



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 16-558

Board Meeting Date: 9/26/2017

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Final Budget Changes to the Fiscal Year 2017-18 Approved Recommended Budget

RECOMMENDATION:

Approve the following actions related to final budget changes to the Fiscal Year 2017-18 Approved Recommended Budget:

A) Adopt resolutions:

1. Approving the revised County of San Mateo budget as to the expenditures for Fiscal Year 2017-18 and making appropriations therefore; and
2. Approving the revised County of San Mateo budget as to the means of financing for Fiscal Year 2017-18; and
3. Establishing the appropriation limit for the County of San Mateo for Fiscal Year 2017-18; and
4. Amending the Master Salary Resolution for changes related to the Fiscal Year 2017-18 budget.

BACKGROUND:

The County Budget Act (Government Code §§ 29000-29144, 30200, and 53065) requires that the Board of Supervisors adopt the County budget by October 2.

On June 21, 2017, the Board formally approved the FY 2017-18 Recommended Budget. The purpose of this budget transmittal is to seek formal approval of the FY 2017-18 Adopted Budget, which has been amended to include FY 2016-17 year-end Fund Balance adjustments; the reappropriation of capital improvement projects, IT projects and **Measure K** 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, 2017 was \$2.69 billion with 5,508 authorized positions. With the completion of the County's year-end financial closing activities and availability of updated information, increases of \$123.1 million or 4.6 percent are proposed to the FY 2017-18 Adopted Budget.

These changes consist of \$101 million in final Fund Balance adjustments and \$22.1 million in September revisions, with a net increase of nine authorized positions. With these changes, the FY 2017-18 Budget now presented to the Board for adoption totals \$2.82 billion with 5,517 authorized positions. The budget for the General Fund is \$1.87 billion with 4,345 authorized positions.

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

County Agencies All Funds	FY 2017-18 Approved Rec Budget	Final F/B Adjustments (Attach B)	September Revisions (Attach C)	FY 2017-18 Adopted Budget	FY 2017-18 Authorized Positions
Criminal Justice	441,097,204	8,880,470	2,054,646	452,032,320	1,370
Health Services	824,838,040	14,993,839	5,485,968	845,317,847	2,194
Social Services	256,847,386	9,022,251	(33,077)	265,836,560	844
Community Services	620,610,249	28,501,431	11,817,451	660,929,131	573
Administration and Fiscal	550,632,268	39,570,690	2,728,478	592,931,436	536
Total All Agencies	2,694,025,147	100,968,681	22,053,466	2,817,047,294	5,517
Information Only:					
First 5 San Mateo County	19,554,544	(810,729)	0	18,743,815	8
Retirement Office (SamCERA)	9,942,232	0	(1,638,215)	8,304,017	24
County Library	45,057,251	6,798,327	0	51,855,578	122
Housing Authority	85,283,516	0	0	85,283,516	47

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 \$101 million for all County funds (\$59.4 million in the General Fund and \$41.6 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 \$22.1 million and a net increase of nine authorized positions, two of which were approved by the Board in August 2017. Many of these changes are offset by adjustments to reserves. Attachment A contains a summary of position changes.

Key September Revisions include:

Measure K Adjustments (\$21.3 million)

These revisions include two changes impacting new **Measure K** spending of \$2,776,000.

First, the Department of Housing's Recommended Budget included \$2.5 million in grant funding to the Housing Endowment and Regional Trust of San Mateo County (HEART) for both years. An adjustment is made to move the entire \$5 million to FY 2017-18. Second, an adjustment is made to

the County Manager's budget to add \$276,000 to provide legal services to immigrant populations through an agreement with the Legal Aid Society of San Mateo County.

With the closing of the County's books, **Measure K** rollovers total \$19.8 million. These include the transfer of \$1.3 million from Human Services Agency (HSA) to Housing to provide affordable housing for transition-aged youth through the Affordable Housing Fund and re-appropriation of unspent funds for HSA's Continuum of Care initiative. Other rollovers include various Housing projects; various capital improvement projects managed by Parks, Public Works and the Project Development Unit, including the Regional Operations Center and the Skylonda and Pescadero Fire Stations; various IT projects, including Public Wi-Fi and Windows upgrades; and other initiatives managed out of Non-Departmental Services, including contributions to SamTrans and Seton/Verity.

Capital Projects (\$2.3 million)

These revisions include new funding for four projects. First, \$2.5 million is added to bring the San Mateo Medical Center's fire sprinkler system into compliance with Cal OSHA and National Fire Protection Association regulations. Second, \$2.3 million is added to restore the façade of the old courthouse to prevent further deterioration and water damage. This project is necessary for the historical preservation of this building. Third, \$1 million is added for architecture and planning of the Homeless Shelter Replacement Project, bringing the initial project budget to \$2 million (\$1 million was already included in the Recommended Budget). Finally, \$800,000 is added to increase the capacity of the refrigeration units at the Maguire Correctional facility to meet current operations. Inmate property storage and lobby security upgrades will also be renovated as part of this project. The cost of these projects will be largely offset by the elimination of the proposed \$4.3 million Radio Shop Project at Tower Road. The Radio Shop will now be handled through the lease of an existing facility.

