



## SAN MATEO COUNTY COUNTY MANAGER'S OFFICE

Date: May 27, 2004

To: Honorable Board of Supervisors  
From: John L. Maltbie, County Manager  
Subject: Recommended Budget for FY 2004-05 and FY 2005-06

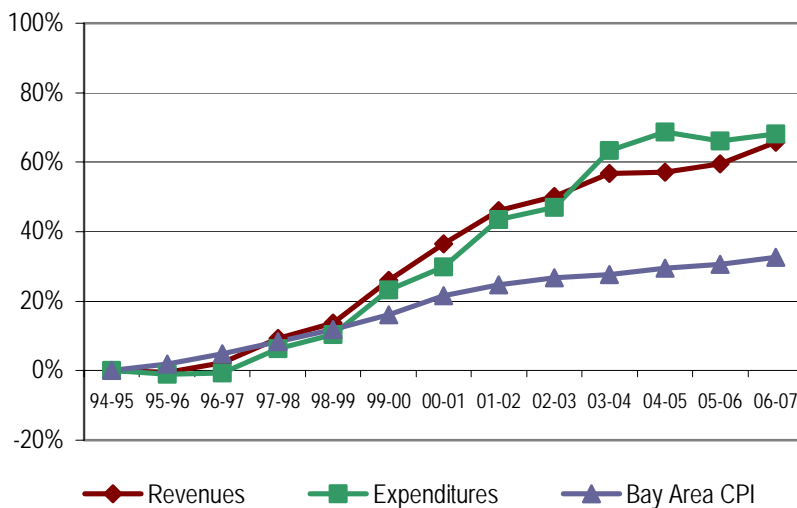
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I am pleased to submit the Recommended Budget for FY 2004-05 and FY 2005-06. Booker T. Washington said, "You measure the size of the accomplishment by the obstacles you had to overcome to reach your goals." By this standard this budget is quite an accomplishment. The budget keeps the General Fund net county cost (NCC) at FY-04 levels, maintains all critical health and human services at or near current levels, protects the public safety and results in only one lay off.

My office had estimated in January that the County would be facing an \$80 million deficit due to growing expenditures and declining State revenues. However, the State loss may not be as great as originally expected, but we are still projecting a reduction of State revenue of \$23.1 million.

The budget for all County funds for FY-05 totals \$1,287,174,896, a 1.4% increase from the prior fiscal year. Nevertheless, there will be a shortfall of \$56.3 million. Departmental spending requests have been reduced by \$19.5 million, and \$23.4 million from General Fund reserves were used to balance the budget. This is the fourth consecutive year that the County has used reserves for this purpose.

Cumulative Change in General Fund  
Revenues, Expenditures and Bay Area CPI



The budget for all County funds for FY-06 is \$1,255,724,164, a 2.4% decrease from the prior fiscal year. The General Fund budget will use \$21.6 million in reserves, to balance the budget.

The Governor's May Revise and its impact on the County was a product of the deal that was struck by the Governor with the League of California Cities and the California State Association of Counties (CSAC). If the Governor's recommendations are adopted by the Legislature, the County will lose \$23.1 million in State revenue in FY-05 and \$24.2 million in FY-06. This includes the temporary transfer of an additional \$6.7 million in property taxes, \$6.2 million in funding for IHSS workers salaries and benefits, \$3.2 million in TANF funds for Probation and loss of the authority to charge booking fees - \$1.5 million. However, at the end of two years the State will return the \$6.7 million in property taxes, plus additional property taxes to backfill VLF losses and pay an estimated \$10 million in deferred SB90 reimbursements.

Also, the Governor is recommending the restoration of funds for the IHSS Residual Program and Domestic and Related Services in Shared-living Situations services through a federal waiver request; maintaining Medi-Cal provider rates at present levels and dropping the proposal for enrollment caps; and a rate increase for County Organized Health Systems (COHS).

The County's revenue position has improved. Clearly the news from Sacramento is better than we had expected. Intergovernmental revenue is now projected at \$437 million for all funds, about \$22.7 million more than had been originally estimated. Moreover, the local economy is beginning to show some encouraging signs. Continued strong growth in property taxes are projected over the next two years with increases of \$7.6 million in FY-05 and \$8.1 million in FY-06. Sales taxes remain relatively flat, although there was a slight upturn in the last quarter. This budget also includes recommendations to increase charges for services in all funds by \$16.3 million (\$4.2 million in the General Fund).

