



# CITY OF SAN MATEO

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## Agenda Report

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Agenda Number: 21

Section Name: {{section.name}}

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**TO:** City Council  
**FROM:** Drew Corbett, City Manager  
**PREPARED BY:** Finance Department  
**MEETING DATE:** June 07, 2021  
**SUBJECT:**  
Proposed 2021-22 Budget and 2021-26 Capital Improvement Program

### RECOMMENDATION:

Review the proposed 2021-22 budget and the 2021-26 Capital Improvement Program, and receive public comment prior to the scheduled adoption at the June 21, 2021 City Council meeting.

### BACKGROUND:

Prior to Council's adoption of the 2021-22 budget on June 21, 2021, it holds two public hearings to receive public comment on the proposed budget and capital improvement program (CIP). Council was presented with a preview of the General Fund proposed 2021-22 budget on April 19, 2021, which included half of the City's share of the American Rescue Plan Act, ongoing implementation of the City's Fiscal Sustainability Plan, and projections for major tax revenues. The proposed 2021-22 budget was posted to the City's website on June 1, 2021.

Overall, the proposed Citywide budget for 2020-21 is \$253.6 million. This includes an operating budget of \$201.0 million and a capital budget of \$52.6 million. The General Fund, which is the City's primary operating fund, as it accounts for major tax revenues and funds for the City's core services, projects total revenues of \$144.5 million and total expenditures of \$146.8 million, and includes transfers out and all General Fund sub-funds – Measure S, Recreation Services, Golf, and the new sub-fund for Downtown Parking and Security. Budget highlights are included in the City Manager's Letter of Transmittal, which is in the first section of the budget document. Additional detail on all of the City's revenues and expenditures is included throughout the budget document.

As a primary element of the Fiscal Sustainability Plan, the City identified the following 7.0 full time equivalent (FTE) of approximately \$1.0 million in vacant positions that were directly or indirectly funded by the General Fund to permanently eliminate beginning in 2021-22. Of the \$1.0 million in reductions, \$0.9 million was for employee salaries and benefits, and the remaining \$0.1 million was for the California Public Employees' Retirement System (CalPERS) Unfunded Accrued Liability (UAL). While permanent elimination of these positions does not reduce the UAL that is payable for 2021-22, the reduction of reportable compensation will reduce the City's exposure to future investment volatility and changes in actuarial assumptions, as the City will be contributing less in normal costs, and therefore the pension plan will have less in assets to invest. Any deviations from the 7.0% discount rate generates a new amortization base, which is effectively a loan that the City has to repay CalPERS at a rate of 7.0% over a 20 year amortization period. In addition, the elimination of the School Resource Officer (SRO) has a net zero effect, as the SRO was previously funded by revenue from the school districts.

Position Number	Position Name	Department	FTE
6068-004	Senior Facility Maintenance Worker	Public Works	1.00
4545-006	Community Services Officer I/II	Police	1.00
5205-001	Traffic Enforcement Coordinator	Police	1.00
5302-001	Purchasing Coordinator	Finance	1.00
8170-011	Librarian II	Library	1.00
5340-019	Administrative Assistant	Human Resources/City Manager/City Attorney	1.00
4110-032	Police Officer (School Resource Officer)	Police	1.00
<b>Total FTE to be permanently eliminated</b>			<b>7.00</b>

In addition, the Parks and Recreation (P&R) Department has defunded the following positions for 2021-22, which removes the budget appropriations for the positions, but the FTE for these positions are included in the headcount for P&R, which will evaluate the service levels, the associated demand, and determine if these positions are needed in 2022-23, pending the availability of financial resources in the General Fund to restore funding.

Position Number	Position Name	Department
5324-006	Community Services Supervisor	Parks & Recreation
5334-006	Community Services Coordinator	Parks & Recreation
5342-003	Senior Program Assistant	Parks & Recreation

In addition to the adoption of the 2021-22 budget and capital improvement program, there will be one other action requested of Council as part of the overall budget adoption process on June 21st. This action is to establish the City's appropriations limit for 2021-22. The appropriations limit, which was originally established in 1979 by Proposition 4, places a maximum limit of the appropriation 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 2021-22 is \$237,633,768, while the proceeds of taxes subject to the appropriations limit is \$106,611,897. Therefore, the City is well below its appropriations limit for fiscal year 2021-22.

**BUDGET IMPACT:**

There is no direct budgetary impact resulting from this report. The proposed 2021-22 budget contains a consolidated summary of proposed appropriations for 2021-22 in the Budget Overview section of the document, with comprehensive financial information at the fund level (Fund Information section) and the department level (Departments section) included as well.

**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**

All meeting noticing requirements were met.

**ATTACHMENTS**

None

**STAFF CONTACT**

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