Old Maguire Jail Facility (\$7.9 million)

Due to the escalation of costs associated with the County's plan to repurpose the Old Maguire Jail Facility to administration office space, this project is being re-evaluated and restores reserves to the Sheriff's Office that were appropriated in the Recommended Budget to partially offset the cost of this project.

Information Services Department (ISD) New and Rollover (\$10.7 million)

Funding is rolled over for existing IT-related projects that were not completed in FY 2016-17, including the radio system upgrade, Geographic Information System (GIS) implementation, Automated Timekeeping System (ATKS) Advance Scheduler upgrade, and the payroll system replacement project. Cost related to the countywide IT initiative projects managed by the Information Services Department are offset by Proposition 172 for the Criminal Justice Information System (CJIS) middleware project, a transfer from the Probation Department for the CJIS case management system, and transfers from Non-Departmental Services.

Property Tax System Replacement Projects (\$15.9 million)

Funding from Non-Departmental Educational Revenue Augmentation Fund (ERAF) Reserves is appropriated for the replacement of the property tax systems for the Controller's Office and Assessor's Office.

Senate Bill 1 Road Maintenance and Rehabilitation Account Funds (\$3.2 million)

With this adjustment, Senate Bill 1 Road Maintenance and Rehabilitation Account (SB1) revenues and corresponding project expenditures are appropriated and included in the FY 2017-18 Adopted

Road Fund Budget. Projects include: reconstruction of portions of 7th Avenue in North Fair Oaks area; overlay project in road maintenance District 3; reconstruction of various streets in the West Menlo Park area; and cape, slurry and chip seal in the Emerald lake Hills, El Granada, Montara, Princeton By the Sea, and North Fair Oaks areas.

FY 2016-17 Winter Storm Damage Repairs (\$4.4 million)

A combination of Road Fund and Sewer District resources will be appropriated to complete repairs resulting from FY 2016-17 winter storm damage. The County will be seeking reimbursement from the Federal Emergency Management Agency (FEMA) for the cost of repair work, which will include Crystal Springs and Emerald Lake Heights sewer repairs.

Public Safety and Communications Staffing Adjustments (\$285,246)

Public Safety and Communications is adding six Call Takers, a new position classification that is an industry-wide trend for improving customer service and faster response times, to address increased call volume. In addition, one GIS Technician and one Office Specialist are added to support the new Computer Aided Dispatch (CAD) system development.

Managed Care Compliance (\$702,514)

Behavioral Health and Recovery Services is adding six temporary positions to support the implementation of the new federally required MediCal Managed Care rules. Two Psychiatric Social Workers, two Mental Health Nurses, and two Management Analysts will monitor network contract adequacy and performance, provide new program assessments reporting, manage required information dashboards, augment client grievance process, provide credentialing and site visits, and develop new policies and procedures. Federal funding will cover the majority of the cost, with additional funds being provided by the State and 2011 Realignment growth.

In-Home Support Services Maintenance of Effort (IHSS MOE) (\$1.9 million)

The State Budget enacted on June 27, 2017 confirms the end of the Coordinated Care Initiative Pilot for IHSS, which resulted in the development of a new IHSS MOE cost structure. The new IHSS MOE cost structure increases the counties' share of administering the IHSS program to \$647 million statewide.

The fiscal impact for San Mateo County, based on preliminary estimates provided by the California State Association of Counties on August 23, 2017 after State General Fund revenue offsets, will result in a net cost increase. This will be funded by 1991 Realignment receipts and trust fund balances.

Transfer of Mental Health Services Act (MHSA) funds to Housing (\$1.1 million)

In late summer, an agreement was reached with the Department of Housing for a one-time transfer of MHSA funds to be used for the supportive development for individuals with mental illness.

Net County Cost Adjustments (\$167,907)

Net County Cost adjustments include adjustments to county-owned rents; a contribution to the Historical Society and to the Park's Foundation; additional funding for conversion of one position in the Controller's Office; and Property Tax System IT storage.

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.

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

FISCAL IMPACT:

The impact of all final budget changes on Total Requirements for all funds is an increase of \$123.1 million in FY 2017-18. Fund Balance for all County funds increases by \$101 million (\$59.4 million in the General Fund and \$41.6 million in all other funds); General Fund Reserves total \$190.2 million, which represents 11.3 percent of Net Appropriations; and the ongoing Net County Cost, as a result of these revisions, increases by \$167,907.

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 - **Measure K** Summary