



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office



DATE: September 19, 2012
BOARD MEETING DATE: September 25, 2012
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: John L. Maltbie, County Manager
SUBJECT: Final Budget Changes to the Fiscal Year 2012-13 Recommended Budget

RECOMMENDATION:

Approve the following actions related to final budget changes to the Fiscal Year 2012-13 Recommended Budget:

1. Adopt Resolutions:
 - a. approving the revised County of San Mateo budget as to the expenditures for Fiscal Year 2012-13 and making appropriations therefore;
 - b. approving the revised County of San Mateo budget as to the means of financing for Fiscal Year 2012-13;
 - c. establishing the appropriation limit for the County of San Mateo for Fiscal Year 2012-13;
2. Adopt an ordinance amending the Master Salary Ordinance for changes related to the Fiscal Year 2012-13 budget

BACKGROUND:

The Board's public hearings on the FY 2012-13 Recommended Budget were conducted from June 18 through June 21, 2012. The FY 2012-13 Recommended Budget adopted by the Board on June 21 was \$1.84 billion with 5,106 positions.

As a result of the County's financial year-end closing activities and availability of updated information, increases of \$48.3 million are proposed to the Recommended Budget. These consist of \$34.9 million in final Fund Balance adjustments and \$13.3 million in September Revisions, with a net increase of 21 positions. The revised County Budget with these changes is \$1.88 billion with 5,127 positions.

The Board asked for a number of report backs during the June budget hearings. Those report backs are being assembled and will be distributed to the Board by Thursday, September 27.

The following table summarizes the Final Fund Balance adjustments and September revisions by Community Outcome area.

Community Outcomes	FY 2012-13 Recomm Budget	Final F/B Adjust (Attach B)	September Revisions (Attach C)	FY 2012-13 Final Budget	FY 2012-13 Final Positions
Safe Neighborhoods	361,935,022	2,262,213	2,131,528	366,328,763	1,276
Healthy Residents	610,979,439	1,061,235	308,644	612,349,318	1,978
Prosperous Community	191,976,839	1,066,430	2,898,085	195,941,354	825
Livable Community	46,947,748	531,687	113,506	47,592,941	182
Environmentally Conscious Community	279,983,748	11,741,319	2,506,252	294,231,319	375
Collaborative Community	<u>344,654,699</u>	<u>18,268,465</u>	<u>5,366,456</u>	<u>368,289,620</u>	<u>491</u>
Total All Community Outcomes	1,836,477,495	34,931,349	13,324,471	1,884,733,315	5,127

Final Fund Balance Adjustments

As adopted by Board Resolution, final Fund Balance adjustments are included in the Recommended Budget and comply with County Reserves Policy guidelines. Following FY 2011-12 year-end closing activities, additional Fund Balances of \$34.5 million for all County funds (\$22.3 million in the General Fund and \$12.2 million in all other funds) are included in the budget. In addition, these adjustments include an increase of \$475,809 in Realignment Sales Tax to offset a reduction to Fund Balance in Aging and Adult Services. These adjustments are summarized in Attachment B.

Final Budget Changes (September Revisions)

Final budget changes for all County funds (Attachment C) result in net increases to the County Budget of \$13.3 million and 21 positions. Attachment A contains a summary of position changes.

Key September Revisions include:

AB109 - Public Safety Realignment Staffing and Client Needs: \$2,039,683

The purpose of the Public Safety Realignment Act of 2011 was to reduce the number of offenders in state prison by shifting the supervision to counties for three groups of offenders: prison inmates convicted of non-violent, non-serious, and non-high risk sex offenses; offenders newly convicted of non-violent, non serious, non-sexual offenses that will now serve their terms in county jail; and parolees who violate the terms of their parole and will now serve their revocation term in county jail. The adjustments described below, which are consistent with the Community Corrections Partnership's Local Implementation Plan, are fully funded through the County's AB109 allocation from the State.

Sheriff's Office: As of July 31, 2012, there have been 913 AB109 cases sentenced to County jail, which represents 19% of the average daily population. In order to accurately collect and analyze accurate statistics on recidivism, as well as create data collection protocols, outcome measures, and management reports for the Sheriff's Office and all the criminal justice partners, one Management Analyst position has been added.

District Attorney's Office: Due to the increased caseload and the need for victim services, one Deputy District Attorney and two Community Workers have been added. The Deputy District Attorney will handle a caseload of approximately 50 cases and also develop expertise in the legal aspects of Realignment as well as alternative sentencing programs for defendants. The two Community Workers will handle the approximately 900 felony cases in which victim restitution was ordered.

Probation Department: An additional Legal Office Specialist has been added to the Unit in FY 2012-13 to assist with administrative tasks.

Health System: One Community Worker II and one Patient Services Assistant II have been added to welcome new clients, connect them to treatment and provide administrative support.