I believe with modest growth in local taxes, no further reductions in State revenues, no unexpected increases in costs, and the restoration of \$7.5 million in property taxes in FY-07, the County's budget can be balanced over the next 3 years with additional reductions of approximately \$7 million in FY-06 and \$6 million in FY-07 and without layoffs. The General Fund's departmental, non-departmental and contingency reserves will be reduced to \$67.6 million by the end of FY-07 compared to \$120.8 million today.

The budget recommends eliminating a net of 68 positions. Because of increases in full-time equivalents (FTEs) at the San Mateo Medical Center (SMMC) for reasons that will be explained in a later section of this transmittal the total number of Countywide FTEs will be 19.4 less than FY-04. The number of FTEs funded in next year's budget is 155.1 more than in FY-02.

This budget includes \$9.7 million in overtime and \$10.8 million in extra help. There is a \$1.9 million decrease in these two accounts compared to last year.

A complete analysis of the management/supervisory to staff ratios will be presented during the budget hearings. More analysis is needed to insure that these comparisons are accurate. Of the 102 positions deleted in the FY-05 budget, 20% are management and supervisory positions.

### Children's Services

When I became County Manager, my wife gave me a framed copy of one of my favorite quotes from Ralph Waldo Emerson. The quote is from an essay entitled "Success" and reads in part, "To leave the world a bit better, whether by a healthy child, a garden patch, or a redeemed social condition; to know even one life has breathed easier because you have lived. This is to have succeeded."

The County provides a wide variety of services to children. Some of these services, as a matter of necessity, must be provided in the aftermath of a tragedy. However, over the years, in accordance with Board policy, we have used some of the County's discretionary funding to initiate new programs designed to prevent tragedies from occurring.

As I look back on my career with the County I take great pride in programs such as the Family Resource Centers, Pre-to-Three, Healthy Kids, the Children's Report Card, After School Tutoring, Raising a Reader, the Palcare and Garfield Childcare Centers, the Canyon Oaks Facility for emotionally disturbed adolescents, Daly City and Fair Oaks Youth Clinics, the Wrap-Around Program, and substantial funding for adolescent drug and alcohol abuse programs.

Each of these programs required extensive collaboration between County departments and our community partners. All of these programs individually and collectively have enhanced the well being of children and families in the County. I am pleased to report that this budget maintains funding for these programs, including startup costs for new programs at the Youth Services Center, now under construction.

The funding of prevention programs is always a challenge especially during difficult budget times. Some people have suggested that we reallocate resources from prevention programs to enhance our capabilities to respond to tragedies. Some believe that by engaging in preventative activities we are not focusing on our primary responsibilities. I believe these critics are wrong on both counts. In my judgment it would be false economy to reduce funding for prevention. Will reallocating prevention funds enhance health and safety services? While it might provide additional resources to meet existing caseloads, how will we fund the increased caseloads that result from closing prevention programs? Moreover, if we have the ability to prevent a tragedy from occurring, don't we have a moral obligation to do so? Is it better to deny children access to health care knowing that they may be spreading communicable diseases in the community? Should we stop helping new parents develop parenting skills knowing that as a result some children will be abused and/or neglected? Should we wait for a child to commit a crime before we provide drug/alcohol rehabilitation or mental health services? Funding prevention programs not only makes economic sense, it is the right thing to do. If we want a healthier community, we need to ensure that everyone has access to quality healthcare. If we want to protect children, we need to help parents become better parents and ensure they have the training necessary to get good jobs so that they can provide for their families. If we want to protect the public from crime, we need to provide all children with a quality education that begins with universal preschool.

### Safety Net Services

Counties are the provider of "safety net services" to the vulnerable and frail in our communities. These are services that are provided to children, the elderly, the disabled, the homeless, the mentally ill, the poor and those addicted to drugs or alcohol. These services are provided at our hospital and clinics, community service agencies, schools, homeless shelters, jails, psychiatric facilities and in the homes of clients.

The Health Services and Human Services Agencies will be eliminating a net of 19 vacant positions. However this budget still provides funding for most safety net services. The Human Services Agency (HSA) will fund increased caseloads in General Assistance, CalWorks, Food Stamps, and Medi-Cal despite a \$500,000 reduction in the County's reimbursement from the State for administrative expenses.

As a result of State reductions to drug and alcohol programs the County will refine treatment modalities by reducing inpatient days and increasing outpatient visits and attempt to serve the same number of clients. Three grants totaling

almost \$700,000 from the Center for Substance Abuse Treatment (CSAT) will expire in FY-05 and will not be funded by the County. These grants involved inpatient and outpatient treatment services and physician training. The FY-05 budget also includes \$137,000 in one-time "bridge funding" to contractors to assist them in changing their treatment modalities.

