment 2 - Post-Adoption Ordinance Summary

Attachment 3 - Current Sales Tax Breakdown by Jurisdiction

**Related Items "On File" with the Clerk of the Board:**

None