



CITY OF SAN MATEO

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Agenda Report

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TO: City Council
FROM: Drew Corbett, City Manager
PREPARED BY: Finance Department
MEETING DATE: June 20, 2022

SUBJECT:

Fiscal Year 2022-23 Operating and Capital Budgets and Gann Appropriations Limit Adoption and Fiscal Years 2022-27 Capital Improvement Program – Approval

RECOMMENDATION:

Adopt Resolutions to approve the fiscal year 2022-23 operating and capital budgets, the 2022-23 position budget, the fiscal year 2022-23 Gann appropriations limit, and the fiscal years 2022-27 Capital Improvement Program.

BACKGROUND:

Prior to Council's adoption of the 2022-23 budget on June 20, 2022, 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 2022-23 budget on April 18, 2022. The first public hearing was held on June 6, 2022.

Overall, the proposed Citywide budget for 2022-23 is \$284.8 million. This includes an operating budget of \$216.9 million and a capital budget of \$67.9 million. A summary of budget highlights is included in the City Manager's Letter of Budget Transmittal, included as Attachment 4. This agenda report primarily focuses on the General Fund, as it accounts for major tax revenues and funds the City's core services, for which a summary is provided in Attachment 8. Additional narratives are provided for the Construction Services Fund, as it is a perennial major fund of the City's operations, in Attachment 14, and the Sewer Fund in Attachment 26, which is the City's sole enterprise fund and the second largest fund of the City. Fund summaries for all operating funds are provided in Attachments 8 through 26. Internal service funds, which are not formally appropriated by the City Council, as they are solely funded by appropriations in the operating funds, are included in Attachments 24 through 32. The proposed 2022-23 position budget is included in Attachment 1, and CIP summary schedules are provided in Attachments 34 and 35.

General Fund

The General Fund, which is the City's primary operating fund, projects total revenues of \$159.5 million and total expenditures of \$164.2 million, and includes transfers out and all General Fund sub-funds – Measure S, Downtown Services, Recreation Services, and Golf. Budget assumptions for major General Fund tax revenues are discussed in greater detail below.

General Fund Revenues

PROPERTY TAX

The proposed 2022-23 budget anticipates \$80.3 million in property tax revenues, which is over 50% of General Fund total revenues, and as such, is the General Fund's chief revenue source. The primary components of property tax revenues include secured current year (\$46.6 million), Excess ERAF (\$7.9 million), and property tax in lieu of VLF (\$16.1 million).

These primary property tax components accrete based on the change in assessed value, which as of May 2022, is projected to be 7.07%, which includes the change in the California Consumer Price Index (CCPI) or 2%, whichever is less, pursuant to the State constitution. The remainder of the growth in assessed value is attributable to properties that have been sold and the applicable assessed value reset to market value as well as new development that has been added to the City's property tax roll.

The Educational Revenue Augmentation Fund (ERAF), which began in 1992, diverts local property tax revenues due to the State's inability to balance its budget and meet its responsibility to fund public schools in the 1990's. ERAF funds are used by non-basic aid school districts, which do not generate enough property tax to meet their State-determined minimum funding requirement pursuant to Proposition 98. The County of San Mateo is one of five counties in the State of California where there is Excess ERAF, which is the remainder of ERAF funds after funding non-basic aid school districts up to the minimum funding requirement.

Property tax in lieu of vehicle license fees (VLF) began in 2004 after the State agreed to swap the loss of vehicle license fees with property tax. VLF has two funding sources: 1) property taxes from non-basic aid school districts, and 2) ERAF that would otherwise go to non-basic aid school districts. Due to the preponderance of basic aid school districts in the County, there are not enough non-basic aid school districts to backfill the VLF owed to the cities and the County. As such, the County of San Mateo has experienced property tax in lieu of VLF shortfalls over the past couple of years; an issue that is limited to San Mateo County and Alpine County. Napa County is expected to experience VLF shortfalls in the coming fiscal year. The procedure to address the VLF shortfall has been for the County to file a claim with the State at the end of the fiscal year of the VLF shortfall, which is taken into consideration by the State for the subsequent year's budget. The county-wide VLF shortfall from fiscal year (FY) 2020-21 of \$96.1 million is included in the State's proposed FY 2022-23 budget. The City's share of the FY 2020-21 county-wide shortfall is \$7.5 million, which in turn is a part of the \$16.1 million in total VLF revenues from the City's proposed 2022-23 budget.

In the past year, the County of San Mateo and the local cities proposed a legislative amendment to address the VLF shortfall that would have reduced the amount of time that the State backfilled the VLF shortfall from two years to one year. However, the proposal was rebuffed by the State, and the State's counterproposal has been incorporated into their May revise proposed budget for 2022-23. The VLF proposed language from the State would cap Excess ERAF at the FY 2021-22 level and use the subsequent growth in Excess ERAF as a funding source for the VLF shortfall. If the VLF shortfall exceeds what is available from ERAF and property tax from non-basic aid school districts as well as the Excess ERAF above the cap, the State will backfill via an appropriation of its General Fund in the same year of the VLF shortfall.

