



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



**DATE:** January 8, 2013  
**BOARD MEETING DATE:** January 15, 2013  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors  
**FROM:** John L. Maltbie, County Manager  
**SUBJECT:** **Measure A Board Workshop**

**RECOMMENDATIONS**

1. Accept this report on the implementation of Measure A half-cent sales tax;
2. Conduct a public workshop on February 12, 2013 to identify spending priorities and determine Measure A allocation amounts for the first year;
3. Direct the County Manager to prepare a Resolution by May 31, 2013, designating an Oversight Committee to perform an annual audit of revenues generated by Measure A; and
4. Direct the County Manager to create online dashboards to show community impact, and prepare annual reports to the community on how Measure A funds were spent.

**BACKGROUND/DISCUSSION**

The application of Measure A half-cent sales tax on countywide sales will begin on April 1, 2013. An agreement with the State Board of Equalization to implement and administer the tax will be going to your Board on January 29. Actual receipts will begin in June 2013. It is expected that over \$60 million will be generated for the full fiscal year FY 2013-14 that begins on July 1.

***Limited Term of 10 Years***

While the approval of Measure A was a vote of confidence in County government and those who work so hard to deliver quality services, it must be remembered that this authority will sunset in 10 years. How these funds are spent will undoubtedly determine whether voters renew this tax.

***Appropriate Uses- Community Goals***

Given that these funds are for a limited term, it is appropriate to spend on short-term and urgent needs in the community, to replace or upgrade critical facilities and infrastructure, pay down debt and unfunded liabilities, and invest in 3-5 year pilot programs that are evaluated for effectiveness and demonstrated ability to reduce or avoid ongoing costs, thereby reducing the structural deficit:

- Child abuse prevention
- 911 emergency dispatch
- Fire prevention and response
- Preschool, after school, library reading programs and homework centers for children/teens
- Keeping county parks open
- Healthcare for low-income children, seniors and the disabled
- Ensuring hospitals and emergency rooms are seismically safe and remain open
- Collective community impact (leveraged opportunities) – child care, shared services, economic development, land use, capital projects, technology

**Information on Existing County Liabilities and Infrastructure Needs**

Measure A funds could also be used to pay down existing debt and unfunded liabilities, like retirement and retiree health, which would lower ongoing contributions and free up funds for ongoing operations. The table below shows balances and needs:

<b>Existing County Liabilities and Infrastructure Needs</b>	<b>Amount</b>	<b>Description</b>
Unfunded Retirement Liability (UAAL)	\$962.3 million	Most recent actuarial valuation as of June 30, 2012; a lump sum payment of \$50 million could reduce annual County contributions by \$4-5 million
Unfunded Retiree Health (OPEB) Liability	\$100.1 million	Most recent actuarial valuation as of June 30, 2011
Outstanding Long-Term Construction Debt	\$356 million	Balance as of June 30, 2012; some bonds are callable over the next 10 years, meaning they can be refinanced or repaid without penalties; would reduce/eliminate debt service payments including interest.
Facilities/Capital Infrastructure	\$300 million+	From the Five-Year Facilities Capital Plan; includes \$165 million for replacement jail, and unfunded major maintenance projects and other new construction and facility purchases; does not include ongoing maintenance costs.
Technology/Communications Infrastructure and Replacement of Major Business Systems	\$50 million+	From the Five-Year Information Technology Strategic Plan (ITSP); includes replacement of Criminal Justice case management systems, HR/Payroll and Property Tax systems; replacement or upgrades to public safety communications infrastructure (radio, 911 dispatch), data and phone/voice networks; does not include ongoing support costs.
<b>TOTAL EXISTING LIABILITIES AND INFRASTRUCTURE NEEDS</b>	<b>\$1.8 billion+</b>	

**FISCAL IMPACT**

There is no fiscal impact in accepting this report. It is estimated that Measure A will generate more than \$60 million annually beginning in FY 2013-14, for a ten-year period.