



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 24-471

Board Meeting Date: 6/25/2024

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Executive
Subject: FY 2024-25 Recommended Budget Hearings

RECOMMENDATION:

Adopt a resolution approving the FY 2024-25 Recommended Budget submitted by the County Executive.

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. The relevant provisions of the applicable code sections are:

GC § 29062 - The recommended budget shall be submitted to the board by the administrative officer or auditor as designated by the board, on or before June 30 of each year, as the board directs.

GC § 29063 - Upon receipt of the recommended budget, the board shall consider it and, on or before June 30 of each year, at such time as it directs, shall make any revisions, reductions, or additions. Any official or person whose budget requests have been revised shall be given the opportunity to be heard thereon before the board during or prior to the hearings required by Section 29080.

GC § 29064(a) - Except as provided in subdivision (c), on or before June 30 of each year the board, by formal action, shall approve the recommended budget, including the revisions it deems necessary for the purpose of having authority to spend until the budget is adopted.

DISCUSSION:

The FY 2024-25 Recommended Budget totals \$4.2 billion and 5,847 positions for all County funds, a net decrease of \$601 million or 12.4 percent and net increase of 42 positions from the FY 2023-24 Adopted Budget. In the budget message released in May, there were references to possible changes in the state budget that would impact the county. Those changes are still being tracked and additional budget changes, including final Fund Balance adjustments, will be made in the September Revisions that will form the County's Adopted Budget.

Notable budget adjustments reflected in the Recommended Budget include:

- **Measure K Rollover:** The FY 2024-25 Recommended Budget includes \$66.5 million in **Measure K** rollover with \$10.7 million in Housing & Homelessness, \$6.5 million for Children, Families and Seniors, \$6.4 million for Emergency Preparedness, \$11.2 million in District Discretionary funds, and \$31.6 million in ongoing capital construction. Notable projects include \$21.5 million for the Pescadero Fire Station, \$6.8 million for Farm Labor Housing, \$5.2 million for the Fire Engine Replacement Fund, \$4.4 million for Tunitas Creek Beach, and \$3.4 million for implementation of the North Fair Oaks General Plan, among other projects and initiatives. **Measure K** rollover, along with other minor adjustments bring the total **Measure K** appropriations in the FY 2024-25 Recommended Budget to \$174.9 million.
- **Position Adjustments:** Significant position adjustments include the addition of five positions in the Department of Housing to manage development of affordable housing, the addition of five positions in the Department of Emergency Management, the addition of two positions in the County Executive's Office to establish the Office of Labor Standards Enforcement and the addition of four positions to the Procurement Division which has been transferred to the County Executive's Office from the Human Resources Department. Additional position changes can be found in the Position Adjustment Summary within the Recommend Budget Book.
- **Fire Protection Services:** The Recommended Budget includes a \$3.5 million increase to Net County Cost for Fire Protection Services to fund a projected budget deficit primarily due to lower than anticipated property tax revenue growth and increasing contract expenditures for personnel-related costs under CALFIRE. The current amount is tentative pending discussions with CALFIRE and a finalized Net County Cost allocation amount for Fire Protection Services will be determined for the FY 2024-25 September Revisions.
- **Private Defender Program:** The Recommended Budget includes a \$2.4 million increase to Net County Cost for the Private Defender Program to offset a loss in revenue as a result of recent changes at the state level that reduce the program's abilities to recover costs for attorney services.
- **Capital Projects:** The total outlay in this Recommended Budget for capital projects is \$361.8 million, of which \$195.9 million is presently incorporated into department budgets with the remainder to be transferred to departments during September Revisions. Many of the County's larger capital projects are concluding, including the Cordilleras Health Campus project, the Tunitas Creek Beach improvement project, and multiple phases of the San Mateo Medical Center improvements project. County Office Building 3 (COB3) has opened, and staff are moving into this newest County office building. The Department of Public Works continues to make progress on deferred maintenance projects throughout County facilities, Countywide elevator projects, and the East Palo Alto City Hall Improvements project.

The County Attorney has reviewed and approved the Resolution as to form.

EQUITY IMPACT:

The FY 2024-25 Recommended Budget allocates resources to essential services such as healthcare, education, and social welfare, ensuring equitable access for all residents regardless of

socioeconomic status. Investments in infrastructure and capital projects focus on serving vulnerable populations and public input has been sought in key decisions.

FISCAL IMPACT:

The FY 2024-25 Recommended Budget for all funds totals \$4,233,602,892 and 5,847 authorized positions. Reserves total \$665,742,052 (18.7 percent of Net Appropriations).

The FY 2024-25 Recommended Budget for the General Fund totals \$2,936,228,804 and 4,667 authorized positions. General Fund Reserves total \$417,183,238 (16.6 percent of Net Appropriations).