In the short-term I think these cuts are manageable. However, substance abuse will continue to be a major public health and public safety issue. The County must have the resources to provide a full array of prevention and rehabilitation services to our clients. Therefore, the County should explore the feasibility of generating additional revenue for program enhancements by placing a measure before the voters that adds a local tax on off-site sales of liquor and beer.

To meet the budget target Mental Health Services (MHS) has reduced its contract with Telecare for inpatient beds from four to two. Attempts will be made to connect these clients with other community services. Also MHS will reduce the number of private psychiatric hospital beds from four to two. These patients will be seen at the San Mateo Medical Center. Better utilization management and discharge planning will be needed to manage this reduction in beds. These reductions will affect mentally ill adults.

Human Services is proposing to delete \$80,000 in contracted tobacco prevention and cessation services that provide assessments and referrals at community colleges and trade schools. Human Services is not able to continue this grant with its reduced resources.

The AID's program caseloads will increase as a result of the elimination of two vacant positions. The contract with the AID's Community Resource Consortium (ACRC) will be terminated. There will also be a 5% reduction to community contracts for dental, food and substance abuse services resulting in longer wait times.

Aging and Adult Services has reduced AID's case management, centralized Intake/Adult Protective Services and the 24-hour on-call services for a savings of \$55,000. There are also reductions to some contracts with community service providers.

For the last several years the County has offset the loss of State funds with general funds. Unfortunately, with the seizure of property taxes to help pay for State obligations and County costs rising at a faster rate than revenues, the County can no longer sustain the same level of funding for community agencies. This will undoubtedly have adverse repercussions for some of our community partners.

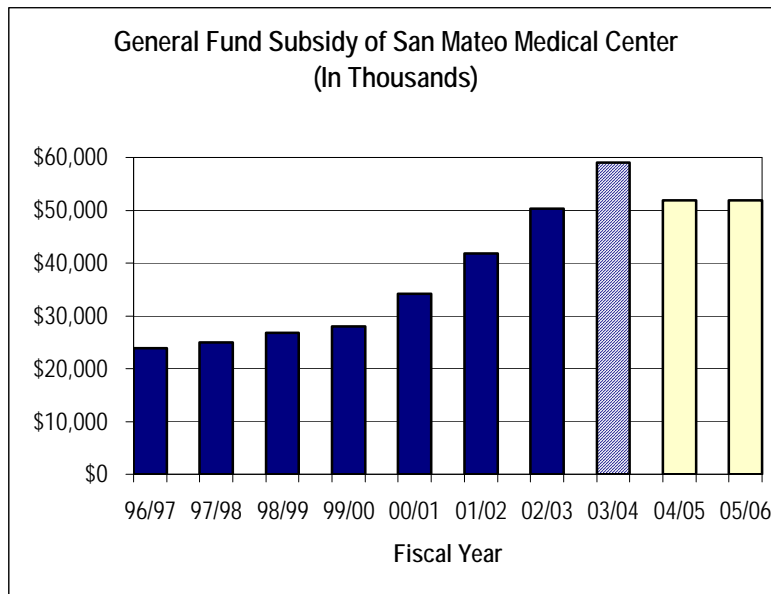
### Health Care

The Health Plan of San Mateo (HPSM) is a County Organized Health System (COHS) that serves most of the County's Medi-Cal population. Like most managed health care systems HPSM contracts with physicians and hospitals to serve its members. In San Mateo all private hospitals except Kaiser have contracts with HPSM. The San Mateo Medical Center (SMMC) provides about 17% of the inpatient care and about 50% of the outpatient visits to HPSM Medi-Cal patients.

The County is mandated to provide health care to medically indigent adults. San Mateo is one of 18 counties in the State that provides this care at its own hospital and clinics. In addition to serving the Medi-Cal and medically indigent adult populations SMMC operates a 34-bed locked psychiatric unit and provides 345-bed distinct-part (long-term) skilled nursing services at two locations.

Last year the Board decided to assume responsibility for the troubled Burlingame Long-Term Care Facility (BLTC) that was operating under State receivership and about to close. I'm pleased to report that BLTC is serving 222 patients a day. The landlord is in the process of making the agreed upon facility improvements. The County has invested \$1.5 million in new plant and equipment. The BLTC is expected to generate a net income of \$960,000 for SMMC next year.

The County's subsidy of SMMC in FY-04 will be \$59.1 million – \$6.7 million more than was budgeted. The County cannot continue to absorb this level of subsidy without impacting other programs.



In FY-05 the SMMC operating budget is recommended at \$184.7 million, an increase of \$17 million. In addition, \$4.6 million is recommended for new equipment purchases to replace lab equipment and radiology equipment. This budget adds 72.4 full-time equivalents (FTEs) to meet the new nursing ratio standards, staffing for BLTC, and extra help conversions.

