



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



**DATE:** September 14, 2015  
**BOARD MEETING DATE:** September 22, 2015  
**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 2015-16 Recommended Budget

**RECOMMENDATION:**

Approve the following actions related to final budget changes to the Fiscal Year 2015-16 Recommended Budget:

- A) Adopt resolutions:
1. approving the revised County of San Mateo budget as to the expenditures for Fiscal Year 2015-16 and making appropriations therefore;
  2. approving the revised County of San Mateo budget as to the means of financing for Fiscal Year 2015-16;
  3. establishing the appropriation limit for the County of San Mateo for Fiscal Year 2015-16;
  4. amending the Master Salary Resolution for changes related to the Fiscal Year 2015-16 budget.
- B) Accept the report backs discussed during the June Budget Hearings included in Attachment A.

**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 June 24, 2015 the Board of Supervisors approved the FY 2015-16 Recommended Budget and received the FY 2016-17 Recommended Budget. The purpose of this budget transmittal is to seek formal approval of the FY 2015-16 Adopted Budget, which has been amended to include 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 24 was \$2.4 billion with 5,383 authorized positions. With the completion of the County's financial year-end closing activities and availability of updated information, increases of \$97.2 million are proposed to the FY 2015-16 Adopted Budget. These consist of \$75.8 million in final Fund Balance adjustments and \$21.4 million in September revisions, with a net increase of 23 positions. The revised FY 2015-16 Budget for all funds is \$2.5 billion with 5,406 positions. The revised budget for the General Fund is \$1.7 billion with 4,243 positions.

The FY 2016-17 Recommended Budget for all funds is \$2.4 billion with 5,408 positions. The decrease of \$149.6 million is largely due to the elimination of one-time capital and IT costs. The General Fund budget is \$1.6 billion with 4,245 positions.

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

County Agencies	FY 2015-16 Recomm Budget	Final F/B Adjustments (Attach B)	September Revisions (Attach C)	FY 2015-16 Final Budget	FY 2015-16 Final Positions
Criminal Justice	383,244,908	6,510,294	1,040,917	390,796,119	1,327
Health Services	719,322,569	10,208,667	6,386,780	735,918,016	2,186
Social Services	236,450,600	5,568,194	2,936,262	244,955,056	849
Community Services	550,702,458	24,614,061	87,059	575,403,578	542
Administration and Fiscal	<u>546,369,792</u>	<u>28,939,559</u>	<u>10,946,120</u>	<u>586,255,471</u>	<u>502</u>
<b>Total All Agencies</b>	<b>2,436,090,327</b>	<b>75,840,775</b>	<b>21,397,138</b>	<b>2,533,328,240</b>	<b>5,406</b>
<b>Information Only:</b>					
First 5 San Mateo County	21,843,853	0	(6,948)	21,836,905	8
Retirement Office (SamCERA)	11,433,900	0	439,501	11,873,401	24
County Library	43,378,373	2,759,835	(79,428)	46,058,780	121
Housing Authority	69,797,335	0	0	69,797,335	45

**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 2014-15 year-end closing activities, additional Fund Balances of \$75.8 million for all County funds (\$45.2 million in the General Fund and \$30.7 million in all other funds) are included in the budget. These adjustments are summarized in Attachment C.

**Final Budget Changes (September Revisions)**

Final budget changes for all County funds (Attachment D) result in a net increase to the County Budget of \$21.4 million and a net increase of 23 positions. Attachment B contains a summary of position changes. Please note that Attachment B also includes the addition of one position in SamCERA, which is provided for information purposes only.

## **Key September Revisions include:**

### General Purpose Revenue Adjustments (\$13.7 million)

Secured Property Tax and Property Tax In-Lieu of VLF are adjusted upwards to reflect roll growth of 7.7%. Proceeds will be used to offset Net County Cost increases with the balance set aside in reserves.

