



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



**Date:** September 8, 2016  
**Board Meeting Date:** September 20, 2016  
**Special Notice/Hearing:** Yes  
**Vote Required:** Majority

**TO:** Honorable Board of Supervisors  
**FROM:** John L. Maltbie, County Manager  
**SUBJECT:** Final Budget Changes to the Fiscal Year 2016-17 Approved  
Recommended Budget

**RECOMMENDATION:**

Approve the following actions related to final budget changes to the Fiscal Year 2016-17 Approved Recommended Budget:

1. Adopt resolutions:
  - a. Approving the revised County of San Mateo budget as to the expenditures for Fiscal Year 2016-17 and making appropriations therefore; and
  - b. Approving the revised County of San Mateo budget as to the means of financing for Fiscal Year 2016-17; and
  - c. Establishing the appropriation limit for the County of San Mateo for Fiscal Year 2016-17; and
  - d. Amending the Master Salary Resolution for changes related to the Fiscal Year 2016-17 budget.

**BACKGROUND:**

The County Budget Act (Government Code §§ 29000-29144 and § 30200) requires that the Board of Supervisors adopt the County budget by October 2.

On September 22, 2015, as part of the two year budget process, the Board of Supervisors approved the FY 2015-16 Adopted Budget and received the FY 2016-17 Preliminary Recommended Budget. On June 21, 2016 the Board formally approved the FY 2016-17 Recommended Budget. The purpose of this budget transmittal is to seek formal approval of the FY 2016-17 Adopted Budget, which has been amended to include FY 2015-16 year-end Fund Balance adjustments; the reappropriation of capital improvement projects, IT projects and **Measure A** initiatives; and other adjustments deemed necessary to ensure the effective delivery of services that contribute to achieving County goals.

**DISCUSSION:**

The Recommended Budget that the Board approved on June 21, 2016 was \$2.6 billion with 5,438 authorized positions. With the completion of the County's year-end financial closing activities and availability of updated information, increases of \$113.8 million or 4.4% are proposed to the FY 2016-17 Adopted Budget. These consist of \$90.5 million in final Fund Balance adjustments and \$23.3 million in September revisions, with a net increase of 26 authorized positions. With these changes, the FY 2016-17 Budget now presented to the Board for adoption totals \$2.7 billion with 5,464 authorized positions. The budget for the General Fund is \$1.8 billion with 4,297 authorized positions.

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

County Agencies	FY 2016-17 Revised Rec Budget	Final F/B Adjustments (Attach B)	September Revisions (Attach C)	FY 2016-17 Final Budget	FY 2016-17 Final Positions
Criminal Justice	413,989,580	5,203,703	8,189,564	427,382,847	1,357
Health Services	747,634,380	11,447,784	3,373,057	762,455,221	2,173
Social Services	244,571,505	8,710,532	8,082,713	261,364,750	848
Community Services	661,639,416	40,652,786	(12,198,594)	690,093,608	566
Administration and Fiscal	<u>535,959,953</u>	<u>24,462,560</u>	<u>15,843,965</u>	<u>576,266,478</u>	<u>520</u>
<b>Total All Agencies</b>	<b>2,603,794,834</b>	<b>90,477,365</b>	<b>23,290,705</b>	<b>2,717,562,904</b>	<b>5,464</b>
<b>Information Only:</b>					
First 5 San Mateo County	18,974,995	802,806	0	19,777,801	8
Retirement Office (SamCERA)	12,019,200	0	709,863	12,729,063	24
County Library	41,870,550	5,197,142	887,271	47,954,963	121
Housing Authority	69,797,335	2,170,000	0	71,967,335	46

**Final Fund Balance Adjustments**

Final Fund Balance adjustments included herein comply with the County's Fund Balance Policy and Reserves Policy guidelines. Following FY 2016-17 year-end closing activities, additional Fund Balances of \$90.5 million for all County funds (\$52.9 million in the General Fund and \$37.6 million in all other funds) are included in the budget. These adjustments are summarized in Attachment B.

**Final Budget Changes (September Revisions)**

Final budget changes for all County funds (Attachment C) result in a net increase to the County Budget of \$23.3 million and a net increase of 26 authorized positions, three of which have already been approved by the Board in previous Salary Resolutions. Attachment A contains a summary of position changes and Attachment D contains a summary of Capital Projects for County facilities appropriated in the FY 2016-17 Adopted Budget. Attachment D does not include infrastructure projects (i.e., roads, sewers, drainage, lighting, flood control and County Airports). Those projects are included in the Department of Public Works budget. The Department of Public Works is available to supply information on infrastructure projects upon request.

## **Capital Improvements**

The FY16-17 Adopted Budget recommended for approval includes \$182 million in reappropriations and new funding for capital and maintenance projects. The multitude of major construction projects in the Bay Area contribute to present costing challenges for the County's major construction projects. Public works is analyzing various bid alternatives to obtain the best construction pricing possible in this environment. The County's capacity to manage these projects also continues to be closely monitored.

The County Manager's Office with the assistance of a team headed by Ms. Deb Bazan is overseeing the completion of work on two major master plans – the County Government Center and San Mateo Medical Center (SMMC) Campus. Both plans are related to each other because of the possibility of relocating offices and facilities from the SMMC Campus to Redwood City. These plans will be presented to the Board later this fall.