In order to balance its budget SMMC is projecting increases in intergovernmental revenue and charges for service. Even with this added income it was necessary to reduce overtime (\$1.2 million), extra help (\$1.4 million), and contracts (\$2.9 million). These reductions may cause the emergency room to close (to ambulance traffic) more often and wait times for appointments at clinics to increase. To avoid those outcomes SMMC has proposed (and the Board of Supervisors approved) terminating the contract with HPSM effective July 1<sup>st</sup>. In so doing SMMC could qualify for an additional \$7 million in "disproportionate share revenue" under the SB1255 and AB915 programs. If these funds materialize (and it is by no means a certainty), SMMC can restore the funds needed to maintain the current level of emergency room and clinic operations.

The County continues to work with HPSM and the State to explore ways for SMMC to remain a contractor to the Plan and receive the additional funding necessary for SMMC to maintain normal operations. The HPSM has offered to pay SMMC an additional \$3.4 million next year if the State approves a 3% rate increase for the Plan. This should greatly assist SMMC in continuing its relationship with the Plan.

I remain hopeful that the State will provide the additional funds to SMMC that other "disproportionate-share" hospitals receive. The Governor has proposed expanding the number of counties that participate in managed care for Medi-Cal patients. It's anticipated that this will be part of his proposed Medi-Cal redesign that will be unveiled this summer. However, those counties not currently part of managed care with hospitals currently receiving SB1255 and AB915 funds could suffer a reduction of those funds. Any resolution of this problem must include SMMC. In addition the State is considering a new method of raising funds to participate in a Medicaid intergovernmental transfer (IGT) that could substantially increase the funds available for Medi-Cal programs.

Despite some reason to be optimistic about additional revenue for SMMC in the near future such revenue is only a stopgap. To be financially viable in the long-term SMMC has to generate sufficient revenue to cover its expenses without requiring increasing subsidies from the General Fund. In four of the past five years SMMC has overspent its budget. The Medical Center was able to reduce its operating line of credit by \$25 million last year. However, the outstanding balance owed the General Fund at the end of the current fiscal year is expected to be at least \$42 million.

There has to be more predictability in the financial relationship between the County and SMMC. When the budget is adopted, like any other County department, SMMC needs to stay within the budget. It also has to be able to match expenditure growth with revenue growth without relying on increasing General Fund subsidies. Rather than subsidize the Medical Center the County should only reimburse SMMC for the cost of indigent care. However, that cannot be an open-ended commitment. Working with the Controller, a consultant, and SMMC my office is in the process of identifying what those costs are.

There are two components to this analysis. The first is to identify those patients who are truly medically indigent and are therefore the County's financial responsibility. (In the past people who are not County residents or who have the means to pay for some or all of their care have received free care at SMMC.) The second is to calculate the cost of medical care on a per member, per month basis (PMPM) as is commonly done in managed care systems. Once these tasks are completed the County's annual obligation can be identified and compared with the cost of obtaining these services from other providers. I expect this work to be completed before the submittal of next year's budget.

### Economic Development

Virtually all commercial and industrial development in San Mateo County occurs within cities except for private development at the San Francisco International Airport and in a few commercial areas that are unincorporated. It is the Board's longstanding policy to encourage urban development within cities rather than in unincorporated areas. As a result the County will "contribute" \$9.9 million in property taxes to city redevelopment agencies in FY-05.

The County's primary interest in economic development is to encourage the development and growth of businesses with jobs that pay sufficient salaries and benefits to enable their workers to live in the Bay Area without the aid of taxpayer subsidized health and human services. This budget includes \$75,000 to pay one-third the cost of the Peninsula Policy Partnership (P-3). This organization includes cities, schools, unions, public interest organizations and the San Mateo County Economic Development Association (SAMCEDA). P-3 encourages the adoption of public and private policies that support the creation and retention of a strong job base on the Peninsula. In furtherance of this policy P-3 has taken the lead in recruiting major new businesses like Virgin Atlantic Airline (U.S.A.) to the County. We are also a member of Joint Venture Silicon Valley (\$20,000) whose purpose is to bring government, business,

environmental, labor and community leaders together to address issues of community concern including the creation of good jobs.

The County also contributes to economic development through job training programs. Having a well-trained work force is a valuable asset in attracting and retaining businesses. The Human Services Agency (HSA) works with private business, the Central Labor Council, and the San Mateo Community College District to identify the types of jobs for which there is a growing demand and assists workers in obtaining the appropriate training.

