



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: December 7, 2016
Board Meeting Date: December 13, 2016
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Priorities for FY 2017-19 Budget and **Measure K** General Sales Tax

RECOMMENDATION:

Accept the report and provide direction to staff on priorities for the Fiscal Year 2017-19 Recommended Budget and **Measure K** allocation.

BACKGROUND AND DISCUSSION:

During the September 20, 2016 final budget hearing, your Board accepted a report with Measure A parameters and timeline for the FY 2017-19 budget cycle. Since that time, San Mateo County voters passed **Measure K**, which extends the Measure A half-cent general sales tax for 20 years. This report outlines priorities for the upcoming two-year County budget, including **Measure K**.

Budget development for FY 2017-19 begins in January. Staff will provide a County Budget Update to your Board on February 14, and submit the Recommended Budget to you on June 1. Recommended Budget hearings are scheduled for June 19-21, 2017.

FY 2017-19 Budget Priorities

The nine Shared Vision 2025 goals will continue to guide the County's budget priorities, with more targeted efforts toward the 2020 goals of ending homelessness, ensuring at least 80% of all 3rd grade students are reading at grade level, and supporting all foster youth so they graduate from high school and enroll in college or vocational training:

- Reduce crime
- Increase life expectancy
- Improve affordability of housing and basic needs
- Close education achievement gaps
- Make transit accessible
- Increase community engagement
- Reduce greenhouse gas emissions
- Conserve and protect natural resources
- Open, responsive and effective government

FY 2017-19 Measure K Priorities

The following sections discuss the use of Measure K funds:

- One-Time and Rollovers of Board-Approved Projects from FY2013-17
- Reserves Minimum and Use of \$500,000 for Community Asset Mapping
- Recommended Allocations for FY 2017-19 Budget

Balances of Board-Approved One-Time Projects and Initiatives from FY2013-2017

Measure K receipts have ranged from \$75.6 million to \$80.6 million per year since it took effect on April 1, 2013. The County will have received approximately \$320 million in Measure K revenue through June 30, 2017. Your Board has been approving two-year allocation plans for use of Measure K funds as part of the County budget. About half of annual receipts have been allocated for ongoing programs and services, with the other half for one-time initiatives and projects. Attachment 1 contains the balances for Board-approved one-time projects and initiatives still in progress, totaling \$165.5 million.

Use of Measure K Reserves

We are estimating that the unallocated balance of Measure K funds will be \$12.5 million at the end of FY 2016-17, which we are recommending to use as follows:

Use of Reserves	Estimates
Community Asset Mapping – Year 1 recommendation for Prevention and Early Intervention Services to High Risk Children (see Attachment 2)	\$ 500,000
Reserves – represents 15% of \$80M annual receipts	12,000,000
TOTAL USE OF RESERVES	\$ 12,500,000

Community Asset Mapping - Prevention and Early Intervention Services for Youth

During the September 20 final budget hearing, staff indicated that geographic information from the Census and County systems would be used to prioritize new Measure K investments and reallocate existing investments to communities in most need of our services. This cycle we will begin using the Community Vulnerability Index (Attachment 3), which currently includes seven poverty indicators mapped at the census tract and Board district level. This information will assist the County in targeting and tracking resources more effectively to achieve Shared Vision community outcomes.

The Health System, Human Services Agency and Probation Department have prepared a proposal using zip code data for their clients (Attachment 2), to identify prevention and early intervention services for youth that overlap county agencies, including child protective services, behavioral health and criminal justice. The goal is to develop upstream services that will produce better client outcomes, including 3rd grade reading proficiency and high school graduation, disrupt the cycle of inter-generational poverty, and prevent utilization of higher cost services in the future.

It is recommended that \$500,000 in Measure K reserves be allocated toward planning and asset mapping in the communities of South San Francisco, San Mateo, Coastsides, East Palo Alto, Redwood City/North Fair Oaks and Daly City. Results of these efforts will be used to determine what services we currently have (County and community

partners), what we need, and how to best fill in the service gaps for clients that cross over county service systems.

The design of each community's planning and asset mapping effort would begin in January 2017, with presentation of proposals for the FY 2018-19 budget in Fall 2017. Staff recommends that Board members champion this effort for his/her District.

Recommended Allocations for FY 2017-19 Budget

Staff will update revenue projections at the February 14 budget update to the Board. For discussion purposes, we are assuming \$80 million in annual receipts for FY 2017-19, to be allocated as follows. Ongoing initiatives can be found in Attachment 4, which do not include amounts recently allocated by the Board for the current fiscal year (e.g., Seton).

Proposed Measure K Allocation for FY 2017-19	ANNUAL Estimates*
Ongoing Initiatives from Prior Years (Attachment 4)	\$ 41,000,000
• \$11,311,492 Youth and Education	
• \$10,540,000 Community Infrastructure and Services	
• \$ 7,666,824 Housing and Homelessness	
• \$ 3,628,906 Health and Mental Health	
• \$ 2,851,061 Older Adults and Veterans	
• \$ 2,672,175 Public Safety	
• \$ 2,200,000 Parks and Environment	
Discretionary Initiatives	\$ 29,000,000
• \$15,000,000 Housing Initiatives	
• \$ 5,000,000 Set aside for Affordable Care Act backfill	
• \$ 3,500,000 Board District-Specific Grants and Contributions	
• \$ 3,000,000 Capital and Parks Projects/ Debt Service	
• \$ 2,700,000 Year 2 Recommendation for Prevention and Early Intervention Services to High Risk Children – pending completion of community asset mapping in Year 1	
New Initiatives	\$ 10,000,000
• \$ 5,000,000 Verity (Seton) agreement – North County health care	
• \$ 2,000,000 Whole Person Care Grant – local match	
• \$ 3,000,000 SFO Airport Operations (FAA Ruling-use of sales tax)	
TOTAL ANNUAL ALLOCATION	\$ 80,000,000

* Balances of Board-approved FY 2013-17 one-time projects and initiatives that are now in progress can be found in Attachment 1.

Acceptance of these report back items contributes to the Shared Vision 2025 outcome of a Collaborative Community by ensuring that the County budget and **Measure K** priorities align with the Board's shared vision and goals for the community.

FISCAL IMPACT:

There is no Net County Cost associated with accepting these reports. Board direction will be used to prepare the FY 2017-19 Recommended Budget.

ATTACHMENTS

Attachment 1: Balances of Board-Approved One-Time Projects and Initiatives from FY2013 to FY2017

Attachment 2: Community Asset Mapping (Year 1) and Other Recommendations for Prevention and Early Intervention Services to High Risk Children

Attachment 3: Community Vulnerability Index Overview

Attachment 4: Ongoing Measure K Initiatives from Prior Years