The primary issues with the State's proposed VLF language are:

1. In 2004, voters approved Proposition 1A, which protects local tax revenues by prohibiting the State from specific actions, including shifting property taxes from cities, counties, and special districts, with certain exceptions as noted in the summary from the Principal Fiscal Policy Advisor for CalCities included as Attachment 5. Principal among them, the State's proposed budget is estimated to have a nearly \$100 billion surplus, so the State **does not** have a severe fiscal hardship. The proposed language in the budget trailer bill would be a takeaway of Excess ERAF property tax dollars by the State, which would be a direct violation of Proposition 1A.
2. In 2010, voters approved Proposition 22, which includes language that "The Legislature may not reallocate, transfer, borrow, appropriate, restrict the use of, or otherwise use the proceeds of any tax imposed or levied by a local government solely for the local government's purposes." (Section 25.5 of Article XIII of the California Constitution).
3. The VLF shortfall currently applies to local cities and the County. The takeaway of Excess ERAF would also impact special districts in the county. Based on preliminary analysis/estimates from the County, **none of the special districts in the county would receive Excess ERAF** and would experience an aggregate loss of \$31.4 million in property tax revenues from the proposed budget trailer bill in FY 2022-23.
4. As assessed value accretes and non-basic aid school districts permanently shift to basic aid status, **the VLF shortfall and the Excess ERAF above the cap will grow exponentially.**
 - a. For FY 2022-23, the VLF amount due to the county and the cities is \$248.1 million. However, the amount of

backfill property tax and ERAF from available from non-basic aid school districts is only \$139.9 million. As such, the VLF shortfall is projected to be \$108.2 million. Based on the language in the budget trailer bill, \$45.9 million of the \$108.2 million in VLF shortfall will come from the Excess ERAF revenue above the FY 2021-22 cap. The remaining \$62.3 million would be backfilled by the State's General Fund. The projected impact to the City of San Mateo's Excess ERAF revenues is projected to be a reduction of \$0.3 million.

- b. By 2031-32, the VLF amount due to the County and the cities is anticipated to be \$452.3 million. The projected amount of backfill property tax and ERAF from available from non-basic aid school districts is projected to be only \$104.9 million. As such, the VLF county-wide shortfall for FY 2031-32 is projected to be \$347.4 million. Based on the language in the budget trailer bill, \$333.2 million of the \$347.4 million in VLF shortfall would be backfilled by Excess ERAF above the FY 2021-22 cap. The remaining \$14.3 million would be backfilled by the State's General Fund. The projected impact to the City of San Mateo's Excess ERAF revenues is a \$6.7 million reduction.

The City's proposed 2022-23 budget does not incorporate the impact of the State's budget trailer bill to Excess ERAF revenues. In concert with the County and cities, the City Manager sent a letter to the respective budget subcommittee chairs of the State Assembly and State Senate to oppose the budget trailer bill's Excess ERAF language. In addition, the Finance Director provided public comment during the recent Assembly Budget Subcommittee meeting to strongly oppose the budget trailer bill. The San Mateo County City Managers' Association and the San Mateo County Finance Officers' Group will continue to monitor this issue closely, keep the City Council and San Mateo community apprised of major developments, and recommend and take actions necessary to protect local property tax dollars. If the county and cities' advocacy efforts are unsuccessful, the Excess ERAF budget will be recommended for adjustment at mid-year.

SALES TAX

The proposed 2022-23 budget assumes Local 1% sales tax revenues (Bradley Burns) of \$22.4 million and local 1/4% sales tax revenues (Measure S) of \$7.0 million, which reflect recovery of sales tax revenues back to pre-pandemic levels. Inflationary pressures and supply chain challenges while the pandemic persists may impact sales tax revenues.

The ongoing shift of consumer habits of purchasing taxable goods online rather than physical stores results in the City receiving a significantly lower share of the Bradley Burns. The State's antiquated revenue and taxation codes have not advance in tandem with modern commerce, as Bradley Burns is not allocated by destination, but rather, point of sale. Sales taxes assessed on online transactions are treated as use tax, which is allocated by each city's proportional share of the Bradley Burns at the county level. On average, the City's proportional share of use tax is approximately 10%. In other words, if a consumer buys an item of clothing for \$100 at a retail location in the City of San Mateo, the City receives \$1 in sales tax revenues via the Bradley Burns. However, if the consumer buys the same item online for \$100, the City receives only 10% of the \$1 in use tax, or \$0.10.

In addition, sales tax rebate agreements between local cities and retailers further dilute the use tax base. The agreements set the point of sale for online transactions for the retailer in the specific city, and in exchange, the local city returns a percentage of the use tax back to the retailer, typically 50%.

By contrast, Measure S, which is a 1/4% transactions and use tax, otherwise known as a district tax, is allocated based on destination. While the Bradley Burns and district tax are based on different tax laws, the disparity between the amount of revenue generated between the two sales tax revenues relative to their rate illustrates the impact of the gradual changes in consumer behavior, the antiquated revenue and taxation codes, and sales tax rebate agreements. If the Bradley Burns were modified to be in alignment with modern technology and current consumer habits by being destination based, Bradley Burns sales tax revenues would be closer to \$28.0 million rather than \$22.4 million.

REAL PROPERTY TRANSFER TAX

Over the past 20 years, the City's real property transfer tax (RPTT) has been impacted by major economic cycles, including the dot com boom/bust (2002-2006), the Great Recession (2007-2012), a period of recovery and growth (2013-2019), and since 2020, the COVID-19 era. The baseline RPTT has been reset to \$11.1 million, based on the average RPTT for the recovery and growth period and COVID-19. However, due to the anticipated trajectory of the Federal Funds rate, mortgage

interest rates have risen significantly, which may dampen the housing market due to the higher cost of borrowing. Local real estate trends and metrics will continue to be monitored as a part of the ongoing analysis of RPTT revenue performance.

TRANSIENT OCCUPANCY TAX (TOT)

While local tourism and the resultant TOT revenues have recovered faster than expected, full recovery back to pre-pandemic levels is not expected until 2031-32. Average occupancy rates have recovered to 60% and are the primary driver for the rebound of TOT, but average room rates have only modestly recovered. TOT revenues for 2022-23 are projected to be \$3.2 million, which reflects ongoing recovery of local tourism, which for San Mateo, is largely dependent on business travel. TOT revenues projections also reflect the return of a hotel that underwent major renovations in the spring of 2023.

General Fund Expenditures

The proposed 2022-23 budget projects \$164.2 in General Fund total expenditures. Notable year-over-year department budget increases, beyond the cost of maintaining core service levels, which include negotiated employee compensation increases most recently reached with the San Mateo Management Association (Management Association), San Mateo City Employees' Association (SMCEA), Service Employees International Union Local 521 Maintenance Unit (SEIU Maintenance), and Department Head/Deputy Directors are discussed in greater detail below:

The City Attorney Office's operating budget of \$1.4 million is an increase of \$0.3 million or 26%, which largely reflects consulting work related to development of a cannabis retail ordinance. This effort stems from the City Council's strategic plan to adopt a retail cannabis ordinance with restrictions around school and significant public benefits, including license fees and safety standards.