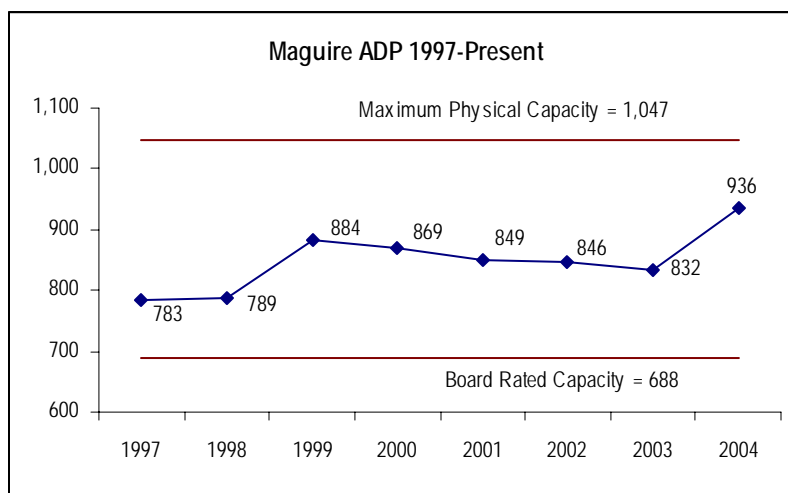
The County also assists low-income workers with housing, transportation, and childcare expenses. The budget for FY-05 includes an estimated \$14 million in assistance to the "working poor" in our County. In addition, the County subsidizes the Well Program for the medically indigent at the Medi-Cal Center. Many of these patients have low-paying jobs without health benefits. The budget also includes \$5.5 million for the Healthy Kids program that funds health insurance for children whose parents are without health insurance.

In partnership with the San Francisco International Airport, the International Association of Machinists Local 1781 and the Central Labor Council the County developed the PALCARE Center in Burlingame as a 24-hour childcare facility to serve the needs of airport workers. The County's contribution to PALCARE is estimated at \$83,000 a year in the form of rent subsidies, including major maintenance.

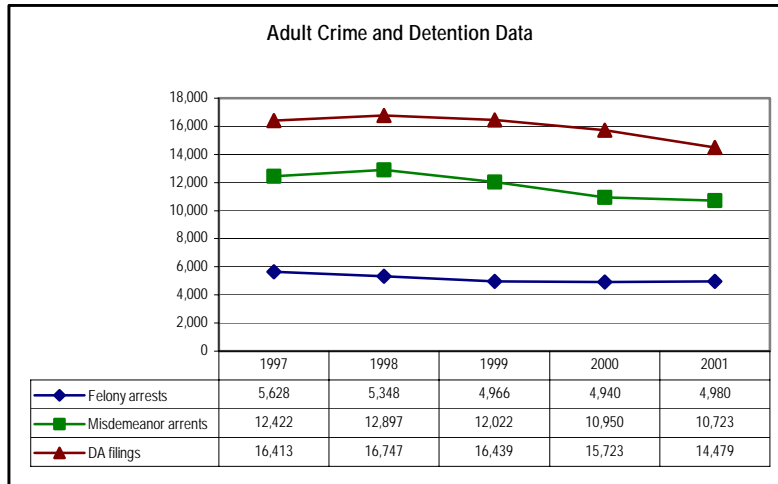
### Public Safety

Public Safety programs were particularly hard hit in this budget due to the high percentage of local revenues used to finance these programs. The continuing sluggishness of County retail sales has resulted in a decrease in Proposition 172 funding. Also, salary and benefit increases have impacted expenditures. These problems may be compounded by the potential loss of the authority to levy a booking fee (\$1.5 million) and the loss of TANF funds (\$3.2 million).