Human Services Agency: One Social Work Supervisor and one Job Developer have been added and one part-time Human Services Supervisor has been eliminated to improve organizational structure and effectively provide services to the formally incarcerated population.

Negotiated Labor Increases in California Nurses Association Agreement: \$620,416

The General Fund contribution to the Medical Center is increased on a one-time basis to cover negotiated labor increases that occurred in FY 2011-12 with the California Nurses Association labor agreement.

Burlingame Long Term Care Transition: \$3,933,228

As part of the agreement with Brius, \$2.3 million in Accounts Payable due the Medical Center has been loaned to Brius to assist with the transition. These funds will be repaid to the Medical Center with interest in two years. The remaining savings of \$1.7 million have been reallocated to fund the purchase of a digital mammography machine and related equipment with additional support from the Hospital Foundation and to fund the initial steps toward moving to full digital capability for all radiology.

Twenty-four vacant positions have been eliminated to reconcile the budget with the salary ordinance. Three Pharmacy Technicians and one Pharmacist have been restored to the budget pursuant to the agreement with Brius, whereby the Medical Center will continue to provide pharmacy services at Burlingame Long Term Care.

Some staff reductions at Burlingame Long Term Care did not occur until July 2012, therefore, \$1,768,076 to pay for severance and other staff reduction expenses are being carried over from the previous fiscal year to cover those costs in FY 2012-13.

Medical Center Capital Improvements: \$3,029,002

Capital expenditures are appropriated in the Medical Center's budget for the Inpatient Electronic Medical Record Project and the purchase of furnishings and equipment needed for the increased space (including exam rooms) at the new South County Clinic, which is currently scheduled to open at the beginning of FY 2013-14. Existing furniture and equipment will be fully utilized and the new Clinic.

Mental Health Services to School Districts: (\$302,497)

One vacant Marriage Family Therapist, one vacant Occupational Therapist and one vacant Psychiatric Social Worker have been eliminated due to a reduction in services provided to school districts. This change was precipitated by state changes in funding responsibility for mental health services. The districts that opted to use other providers are Bayshore-Brisbane Elementary, Menlo Park City Elementary and Sequoia Union High School.

Promoting Operational Efficiency Through "Lean" Process Improvement: \$509,777

The Medical Center is using the LEAN process improvement model to improve efficiency and service excellence. To expand this initiative, the Medical Center will add one Clinical Nurse and one Health Services Manager and convert a vacant Office Specialist position to a Program Coordinator II. This will enable the Medical Center to obtain the \$13 million per year in federal supplemental funds from the Delivery System Reform Improvement Program. In addition, LEAN is being used to increase the number of patients served without increasing costs.

Code for America Fellowship Program: \$270,000

Economic Self Sufficiency is partnering with the Philanthropic Ventures Foundation and the County of San Mateo to participate in Code For America's (CFA) Fellowship program. The CFA fellows will work to address hunger in the county by developing strategies for residents to access food. The total cost of the program is \$330,000. The Philanthropic Ventures Foundation is contributing \$130,000 and Non-Departmental Services is contributing \$140,000. The Human Services Agency will contribute \$60,000, which has already been budgeted.

Service Delivery Redesign Staffing: \$1,106,899

Fifteen Benefits Analysts, three Office Assistants, four Office Assistants and one Human Services Supervisor-U are added to Economic Self Sufficiency to provide critical services as part of Service Delivery Redesign and implementation of the Healthy Families Initiative.

Affordable Care Act Coordination: \$382,434

One Human Services Manager I-U, one Management Analyst III-U, one Human Services Supervisor-U, and one Information Technology Analyst-U have been added to Economic Self Sufficiency to form a Healthcare Coordination Unit. The unit will coordinate the Agency response to enactment of the Affordable Care Act.

Administrative and Appraisal Services Staffing Changes: \$165,542

One Unclassified Assistant Assessor-County Clerk-Recorder has been added and one vacant Assessor/Recorder Technician II has been eliminated to assist in planning, organizing, directing and reviewing the activities and operations of the Department. One Chief Appraiser has been added and one vacant Auditor Appraiser II has been eliminated to assist in the day to day operations of the Appraisal Services section and in the development of policies and procedures to improve the property appraisal process. Supplemental Administrative Tax Fee and Micrographic Conversion Fee revenues will be used to fund the increased costs. There is no Net County Cost impact.

Transfer Shared Services and Fiscal Services to Human Resources: \$0

In coordination with the County's Administrative and Support Workgroup, beginning in November 2012 the County Manager's Office and the Human Resources Department will share fiscal and personnel/payroll administrative services. The Human Resources Department will provide support to the County Manager's Office and Board of Supervisors in these areas. One filled Accountant II-C will be transferred from the County Manager's Office to Human Resources. It is anticipated that through this collaboration, services will be streamlined and succession planning efforts will be enhanced.

