



COUNTY OF SAN MATEO
Board of Supervisors



BUDGET STUDY SESSION
September 15, 2009

BUDGET STUDY SESSION
Purpose

The purpose of the Budget Study Session is to review the County's financial status and budget planning efforts, and to provide feedback on the process and approach to eliminate an estimated \$100 million structural budget imbalance by Fiscal Year 2013.

BUDGET STUDY SESSION
Alignment to Shared Vision 2025

Conducting this Budget Study Session contributes to the Shared Vision 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.

**BUDGET STUDY SESSION
Agenda**

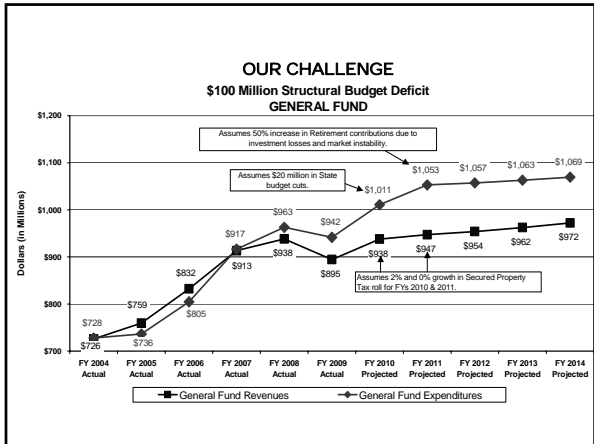
- FY 2008-09 Year-End Financial Status
- FY 2009-10 State Budget Update
- Overview – FY 2010-2013 Budget Planning
- Update – Countywide Budget Solutions
- Employee and Community Engagement
- Budget Balancing Strategies

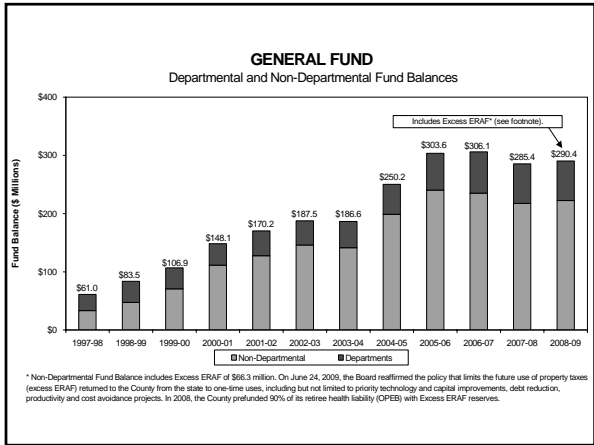
**San Mateo County Board of Supervisors
BUDGET STUDY SESSION
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**FISCAL YEAR 2008-09
Year-End Financial Status
ending June 30, 2009**

**Year-End Discretionary General Fund
Revenues and Public Safety Sales Tax**

Revenue Object	FY 2007-08 Actuals	FY 2008-09 Budget	FY 2008-09 Actuals	FY 2008-09 Variance
Property Taxes	251,672,219	267,700,835	270,504,427	2,803,592
Sales & Use Taxes	19,982,080	20,937,576	21,328,037	390,461
Teeter Revenues	0	6,000,000	7,440,000	1,440,000
Property Transfer Taxes	6,010,759	6,366,914	3,841,685	(2,525,229)
Transient Occupancy Taxes	749,628	1,246,832	936,779	(310,053)
Franchise Fees	419,229	419,229	443,999	24,770
Interest/Investment Earnings	18,017,402	14,099,145	1,966,968	(12,133,187)
State Mandated Cost Reimbursements	188,563	880,340	0	(880,340)
All Other Ongoing Miscellaneous Rev	12,135,301	15,069,636	15,615,166	545,530
Ongoing Discretionary Rev	309,175,182	332,720,507	322,076,050	(10,644,457)
Public Safety Sales Tax	62,476,458	65,425,959	57,556,836	(7,869,123)





