



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 18-853

Board Meeting Date: 9/25/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager
Mike Callagy, Assistant County Manager

Subject: Final Budget Changes to the Fiscal Year 2018-19
Approved Recommended Budget

RECOMMENDATION:

Approve the following actions related to final budget changes to the Fiscal Year 2018-19 Approved Recommended Budget:

Adopt resolutions:

- A) Approving the revised County of San Mateo budget as to the expenditures for Fiscal Year 2018-19 and making appropriations therefore; and
- B) Approving the revised County of San Mateo budget as to the means of financing for Fiscal Year 2018-19; and
- C) Establishing the appropriation limit for the County of San Mateo for Fiscal Year 2018-19; and
- D) Amending the Master Salary Resolution for changes related to the Fiscal Year 2018-19 budget.

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 September 26, 2017, as part of the two-year budget process, the Board of Supervisors approved the FY 2017-18 Adopted Budget and received the FY 2018-19 Preliminary Recommended Budget. On June 26, 2018 the Board formally approved the FY 2018-19 Recommended Budget. The purpose of this budget transmittal is to seek formal approval of the FY 2018-19 Adopted Budget, which has been amended to include FY 2017-18 year-end Fund Balance adjustments; the re-appropriation 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 26, 2018 was \$2.75 billion with 5,528 authorized positions. With the completion of the County's year-end financial closing activities and availability of updated information, increases of \$290.9 million or 10.6 percent are proposed to the FY 2018-19 Adopted Budget. These consist of \$177.5 million in final Fund Balance adjustments and \$113.4 million in September revisions, with a net increase of seven authorized positions. With these changes, the FY 2018-19 Budget now presented to the Board for adoption totals \$3.0 billion with 5,535 authorized positions. The budget for the General Fund is \$2.0 billion with 4,360 authorized positions.

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

County Agencies All Funds	FY 2018-19 Revised Recommended Budget	Final Fund Balance Adjustments (Attachment B)	September Revisions (Attachment C)	FY 2018-19 Final Budget	FY 2018-19 Final Positions
ADMFIS	518,427,329	90,673,699	24,817,380	633,918,404	541
COMSVC	661,152,877	57,631,360	67,801,268	786,585,503	583
CRIMJU	444,666,202	10,177,818	6,476,987	461,321,006	1,375
HEALTH	861,210,001	12,205,540	11,962,294	885,377,835	2,194
SOCSVC	263,320,133	6,784,337	2,379,491	272,483,961	842
Total All Agencies	2,748,776,542	177,472,754	113,437,420	3,039,686,709	5,535
Information Only:					
County Library Fund	48,712,680	4,931,639	(75,000)	53,569,319	122
First Five Fund	18,645,808	(2,101,133)	0	16,544,675	8
Housing Authority	88,227,499	0	9,497,065	97,724,564	47
LAFCo	568,123	21,629	0	589,752	2
Retirement Trust Fund	9,163,435	0	0	9,163,435	24
Total	165,317,545	2,852,135	9,422,065	177,591,745	203

Position Changes

Final budget changes result in a net increase of seven authorized positions. Attachment A contains a summary of position changes.

Final Fund Balance Adjustments

Final Fund Balance adjustments included herein comply with the County's Fund Balance Policy and Reserves Policy guidelines. Following FY 2017-18 year-end closing activities, additional Fund Balances of \$177.5 million for all County funds (\$121.7 million in the General Fund and \$55.8 million in all other funds) are included in the budget. These adjustments are summarized in Attachment B.

Measure K Appropriations

The FY 2018-19 Adopted Budget recommended for approval includes \$194,615,692 in Measure K appropriations, which includes the library at \$798,939. This is an increase of \$51,168,187 over the Approved Recommended Budget. The summary of Measure K appropriations is in Attachment C.

Final Budget Changes (September Revisions)

Final budget changes for all County funds result in a net increase to the County Budget of \$113.4 million. Attachment D contains all September Revisions.

Key September Revisions

Capital Construction Projects

Changes to the FY 2018-19 Approved Recommended Budget includes a proposed increase of \$17.5 million in re-appropriations and new funding for capital and maintenance projects for both the Department of Public Works (DPW) and the Project Development Unit (PDU).

Attachment E contains a summary of Capital Projects for County facilities appropriated in the FY 2018-19 Approved Recommended Budget. Attachment E does not include infrastructure projects (i.e., roads, sewers, drainage, lighting, flood control, and County Airports). Those projects are included in the Department of Public Works budget. The Department of Public Works is available to supply information on infrastructure projects upon request.