The City Clerk Department's operating budget of \$1.1 million is an increase of \$0.3 million or 35%, primarily due to the anticipated costs of the 2022 election.

The Department of Information Technology's operating budget of \$4.6 million is an increase of \$0.7 million or 17%, principally as a result of the addition of the Workday enterprise resource planning (ERP) system, which is a cloud-based solution and on a subscription basis. However, approximately 23% of the annual Workday subscription and training fees as well as the Can Am Technologies system as a service (SaaS) fees will be offset by contributions from the San Mateo Consolidated Fire Department (SMC Fire) based on their proportional share of full service equivalents (FSE).

The Parks and Recreation Department's operating budget of \$21.3 million is an increase of \$2.2 million or 11%, which predominantly reflects the anticipated return of programming that had been impacted by the pandemic.

The Police Department's operating budget of \$55.5 million is an increase of \$4.6 million or 9%. Two police officers are being shifted from patrol to traffic in response to input from the community requesting additional resources for traffic enforcement. This shift adds \$0.1 million in overtime costs and \$0.1 million to purchase two additional motorcycles. Overtime costs for Investigation Services increased by \$0.2 million, reflecting historical trends. The City's two-way radio land mobile radio (LMR) infrastructure is the backbone of communication between the Police Department's Emergency Communications Center, field personnel, and interoperability with allied agencies throughout San Mateo County. It is an essential tool and lifeline for first responders used 24x7. Various components of the radio infrastructure are in dire need of replacement. The total replacement cost of the ECC radio consoles is \$0.4 million, and \$0.2 million has been accumulated in the Equipment Replacement Fund. The remaining \$0.2 million is included in the proposed 2022-23 budget in the Police Department's General Fund operating budget.

The Public Works Department's operating budget of \$11.0 million is an increase of \$1.3 million or 13%. Within the Engineering Services Division, chargebacks for capital improvement projects, planning applications, and site development projects, which reflects staff time charged to these efforts and offset the cost to the operating budget, have been reduced by \$0.7 million based on historical trends.

Transfers out total \$12.9 million, which is an increase of \$4.8 million or 60%, which reflects the need for additional support for the City's CIP – namely, completion of the high voltage LED streetlight project (\$1.6 million), structural improvements for the Marina library (\$1.8 million), and the downtown pedestrian mall (\$0.6 million).

Construction Services Fund

The Construction Services Fund accounts for the revenues and expenditures of the building permit activities. Total 2022-23 revenues are projected to be \$8.8 million, total expenditures are projected to be \$11.8 million, and transfers out are projected to be \$4.5 million. If the proposed budget estimates come to fruition, the Construction Services Fund will result in a planned draw down on its fund balance of \$7.5 million, bringing the fund balance closer to the reserve policy of 12 months of operating expenditures.

Proposed changes to the position budget for 2022-23 include:

Reallocation

- Senior Management Analyst to a Business Manager – net increase of \$6K
- Senior Code Enforcement Officer to an Associate Planner – net decrease of \$17K
- Senior Building Inspector to a Building Inspector II – net decrease of \$28K

New positions

- 1.0 FTE Plan Check Engineer - increase of \$164K
- 1.0 FTE Managing Arborist – increase of \$172K

Sewer Fund

The proposed 2022-23 budget projects \$80.9 million in revenues, principally comprised of sewer service fees of \$75.0 million, which reflect the 12% increase of the final year of the five-year rate plan approved by the City Council. Total expenses are projected to be \$245.8 million, comprised of \$27.0 million in operating expenses, \$202.6 million in CIP, \$14.4 million in debt service, and \$1.7 million in transfers out. The CIP primarily reflects the ongoing commitment to completing the Clean Water Program, a comprehensive plan to update the wastewater collection system and wastewater treatment plant (WWTP).

Based on the study that evaluated the additional staff resources needed to properly operate the new WWTP, the proposed changes to the position budget for 2022-23 include:

New positions

- 3.0 FTE WWTP Mechanic I/II – increase of \$135K each FTE
- 1.0 FTE Mechanic III – increase of \$146K
- 1.0 FTE Facility Maintenance Worker – increase of \$116K
- 1.0 FTE Senior Instrumentation and Control Technician – increase of \$163K
- 1.0 FTE Calibration Technician – increase of \$136K

Eliminated positions

- 2.0 FTE WWTP Supervisor – decrease of \$179K per FTE
- 1.0 WWTP Operator – decrease of \$164K

Gann Limit

In addition to the adoption of the 2022-23 budget and capital improvement program, there will be one other action requested of Council as part of the overall budget adoption process on June 20th. This action is to establish the City's appropriations limit for 2022-23. 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. As calculated in Attachment 33, the appropriations limit for the City of San Mateo for 2022-23 is \$250,173,878, while the proceeds of taxes subject to the appropriations limit is \$136,080,456. Therefore, the City is well below its appropriations limit for fiscal year 2022-23.

BUDGET IMPACT:

The Citywide Sources of Funding shown in Attachment 6 provides the projected revenues by fund and fund type. The General Fund, including all sub-funds, is projected to have \$149.6 million in total revenues. Special Revenue Funds, which includes the Construction Services Fund, is projected to account for \$32.7 million in total revenues. Debt Service Funds are projected to receive \$5.5 million in total revenues, while Capital Projects Funds are projected to account for \$0.5 million in revenues. Enterprise Funds, which is solely comprised of the Sewer Fund, is projected to receive \$85.2 million in total revenues.