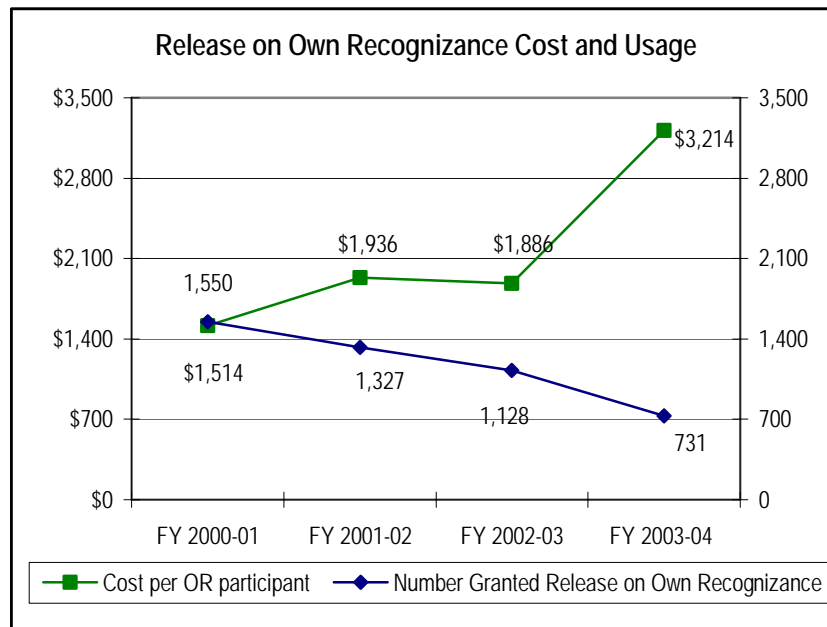
In order to balance the Sheriff's budget last year the Men's Honor Camp was closed resulting in the transfer of 65 inmates back to the Main Jail. The combination of the Honor Camp closure and increasing commitments have caused the daily census in the jails to reach record levels. The Sheriff has been forced to triple-bunk some jail cells to accommodate the inmate population.



The increase in prisoners in the jail follows several years of declining felony and misdemeanor arrests and charges filed by the District Attorney. Although there were small increases in arrests and charges filed last year, the long-term increase in the jail population is difficult to reconcile with arrest data.



One factor in the population increase is the continuing decline in the number of inmates released On-Own Recognizance (ROR). In 2001 the Grand Jury recommended that the ROR be transferred from the San Mateo County Bar Association to the Probation Department and the Sheriff's Office. Since that time the number of inmates released under this program has declined, while the cost to supervise an ROR client has increased 110% to \$3,214 per participant.



After the budget is adopted I recommend that the Board form a task force composed of representatives of the Sheriff, Courts, Probation, District Attorney and Private Defender to study the reasons for the continuing increase in the jail population, the actions that can be taken to reduce the population, and future facility needs.

In order to balance the Sheriff's budget 24 positions will be eliminated resulting in one layoff. The Sheriff will reduce non-reimbursed staffing in East Palo Alto by three positions, eliminate 11 vacant Deputy positions, four support positions, two positions in the Crime lab, three management positions and one Community Services Officer position.

The impact of these reductions in the unincorporated area will be the elimination of the community-policing unit. All other patrol units and the number of investigators will remain the same. The jails, although overcrowded, will continue to house all inmates booked by police agencies and remanded by the Courts.

The hours budgeted for overtime and extra help have declined, but as a result of a 5.7% salary increase the actual dollars in these accounts has increased.

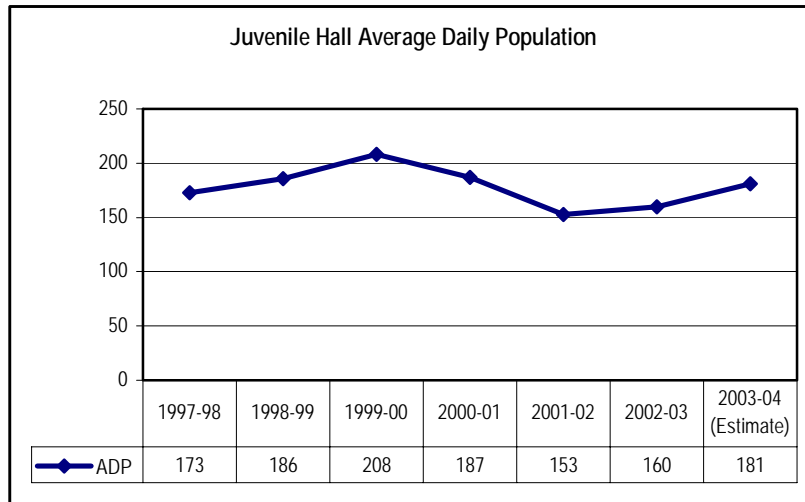
The Sheriff is also anticipating a net increase of \$1,227,758 in charges for service including revenue generated from contract agencies, and approximately \$4.8 million in federal grants.

The financial drivers of the Probation budget are very similar to the Sheriff. In large measure the Courts determine the workload of the department. Probation has significant salary and benefits increases, little discretion in raising revenue, and suffers from the decline in Proposition 172 revenue.

In order to balance its budget Probation will eliminate 19 positions including closing one unit at Camp Glenwood and one unit at Juvenile Hall; delete three Group Supervisors at the community schools, which could force the County Superintendent of Education to close these schools (the students would return to their original schools); and eliminate one management and two administrative positions and one Probation Officer in the Redwood City Adult Alternatives Supervision unit. Extra help was decreased by 78% and overtime remains flat despite increases in salaries.

