



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



DATE: September 10, 2013
BOARD MEETING DATE: September 16-18, 2013
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: John L. Maltbie, County Manager
SUBJECT: Final Budget Changes, including Measure A Adjustments, to the Fiscal Year 2013-14 Recommended Budget

RECOMMENDATION:

Approve the following actions related to final budget changes to the Fiscal Year 2013-14 Recommended Budget:

Adopt Resolutions:

- a. approving the revised County of San Mateo budget as to the expenditures for Fiscal Year 2013-14 and making appropriations therefore;
- b. approving the revised County of San Mateo budget as to the means of financing for Fiscal Year 2013-14;
- c. establishing the appropriation limit for the County of San Mateo for Fiscal Year 2013-14;

BACKGROUND AND DISCUSSION:

On June 18, 2013 the Board adopted a budget resolution that rolled over the FY 2012-13 Adopted Budget and included ongoing mid-year Appropriation Transfer Requests so that the County could continue business without interruption until the Recommended Hearings in September. The budget that the Board adopted on June 18 was \$1.9 billion with 5,127 authorized positions.

On August 23, 2013 the County Manager released his two year spending plan that invests in public safety, prepares the County for federal health care reform, funds affordable housing projects and rebuilds aging infrastructure, including the Maple Street Correctional Center. The Recommended Budget for FY 2013-14 is \$2.1 billion and 5,247 positions. The Recommended Budget for FY 2014-15 is \$1.9 billion with 5,289 positions. There was no Measure A funding included in the Recommended Budget pending completion of the Board's Measure A hearings that concluded on August 6, 2013.

With the completion of the Measure A hearings and the County's financial year-end closing activities and availability of updated information, increases of \$72 million are

proposed to the FY 2013-14 Recommended Budget. These consist of \$51.5 million in Measure A adjustments, \$24 million in final Fund Balance adjustments, and a reduction of \$3.5 million in September Revisions, with a net increase of 51 positions. The revised County Budget for FY 2013-14 with these changes is \$2.2 billion with 5,298 positions.

Changes to the FY 2014-15 Recommended Budget result in a net increase of \$44.4 million, including the \$72 million added in year one less reductions of \$27.6 million, including \$6.8 million in Measure A spending, \$7.3 million in Fund Balance adjustments, and \$13.4 million in September revisions. These reductions are primarily due to the elimination of one-time projects in FY 2013-14. The revised County Budget for FY 2014-15 with these changes is \$1.93 billion with 5,340 positions. Pursuant to the County Budget Act (Government Code §29000-29044), the Board is not authorized at this time to adopt the FY 2014-15 Budget, however, this budget was prepared at the detail level and will be, with minor adjustments, the budget that the Board will consider for tentative adoption in June 2013.

The following table summarizes the Final Fund Balance adjustments and September revisions by County Agency:

County Agencies	FY 2013-14 Recomm Budget	Final F/B Adjustments (Attach B)	September Revisions (Attach C)	Measure A Adjustments (Attach D)	FY 2013-14 Final Budget	FY 2013-14 Final Positions
Criminal Justice	344,888,397	2,444,637	3,494,613	514,886	351,342,533	1,247
Health Services	616,189,386	769,473	(4,025,994)	6,669,932	619,602,797	2,069
Social Services	202,478,703	582,946	(475,315)	2,976,349	205,562,683	857
Community Services	445,333,658	10,541,956	(2,977,076)	14,300,883	467,199,421	622
Administration and Fiscal	<u>498,743,600</u>	<u>9,657,837</u>	<u>446,802</u>	<u>27,030,000</u>	<u>535,878,239</u>	<u>503</u>
Total All Agencies	2,107,633,744	23,996,849	(3,536,970)	51,492,050	2,179,585,673	5,298

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 2012-13 year-end closing activities, additional Fund Balances of \$24.8 million for all County funds (\$15.5 million in the General Fund and \$12.2 million in all other funds) are included in the budget. The Fund Balance adjustments in the table above are offset by revenue reductions of \$783,264. These adjustments are summarized in Attachment B.

The County's current Fund Balance policy still calls for a 75/25 split, that is, for General Fund departments, 75% of their year-end Fund Balance not reserved remains with the department and 25% is transferred to Non-Departmental Services. For this budget the County has utilized a 50/50 split to increase Non-Departmental Fund Balance to help fund the additional pension contributions. The County Manager's Office, with input from departments, will come back to the Board at mid-year with a new more comprehensive, policy that looks at other options for calculating the split, including consideration for excluding grant and contract revenues, a sliding scale and minimum and maximum caps.

Final Budget Changes (September Revisions)

Final budget changes for all County funds (Attachment C) result in a net decrease to the County Budget of \$3.5 million and a net increase of seven positions. Attachment A contains a summary of position changes.

Key September Revisions include:

Sheriff's Grant and Contract Positions: \$850,045

Due to increased workload in the Northern California Regional Intelligence Center (NCRIC), one Unclassified Lead Crime Analyst, three Unclassified Crime Analysts, and one Unclassified Information Technology Analyst are being added. The positions are fully grant funded. In addition, due to increased enforcement activity on the transit corridor, one Deputy Sheriff will be added to the Transit Operations Division. This position is fully funded by an amendment to the agreement with SamTrans.

Health Realignment Allocation Decreased: \$3,928,984

The State has reduced Health Realignment funding allocated to counties in anticipation of counties receiving additional patient revenue as a result of Health Care Reform. The decrease in funding is currently being offset by Intergovernmental Transfer (IGT) revenues and Non-General Fund Reserves. However, the California Association of Public Hospitals continues to work with the State to determine how the savings will be calculated and how much additional patient revenue will actually be generated.