The Operating Budget Summary shown in Attachment 7 provides the proposed appropriations by fund and fund type. The General Fund, including all sub-funds, are projected to have \$151.2 million in total appropriations. Special revenue funds are projected to have \$18.2 million in total appropriations. Debt service funds total appropriations are projected to be \$4.9 million, while capital projects funds total appropriations are projected to be \$0.9 million. Enterprise Funds are expected to account for \$41.7 million in projected appropriations.

The proposed 2022-23 Position Budget as shown in Attachment 1 authorizes 606.24 in total FTE, comprised of 521.51 merit FTE and 84.73 per diem FTE.

ENVIRONMENTAL DETERMINATION:

This budget adoption 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

Att 1 - Proposed Resolution: Fiscal Year 2022-23 Operating and Capital budgets
Att 2 - Proposed Resolution: Fiscal Years 2022-27 Capital Improvement Program
Att 3 - Proposed Resolution: Fiscal Year 2022-23 Gann Appropriations Limit
Att 4 – City Manager’s Letter of Budget Transmittal
Att 5 – Proposition 1A Summary
Att 6 – Citywide Sources of Funding
Att 7 – City Operating Budget by Fund
Att 8 – General Fund Summary
Att 9 – Police Grants and Safety Fund Summary
Att 10 – Solid Waste Fund Summary
Att 11 – HOME Fund Summary
Att 12 – CDBG Fund Summary
Att 13 – Advanced Planning Fund Summary
Att 14 – Construction Services Fund Summary
Att 15 – Gas Tax Fund Summary
Att 16 – City Housing Fund Summary
Att 17 – Low and Moderate Income Housing Asset Fund Summary
Att 18 – Parks & Recreation Fund Summary
Att 19 – Traffic Impact Fee Fund Summary
Att 20 - Commercial Linkage Fee Fund Summary
Att 21 – RMRA Fund Summary
Att 22 – PLHA Fund Summary

Att 23 – Debt Service Funds Summary
Att 24 – 2% Hotel Tax Fund Summary
Att 25 – Capital Improvement Projects Fund Summary
Att 26 – Sewer Fund Summary
Att 27 – Vehicle and Equipment Replacement Fund Summary
Att 28 – Fleet and Building Maintenance Fund Summary
Att 29 – Benefits Fund Summary
Att 30 – Dental Fund Summary
Att 31 – Workers’ Compensation Fund Summary
Att 32 – Comprehensive Liability Fund Summary
Att 33 – Gann Appropriations Limit Calculation
Att 34 – CIP Funded Projects
Att 35 – CIP Program Plan Summary

STAFF CONTACT

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**CITY OF SAN MATEO
RESOLUTION NO. 73 (2022)**

ADOPTING THE 2022-23 CITY BUDGET

WHEREAS, the City Council held public hearings on the Budget and Capital Improvement Program, as required by the City Charter section 5.02; and

WHEREAS, budget required to operate and support the City departments and to pay the bonded indebtedness of the City, or any portion or district therein, is \$216,873,106 for Operating and \$67,928,973 for the Capital Improvement Program (CIP) for fiscal year July 1, 2022 to June 30, 2023; and

WHEREAS, Municipal Code Section 3.50.060, Fiscal Accountability Provisions, requires that the amount of revenue generated by the one-quarter cent Measure S Transactions and Use Tax and how it was used be included in the annual financial audit; and

WHEREAS, budgeted resources and requirements are sufficient to meet Council's adopted financial policy that the General Fund reserve will be maintained in an amount equal to at least three months, or 25 percent, of the annual General Fund operating expenditure budget to be used in the event of significant financial emergency.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN MATEO, CALIFORNIA, RESOLVES that:

1. In accordance California Environmental Quality Act (CEQA) Guidelines section 15378(b)(4), adoption of the budget 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.
2. The City Budget, providing for expenditures and appropriations in the sum of \$216,873,106 for Operating and \$67,928,973 for Capital Improvement Program, for a total of \$284,802,079 for the fiscal year July 1, 2022 through June 30, 2023, set forth the accompanying Administrative Report and its attachments, is approved.
3. The Measure S spending plan, which is included as part of the City Budget, \$7,785,496 in operating expenditures and transfers out for fiscal year July 1, 2022 to June 30, 2023 that includes:
 - a. \$1,761,764 in salaries and benefits covering 3.0 Full Time Equivalent (FTE) merit Police Officers, 1.35 FTE merit Library Assistant I/II, 1.0 FTE merit Community Services Coordinator, 1.0 FTE merit Police Sergeant, and 0.16 FTE merit Community Services Supervisor; and
 - b. \$267,597 in operating expenditures that consist of \$72,391 in the Library Department and \$195,206 in the Parks and Recreation Department; and
 - c. \$3,054,000 in transfers to CIP that consist of \$1,250,000 for the Columbia Drive and Crystal Springs Road Storm Drain Channel, \$800,000 for Citywide Street Reconstruction, \$560,000 for the Gateway Park Pedestrian Bridge Refurbishment, \$250,000 for the Neighborhood

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- Traffic Improvements project, and \$194,000 for the upgrade of Police radio dispatch consoles; and
- d. \$339,032 in transfers to the General Fund that represents year four of ten to repay the advance funding from the General Fund; and
 - e. \$2,692,749 in debt service on street and flood control lease revenue bonds; is approved; and
4. The FTE positions by department as noted in the table below for fiscal year 2022-23 are hereby approved the pay period that includes July 1, 2022; and

FULL TIME EQUIVALENT (FTE)	2022-23 PROPOSED BUDGET	2023-24 PROJECTED BUDGET
CITY ATTORNEY		
City Attorney	1.00	1.00
Assistant City Attorney	3.00	3.00
Executive Secretary to City Attorney	1.00	1.00
CITY CLERK		
City Clerk	1.00	1.00
Assistant to the City Clerk	1.00	1.00
Deputy City Clerk	1.00	1.00
Management Analyst I/II	1.00	1.00
CITY COUNCIL		
CITY COUNCIL MEMBER	5.00	5.00
CITY MANAGER		
City Manager	1.00	1.00
Assistant City Manager	1.00	1.00
Communications Manager	1.00	1.00
Economic Development Manager	1.00	1.00
Executive Secretary to City Manager	1.00	1.00
Management Analyst I/II	1.00	1.00
Sustainability Analyst	1.00	1.00
COMMUNITY DEVELOPMENT		
Community Development Director	1.00	1.00
Administrative Assistant	4.00	4.00
Administrative Technician	2.00	2.00
Associate Planner	6.00	6.00

