



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 20-399

Board Meeting Date: 6/23/2020

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Manager
Subject: FY 2020-21 Recommended Budget Hearings

RECOMMENDATION:

Adopt a resolution approving the FY 2020-21 Recommended Budget submitted by the County Manager.

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. Any official or person whose budget requests have been revised shall be given the opportunity to be heard thereon before the board during or prior to the hearings required by Section 29080.

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 FY 2020-21 Recommended Budget totals \$3.2 billion and 5,590 positions for all County funds, a net increase of \$163.6 million or 5.4 percent and net decrease of 18 positions from revisions made to the FY 2020-21 Preliminary Recommended Budget. Importantly, in light of the uncertainties resulting from State's unprecedented budget approval process as well as the County's challenges of preparing this Budget in the midst of its emergency response efforts, the Recommended Budget does not include additional appropriations for the County's ongoing efforts in response to the novel coronavirus

pandemic, nor does it reflect the full extent of changes which may need to be made as a result of the changing economy due to the virus. These changes will be made in the September Revisions that will form the County's Adopted Budget.

Notable budget adjustments include:

- County Health budget balancing measures: To address a \$57 million budget gap, County Health has included \$27.3 million in revenue solutions, \$10 million in expense reductions, Reserves of \$14.1 million, and one-time support of \$5.5 million from this Board to cover its needs over the next six months as it works to develop longer-term budget solutions.
- Positions reductions: There is a net reduction of 18 authorized positions from previous revisions made to the FY 2020-21 Preliminary Recommended Budget. This is driven by a net reduction of 30 positions in County Health, including a net reduction of 27 positions in San Mateo Medical Center (SMMC) as part of County Health's budget balancing measures described above.
- Measure K rollover: The FY 2020-21 Recommended Budget includes \$13.4 million in Measure K rollover to advance capital projects during the summer, including \$7.4 million for the North Fair Oaks General Plan Implementation, \$1.3 million for parks projects, and \$3.5 million in Department of Public Works projects, including CSA-7 infrastructure replacement. Measure K rollover, along with other minor adjustments bring the total Measure K appropriations in the FY 2020-21 Recommended Budget to \$100.9 million.
- Capital projects: The FY 2020-21 Recommended Budget includes \$226.4 million in total capital projects appropriations for buildings and facilities improvements, ground-up construction, and parks enhancements. This includes \$63.5 million in rollover funding, and \$41 million in additional funding adjustments. Significant adjustments to projects include: Countywide Strategic Energy Master Plan Project Development; Elevator Upgrades; ADA Improvements; Coyote Park Eastern Promenade; SMMC Prevent Self Harm Ligation Project; SMMC Fire Water Line Upgrade; Cordilleras Mental Health Facility Replacement; and Parking Structure II.

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

FISCAL IMPACT:

The FY 2020-21 Recommended Budget for all funds totals \$3,177,708,303 and 5,590 authorized positions. Reserves total \$486,880,472.

The FY 2020-21 Recommended Budget for the General Fund totals \$2,104,645,618 and 4,440 authorized positions. General Fund Reserves total \$324,162,992.