



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 19-115

Board Meeting Date: 2/12/2019

Special Notice / Hearing: None

Vote Required: None

To: Honorable Board of Supervisors

From: Dave Pine, Supervisor, District 1
David Canepa, Supervisor, District 5

Subject: Fiscal Year 2019-21 Budget for **Measure K** Funds

RECOMMENDATION:

Measure K: Study session regarding the budget for **Measure K** revenue for the upcoming Fiscal Year 2019-21 budget cycle.

BACKGROUND:

Measure K is the half-cent general sales tax initially approved by San Mateo County voters in November 2012 (then known as Measure A) and extended in November 2016 for a total of thirty years. The County's website (<https://cmo.smcgov.org/measurea>) details the programs and projects funded by Measure K.

In preparation for the upcoming Fiscal Year (FY) 2019-21 budget cycle, the Board of Supervisors ("Board") appointed an ad-hoc subcommittee consisting of Supervisor Pine and Supervisor Canepa to, among other things, work with staff to facilitate the Board's development of Measure K priorities and continuing initiatives for FY 2019-21. Since October 2018, the subcommittee has conducted such meetings with staff.

Following initial meetings with staff, it became apparent that existing Measure K spending could be divided into two main categories - "ongoing" projects and initiatives and "one-time" allocations. Ongoing projects and initiatives typically span multiple years and require hiring additional staff or entering into long-term contracts with community-based partners. One-time allocations pertain to expenditures that can be more easily adjusted at the beginning of a two-year budget cycle, and can be grouped into eight main categories, summarized as follows:

- FAA Funds
 - Allocations from this fund are restricted to use for airport-related projects because the funds are generated from sales that occurred at the County's airports (most significantly from the sale of jet fuel at San Francisco International Airport).
- District-Discretionary Funds

- The Board has historically allocated a portion of Measure K revenues to be used by each district to address unmet needs or service gaps within the county.
- Whole Person Care
 - People who struggle with chronic homelessness, mental illness and substance abuse cannot break the cycle of hopelessness and addiction on their own. In recognition of this fact, San Mateo County Health in 2016 launched “Whole Person Care” to provide health and mental health care, substance use counseling and other services to individuals with the most complex and often co-occurring conditions who are oftentimes homeless.
- Fire Engine Replacement
 - The Board created the Fire Engine Replacement Fund with Measure K proceeds. The primary goals of the Fire Engine Replacement Fund are to improve public safety by providing state-of-the-art fire-fighting apparatus and support vehicles while reducing the ongoing maintenance costs from an aging fire fleet.
- Big Lift
 - The Big Lift aims to reverse an alarming statistic: nearly half of the county's children are not reading proficiently by third grade. Formed in 2013, the Big Lift is a partnership led by the County, the San Mateo County Office of Education and the Silicon Valley Community Foundation. Their strategy focuses on high-quality preschool, summer learning, school attendance, and family engagement.
- SamTrans
 - The County provided the San Mateo County Transportation District (SamTrans), with \$5 million in Measure K funds to subsidize Redi-Wheels and RediCoast. The two services provide rides for individuals with disabilities and who are unable to access regular bus service.
- Capital
 - Previously the County designated these funds to support Seton Medical Center’s seismic retrofit; going forward these funds would be used to accelerate the construction and completion of capital projects identified in the County’s five-year Capital Improvement Plan.
- Housing
 - The County has dedicated funds to accelerate the construction, preservation, and rehabilitation of affordable housing to levels not seen in decades.

The FY 2017-19 budget cycle included allocations of approximately \$87 million (FY 2017-18) and \$84 million (FY 2018-19) in **Measure K** funds respectively. The budget allocation for ongoing Measure K expenditures equal roughly 53% of the annual budget allocations in FY 2017-18 and FY 2018-19.

The purpose of this current study session is for the full Board to discuss the **Measure K** priorities and initiatives as they pertain to the FY 2019-21 budget cycle. The goal is to finalize the one-time Measure K priorities and initiatives in Spring 2019 prior to the development of the FY 2019-21 recommended budget. The subcommittee recommends future periodic study sessions to discuss the ongoing allocations, as summarized in the table below.

DISCUSSION:

The subcommittee recognizes that ongoing projects and initiatives are likely to continue into the next budget cycle, and that those projects are dependent upon continued funds to provide important services to the community. Therefore the subcommittee proposes continuing the existing budget for these ongoing projects through the upcoming two-year budget cycle ending in June 2021, with an increase of three percent each year as a cost-of-living adjustment. At the same time, the subcommittee acknowledges the need to conduct a careful and systematic review of the manner in which the ongoing funds are being used. To that end, the subcommittee proposes working with staff to review the ongoing budget in a series of in-depth meetings with department directors, coupled with periodic reports on progress to the full Board. The tentative workplan for review of the ongoing Measure K budget is:

Month	Category of Ongoing Budget
March-19	Older Adults/ Veterans
April-19	Health/ Mental Health
May-19	Homeless/ Home for All
May-19	Progress Report to Board
June-19	Youth and Education
July-19	Possible Second Health
July-19	Progress Report to Board
August-19	No Meeting
September-19	Parks
October-19	Public Safety
October-19	Progress Report to Board
November-19	Community
December-19	Hold for possible additional subcommittee discussion
January-20	Hold for possible additional subcommittee discussion
February-20	1st Board Study Session
March-20	2nd Board Study Session

The proposed workplan would allow the subcommittee to systematically evaluate how the ongoing funds are being used, and recommend possible areas for change, improvement, or continuity.

With respect to the budget for one-time allocations of Measure K funds, the subcommittee proposes that the Board discuss the continuation of funding of certain categories at the same level, with modifications to other categories based on an understanding of other available revenue sources.

FISCAL IMPACT:

In accepting these recommendations, the Board of Supervisors will be establishing these appropriations for the FY 19-21 Budget.