



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 16-267

Board Meeting Date: 6/21/2017

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**Special Notice / Hearing:** None

**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** John L. Maltbie, County Manager  
**Subject:** **FY 2017-19 Recommended Budget Hearings**

**RECOMMENDATION:**

Adopt a resolution approving the FY 2017-18 Recommended Budget submitted by the County Manager, including June Revisions.

**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 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.

GC § 29064 - 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.

GC § 29088 - After the conclusion of the hearing, and not later than October 2 of each year, and after making any revisions of, deductions from or increases or additions to, the recommended budget it deems advisable during or after the public hearing, the board shall by resolution adopt the budget as finally determined.

**DISCUSSION:**

The Board's public hearings on the FY 2017-18 Recommended Budget and FY 2018-19 Preliminary Recommended Budget are scheduled for June 19, 2017 through June 21, 2017. Attached are the June Revisions to the Recommended Budget released on Thursday, June 1, 2017.

For the FY 2017-18 Recommended Budget, these June Revisions result in a net increase of six positions and the overall budget is increased by \$38.1 million or 1.4 percent for all County funds, for a revised total of \$2,694,025,147. The majority of the increase is related to the inclusion of Measure K funding approved by the Board of Supervisors on May 16, 2017, position changes in the Assessor-County Clerk-Recorder's Office, and new and reappropriated capital projects. The resulting increase in Net County Cost as a result of the position changes is \$606,294.

For the FY 2018-19 Preliminary Recommended Budget, these June Revisions increase the overall budget by \$27.8 million or 1.1 percent for all County funds, for a revised total of \$2,533,116,631. The difference between the year one and year two adjustments is due to the elimination of one-time items totaling \$10.3 million. There is a one-time Net County Cost increase in FY 2018-19 of \$183,692 to cover the cost of an IT Manager supporting the implementation and ongoing administration of the Tax Collector's new property tax billing system. The cost of this position will be absorbed by the department beginning in FY 2019-20.

Significant budget adjustments include:

1. Allocation of Measure K and PCE Loan Repayment to Support Housing -- \$20.2 million per year is allocated to the Home for All San Mateo County initiative to increase the supply of housing at all income levels, including affordable housing. The majority of this funding (\$18.7 million per year) is directed to the Affordable Housing Fund within the Department of Housing, which will be used to fund at least 1,400 units of affordable housing in the development pipeline, and to provide a \$5 million loan to Housing Endowment and Regional Trust of San Mateo County (HEART) for development, acquisition, preservation, and rehabilitation loans to developers of affordable housing. Smaller amounts of funding are allocated to Planning and Building, Office of Sustainability, and County Manager's Office to support the initiative through staff support, technical assistance contracts, and other housing-related programs. In addition, repayment of the PCE loan (\$2.25 million in FY 2017-18 and \$1 million in FY 2018-19) is allocated to the Affordable Housing Fund.
2. Allocation of Measure K for SamTrans and District-Specific Funds -- \$3.75 million in FY 2017-18 and \$2.5 million in FY 2018-19 is allocated to SamTrans to fund paratransit services. In addition, a total of \$5 million of Measure K funding is added in both years, to be distributed evenly among the five Board Districts, to make grants and loans to support local initiatives and community organizations.
3. Capital and Information Technology Projects - One-time funding of \$1.5 million is appropriated in FY 2017-18 for existing capital projects not completed in FY 2016-17, and for new capital projects. Existing projects include the ISD 3rd Floor Remodel, Serenity House, seal coat asphalt work at County facilities, Maple Street Shelter short-term renovations, and various FCIS projects, funded through a combination of Measure K, Non-Departmental Fund Balance, and Facilities Surcharge Reserves. New capital projects include the Scenic Drive Hazard Mitigation Project, Child Care Center Fence Replacement, and Spruce-North County Health Clinic Renovations, which are funded through Non-Departmental Reserves.

New Measure K funding in the amount of \$5 million in FY 2017-18 and \$5 million in FY 2018-19 is appropriated for countywide IT projects, including phone system upgrades, network

expansion, and public Wi-Fi site expansion.

4. Assessor/Elections Staffing Increase - One Principal Appraiser, one Auditor-Appraiser, and one Assessor Recorder Technician III are added to the Appraisal Services Program to assist with the estimated 12.3 million square feet of new commercial development that is under construction and that will need assessment and valuation for property taxing purposes. In addition, three Unclassified Appraiser II positions are converted to three Senior Appraisers and two Unclassified Appraiser II positions are converted to two Classified Appraiser II positions. These position changes will assist the Appraisal Program's commercial development and residential teams and result in an increase of \$323,386 each year with offsetting property tax administration fee reimbursements from other jurisdictions. In addition, due to changes in election law (e.g., all mail ballot, even-year local elections, and accessibility for the disabled) and the Election Division's management support and succession planning needs, one Management Analyst and one Elections Specialist III position are added. The cost of the additional positions is \$282,908 per year, which would be largely offset in FY 2017-18 by reducing the program's annual transfer from Non-Departmental Services for election cost reimbursements.

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

The approval of the FY 2017-18 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:**

With these revisions, the FY 2017-18 Recommended Budget for all funds totals \$2,694,025,147 and 5,508 authorized positions. The FY 2018-19 Preliminary Recommended Budget for all funds with these revisions totals \$2,533,116,631 and 5,510 authorized positions. Reserves amount to \$365.6 million in FY 2017-18 and \$302.0 million in FY 2018-19.

The FY 2017-18 Recommended Budget for the General Fund totals \$1,780,026,752 and 4,336 authorized positions. The FY 2018-19 Preliminary Recommended Budget for the General Fund totals \$1,652,751,426 and 4,338 authorized positions. There is an increase in ongoing Net County Cost of \$35,499,036 in FY 2017-18 and an additional \$11,824,382 in FY 2018-19. General Fund Reserves amount to \$176.6 million in FY 2017-18 and \$171.7 million in FY 2018-19.

Finally, Measure K appropriations amount to \$162.4 million in FY 2017-18 and \$96.9 million in FY 2018-19, including the June Revisions contained herein.

#### **ATTACHMENTS**

- A) June Revisions