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Building Inspector I/II	7.00	7.00
Building Official	1.00	1.00
Business Manager	1.00	1.00
Code Enforcement Manager	1.00	1.00
Code Enforcement Officer I/II	4.00	4.00
Deputy Community Development Director	1.00	1.00
Development Review Technician	5.00	5.00
Housing and Neighborhood Services Manager	1.00	1.00
Housing Specialist I/II	1.00	1.00
Inspection Supervisor	1.00	1.00
Managing Arborist	1.00	1.00
Office Assistant I/II	2.00	2.00
Permit Center Supervisor	1.00	1.00
Plan Check Supervisor	1.00	1.00
Plan Checker Engineer	5.00	5.00
Planning Manager	1.00	1.00
Principal Planner	1.00	1.00
Senior Business Systems Analyst	1.00	1.00
Senior Development Review Technician	1.00	1.00
Senior Management Analyst	1.00	1.00
Senior Planner	1.00	1.00

FINANCE

Finance Director	1.00	1.00
Accountant I/II	2.00	2.00
Accounting Assistant I/II	6.00	6.00
Accounting Manager	1.00	1.00
Budget Analyst	1.00	1.00
Deputy Finance Director	1.00	1.00
Payroll Supervisor	1.00	1.00
Payroll Technician I/II	1.00	1.00
Senior Accountant	2.00	2.00
Senior Management Analyst	1.00	1.00

HUMAN RESOURCES

Human Resources Director	1.00	1.00
Human Resources Technician	4.00	4.00
Senior Human Resources Analyst	5.00	5.00
Senior Human Resources Analyst Risk Manager	1.00	1.00

INFORMATION TECHNOLOGY

Information Technology Director	1.00	1.00
Consulting and Applications Manager	1.00	1.00
Customer Service Manager	1.00	1.00

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GIS Coordinator	1.00	1.00
GIS Technician I/II	1.00	1.00
IS Support Technician I/II	2.00	2.00
Network Analyst	1.00	1.00
Senior IS Support Technician	1.00	1.00
Systems Analyst I/II	3.00	3.00
Systems and Network Manager	1.00	1.00
Web Specialist	1.00	1.00

LIBRARY

City Librarian	1.00	1.00
Community Services Coordinator	0.50	0.50
Deputy City Librarian	1.00	1.00
Executive Assistant	1.00	1.00
Librarian II	8.63	8.63
Library Assistant II	8.75	8.75
Library Technology Specialist	1.00	1.00
Literacy Program Coordinator	1.00	1.00
Literacy Specialist	0.63	0.63
Senior Accounting Assistant	1.00	1.00
Senior Library Assistant	3.00	3.00
Senior Management Analyst	1.00	1.00
Supervising Librarian	3.00	3.00
Supervising Library Assistant	1.00	1.00

PARKS AND RECREATION

Parks and Recreation Director	1.00	1.00
Administrative Assistant	1.00	1.00
Administrative Technician	1.00	1.00
Business Manager	1.00	1.00
Community Services Coordinator	4.00	4.00
Community Services Manager	1.00	1.00
Community Services Section Manager	2.00	2.00
Community Services Supervisor	9.00	9.00
Custodian	1.00	1.00
Deputy Parks and Recreation Director	1.00	1.00
Executive Assistant	1.00	1.00
Golf Course Maintenance Supervisor	1.00	1.00
Golf Equipment Maintenance Specialist	1.00	1.00
Golf Services Manager	1.00	1.00
Irrigation Specialist	2.00	2.00
Landscape Laborer	3.00	3.00
Landscape Maintenance Worker I/II	15.00	15.00
Lead Teacher	4.00	4.00
Managing Arborist	1.00	1.00

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Park and Landscape Maintenance Supervisor	1.00	1.00
Park and Landscape Manager	1.00	1.00
Program Assistant I/II	1.00	1.00
Project Manager I/II	1.00	1.00
Senior Accounting Assistant	1.00	1.00
Senior Park Landscape Maintenance Worker	3.00	3.00
Senior Park Ranger	1.00	1.00
Senior Program Assistant	3.00	3.00
Tree Maintenance Specialist	1.00	1.00

POLICE

Chief of Police	1.00	1.00
Administrative Assistant	2.00	2.00
Administrative Technician	1.00	1.00
Business Manager	1.00	1.00
Community Service Officer I/II	4.00	4.00
Communications & Public Relations Analyst	1.00	1.00
Dispatch Services Supervisor	2.00	2.00
Dispatcher I/II	14.00	14.00
Executive Assistant	1.00	1.00
Facilities Coordinator	1.00	1.00
Management Analyst I/II	2.00	2.00
Police Captain	2.00	2.00
Police Digital Forensic Specialist	1.00	1.00
Police Evidence Analyst	1.00	1.00
Police Lieutenant	6.00	6.00
Police Officer	89.00	89.00
Police Records Specialist I/II	5.00	5.00
Police Records Supervisor	2.00	2.00
Police Sergeant	17.00	17.00
Police Technical Services Administrator	1.00	1.00
Senior Business Systems Analyst	1.00	1.00
Senior Community Service Officer	1.00	1.00
Senior Police Records Specialist	2.00	2.00
Vehicle Abatement Officer	2.00	2.00

PUBLIC WORKS

Public Works Director	1.00	1.00
Administrative Assistant	7.00	7.00
Administrative Technician	1.00	1.00
Associate Engineer	13.00	13.00
Associate Transportation Planner	1.00	1.00
Building Maintenance Supervisor	1.00	1.00
Business Manager	1.00	1.00

