



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



DATE: June 11, 2014
BOARD MEETING DATE: June 17, 2014
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: John L. Maltbie, County Manager
SUBJECT: **FY 2014-15 Recommended Budget Resolution**

RECOMMENDATION:

- A) Adopt a Resolution approving the FY 2014-15 Recommended Budget submitted by the County Manager.
- B) Resolution approving an allocation from the AB109 Realignment Trust Fund to reimburse the Superior Court for the cost of one Court Commissioner for three years, in an amount not to exceed \$630,000.

BACKGROUND

The County Budget Act (Government Code §§ 29000-29144 and § 30200) requires that counties have a Recommended budget, approved by the Board of Supervisors, in place on July 1 of each fiscal year. On September 18, 2013, as part of the new two year budget process, the Board of Supervisors approved the FY 2013-14 Adopted Budget and received the FY 2014-15 Recommended Budget. The purpose of this budget transmittal is to seek formal approval of the FY 2014-15 Recommended Budget. This Budget has been amended from the one received last September to include adjustments that are deemed necessary to ensure uninterrupted services and operations through September 2014. The Board will consider the FY 2014-15 Adopted Budget, including September revisions and final Fund Balance adjustments, on September 23, 2014.

DISCUSSION

The FY 2014-15 Recommended Budget received by the Board last September (the "FY 2014-15 Preliminary Recommended Budget") totaled \$1,933,663,450 with 5,343 authorized positions. The updated FY 2014-15 Recommended Budget now presented to the Board for approval totals \$2,100,387,995 with 5,365 authorized positions, representing an increase of \$166,724,545 and 22 positions. The following tables display the Total Requirements and Authorized Positions for All Funds and the General Fund for the FY 2013-14 Revised Budget, the FY 2014-15 Preliminary Recommended Budget and the FY 2014-15 Recommended Budget. It should be noted that the FY 2014-15 Preliminary Recommended Budget included a net increase of 42 positions, primarily due to the addition of 57 positions in

the Sheriff's Office, 55 of which will staff the new Maple Street Correctional Center when it opens in 2016. Those staffing increases were partially offset by position changes in the Human Services Agency, the Health System and the Coroner's Office.

TOTAL REQUIREMENTS - ALL FUNDS					
All County Funds	FY 2013-14 Revised	FY 2014-15 Preliminary	FY 2014-15 Recommended	FY 2014-15 Change	% Change
Total Budget	\$2,201,007,307	\$1,933,663,450	\$2,100,387,995	\$166,724,545	8.6%
Total Positions	5,301	5,343	5,365	22	0.4%

TOTAL REQUIREMENTS - GENERAL FUND					
General Fund	FY 2013-14 Revised	FY 2014-15 Preliminary	FY 2014-15 Recommended	Change	% Change
Total Budget	\$1,466,541,498	\$1,320,125,253	\$1,383,611,321	\$63,486,068	4.8%
Total Positions	4,053	4,095	4,117	22	0.5%

Key funding adjustments (Attachment A) are as follows:

- 1) Net proceeds from the sale of Circle Star Plaza, totaling \$87.1 million, have been set aside in Capital Reserves for future construction projects.
- 2) Negotiated Salary and Benefit increases, totaling \$22.3 million, have been appropriated across all operating departments. Net County Cost impact is \$14.6 million.
- 3) Capital Improvement Projects, totaling \$18.5 million, have been added or re-appropriated: New Solar Panels (\$7 million), Maguire Correctional Facility SB1022 local match (\$4.0 million), Facility Condition Index Maintenance Projects (\$4.0 million), Animal Shelter Replacement Project (\$2.5 million), and Water Fixture Upgrades (\$1.0 million).
- 4) Adjustments to Measure A initiatives, totaling \$8.6 million, have been included: Seton Medical Center six-month contract extension (\$7.2 million), Farm Labor Housing Rehabilitation and Replacement (\$500,000), East Palo Alto Library improvements (\$500,000), Library Summer Reading Sessions (\$206,300), and two (agile) positions for Veterans Services (\$158,306).
- 5) Crystal Springs Sanitation District Loan, totaling \$8.7 million, has been re-appropriated.
- 6) One-time and ongoing Parks initiatives and operating expenditures, totaling \$2.7 million, have been added; including an agreement with Public Works for Capital Projects coordination, Devil's Slide annual maintenance and connector trail planning, Surfers Beach project, Moss Beach Playground improvements, Vehicle Replacement charges, two term Park Rangers, and various other expenditures. Net County Cost impact is \$803,500.
- 7) Board approved adjustments to the AB109 Realignment budget, totaling \$3.9 million, have been included.
- 8) Board approved three percent increase to Community Based Organizations, totaling \$1.9 million, has been included. Net County Cost impact is \$1.9 million.
- 9) Board approved Comprehensive Reentry System budget, totaling \$1.8 million, has been included.
- 10) Data Center and Radio Shop Relocation costs, totaling \$1.8 million, have been added and include the cost of equipment and the lease at 1320 Marshall Street. Funding for