Workforce Investment Act (WIA) Transferred to County Manager's Office: \$0

This action moves the Workforce Investment Act (WIA) program from HSA Employment Services to Workforce Development within the CMO. The entire Workforce Investment Board budget, including 21 positions has been transferred.

Space Planning and Retrofitting of County Office Building 1: \$6,000,000

Due to the leasing of both buildings on the Circle Star Campus the County will need to explore and implement options for fully utilizing COB-1. Accordingly these funds are being appropriated for space planning and retrofitting of COB-1. The unused funds set aside for the Circle Star tenant improvements are being used for this purpose.

Term Capital Projects Managers: \$675,333

This adjustment adds one permanent Public Works Technician and one permanent Program Services Manager and three term Capital Project Managers along with associated costs to work on the increasing number of large Capital Improvement Projects. These term positions are part of the County's Agile Workforce Pilot Project.

Human Resources/Payroll Replacement System: \$2,015,495

This adjustment increases the budget for the Human Resources/Payroll Replacement System project to \$7.5 million in FY 2013-14. The total cost is expected to be \$14 million over the course of the next two years. This project will improve collaboration within County agencies through improved reporting capabilities, streamlined and standardized business processes and more transparent workflow for HR and Payroll transactions.

Net County Cost Adjustments: \$263,821

Ongoing Net County Cost adjustments are made for a 5% increase in base pay for Clinical Services Manager positions in the Health System (\$82,309) and funding for a new position in the Human Services Agency to administer the Children's Fund (\$118,512). One-time Net County Cost adjustments for the Electronic Signature Project (\$25,000) and the purchase of Electronic Value Stream Mapping software (\$38,000) for future business process redesign events are also included.

Measure A Adjustments

The sum of all Measure A proposals (Attachment D) total \$51.5 million in FY 2013-14. Of this amount, \$1.6 million represents leveraged funding from other sources and \$49.9 million is Measure A funding. Additional funding sources may be identified as departments implement and/or expand their programs. For instance, the \$5 million allocated in both fiscal years for the Early Learning and Care Initiative will only be allocated if outside matching funds are secured. In FY 2014-15, Measure A proposals total \$44.6 million, of which \$2.2 million is from other sources. The Seton Medical Center subsidy is not included in FY 2014-15 as the amount for year two has not yet been determined. The table below provides a summary of the Measure A funding allocated to 22 proposals tentatively adopted by the Board during Measure A hearings.

Measure A Proposals	Budget Unit	Departments	FY 2013-14 Recomm.	FY 2014-15 Recomm.	Total Pos.
Agreement with Seton Medical Center	8000D	Non-Departmental Services	\$11,500,000	\$TBD	0
Bicycle Coordinator	4500D	Department of Public Works	80,000	75,500	0
Buildings and Facilities Infrastructure	8500D	Capital Projects	4,640,000	12,000,000	0
Coastside Response Coordinator	3000B	Sheriff's Office	30,000	30,000	0
Core Service Agencies - Performance Management System	1800B	Information Services Dept.	300,000	25,000	0
County Fire Engine and Vehicle Replacement Fund	8000B	Non-Departmental Services	2,000,000	1,500,000	0
Court Appointed Special Advocates (CASA) for Foster Care	7000D	Human Services Agency	100,000	100,000	0
Early Learning and Care Trust Fund	8000B	Non-Departmental Services	5,000,000	5,000,000	0
East Palo Alto Homeless Shelter Operating Expenses	7000D	Human Services Agency	700,000	500,000	0
Homeless Outreach Teams	7000D	Human Services Agency	150,000	150,000	0
Library Capital Needs	3700B	County Library	2,000,000	0	0
Library Summer Reading Programs	3700B	County Library	328,300	206,300	0
Coastside Medical Services	5000D	Health System	551,180	402,359	4
Mental Health System of Care for Adults	5000D	Health System	2,655,322	1,405,289	2
North Fair Oaks General Plan Implementation	3800B	Planning and Building	3,403,500	3,080,000	0
Parks Department Operations and Maintenance	3900B	Parks Department	2,066,208	2,066,208	7
Parks Department Capital Projects	8500D	Capital Projects	1,716,500	1,716,500	0
Prevention and Early Intervention - At Risk Children	5000D	Health System	2,645,381	3,648,185	17
Prevention and Early Intervention - At Risk Children	7000D	Human Services Agency	1,270,927	1,711,789	12
SamTrans - Services to Youth, Elderly, and Disabled	8000B	Non-Departmental Services	5,000,000	5,000,000	0
School Safety	3000B	Sheriff's Office	473,219	473,219	2
Technology Infrastructure and Open Data	1800B	Information Services Dept.	3,230,000	3,230,000	0
Veterans Services	7000D	Human Services Agency	100,000	100,000	0
Total - Measure A Proposals			\$49,940,537	\$42,420,349	44

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:

The impact of all September changes on Total Requirements for all funds is an increase of \$72 million in FY 2013-14 and \$44.4 million in FY 2014-15. County Fund Balance has increased by \$24.8 million in FY 2013-14. General Fund Reserves now total \$212.5 million, which represents 17% of Net Appropriations. The ongoing Net County Cost, as a result of these revisions, increases by \$200,821.

ATTACHMENTS

Attachment A – Position Changes Summary

Attachment B – Final Fund Balance Adjustments

Attachment C – September Revisions (Final Budget Changes)

Attachment D – Measure A Proposals