Resolution No. 73 (2022)
Fiscal Year 2022-23 Operating and Capital Budgets

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Calibration Technician	1.00	1.00
Central Services Worker	1.00	1.00
Communications and Public Relations Analyst	1.00	1.00
Construction Inspector I/II	4.00	4.00
Database Specialist	1.00	1.00
Deputy Director	2.00	2.00
Downtown Coordinator	1.00	1.00
Engineering Manager	3.00	3.00
Engineering Technician I/II	6.00	6.00
Environmental Compliance Inspector	3.00	3.00
Environmental Programs Coordinator	1.00	1.00
Executive Assistant	1.00	1.00
Facilities and Fleet Services Manager	1.00	1.00
Facility Maintenance Worker	3.00	3.00
Field Maintenance Manager	1.00	1.00
Fleet Services Supervisor	1.00	1.00
Instrument Control Technician	1.00	1.00
Laboratory Analyst I/II	3.00	3.00
Laboratory Supervisor	1.00	1.00
Laborer	1.00	1.00
Maintenance Planner	1.00	1.00
Maintenance Worker I/II	24.00	24.00
Management Analyst I/II	3.00	3.00
Principal Transportation Planner	1.00	1.00
Project Manager I/II	3.00	3.00
Public Works Maintenance Leadworker	3.00	3.00
Public Works Supervisor	2.00	2.00
Pump Station Mechanic I/II	2.00	2.00
Pump Station Mechanic III	1.00	1.00
Regulatory Compliance Manager	1.00	1.00
Senior Engineer	7.00	7.00
Senior Facility Maintenance Worker	3.00	3.00
Senior I&C Technician	1.00	1.00
Senior Management Analyst	1.00	1.00
Solid Waste and Recycling Program Coordinator	1.00	1.00
Solid Waste Technician	1.00	1.00
Traffic and Light Technician	1.00	1.00
Traffic Safety Worker	3.00	3.00
WWTP Electrical Technician	1.00	1.00
WWTP Maintenance Superintendent	1.00	1.00
WWTP Manager	1.00	1.00
WWTP Mechanic I/II	6.00	6.00
WWTP Mechanic III	2.00	2.00
WWTP Operations Superintendent	1.00	1.00
WWTP Operator In-Training/I/II	9.00	9.00

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WWTP Operator III	5.00	5.00
WWTP Shift Supervisor	2.00	2.00
Waste Management Supervisor	1.00	1.00

TOTAL MERIT FTE	521.51	521.51
TOTAL PER DIEM	84.73	84.59
TOTAL FTEs	606.24	606.10

5. The City Manager is authorized and instructed to effectuate the City Budget as approved.

RESOLUTION NO. 73 (2022) adopted by the City Council of the City of San Mateo, California, at a regular meeting held on June 20, 2022, by the following vote of the City Council:

AYES: Council Members Bonilla, Papan, Goethals, Lee and Rodriguez
NOES: None
ABSENT: None

ATTEST:

Patrice M. Olds

Patrice M. Olds, City Clerk



Rick Bonilla, Mayor

**CITY OF SAN MATEO
RESOLUTION NO. 74 (2022)**

APPROVING THE 2022-2027 CAPITAL IMPROVEMENT PROGRAM

WHEREAS, the City Council held public hearings on the Budget and Capital Improvement Program (CIP), as required by the City Charter section 5.02; and

WHEREAS, the CIP is a five-year plan that identifies all planned capital improvement projects, their estimated cost, and a revenue and/or funding source forecast; and

WHEREAS, the 2022-23 Capital Budget presented as part of the proposed budget document that was delivered to Council on June 6, 2022 included details on recommended and funded CIP projects, as well as projects without an identified funding source; and

WHEREAS, the 2022-2027 CIP includes capital projects planned for the five-year period totaling \$274,440,985; and

WHEREAS, no changes to the 2022-2027 CIP were proposed by the Council; and

WHEREAS, section 5.09 of the City's Charter requires that the CIP be approved by Council resolution;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN MATEO, CALIFORNIA, RESOLVES that:

1. In accordance California Environmental Quality Act (CEQA) Guidelines section 15378(b)(4), adoption of the Capital Improvement Program is exempt from 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.
2. The 2022-2027 Capital Improvement Program for the City of San Mateo, set forth in the accompanying Administrative Report and the proposed business plan document, is approved.

RESOLUTION NO. 74 (2022) adopted by the City Council of the City of San Mateo, California, at a regular meeting held on June 20, 2022, by the following vote of the City Council:

AYES: Council Members Bonilla, Papan, Goethals, Lee and Rodriguez

NOES: None

ABSENT: None

ATTEST:



Patrice M. Olds, City Clerk



Rick Bonilla, Mayor

**CITY OF SAN MATEO
RESOLUTION NO. 75 (2022)**

ESTABLISHING THE CITY'S APPROPRIATIONS LIMIT FOR FISCAL YEAR 2022-23

WHEREAS, under Article XIII B of the California Constitution and Government Code sections 7900 and following, the City is required to establish an annual appropriations limit based on revenues obtained from the proceeds of taxes; and

WHEREAS, the method and basis of calculating these limits was revised by Proposition 111, amending Article XIII B of the State Constitution, and the implementing legislation, to allow election of the basis for population adjustment between the change in population in either the city or the county and an election of inflation factor between the growth of California per capita income or the growth of nonresidential assessed valuation due to new construction in the city; and

WHEREAS, the City of San Mateo population percentage change over the prior year is negative 0.9 percent and the growth in California per capita personal income is 7.55 percent; and

WHEREAS, utilizing the population growth for the City of San Mateo and the growth in California per capital personal income yield the most favorable appropriations limit; and

WHEREAS, the appropriations limit for 2022-23 is \$250,173,878 and the estimated budgeted proceeds from taxes are \$136,080,456; and

WHEREAS, in accordance with Public Resources Code section 21065, this action is exempt from review under the California Environmental Quality Act because it can be seen with certainty that it will not have a significant impact on the environment.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN MATEO, CALIFORNIA, RESOLVES, that:

1. The City Council finds that the adjustment factors shall be based on the City's population growth and the growth in California per capita income to determine the appropriations limit for the fiscal year 2022-23.
2. The City Council approves the appropriation limit on revenue obtained from the proceeds of taxes for fiscal year 2022-23 to be \$250,173,878 using the selected adjustment factors.

