



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 19-575

Board Meeting Date: 6/19/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Manager
Subject: FY 2019-21 Recommended Budget Hearings

RECOMMENDATION:

Adopt a resolution approving the FY 2019-20 Recommended Budget and receiving the FY 2020-21 Preliminary 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 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.

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 Board's public hearings on the FY 2019-20 Recommended Budget and FY 2020-21 Preliminary Recommended Budget are scheduled for June 17, 2017 through June 19, 2019.

The FY 2019-20 Recommended Budget totals \$3 billion and 5,560 positions for all County funds, a net decrease of \$50.2 million or 1.7 percent and net increase of 17 positions from the FY 2018-19 Revised Budget.

The FY 2020-21 Preliminary Recommended Budget totals \$2.9 billion and 5,561 for all funds, a net

decrease of \$122.3 million or 1.3 percent and net increase of one position from the FY 2019-20 Recommended Budget. The decrease from year one to year two is primarily due to the elimination of one-time expenditures.

Significant budget adjustments include:

- Measure K investments in one-time and ongoing initiatives: The FY 2019-20 Recommended Budget and FY 2020-21 Preliminary Recommended Budget (together, the “FY 2019-21 Recommended Budget”) allocates a total of \$50 million to increase the supply of affordable housing; \$15.5 million in The Big Lift to improve third-grade reading levels; \$10 million in County parks improvements; \$10 million in ISD technology improvements; \$7.5 million, divided evenly among the five Board Districts, to make grants and loans to local initiatives and community organizations; \$7 million to airport-related projects; \$4 million to Whole Person Care; and \$3 million to fire engine replacement. In addition to the foregoing, ongoing Measure K initiatives are increased by three percent over their prior year allocation, totaling \$59.4 million for the two-year period.
- Capital projects: The FY 2019-21 Recommended Budget includes \$477.8 million for capital projects to modernize County facilities, upgrade information technology, and enhance County parks. Significant projects funded in the budget include: County Office Building 3 and County Government Center Parking Structure II; San Mateo Medical Center, Cordilleras Mental Health Facility Replacement; East Palo Alto City Hall improvements; Parallel Trail; Hall of Justice Court tenant improvements; Radio Shop project at Chestnut and Grand Yard; renovations at Flood Park; completion of the Coyote Point Park Promenade; water, sewer, and bathroom renovations at Memorial Park; major infrastructure to bring Tunitas Creek Beach Park online; Enterprise Health Record 2.0; and Computer-Aided Dispatch system.
- PERT: Two positions are added to the Psychiatric Emergency Response Team (PERT) to increase capacity for responding to emergency calls for individuals experiencing a mental health crisis.
- Assessor staff and technology upgrades: San Mateo County has an estimated 57 million square feet of large commercial real estate development that is expected over the next five to six years to generate a significant workload increase for the Appraisal Services program. To keep up with the increased workload for commercial appraisal, twelve property appraiser positions and one Compliance and Quality Coordinator are added in Appraisal Services. Funding is also added to replace the aging legacy assessment system with the new Assessor Property Assessment System (APAS)/EZ Access System.
- Elections staff and voting system replacement: Due to the increased complexity of running elections under the Voter Choice Act and increase in district elections for other local governmental bodies, five positions are added in the Elections Office to increase capacity and improve Division continuity. Funding is also added to replace the legacy voting system to comply with the new legislative mandate.
- Investments in County workforce: In recognition of County employees and the high cost of living and competitive labor market of the Bay Area, the FY 2019-21 Recommended Budget adds increases totaling \$94.9 million through cost of living increases, equity increases, and longevity pay. The budget also includes an additional \$29.7 million per year toward the County’s

unfunded pension liability.

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

The approval of the FY 2019-20 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:

The FY 2019-20 Recommended Budget for all funds totals \$2,989,530,417 and 5,560 authorized positions. The FY 2020-21 Preliminary Recommended Budget for all funds totals \$2,867,197,359 and 5,561 authorized positions. Reserves amount to \$448.9 million in FY 2019-20 and \$433.1 million in FY 2020-21.

The FY 2019-20 Recommended Budget for the General Fund totals \$1,987,201,775 and 4,385 authorized positions. The FY 2020-21 Preliminary Recommended Budget for the General Fund totals \$1,929,391,045 and 4,386 authorized positions. There is an increase in ongoing Net County Cost of \$26,264,898 in FY 2019-20 and a subsequent anticipated year-over-year decrease of \$57,810,730 in FY 2020-21 due to the removal expenditures for one-time projects. General Fund Reserves total \$270.9 million in FY 2019-20 and \$268.7 million in FY 2020-21.