



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 24-201

Board Meeting Date: 3/26/2024

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Executive
Subject: Fiscal Year 2024-25 Budget for **Measure K** Funds

RECOMMENDATION:

Adopt a resolution:

- A) Approving recommendations for **Measure K** expenditures for planning purposes in preparation for the Fiscal Year 2024-25 Recommended Budget, including allocations in the amount of \$15,000,000 for services and programs within the Housing and Homelessness priority area, \$3,500,000 for programs and services within in the Emergency Preparedness priority area and \$16,000,000 for programs and services in the Children, Family and Seniors priority area, and \$75,500,000 in ongoing services and programs, as set forth in Attachment A; and
- B) Approving recommendations for proposed programs and services pursuant to the FY 2024-25 Measure Notice of Funding Opportunity as set forth in Attachment B-D and authorizing the County Executive or designee to negotiate agreements with recommended applicants, and/or conduct further solicitations, as necessary and advisable within the discretion of the County Executive, to be returned to the Board for approval.

BACKGROUND:

In 2012, the County voted in favor of a ballot initiative, **Measure A**, a countywide half-cent sales tax to financially support essential County services and to ensure the maintenance of aging government infrastructure. In November 2016, **Measure K** was passed by San Mateo County voters to extend the sales tax for 20 years, until March 31, 2043.

As part of the initial **Measure A** ballot initiative, the Board and the County Manager (now referred to as the County Executive) identified potential service areas for spending funds generated by the sales tax. In 2013, staff held public speaking events to engage the community, and the subsequent RFP process was open to all Community Based Organizations (CBOs). In connection with that process, the County selected various CBOs to provide services funded by **Measure K**.

Since the initial process, and in response to changing community needs, this Board has expressed a desire to reexamine **Measure K** funding priorities and processes for allocating funds. Throughout 2023, at various Board retreats, meetings and discussions, this Board expressed interest in gathering fresh community input regarding funding needs across and within priority areas of Housing and Homelessness, Children and Families, Mental Health, and Emergency Preparedness.

In response to this Board direction, staff gathered community input regarding priorities for the allocation of **Measure K** funds. Staff collected feedback from CBOs as well as County departments and engaged an agency to conduct a countywide survey and listening sessions to obtain resident input. At the October 3, 2023 **Measure K** study session, staff presented a report produced by InterEthnica, summarizing the results of the surveys and listening sessions and providing valuable input for the Board.

On October 17, 2023, after considering the County's needs and community input, this Board finalized and approved priority areas for FY 2024-25 **Measure K** funding. The priority areas are: Children, Families, and Seniors, Housing and Homelessness and Emergency Preparedness. Mental Health is a component of each priority area rather than a stand-alone item. In addition to the approval of the priority areas, this Board authorized the County Executive to develop and proceed with a Notice of Funding Opportunity (NOFO) process to obtain applications for funding within the approved priority areas and subcategories identified by the Board. The Board also directed staff to identify a portion of **Measure K** revenues that could be re-allocated to reflect the community input gathered through this process.

DISCUSSION:

Measure K revenue for FY 2024-25 is anticipated to total approximately \$110 million. With direction from this Board, approximately \$75.5 million was set aside for ongoing programs and services necessary to support existing systems of care within the county. Some of the programs include the Affordable Housing Fund, Big Lift, Elder Abuse, Fire Mitigation, Gun Violence Prevention, and programs associated to airport activities. The set aside also includes \$1.5 million for data evaluation and approximately \$2.3 million to account for the increase in current staff costs and contracts. Attachment A submitted with this Board item outlines the total planned **Measure K** expenditures for these ongoing programs and services. The remaining \$34.5 million of **Measure K** revenue was earmarked for allocation under the NOFO for programs in the Board's three priority areas.

The NOFO, which closed on January 5, 2024, generated substantial interest from the community. The County received 315 applications including 232 applications to provide programs for Children, Families, and Seniors; 28 applications for funding Emergency Preparedness; and 55 applications under the Housing and Homelessness category. The NOFO was heavily over-subscribed, with requests for **Measure K** funding in the first year alone totaling \$251 million - many times more than the \$34.5 million in available funding.

A panel of subject matter experts comprised of both County staff, community members, and partners reviewed and evaluated each application. The panels applied the evaluation criteria outlined in the NOFO to assess the applications, considering County and community need for the program and applicant capacity. While each panel engaged in its own specific discussions to identify those applications that would be recommended to fund in a specific priority area, some common themes emerged among proposals that generally ranked higher, including factors such as the extent to which:

- The application met an identified county and community need and was in alignment with the Board's priority areas.
- The application would fill a gap in services or help streamline existing systems of care and there were no other funding sources available to meet the need.
- The application was not a duplication of services.
- The applicant demonstrated relevant experience and the organizational capacity to implement proposal at a scale appropriate for the need.
- The application leveraged other funding sources and was not supplanting other funding.
- The application addressed the needs of those most vulnerable and historically underserved.
- The application had strong performance metrics that demonstrated how progress and success would be measured and the likelihood that the metrics could be accomplished.

On March 19, 2024, staff presented recommendations to the Board based on the panels' evaluation of the NOFO applications.

Staff now recommends that the Board approve an overall allocation of the \$34.5 million of **Measure K** revenues under the NOFO across the priority areas as follows: \$15 million for Housing and Homelessness; \$16 million for Children, Families, and Seniors; and \$3.5 million for Emergency Preparedness. These recommended allocations are based on the number of applications received in each priority area, total funding requests and other potential funding sources available to meet the needs. These allocations are set forth in Attachment A and are in addition to the \$75.5 million in **Measure K** funding allocations.

Staff further recommends that the Board authorize the County Executive, or designee, to negotiate agreements and/or conduct further solicitations, as necessary and advisable in the County Executive's discretion, with respect to funding the applications specified in Attachments B-D, which agreements shall be subject to approval by this Board at a future meeting. The applications recommended for negotiation or further solicitation include thirteen proposals under the Housing and Homelessness priority area, thirteen applications under the Emergency Preparedness priority area, and at this time, two applications under the Children, Families and Seniors priority area. In light of the sheer number of applications within the Children, Families, and Seniors priority area, more time is needed to compile the full set of recommendations for funding for that area, but the two applications being recommended at this time address immediate needs that were evident from the application pool and benefit children, families, and seniors countywide. Staff expects to return to this Board with recommendations for allocating the remaining \$13 million in this priority area in the coming months.

In all cases, the County Executive would have discretion to negotiate proposed agreements for Board approval, and/or conduct further solicitations, in the best interest of the County and may determine not to proceed with agreements with certain applicants, to proceed at a funding level other than proposed by applicants and to determine such other terms and conditions as may be necessary and advisable in the County Executive's discretion.

If authorized by this Board, staff expects that proposed agreements would be returned to this Board for approval by the end of the current fiscal year.

EQUITY IMPACT:

The recommended **Measure K** budget addresses pressing community needs and priorities. The **Measure K** allocation process has considered the voices, needs, and priorities as expressed by local community members. It seeks to measurably improve the lives of all San Mateo County residents.

FISCAL IMPACT:

The FY 2024-25 Recommended Budget is expected to include a total of \$110 million in **Measure K** revenue. The **Measure K** funding allocations approved by the Board by this action and set forth in Attachment A are made for planning purposes in preparation for the FY 2024-25 Recommended Budget which will be submitted in accordance with the Government Code in June 2024.