



CITY OF SAN MATEO

City Hall
330 W. 20th Avenue
San Mateo CA 94403
www.cityofsanmateo.org

Agenda Report

Agenda Number: {{item.number}}

Section Name: {{section.name}}

File ID: {{item.tracking_number}}

TO: City Council

FROM: Drew Corbett, City Manager

PREPARED BY: Finance Department

MEETING DATE: June 15, 2020

SUBJECT:

Fiscal Year 2020-21 Operating and Capital Budgets and Gann Appropriations Limit Adoption; Fiscal Years 2020-25 Capital Improvement Program Approval

RECOMMENDATION:

Adopt Resolutions to approve the fiscal year 2020-21 operating and capital budgets and the Gann appropriations limit, and the fiscal years 2020-25 Capital Improvement Program.

BACKGROUND:

The City Manager's proposed 2020-21 budget was delivered to Council and subsequently posted to the City's website on May 26, 2020. Prior to Council's adoption of the 2020-21 budget, two public hearings are held to take public comment on the proposed budget and capital improvement program. The first public hearing was held on June 1, 2020.

The City adopts an appropriation funding resolution each year. The first resolution presented with this report (Attachment 1) adopts the appropriation for the 2020-21 operating and capital budgets. Exhibit A shows the summary of personnel changes. Overall, the proposed Citywide budget for 2020-21 is \$262.3 million. This includes an operating budget of \$194.9 million and a capital budget of \$67.4 million. The total proposed General Fund budget for 2020-21, including transfers, is \$136.9 million. Highlights of the budget are outlined in the City Manager's Letter of Transmittal, which is included as the first section of the budget document, and greater detail on all of the City's revenues and expenditures is incorporated throughout the document.

Also included in the first resolution is the detail of the plan for how 2020-21 Measure S revenues will be spent. Per Municipal Code Section 3.50.060, which sets the fiscal accountability provisions for Measure S revenues, how these revenues are used shall be included in the annual audit of the City's financial operations. In order for the auditor to determine if Measure S funds were spent as intended, the annual expenditure plan for Measure S revenues must be approved by Council. As such, the budget adoption resolution includes the detail of the \$5,984,392 of Measure S-funded expenditures in 2020-21.

The budget adoption resolution will also reclassify a portion of the fund balance in the Construction Services Fund from committed to unassigned. The fund balance in the Construction Services Fund, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, is classified as committed, which means that the fund balance can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. In order to reclassify any portion of the committed fund balance in the Construction Services Fund, the authority must be granted in a manner similar to which the funds were committed - via resolution. As the Construction Services Fund has dedicated funding that will fund \$9.4 million in capital improvements, which includes \$8.6 million of City Hall improvements, \$0.6 million of City Hall restroom improvements, and \$0.2 million of Community Development Department electronic and digital services improvements, reclassifying this amount of fund balance to unassigned will ensure

compliance with GASB No. 54. A similar request will be made in subsequent years when the Construction Services Fund commits an additional portion of its fund balance to CIP.

The second resolution (Attachment 2) approves the 2020-25 Capital Improvement Program (CIP). In total, the five-year CIP has planned expenditures of \$290.6 million. Of that amount, \$148.1 million is attributable to the Clean Water Program, funded primarily by the Sewer Enterprise Fund. Details on projects included in the five-year CIP, including both funded and unfunded projects, are included in the CIP section of the budget document.

The final resolution (Attachment 3) adopts the Gann Appropriations Limit for 2020-21. The appropriations limit, which was originally established in 1979 by Proposition 4, places a maximum limit of the appropriations of tax proceeds that can be made by the state, school districts, and local governments in California. California Government Code requires that the City annually adopt an appropriations limit for the upcoming fiscal year. The appropriations limit for the City of San Mateo for 2020-21 is \$221,405,622. The proceeds of taxes subject to the appropriations limit is \$103,086,152, and therefore well below the appropriations limit for fiscal year 2020-21.

BUDGET IMPACT:

There is no direct budgetary impact resulting from this report.

ENVIRONMENTAL DETERMINATION:

This report is not a project subject to CEQA, because it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (CEQA Guidelines Section 15378(b)(4).)

NOTICE PROVIDED

Per City Charter requirements, notice was published in the newspaper on June 1, 2020 and June 4, 2020.

ATTACHMENTS

Att 1 – Proposed Resolution: Fiscal Year 2020-21 Operating and Capital budgets

Exhibit A – Summary of Personnel Changes

Att 2 – Proposed Resolution: Fiscal Years 2020-25 Capital Improvement Program

Att 3 – Proposed Resolution: Fiscal Year 2020-21 Gann Appropriations Limit

Att 4 – Fiscal Year Proposed 2020-21 Budget <https://www.cityofsanmateo.org/997/Business-Plans-Budget>

Att 5 – Public Comment

STAFF CONTACT

Grace Castaneda, Budget Manager

gcastaneda@cityofsanmateo.org

(650) 522-7111