COUNTY OF SAN MATEO

County Budget Workshop and Mid-Year Update
January 29, 2013

Recommendations

A. Accept the FY 2012-13 County Budget Update;
B. Review key budget assumptions and provide direction regarding FYs 2013-14 and 2014-15 Budgets;
C. Direct the County Manager to amend the Fund Balance and Reserves Policies beginning in FY 2013-14, to scale back the use of these one-time funds for ongoing General Fund operations, and to achieve a minimum level of savings each year;
D. Approve the revised Board of Supervisors' meeting schedule for calendar year 2013.

Recommendations

E. Accept the proposed Community Impact Measures;

F. Adopt a Resolution directing the County Manager and Chief Information Officer to develop an Open Data Policy and reporting process; and

G. Use Community Impact Measures data to set goals and track progress, prioritize resources, and align performance goals for County programs, staff, and partner organizations.

Two-Year Budget

- Implement a two year budget process for FY 2013-14 and FY 2014-15
- Rollover FY 2012-13 Budget effective July 1, 2013
- Conduct Budget Hearings in September 2013
- Make budget process more efficient
- Allow departments to focus on service delivery and achieving goals and priorities
- Begin program performance reviews in 2014

FY 2012-13 County Financial Status

Estimated Year End Fund Balance = $354.8 million

General Fund = $237.4 million

•$43 million less than the prior year, primarily due to one-time expenditures of $37 million for the Replacement Jail Project and $9 million for major IT initiatives

Non-General Fund = $117.4 million

•$18.7 million less than prior year, due to one-time capital and construction projects in Utilities Districts and Roads
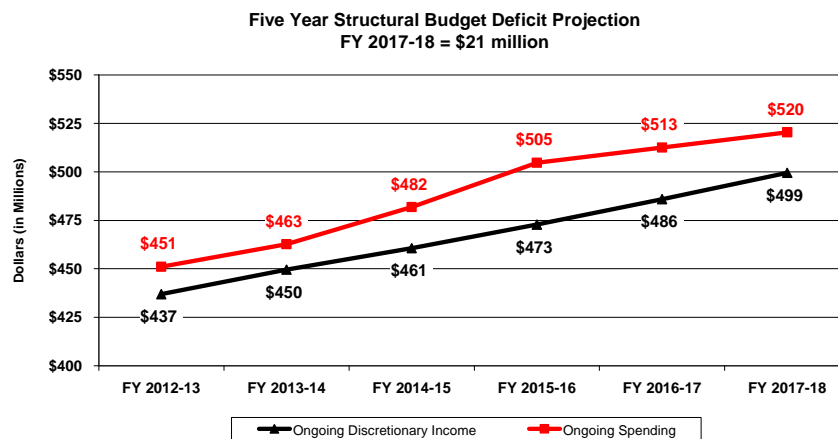
General Purpose Revenues	FY 2013	FY 2018	5-Year Growth
Secured Property Tax	172,947,471	200,406,155	27,458,684
Unsecured Property Tax	8,229,113	8,640,908	411,795
Excess ERAF (Ongoing)	40,000,000	40,000,000	0
Vehicle Rental Tax (Measure T)	7,000,000	10,102,700	3,102,700
Sales Tax	24,257,023	27,368,985	3,111,962
Property Transfer Tax	5,792,683	6,715,307	922,624
Transient Occupancy Tax	1,126,689	1,243,956	117,267
Property Tax In-Lieu of VLF	75,641,065	87,688,726	12,047,661
Interest & Investment Income	6,245,764	6,564,361	318,597
Public Safety Sales Tax	68,187,299	82,293,106	14,105,807
Other Revenue	27,565,505	28,468,745	903,240
General Purpose Rev Growth	436,992,612	499,492,948	62,500,336
Measure A Sales Tax*	5,304,365	74,460,912	69,156,546

*Measure A projection for FY 2013 represents one month of collections. Annualized receipts projected in FY 2014 total $63,652,385. Adjusted 5-Year growth totals $10,808,527.

Key Expenditure Assumptions – 5 Years

- Salaries and Benefits expected to grow $41.4 million
- Replacement Jail annual operating costs of $16.4 million
- Countywide initiatives (capital, IT, debt service) increase $1.1 million
- Contracts with outside providers for critical/mandated services increase $3.6 million
- Deficits in IHSS and Healthy Kids programs increase to $6.9 million by FY 2017-18.

Five Year Revenue & Expenditure Projections

Five Year Structural Budget Deficit Projection
FY 2017-18 = $21 million

FY	Ongoing Discretionary Income	Ongoing Spending
FY 2012-13	$437	$451
FY 2013-14	$450	$463
FY 2014-15	$461	$482
FY 2015-16	$473	$505
FY 2016-17	$486	$513
FY 2017-18	$499	$520

Dollars (in Millions)

— Ongoing Discretionary Income   — Ongoing Spending

Deficit Solutions

- Increase amount of Excess ERAF used on an ongoing basis
- Lease Circle Star Towers
- Process Improvements, Use of Technology, Standardization and Consolidation
- Reopen Camp Kemp
- Use Excess ERAF and/or Measure A to Reduce Long-Term Liabilities

Major Budget Issues

- Governor's January Budget Proposal
- Public Safety Realignment (AB 109)
- Public Safety Sales Tax (Prop. 172) Reserves
- Replacement Jail / Re-Entry Facility Planning
- Educational Revenue Augmentation Fund (ERAF) Revenues
- Property Tax In-Lieu of VLF
- Health Care Reform

Community Impact Goals and Outcome Measures

- Reduce crime
- Increase life expectancy
- Improve affordability
- Close achievement gap
- Transit accessible
- Engaged community
- Greenhouse Gas Emissions (GHG) are reduced
- Conserve and protect natural resources
- Responsive, effective and collaborative government

Open Data Policy

- Track progress on goals and outcome measures
- Improve accuracy, reliability, and transparency
- Increase efficiency and civic engagement

Questions?