Economic and Demographic Indicators

- Rising unemployment
 - State at 12.1%
 - San Mateo County at 9% (4th lowest in CA)
- Declining statewide and local sales activity
- Stagnant residential home sales
- Increasing commercial vacancy rates
- Stock market instability
- Jail overcrowding

Variables That Will Affect Deficit

- Negative Consumer Price Index (CPI)
 - reduced growth in property tax rolls
 - less Excess ERAF
- Commercial property reassessments
- State budget reductions
- Declining cash balances – deferrals and Prop 1A
- Pension and retiree health actuarial valuations
- Jail replacement – operating costs/debt service
- Deficits in other funds (Solid Waste, Structural Fire)

**San Mateo County Board of Supervisors
BUDGET STUDY SESSION
September 15, 2009**

**FISCAL YEAR 2009-10
State Budget Update**

State Budget Update

- Will be taking first round of reductions to the Board on September 29
 - \$10.3 million in reduced State funding
 - Elimination of 51 positions
- Departments continue to wait for other state allocation letters
- Will be taking additional reductions to the Board when allocations are known, through December 15

San Mateo County Board of Supervisors
BUDGET STUDY SESSION
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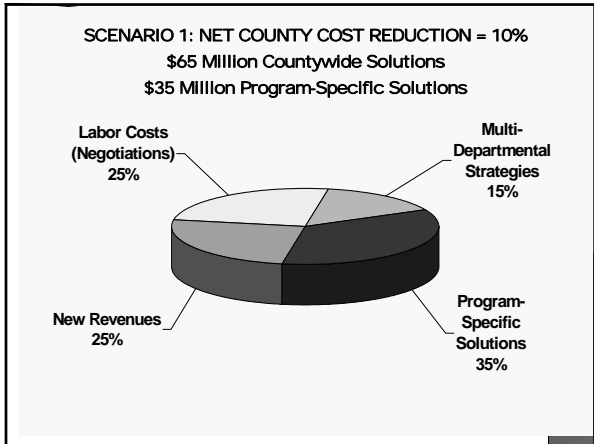
FISCAL YEARS 2010-2013
Overview of 10/20/30
Scenario Planning

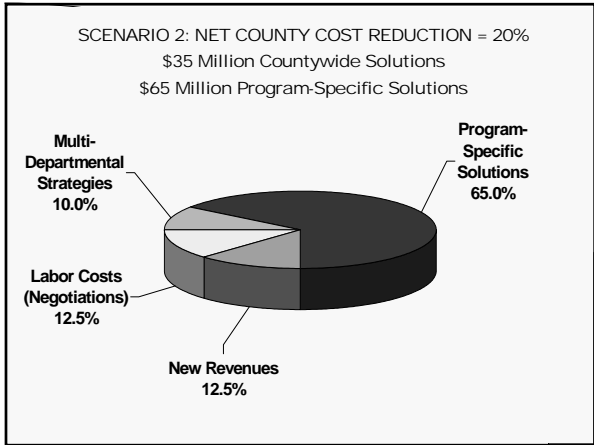
Scenario Planning Overview

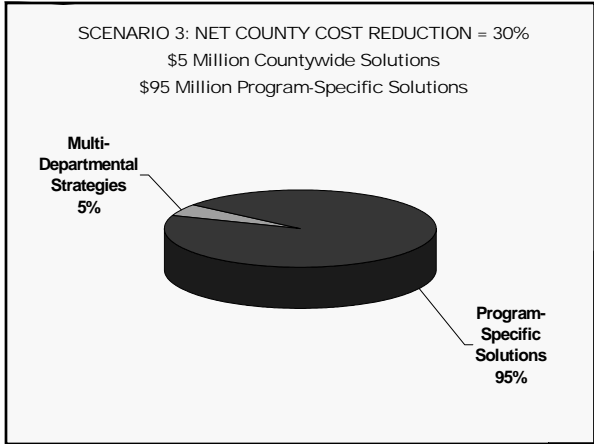
- Projected General Fund structural imbalance in April 2009 = \$100 million
- Goal is structural balance by Fiscal Year 2013 through a combination of:
 1. Program-specific reductions
 2. Reductions in labor costs
 3. Countywide and multi-departmental efficiencies
 4. New revenues

