



COUNTY OF SAN MATEO

County Manager's Office

DATE: September 8, 2009
BOARD MEETING DATE: September 15, 2009
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: David S. Boesch, County Manager
SUBJECT: Budget Study Session

RECOMMENDATION:

Adopt a Resolution approving the process, timeline and strategies to eliminate the General Fund structural budget imbalance by Fiscal Year 2013.

BACKGROUND:

In April 2009, County staff projected that the General Fund structural budget deficit had grown to \$100 million due to property reassessments, continued declines in local and statewide sales, and investment losses in the Retirement Fund. The County Manager held a series of budget "brown bag" meetings with managers in May and June to inform them of the magnitude of the budget challenge and the need to work together with employees and the community on solutions. With a modest reserve, the County is in an enviable position of being able to thoughtfully plan for and strategically implement reductions over the next several years. An effective multi-year process that restores structural balance will create a stronger organization and contribute to a stronger community.

After budget hearings concluded in June, over 100 senior managers from all County departments participated in an all-day Collaborative Leadership session to begin the process of preparing three-year budget reduction scenarios in the range of 10%, 20% and 30% of General Fund allocations (Net County Cost). Scenario planning guidelines were issued in early July, and the County Manager met with individual departments through August to identify and provide resources and assistance. One of the highest priorities identified by departments was the need for a collaborative and supportive decision-making environment, where all options could be explored to sustain core services to the community and meet the needs of our most vulnerable populations.



DISCUSSION:

On August 25, your Board adopted a set of Budget Balancing Principles that reflect the County's vision and values for the community and County organization. These principles create the collaborative environment and framework necessary to explore all alternatives to eliminate the \$100 million General Fund structural imbalance by Fiscal Year 2013.

In keeping with the adopted principles, for your review and feedback are specific Budget Balancing Strategies that will be explored as part of the County's multi-year budget balancing process. Given the magnitude of the County's local budget imbalance, protracted revenues, and the continued uncertainty around State funding, it is imperative that the County, organized labor and community partners work together to seek ways to explore all options, including (1) program and service restructuring, reduction, and elimination, (2) labor cost reductions, (3) Countywide and multi-departmental efficiencies and (4) revenue generation. Proposed solutions will be prioritized based on strategies that will minimize the impact on our clients, employees, and the community we serve.

These strategies were reviewed with County Department Heads at the August 31 Executive Council meeting. The Board Finance and Operations Committee reviewed the strategies and provided feedback at its September 8 meeting. Comments through September 9 have been included.

Adoption of the planning process, timeline and Budget Balancing Strategies contributes to the Shared Vision 2025 outcome of a Collaborative Community, where leaders forge partnerships, inform and engage residents, and demonstrate fiscal stewardship by sustaining core services for future generations and for the most vulnerable members of our community.

FISCAL IMPACT:

The strategies will guide the development of budget solutions toward elimination of the \$100 million structural budget gap.

ATTACHMENTS

1. Adopted Budget Balancing Principles (August 25, 2009 Board of Supervisors)
2. Fiscal Years 2010-13 Long-Term Budget Balancing Strategies