The Governor continues to propose that TANF funds no longer be allocated to Probation Departments. This would result in the loss of \$3.2 million to the County. Of this amount \$1.5 million is used to fund 17 positions in the institutions. Without these funds one and one-half additional units at the Juvenile Hall would have to close. Of the remaining funds \$750,000 is allocated to community agencies to fund various prevention programs, \$700,000 for expansion of the Risk Prevention Program in the schools, \$130,000 goes to a parent education program in the Sheriff's Department and \$135,000 is used for administrative expenses.

Closing additional units at the Hall is impractical given existing caseloads. In recent years the population at the Hall had stabilized due to the use of various alternative programs. As with the trends for the adult jails the decline in juvenile felony and misdemeanor arrests have not been reflected in the incarceration rates. The incarceration rates, which peaked in 2000, are beginning to rise again. Thus, the County will have to offset the loss of TANF funds in the Hall. This will cost the County \$1.15 million next year.



Probation has been receiving TANF funds since 1997 to reduce juvenile crime by engaging in prevention activities. Evaluations have concluded that most of these programs have achieved their initial goals but that it is too soon to determine their long-term efficacy. Unfortunately, the County does not have the resources to continue these programs. However, I recommend that the County provide “bridge funding” until January 2005 for the community programs at a cost of \$189,000. During this period my office will convene a task force composed of Health, HSA, Probation and the community agencies to identify ways that clients in these programs can be incorporated in other on-going programs for which there is funding.

If there is a desire to continue beyond December 31st these or other TANF programs, I will recommend other reductions in Probation funding in a separate transmittal to the Board during the budget hearings.

There are no significant changes to the District Attorney, Coroner or Public Safety Communications (PSC) budgets. In PSC one vacant Dispatcher position is being eliminated without an adverse impact on operations. Extra help is being reduced by \$51,000.

The County could impose a fee for 911 emergency dispatch services on telephone bills. The City/County of San Francisco, County of Santa Cruz and the Cities of Santa Cruz and Watsonville currently charge this fee. The County answers 911 emergency calls for police, fire and emergency medical services in the unincorporated area and for the Cities of East Palo Alto, Woodside, Half Moon Bay, Portola Valley and the Broadmoor Police District. In addition PSC answers emergency fire and medical calls for all other cities in the County. The County receives a partial reimbursement of \$2.9 million for these services. A 911 emergency dispatch fee could generate approximately \$500,000 in new revenue if implemented in just the unincorporated area.

The County Counsel is reviewing the statute that provides for this fee and will be prepared to discuss the method and the process by which it could be imposed during the budget hearings. No new revenue has been included in the budget from this fee.

The contract with the Private Defender provides for an automatic 6% increase in FY-05. The budget for this program is \$12.2 million.

### Unincorporated Area Services

The County provides municipal-type services to residents in the unincorporated areas through the Sheriff's Department, Public Works Department, Environmental Services Agency (Planning, Building, Parks, and Libraries) and contracts with the California Department of Forestry (CDF) and several cities for fire protection. The total cost of these direct services in FY-05 is approximately \$79 million. The recommended budget will fund the current level of services in the unincorporated areas except for Parks.

Parks will be eliminating four vacant Park Ranger positions. This will result in reassignment of existing staff to cover the most heavily used parks, and park closures on Tuesdays, Wednesdays and Thursdays at San Pedro Valley, San Bruno Mountain, Junipero Serra, and Edgewood Parks. Additionally, maintenance and interpretive services will be reduced at other parks. During the past five years staffing in parks has decreased from 62 positions to 51 positions.

Supervisors Nevin and Hill co-chair an adhoc Parks Funding Committee composed of city and county staff and park advocates. The purpose of the committee is to identify ways to enhance funding for city and county park and recreation departments. The committee is working with Senator Sher on the introduction of a bill that would provide the authority to create a Countywide Parks and Recreation District. Yet to be worked out are the details concerning governance and allocation of funds.

The creation of the District itself would not result in new funding for parks and recreation programs. However, it would provide a vehicle that could be used at a later date to raise new revenue, if approved by the voters, for these vital, though often under-funded programs.

Planning and Building is proposing a 55% fee increase that will generate \$1.9 million in order to avoid layoffs and the resulting backlogs. The fee increase approved last year did not generate sufficient funds to fully recover expenses because the calculation was based on operating expenses after other one-time revenue sources had been exhausted, including the fund balance.

### Operational Support

In FY-05 the budget includes about \$77.9 million for operational support, property tax administration, legislative policy and oversight, and executive management. This is approximately 6.1% of the total budget. The NCC for all Administrative and Fiscal programs is about \$700,000 less than in FY-04. A net of 14 positions have been eliminated.