Scenario Planning Overview

- Budget Brown Bags held for managers (May-June)
- Collaborative Leadership retreat held with 100 senior managers on June 25 – all Departments represented
- \$100 million represents 30% of Net County Cost
- Departments were asked to provide reduction plans for 10%, 20% and 30% of their Net County Cost or General Fund allocation
- 10/20/30 Scenario Planning Guidelines issued on July 8
- Scenario Plans are due to County Manager's Office on Monday, September 28







**San Mateo County Board of Supervisors
BUDGET STUDY SESSION
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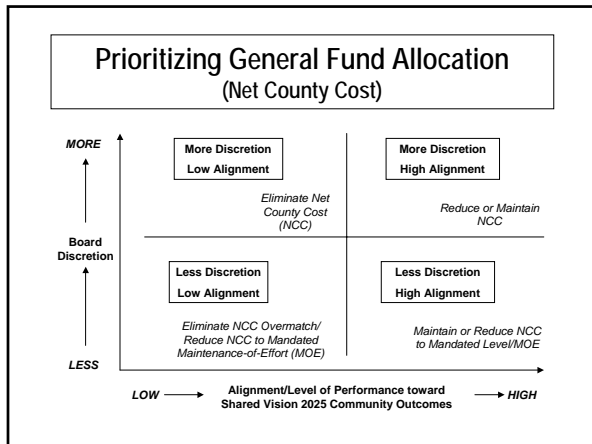
**FISCAL YEARS 2010-2013
Budget Planning Process**

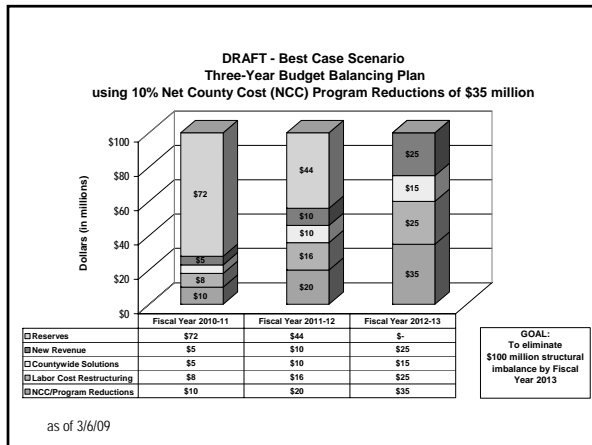
Budget Planning Calendar

- Budget Balancing Principles adopted by Board (August 25)
- Budget Study Session and Budget Balancing Strategies (September 15)
- 10/20/30 Scenario Plans due from departments (Sept 28)
- Final Budget Hearing - State Budget/Final Fund Balances (September 29)
- Community Outcomes Review - cross-departmental collaboration and review of specific scenarios (Oct-Nov)
- Employee and Community Outreach and Engagement (Oct-Jan)

Budget Planning Calendar

- Board Update – Five-Year Projections (December 15)
- Mid-Year County Budget Update (February 9)
- Program Plans due from departments (February 19)
- Three-Year Budget Balancing Plan (March)
- Three-Year Plan Study Sessions-Board Committees (March)
- Budgets due from departments (April 30)
- Recommended Budget available (May 28)
- June Budget Hearings (June 28-30)