In addition, the Shared Services Program, which is comprised of Purchasing, Surplus Property and Mail Services, will be transferred from the County Manager's Office to Human Resources, including 12 positions and all related revenues and expenditures, with oversight provided by the County's Risk Manager.

Countywide Capital Projects: (\$2,784,195)

Funding has been reduced by \$3,784,195 due to completed and cancelled projects, partially offset by additional funding of \$800,000 for improving the Camp Glenwood facility and bringing it into compliance with Title 24; \$75,000 for project management support of the Jail Replacement Project provided by Department of Public Works and Parks; \$75,000 for Health Administration Building carpet replacement; and \$50,000 to fund a mandated site characterization study at the San Mateo County Honor Camp to determine the magnitude of fuel tank leakage at the Honor Camp site.

Countywide Information Technology Projects: \$8,582,774

The Information Services Department is carrying over \$1,228,595 in countywide IT projects, such as the Active Directory Backbone and the IT-BCP Project, and \$5,351,216 in multi-year projects such as the ATKS Advanced Scheduler, the Master Address Database, the Communication System Road Map, e-Gov and GIS. In addition, \$402,963 in Reserves is being used to fund the replacement of voice mail and the expansion of the virtual and wireless environments. Finally, \$1.6 million in Sheriff's Radio Project reserves has been appropriated for the build out of the Trunked Radio Project that will improve local and regional public safety interoperability.

Information Technology Staffing Changes: \$109,296

The planned elimination of a Deputy Director at mid-year will be postponed pending the recruitment of a Chief Information Officer by the Health System. The Health System will provide funding for the Deputy Director position in the short term.

Vehicle Rental Business License Tax Revenue: \$6,000,000

On June 5, 2012 the voters of San Mateo County passed Measure T, a 2.5% vehicle rental business license tax for the unincorporated area with an effective date of July 1, 2012. Most of the car rental agencies in the unincorporated area are located at the San Francisco International Airport. The new tax is expected to generate \$8 million annually. These revenues will be received on a quarterly basis. This adjustment appropriates three quarters, as the fourth quarter will be received in July 2013. Proceeds for FY 2012-13 will be set aside in Non-Departmental Reserves.

Net County Cost Adjustments: \$2,433,472

There are five Net County Cost adjustments included in these September budget revisions, as follows: 1) one-time adjustment to Medical Center Contribution for negotiated labor increases with California Nurses Association in FY 2011-12 (\$620,416); 2) one-time adjustment to Medical Center Contribution for reappropriated Burlingame Long-Term Care staffing transition funding (\$1,768,076); 3) ongoing adjustment to add a Supervising Deputy Coroner and delete a Deputy Coroner (\$8,730); 4) ongoing adjustment to the County Manager's Office for the Mid-Coast Community Council annual contribution (\$3,000); and 5) a one-time adjustment to the Grand Jury budget by removing Fund Balance and Reserves (\$33,250). Ongoing Net County Cost adjustments total \$11,730.

Use of Non-Departmental ERAF Reserves (\$220,000)

Included in these revisions is the use of ERAF Reserves for the following purposes: Code for America Fellowship Program (\$140,000) and Communication and Digital Services Fellowships (\$80,000).

State Budget Reductions – The recommended changes included herein do not include any State budget reductions with the exception of some miscellaneous adjustments to formula driven revenues and grants. If additional adjustments are necessary due to the November State Sales Tax Measure, an agenda item will be prepared for your consideration later in the year.

SHARED VISION 2025:

The approval of these final budget changes contributes to the Shared Vision outcome of a Collaborative Community by ensuring that the County budget is adopted in accordance with the law, and that resources are appropriated in all programs to ensure the effective delivery of services that contribute to achieving County goals, the improvement and maintenance of long-term capital assets and payment of debt, and compliance with the County's Fund Balance and Reserves Policies.

FISCAL IMPACT:

For FY 2012-13, the impact of all September changes on Total Requirements for all funds is an increase of \$48.3 million (the General Fund increases by \$35.6 million and all other funds increase by \$12.7 million). County Reserves increase by \$28.3 million (the General Fund increases by \$18.4 million and all other funds increase by \$9.9 million). General Fund Reserves now total \$180.6 million, which represents 16.7% of Net Appropriations; a percentage point increase of 1.5% over the 15.2% in the Recommended Budget tentatively adopted by the Board in June. The ongoing Net County Cost, as a result of these revisions, increases by \$11,730.

ATTACHMENTS

Attachment A – Position Changes Summary

Attachment B – Final Fund Balance Adjustments

Attachment C – September Revisions (Final Budget Changes)

Attachment D – Five-Year Facilities Capital Plan