In DPW there is a proposed increase of \$5.8 million to the FY 2018-19 Approved Recommended Budget for a revised total of \$57.7 million. Adjustments were made to true-up rollover balances for ongoing projects from FY 2017-18, adjust appropriations based on updated cost estimates for projects already included in the FY 2018-19 Approved Recommended Budget, and appropriate funding for new projects, including Huddart Park Restroom Building ADA Improvements, Pescadero Yard Fuel Tank Replacement, and the Tower Road Elections Space Update.

In PDU there is a proposed increase of \$11.7 million to the FY 2018-19 Approved Recommended Budget for a revised total of \$170.2 million. Significant adjustments include a roll-forward amount of \$11.9 million for the Animal Shelter being at the beginning stages of construction at the end of FY 2017-18, and an increase to the Lathrop House Relocation Project by \$300,000. This is offset by a reduction of \$6.9 in Measure K roll-forward for the Regional Operations Center (ROC) million due to expenditures that occurred after the FY 2018-19 Recommended Budget was submitted. There is also an additional Measure K increase of \$6.5 million for the ROC for information technology infrastructure.

Federal Aviation Administration (FAA) Ruling (\$2,443,529)

Measure K funding is added to the following budgets as a result of the FAA ruling that Measure K sales tax generated by jet fuel sales at the San Francisco Airport be spent strictly for services provided at the County airports: Sheriff (\$1,826,367); Department of Public Works (\$280,916); Agriculture, Weights and Measures (\$153,623); County Counsel (\$118,908); and Health System (\$63,715). These amounts are included in the Measure K appropriations total above. The estimated annual amount of Measure K FAA is \$3.5 million. Per FAA requirements, these funds must be spent within County airport funds or transferred to SFO International Airport. We anticipate taking a separate item to the Board later this fall to appropriate the revenues received through June 30, 2018.

Property Tax System Replacement Adjustment (\$3,418,124)

Adjustments are made in Non-Departmental to rollover funds for the Assessor's Property Tax System Replacement from FY 2017-18, increasing the total for FY 2018-19 to \$18,735,556. This is the first year of a three-year project to implement new systems.

General Purpose Revenue Adjustments (\$16,644,749)

General purpose revenues are adjusted to reflect the increases in Property Tax with a final growth roll of 8 percent and increases due to higher Fund Balance and interest earnings.

Parks Projects (\$1,429,288)

Rollover and grant adjustments are appropriated for County parks projects: Mid-Coast Multi-Modal Trail, Coyote Point, GAP Trail, Wunderlich Trail, and Flood Park.

Countywide IT Projects (\$13,148,641)

One-time funds appropriated for various IT projects, including: Radio System Upgrade Projects (\$6,578,390), Probation Information Management System (\$4,100,000), Health IT Projects, including Cyber Security Program, Digital Workplace, and HIE Design and Implementation (\$1,770,251), and Aging and Adult Services Document Management System (\$700,000).

Whole Person Care (\$2,151,484)

This change appropriates rollover funds from Program Year 2 to Program Year 3. Funds will be used for improving communications with clients, enhancing peer counseling services, and building showers at the sobering stations.

Housing Authority (\$9,497,065) (Information Only)

The Housing Authority's budget increased by \$9,497,065 or 10.7 percent due to revenue increase in federal aid from HUD for Voucher and Continuum of Care Programs. Funds are appropriated to Housing Assistance Payments expenditures, including Voucher and Continuum of Care programs.

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

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 \$113.4 million in FY 2018-19. Fund Balance has increased by \$177.5 million for all County funds (\$121.7 million in the General Fund and \$55.8 million in all other funds). General Fund Reserves now total \$283.8 million, which represents 16.9 percent of Net Appropriations. It is important to note that this budget does not include upcoming negotiated increases for most labor bargaining units. In addition, only a fraction of the costs associated with the Property Tax Systems and the Radio and microwave replacement projects are appropriated.

ATTACHMENTS

Attachment A - Position Changes Summary

Attachment B - Final Fund Balance Adjustments

Attachment C - Measure K Summary

Attachment D - September Revisions

Attachment E - Capital Projects Summary

Attachment F - Report Back Items

cc: Peggy Jensen, Deputy County Manager

Iliana Rodriguez, Deputy County Manager