### Measure A Initiatives (\$9 million)

New Measure A initiatives and rollovers from FY 2014-15 total \$9 million. The new projects include Hope Plan implementation (\$2.1 million); Affordable Housing (\$1 million); Resource Conservation District advance on State grant funding (\$500,000); Park Renovation contributions to the Cities of Belmont, Foster City and San Mateo (\$200,000); East Palo Alto Parenting Academy (\$60,000); LEMO Foundation (\$50,000); Puente Sponsored Youth Employment Program (\$50,000); Home and Hope Rotating Shelter Study (\$40,000); East Palo Alto YMCA Youth Leadership Training (\$40,000); One East Palo Alto Sponsored Youth Employment (\$30,000); UC Coop's 4H Healthy Living Ambassador's Program (\$30,000); Cabrillo Unified Transportation Pilot (\$25,000); and Redwood City Familias Unidas Program (\$20,000).

### Pre-2004 SB90 Mandates (\$7.9 million)

In June 2015 the County received \$11.2 million in Pre-2004 SB90 mandate funds. Among the claims reimbursed were Handicapped and Disabled Children (\$7,664,485) and Seriously Emotionally Disturbed Pupils (\$199,097). Behavioral Health and Recovery Services (BHRS) has had outstanding accruals on the County's books since the claims were approved over ten years ago. This adjustment will facilitate the transfer of these funds to BHRS to satisfy the accruals.

### Laura's Law Implementation (\$1.3 million)

In 2015, the Board of Supervisors approved the County application of Assisted Outpatient Treatment, commonly known as Laura's Law. To implement this program, one unclassified Deputy Public Guardian III position is added to coordinate the care of clients identified through the process who meet LPS criteria for conservatorship, including the arrangement of placement and treatment, and manage the income and assets of gravely disabled persons under the jurisdiction of the Public Guardian. In addition, one unclassified Clinical Services Manager II and one unclassified Psychiatric Social Worker II are added, with additional support by Extra-Help staff and contractors to coordinate with the courts and provide outreach to families, law enforcement and service providers. Lastly, 25 dedicated full service partnership slots are added as well as contracted outcome monitoring services. This adjustment results in a Net County Cost increase of \$1.3 million in FY 2015-16 and an additional \$2 million in FY 2016-17.

### Physicians and Dentists Negotiated Salary Increases (\$2.3 million)

This adjustment adds the recently settled negotiated salary increases with Physicians and Dentists. This adjustment results in a Net County Cost increase of \$1 million in FY 2015-16 and \$483,000 in FY 2016-17.

#### Correctional Health Staffing for the Maple Street Correctional Center (\$1.5 million)

One unclassified Clinical Nurse, one unclassified Supervising Mental Health Clinician, five unclassified Correctional Health Nurses, and 16 limited term and extra help medical staff, for a total of 20.5 full-time equivalents, are being added to support the medical and mental health services at the Maple Street Correctional Center, which is scheduled to open in early 2016. This adjustment results in a Net County Cost increase of \$1.5 million in FY 2015-16 and \$1.8 million in FY 2016-17.

#### SMC Saves Grant Program (\$2 million)

SMC Saves grant proposals approved by the Board in February 2015 are reappropriated as most projects had not started as of June 30, 2015.

#### California Clubhouse (\$250,000)

California Clubhouse is a contracted community based organization providing consumer-run peer-support and self-help services in San Mateo County. Services will include community outreach, and partnering with other community organizations. The contract will increase an additional \$300,000 in FY 2016-17. Funding will be provided through the Mental Health Services Act.

#### **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 \$97.2 million in FY 2015-16. County Fund Balance has increased by \$75.8 million. General Fund Reserves now total \$215.8 million, which represents 14.5% of Net Appropriations. The ongoing Net County Cost allocated to operating departments, as a result of these revisions, increases by \$4.3 million in FY 2015-16 and an additional \$4.2 million in FY 2016-17 for a total increase in Net County Cost over the two year period of \$8.5 million. These increases are largely due to negotiated salary increases, the implementation of Laura's Law, and added Correctional Health staffing for the new Maple Street Correctional Center. The Net County Cost increases are more than offset by an ongoing increase in general purpose revenues of \$13.7 million.

#### **ATTACHMENTS**

Attachment A – Report Backs

Attachment B – Position Changes Summary

Attachment C – Final Fund Balance Adjustments

Attachment D – September Revisions (Final Budget Changes)

Attachment E – Capital Improvement Projects

Attachment F – Memberships and Contributions