



CITY OF SAN MATEO

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

Agenda Report

Agenda Number: 21

Section Name: {{section.name}}

File ID: {{item.tracking_number}}

TO: City Council

FROM: Drew Corbett, City Manager

PREPARED BY: Finance

MEETING DATE: June 03, 2019

SUBJECT:

Proposed 2019-20 Budget and 2019-24 Capital Improvement Program

RECOMMENDATION:

Review the proposed 2019-20 budget and the 2019-24 Capital Improvement Program and receive public comment prior to the scheduled adoption at the June 17, 2019 City Council meeting.

BACKGROUND:

Prior to Council's adoption of the 2019-20 budget on June 17, 2019, it holds two public hearings to receive public comment on the proposed budget and capital improvement program.

Fiscal year 2019-20 is the second year of the two-year business plan, and as a result, the primary focus of budget development was a comprehensive review of the Five-Year Capital Improvement Program. While changes to the operating budget were relatively limited and predominantly focused on updating budgeted expenditures to reflect current conditions, considerable time was spent on the development of the General Fund's long-term financial plan. At a study session on March 18, 2019, Council was presented with a preview of the major components of the 2019-20 budget, along with considerations to address the projected operating deficit in the General Fund. Based on that study session, the proposed 2019-20 budget continues to show funding for all known and assumed resource demands in the General Fund, including items that are considered discretionary, and includes the use of unassigned fund balance. However, none of the discretionary expenditures will actually move forward until the City's actual performance is reviewed relative to the budget at the mid-year financial update with Council.

In addition, staff is proposing classification updates for the Community Development, Information Technology, and Police Departments (see agenda item "Community Development, Police, Information Technology and Public Works Departments – Classification Updates"). The proposed 2019-20 budget has incorporated these changes, and if approved, will result in an additional 4.0 FTE. The classification updates would shift about \$140,000 of General Fund expenditures to other funds to better align with the duties of the proposed position changes. If approved, the classification changes will become effective as part of the adoption of the 2019-20 budget.

Overall, the proposed Citywide budget for 2019-20 is \$232.7 million. This includes an operating budget of \$191.2 million and a capital budget of \$41.5 million. The total proposed General Fund budget for 2019-20, including transfers, is \$137.7 million. 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.

In addition to the adoption of the 2019-20 budget and capital improvement program, there will be one other action requested of Council as part of the overall budget adoption process on June 17th. This action is to establish the City's

appropriations limit for 2019-20.

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 2019-20 is \$213,711,990, while the proceeds of taxes subject to the appropriations limit is \$112,226,333. Therefore, the City is well below its appropriations limit for fiscal year 2019-20.

BUDGET IMPACT:

There is no direct budgetary impact resulting from this report. The proposed 2019-20 budget contains a consolidated summary of proposed appropriations for 2019-20 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:

Under section 15738(b)(4) of the CEQA guidelines, Council action on this item is not a project subject to CEQA in that budget hearings are fiscal activities which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment.

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

None

STAFF CONTACT

Rich Lee, Director, Finance
rlee@cityofsanmateo.org
(650) 522-7102

Grace Castaneda, Budget Manager
gcastaneda@cityofsanmateo.org
(650) 522-7111