RESOLUTION NO. 75 (2022) adopted by the City Council of the City of San Mateo, California, at a regular meeting held on June 20, 2022, by the following vote of the City Council:

AYES: Council Members Bonilla, Papan, Goethals, Lee and Rodriguez
NOES: None
ABSENT: None

ATTEST:

Patrice M. Olds, City Clerk



Rick Bonilla, Mayor

Transmittal of Proposed Budget

CITY MANAGER'S LETTER OF TRANSMITTAL

Honorable Mayor Bonilla and Members of the City Council:

Over two years have passed since the onset of the pandemic, and the San Mateo community continues to navigate the ongoing challenges of COVID-19, historically high inflation, and the global economic impacts of geopolitical conflict.

Two years ago, the financial impact of the pandemic was immediate and severe, primarily with the City's transient occupancy tax (TOT) and sales tax revenues, which experienced a 90% and 20% reduction, respectively. With the City Council's support, we responded immediately by implementing the Fiscal Sustainability Plan to provide the General Fund with relief while the economy and tax revenues recovered, which primarily consisted of the majority of our bargaining units partnering with the City to keep employee compensation static in order to preserve core service levels.

Fortunately, sales tax revenues have recovered back to pre-pandemic levels faster than anticipated. While TOT revenues have not done likewise, their rate of recovery is faster than anticipated, and average occupancy rates are currently at 60%. In addition, real property transfer tax revenues are on pace for a record-breaking year in fiscal year (FY) 2021-22 due to the high demand for housing and several large commercial property sales. Within this context, we honored our commitment to reopen labor negotiations with the bargaining units that partnered with the City to provide employees with additional compensation to help employees offset inflation and align with the City's goal of providing employee compensation at the median to the market. With the improved outlook for the General Fund, FY 2022-23 marks the return of the two-year business plan, in which two one-year operating budgets and the five-year CIP are presented, but only year one of the operating budget is adopted/appropriated. In year one, the City completes a comprehensive review of the operating budget. In year two, the focus is on the CIP, and the operating budget updates any assumptions as needed. This budget practice reduces the amount of staff resources that are required for budget development on an annual basis.

2022-2023 Budget and Long-Term Financial Plan Overview

The proposed 2022-23 budget projects General Fund total revenues of \$159.5 million and total expenditures of \$164.2 million. The \$4.7 million in projected net loss will be funded by General Fund committed fund balance, which represents funds that were committed by resolution in fiscal year 2021-22 to serve as a funding source for the cost of negotiated changes to employee compensation for the bargaining units that partnered with the City to provide relief to the General Fund as a part of the Fiscal Sustainability Plan, and funds that were committed to support additional CIP for 2022-23.

Based on the latest General Fund Long-Term Financial Plan, while the General Fund is anticipated to draw down on the Rainy Day Reserve by \$30 million, from the peak of \$54 million in fiscal year 2018-19, the most recent pre-pandemic fiscal year, to the trough of \$24 million in fiscal year 2026-27, the Rainy Day Reserve is projected to

recover to the reserve policy level of \$30 million by the end of the forecast. As such, the General Fund is expected to be able to maintain core service levels throughout the forecast.

In the period of time between the Great Recession and the COVID-19 pandemic, the City of San Mateo prudently prepared itself for the next recession by accumulating reserves in the General Fund above and beyond the 25% operating reserve – the Rainy Day Reserve, which serves as the City’s financial backstop during periods of economic retraction. Without it, the City would not have been in the position to use measured decision-making at the outset of the pandemic, but rather, it would have had to cut the cost of operations immediately to ensure the City’s long-term fiscal sustainability. The City Council’s fiscal discipline also ensures the provision of services at the levels and quality that are needed and expected by the San Mateo community.

2022-23 Proposed Budget

With this framework in mind, I am pleased to present the 2022-23 budget. Overall, the proposed citywide budget, including both operating and capital, is \$284.8 million for fiscal year 2022-23.

The City’s proposed budget for 2022-23 continues to provide for core services, Measure S initiatives, and Council priorities, while also making a substantial investment in our capital and infrastructure needs. The table below summarizes the adopted spending plans for operating and capital expenditures for 2022-23.

	2022-23		2023-24	
Citywide Budget	Proposed		Projected	
Citywide Operations				
General Fund	\$	151.2	\$	156.0
Special Revenue / Debt Service Funds	\$	24.0	\$	23.8
Enterprise Fund	\$	41.7	\$	42.3
Total	\$	216.9	\$	222.1
Capital Improvement Program	\$	67.9	\$	94.0
Total	\$	284.8	\$	316.1