San Mateo County Board of Supervisors BUDGET STUDY SESSION September 15, 2009

**FISCAL YEARS 2010-2013
Update – Countywide Budget Solutions**

Labor Costs

- Conducted Management/Attorneys Salary and Benefits Cost Containment Survey in July
 - Advisory Committee recommendations to Executive Council in August
- Labor MOUs with AFSCME, SEIU and BCTC expire end of October 2009
- Exploring retirement alternatives (Milliman reports) and health benefit cost containment measures (Committee)
- Wellness Committee - policy and incentives
- Actuarial valuation to SamCERA Board on September 29
 - Also exploring changes in actuarial methods

Multi-Departmental Savings

- Countywide Facilities Master Plan – contract approved by Board on August 25
- Debt Restructuring – refinancing existing bonds for ongoing debt service savings
- Purchasing Review – report completed and being reviewed for implementation
- Controller/Human Resources/ISD/County Manager – developing initiatives for ATKS Advanced Scheduler and admin/finance systems integration

New Revenues

- Board Finance and Operations Committee efforts
- Employee Budget Workgroup-Revenue Enhancement (labor/management) – provided update to Board Finance and Operations Committee on September 8:
 - Countywide Fee Policy – includes uniform procedures for cost recovery calculations
 - Utility Users Tax (UUT)
 - Business License Tax on more services
 - Business License Tax (vehicle rental and commercial parking)
 - Transient Occupancy Tax and Sales Tax increase

San Mateo County Board of Supervisors
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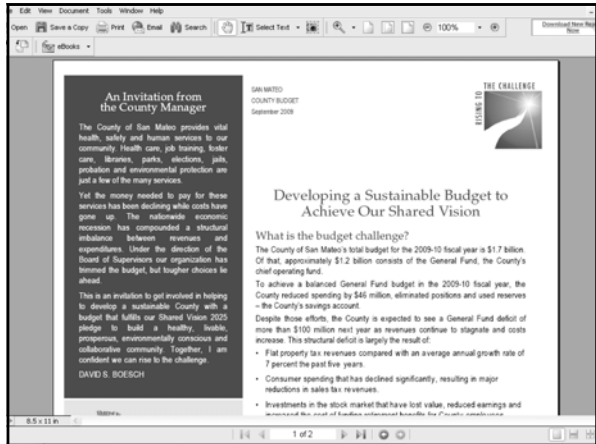


COMMUNITY AND EMPLOYEES
 Outreach and Engagement

Community Outreach

- Green Budget tab on County website
- Video updates – County Manager reports to the Board
- Meetings with community-based organizations (CBOs) as part of department scenario planning
- Budget Brief - Rising to the Challenge
- Budget Primer (mid-late Sept)
- Community forums (Oct/Nov-Dec)





Rising to the Challenge - Budget Primer

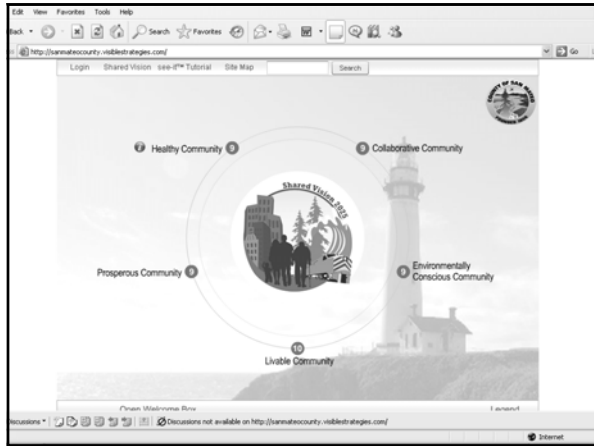
- Enhanced version of 2-page Budget Brief
- Highlights the community's Shared Vision and outlines the \$100 million budget challenge
- Points to Shared Vision SEE-IT site to get feedback on Community Indicators and scorecards
- Provides basic service delivery and financial information about County programs, organized by the five Shared Vision 2025 community outcomes
- Informs the public about budget strategies being considered by the County
- Explains how and when to get involved

Shared Vision 2025 Community Indicators

Visit Our Shared Vision
SEE-IT San Mateo County:
<http://sanmateocounty.visiblestrategies.com/>