the cost of the physical move has not been identified but will be addressed in September.

- 11) A new Office of Sustainability, totaling \$1.2 million and six staff, is added to the County Manager's Office to meet Water Quality Control Board requirements, adequately staff the ongoing Energy Upgrade Program and better coordinate and respond to current and emerging environmental issues. Net County Cost impact is \$903,294.
- 12) Cal Fire contract adjustments, totaling \$693,361, have been included to cover the cost of an Administrative Chief to oversee Fire Station capital construction projects and assist with general administrative duties, and a five percent COLA for State Fire personnel.

Other significant funding adjustments include:

- 13) District Attorney Case Management System - \$1,341,963
- 14) Preservation of 50 Treatment Beds - \$900,000
- 15) County Service Area No. 11 Well/Storage Project - \$840,000
- 16) Local Coast Transportation Management Plan - \$600,000
- 17) Center for Homelessness Redesign - \$100,000

The Net County Cost impact of all adjustments totals \$20,872,490. The change in net positions is 22, of which 10 have already been approved by the Board during FY 2013-14 and 12 represent new requests. The new requests will be coming to the Board in separate Salary Ordinance Amendments on June 17 and July 1 (with the Master Salary Ordinance). A summary of position changes can be found in Attachment B.

Fund Balance and Reserves

Fund Balance for All Funds has increased by \$137.5 million largely due to adjustments in Non-Departmental Services (\$47.3 million) and the proceeds from the sale of Circle Star Plaza (\$87.1 million). The increase in Non-Departmental Services is based on mid-year estimates and is considered very conservative. Reserves for All Funds total \$350.3 million and \$174 million for the General Fund, representing 14.4% of Net Appropriations.

AB109 Allocation For Court Commissioner

The Superior Court has requested County AB109 Realignment funding to cover the cost of a Court Commissioner to alleviate courtroom congestion and to ensure the County and the Court are able to effectively and efficiently address the realignment caseloads transferred from the State to the County. The County acknowledges that while the State provided additional funding to counties for the realigned populations, the State significantly cut trial court funding to the local courts. The added Court Commissioner should enhance the Court's ability to serve the County's criminal justice caseloads, including the realignment caseload. The total Salaries and Benefits for a Court Commissioner is \$205,000. The not-to-exceed amount of \$630,000 should be sufficient to cover the cost of the position for three years. The Court will assume full financial responsibility for this position after three years. This change will impact the reserve levels of the AB109 Realignment Trust Fund but has no direct bearing on the County budget as these funds will be paid directly from the trust fund.

County Counsel has reviewed and approved the Budget Resolution and the AB109 Resolution as to form.

The adoption of the FY 2014-15 Recommended Budget contributes to the Shared Vision 2025 outcome of a Collaborative Community by ensuring that resources are allocated in accordance with the law, that services to the community – especially the most vulnerable – are maintained without interruption, and that the County's financial future remains strong.

FISCAL IMPACT

The FY 2014-15 Preliminary Recommended Budget totaled \$1,933,663,450 and 5,343 authorized positions. With the funding adjustments described above and in Attachment A, the FY 2014-15 Recommended Budget for all funds totals \$2,100,387,995 and 5,365 authorized positions.

The FY 2014-15 Preliminary Recommended Budget for the General Fund totaled \$1,320,125,253 and 4,095 authorized positions. With the funding adjustments described above and in Attachment A, the FY 2014-15 Recommended Budget for the General Fund totals \$1,383,611,321 and 4,117 authorized positions. The increase in Net County Cost as a result of these increases is \$20.9 million.

Details of the Recommended Budget adjustments, position changes, and Budget Unit Summaries for each budget unit requiring Board approval are provided as attachments.