Those departments operating intergovernmental service funds (IGFs) that charge other departments for their services were instructed to maintain their fees for service at FY-04 levels. Thus, their cost increases had to be absorbed rather than passed on to General Fund departments.

### Conclusion

I was appointed City Manager in Milpitas two years before Proposition 13 transformed local government financing and intergovernmental relations. In those days California was known for having the best public schools in the country; it promised every child that met the entry requirements a virtually free university or college education; those without health insurance received outstanding medical care at university and publicly funded hospitals; the mentally ill received a comprehensive array of community services, the poor received generous support beyond that required by

Federal law; modestly-priced homes could be found virtually anywhere in the Bay Area; modern freeways provided unfettered mobility to anyone with a car; and children had easy access to after school recreation programs. There were no homeless, violent crime was rare, businesses prospered and children thrived. Is it possible that there is actually a relationship between taxes, government services and the quality of life?

I have served in government through the boom and bust of three business cycles. I've seen the "dotcom" boom go bust and I've seen New York City and Orange County go bankrupt. I remember when Federal and State funds were returned to local governments to assist in the provision of services and construction of public works. And I've experienced the difficulty of balancing budgets after the State has used local revenue to fund State obligations. Mostly I've worked with City Councils and Board of Supervisors to find ways to maintain quality public services with inadequate resources. To make do with less. To look for creative ways to use technology, organize government functions and deliver public services. To balance the legitimate demands of workers for adequate salaries and benefits with the needs of the community.

After all these years I've concluded that public policy is the product of two fundamentally different views of human nature. Either you believe that people are flawed and therefore the purpose of government is to constrain their worst impulses or you believe that people are good and the purpose of government is to level the "playing field" so that people can achieve their highest potential. Recently I read the following quote:

"The price of freedom is responsibility...to accept without malice or prejudice the rights of everyone to live the lives that they've imagined. Responsibility may not always be easy, but freedom is seldom granted on easier terms. Freedom is an undeniable spirit that offers the bold assertion anything is possible...for everyone." Anonymous

For me this is what government is all about. Helping people realize their full potential. At times the problems we deal with seem intractable – senseless violence, homelessness, drug and alcohol abuse, off shoring of jobs, and people without adequate health insurance. The solutions to these problems can be found in our ability to seek common purpose with others.

Freedom and responsibility – two very old ideas. What is uniquely American about them is the joining of these two concepts. Understanding that freedom is only possible if free men and women assume their proper civic responsibilities. The role of government in a free society is to enable people to pursue their private interests and come together to pursue the common good.

In his 1968 Presidential campaign Robert Kennedy would often paraphrase George Bernard Shaw in speeches, "Some men see things as they are and say, why, I dream of things that never were and say, why not?"

I want to thank this Board of Supervisors for always asking the question, "why not?" The answer to that question has been a wide array of services and programs that have enriched the lives of people in San Mateo County. The Board has always understood that assisting the most vulnerable in our County allows all of us to live better lives.

After nearly 30 years of downsizing, cutting back, making do, getting by and reinventing its time to think in grander terms. To remember the promise of America. To ask more of ourselves. So in the spirit of Robert Kennedy I leave you with one last question – Instead of asking what can we afford to do next year, let's ask what best meets the long-term needs of our citizens and how can we make that happen?

I want to thank the department heads – Maureen Borland, Loren Buddress, Lee Buffington, Tom Casey, Neil Cullen, Robert Foucrault, James Fox, Don Horsley, Tom Huening, Peggy Jensen, Chris Flatmoe, Marcia Raines, Warren Slocum, Nancy Steiger, Charlene Silva, Peggy Thompson, Mary Welch -- and my staff -- Pam Deal, Reyna Farrales, Barbara Heinaman, Nancy Hetrick, Betsy Jack, Rocio Kiryczun, Kim Langel, Mina Lim, Joy Limin, Mary McMillan, Ross Nakasone, Ashnita Narayan, Dennis O'Rourke, Jim Saco, Paul Scannell and Joanne Ward --- for the remarkable work they have done in preparing this document and for all that they have done, over the years, to help people lead better lives. And of course any acknowledgement of appreciation would be incomplete without thanking all the men and women who work for San Mateo County for their hard work and dedication to the highest ideals of public service.

In school, I always loved reading the poems of Robert Frost. A few lines from his poem "Stopping by Woods on a Snowy Evening" seems a fitting way to end this message,

The woods are lovely, dark and deep.  
But I have promises to keep,  
And miles to go before I sleep,  
And miles to go before I sleep.

Although much has been accomplished, much remains to be done.

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