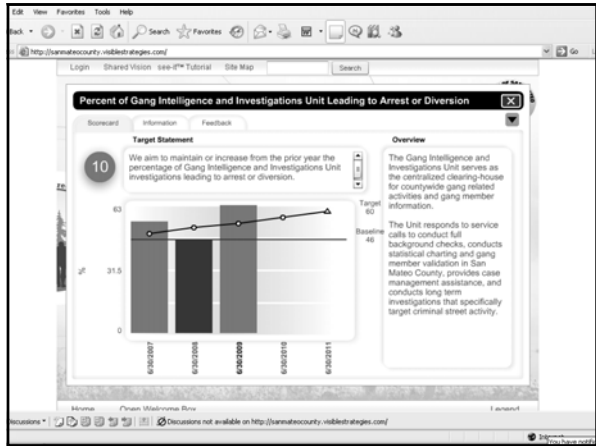


work in progress









Percent of Gang Intelligence and Investigations Unit Leading to Arrest or Diversion

Submit your feedback message here, click 'Send Message' and this information will be sent to the manager of this scorecard.

Your name:

Your e-mail:

Subject: Percent of Gang Intelligence and Investigations Unit Leading to Arrest or Diversion

Message:

Send Message

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COUNTY EMPLOYEES
Outreach and Engagement

Employee Engagement

- Monthly budget update meetings with labor organizations since January 2008
- Formation of Employee Budget Workgroups to review employee suggestions (Fall 2008)
 - Six workgroups co-led by County and labor representatives
 - Creation of new STARS Award category
 - Revenue Enhancement Workgroup updates to Board Finance and Operations Committee

Employee Engagement

- County Budget Updates from County Manager: all-employee emails since December 2008 (latest on Budget Balancing Strategies)
- Re-launch of Employee Budget News site in mid-September
 - Employee Bulletin Board
 - Budget Information
 - Resources for Budget Planning
- Employee Forums (Fall/Winter)



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**BUDGET BALANCING
STRATEGIES**

Program and Service Reductions

If we are not successful at generating new revenue and achieving savings through Countywide solutions and reduced labor costs, given the magnitude of the \$100 million budget imbalance, we will be forced to consider the following:

- Closure of facilities
- Reduction and elimination of safety net services
- Reduction and elimination of public safety services

Partnerships

- Shared Services
- Transfer of Services/Annexation
- Managed Competition and Performance-Based Contracting
 - Nonprofit Partnerships for Community-Based Services
 - Business Partnerships for Other County Services
- Service Delivery Systems Redesign
- Expansion of Volunteer Programs

**Reorganizations and
Labor Cost Restructuring**

- Charter Review
- Review of Boards and Commissions
- Span of Control
- Skills Mix
- Pay Adjustments
- Cost Sharing (retirement and health costs)
- Benefits Restructuring

Organizational Incentives

- Separation Incentives
- Wellness Incentives
- Innovation and Entrepreneurial Fund
- Pay for Performance

Real Property/Facilities

- Space Consolidation and Reduction Initiatives
- Sale of Property
- Renegotiation of Leases
- Multi-Resource Centers
- Debt (Bonds) Restructuring

Administrative Efficiencies

- **Technology Initiatives**
 - Electronic Document Management Systems (EDMS)
 - Automated Time Keeping System (ATKS) Advanced Scheduler
 - Increased System Integration – Finance, Payroll, Human Resources, Budget, Purchasing
- **Contracts Review**
- **Purchasing Operational Review**
- **Civil Service Rules, Admin Memos, County Ordinance Reviews**
- **Multi-Year Budgeting**

Revenue Generation

- **Increased Cost Recovery – Full Cost Plan**
- **Standard Methodology for Charges for Services**
- **New Taxes and Fees - Finance and Operations Committee**
- **County Ordinance Fee Updates**
- **Economic Development**

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RECOMMENDATION

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