Notable capital projects included in this budget are: \$32.9 for the Public Dispatch and Emergency Operations Center, due to break ground this month; \$21.9 million for the new Animal Care Center, due to begin construction next year; \$10.0 million for continuing design of the Cordilleras Health Facility Replacement Project; an \$12.6 million placeholder for re-purposing the old Maguire Facility (the recommendation for the use of this facility will be made as part of the County Government Center Master Plan); \$5.5 million for upgrades and remodeling of County Office Building 1; \$4.9 for renovations to "New" Maguire, primarily for converting the Medical Unit to a Mental Health Unit; \$3.8 million for replacement of wastewater and portable water systems at Memorial Park; \$2.8 million for the Alpine Trail Improvement Project, now scheduled to begin in the spring of 2017; \$2.8 million for the Hacienda House (Respite Center) Remodel, scheduled to begin this fall; \$2.6 million for the Mirada Road Protection Project; \$7.7 million for the Maple Street Shelter Renovation Project; \$3.6 million for the Tower Road Radio Shop Relocation Project; \$2.9 million as a placeholder for design of a new Parking Garage at the County Government Center (subject to Board approval upon presentation of the Master Plan); \$1.3 million for Flood Park Improvements; \$1.3 million for the Green Valley Trail; most of the remaining projects are lower in cost and come from the list of "deferred maintenance" projects.

## **Key September Revisions include:**

### **Measure A Appropriations (\$16.3 million)**

New **Measure A** spending totaling \$1.2 million is added for District-Specific initiatives and enhancements to existing projects, including \$500,000 for the Skylonda Fire Station; \$217,500 for Peninsula Family Services; \$215,924 for the Fair Oaks Library/HSA remodel; \$165,000 for purchase and installation of additional hand dryer units; \$30,000 for Wunderlich Park improvements; and \$30,000 for Foster City Village. In addition, there are reappropriations totaling \$21.2 million for continuing initiatives and unfinished projects. Public Works is also deferring \$6.1 million for the Pescadero Fire Station Project to the next fiscal year. These adjustments bring the FY 2016-17 **Measure A** budget to \$178.3 million.

### **General Purpose Revenue Adjustments (\$10.1 million)**

General purpose revenues are adjusted as follows: Secured Property Tax and Property Tax In-Lieu of VLF are increased to reflect the final roll growth of 7.6%; RDA Pass-Through Payments are increased to reflect prior year actuals; and A-87 overhead

charges are aligned with cost plan reimbursements from non-General Fund departments.

Health Clinic Expansion (\$9.5 million)

Non-Departmental Reserves have been appropriated to fund the potential expansion of County health clinics.

Budget Correction for County Loans (\$8.3 million)

The loan to the Crystal Springs Sanitation District was inadvertently double budgeted in the FY 2016-17 Approved Recommended Budget. This adjustment transfers the funds back to Non-Departmental Reserves.

Correctional Food Services (\$4.6 million)

Health Management Associations has completed its report on correctional health and food services. Their recommendations include transferring responsibility for correctional food services to the Sheriff's Department from the Health System's Food Services Division. The Adopted Budget transfers funding to accomplish this recommendation, effective January 2017, including 22 staff. In addition, one Accountant II is added to the Sheriff's Office to assist with daily fiscal duties (none of this will be implemented until the Board approves the report in the next month).

Property Tax System Replacement Project (\$4.8 million)

The budget for the Property Tax System Replacement Project has been moved from the Controller's Office to the Information Services Department. There is no fiscal impact with this transfer. It is anticipated that the County Manager and the Chief Information Officer will return to the Board for additional funding during FY 2016-17.

Northern California Regional Intelligence Center Staffing - NCRIC (\$1.5 million)

Eight Unclassified positions – three Lead Crime Analysts, three Crime Analysts, one Fiscal Office Specialist and one Information Technology Analyst – are added to support NCRIC. These positions are fully funded from a variety of sources including Santa Clara County, the City of Seaside, the Office of National Drug Control Policy and the High Intensity Drug Trafficking Area Program (HIDTA).

Information Services Department Staffing Changes (\$1.4 million)

In an effort to align staffing with ongoing needs, ISD is adding ten permanent positions and reducing expenditures for Extra Help and Term staffing. This change will not result in increased fees to County departments. The Extra Help and Term positions being converted are five Systems Engineers, four Assistant Systems Engineers, and one Associate Systems Engineer.

Daly City Dispatching Services Agreement (\$573,578)

Six Dispatchers are added to meet the terms of the agreement recently entered into with the City of Daly City for the provision of dispatching services. These positions will be fully funded under the agreement.

Net County Cost Adjustments (\$7.6 million)

The September budget revisions result in ongoing Net County Cost increases to operating departments largely due to the completion of labor negotiations with the Deputy Sheriff's Association, Sheriff's Sergeants, and Probation and Detention

Association; experience pay in-lieu of retirement pick-up for all bargaining units; and equity pay adjustments for Clinical Managers. In addition, ongoing funding has been provided to the Human Services Agency for the Core Service Agencies and the Sheriff's Office for compostable food trays that are compatible with the Maple Street Correctional Center's cook chill system.

### **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 \$113.8 million in FY 2016-17. Fund Balance has increased by \$90.5 million for all County funds (\$52.9 million in the General Fund and \$37.6 million in all other funds). General Fund Reserves now total \$170.1 million, which represents 10.7% of Net Appropriations. The ongoing Net County Cost, as a result of these revisions, increases by \$7.6 million.

### **ATTACHMENTS**

Attachment A – Position Changes Summary  
Attachment B – Final Fund Balance Adjustments  
Attachment C – Final Budget Changes (September Revisions)  
Attachment D – Capital Projects Summary  
Attachment E – SMCSaves Update