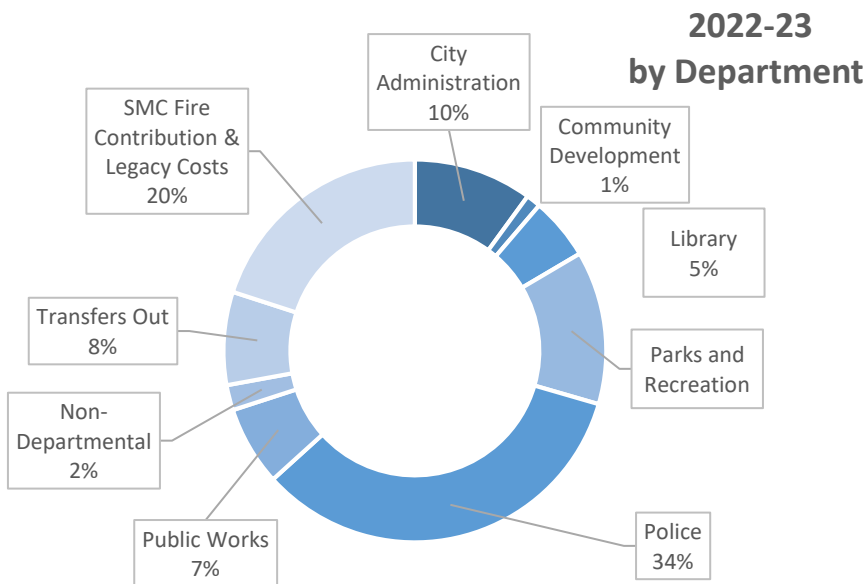
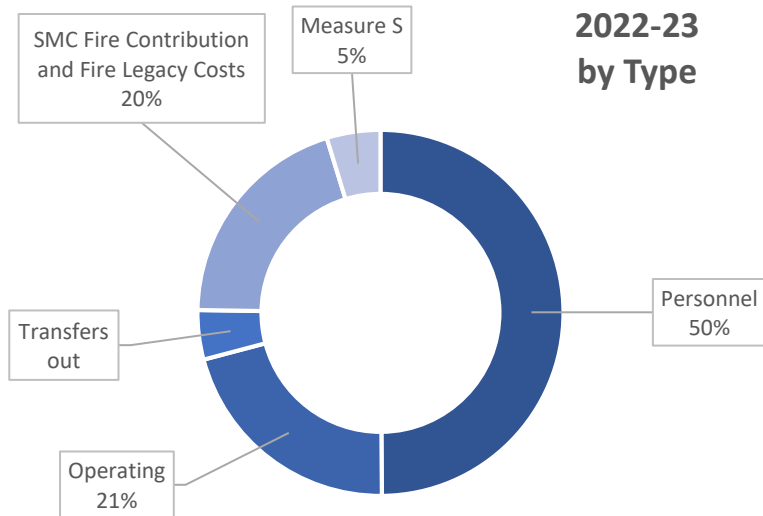
In millions. Operating costs include debt service payments.

The total City operating budget for 2022-23 is \$216.9 million and is up 7.9% over the adopted 2021-22 budget. The cost escalation is primarily attributable to increases in the cost of salaries and benefits for bargaining units that partnered with the City as a part of the Fiscal Sustainability Plan, which largely kept employee compensation static. With the recovery of sales tax revenues, upward trajectory of the TOT recovery, and resetting the baseline assumption for real property transfer tax revenues based on the average of the current and previous major economic cycles, the City was able to provide additional compensation to help employees address inflationary pressure and maintain consistency with the City’s goal of paying at the median compared to the market. In addition, the General Fund is providing \$6.75 million in support for CIP for 2022-23, which is \$4.5 million more than it has provided in the wake of the pandemic.

The Capital Improvement Program (CIP) for 2022-23 totals \$67.9 million, which is \$15.3 million more than the adopted 2021-22 CIP, and only \$2.4 million less than the 2022-23 CIP Plan estimate from the adopted 2021-22 CIP. Nearly half of the proposed 2022-23 CIP budget is for Sewer Fund capital improvements, and the majority of which are for the Clean Water Program annual citywide sanitary sewer rehabilitation (\$11.7 million) and Wastewater Treatment Plant (WWTP) Flow Management Upgrade and Expansion (\$14.1 million) project.

General Fund and Budget Development Priorities

The General Fund is the primary funding source for the City's core services. The total spending plan for the General Fund for 2022-23, including the transfers to the Capital Improvement Projects Fund, is \$164.2 million, and is outlined in the chart below.



The overall proposed budget for 2022-23 is an increase of 11.8% over the adopted 2021-22 budget of \$146.9 million. The primary driver of the increase is the additional support for the CIP of \$4.5 million. Absent the additional support for the CIP, General Fund appropriations increased by \$12.8 million, or 8.7% more than the adopted 2021-22 budget. The growth in General Fund appropriations is principally attributable to:

- \$1.5 million increase in the total operating contribution and legacy costs for San Mateo Consolidated Fire Department (SMC Fire), largely due to the anticipated cost of negotiated increases in employee compensation;
- \$1.8 million increase in the City's Unfunded Accrued Liability (UAL) contribution to CalPERS – effectively a loan payment on the City's unfunded pension liability of \$264 million with an interest rate of 6.8%;
- \$2.8 million increase in the Parks & Recreation Department operating budget, reflecting the return of programming that had either been cancelled or shifted to the virtual space during the pandemic.

The City's fiscal focus and perspective remains in the long term to consider how near-term financial decisions impact the City's long-term sustainability. The City's ability to weather economic volatility and emerge from the pandemic-related recession is dependent upon its commitment to consistent, disciplined, and prudent fiscal decisions.

Challenges

Property Tax

Property tax remains the City's primary tax revenue source. However, there are two property revenue types that are at risk due to flaws in the State law and potentially unconstitutional efforts by the State to take away local property tax revenues.

In 1992, in order to balance its budget on the backs of local governments and meet its requirement to fund public schools, the State created the Educational Revenue Augmentation Fund (ERAF), which took away property taxes from local cities and counties. ERAF serves as a funding source for non-basic aid school districts, which are unable to meet their Proposition 98-determined funding level through property tax. Due to the high value of land and property in San Mateo County, the majority of the school districts in the county are basic aid. As such, San Mateo County is one of five counties in the state that have Excess ERAF, or ERAF funds remaining after non-basic aid school districts have been funded up to the State-determined minimum funding requirement. Excess ERAF is proportionately returned back to the local taxing entities.

In 2004, as a part of the State's budget agreement, in exchange for substantially reducing vehicle license fees, the State agreed to offset the revenue loss with property taxes revenues, known as property tax in lieu of vehicle license fees (VLF). The funding sources for VLF are 1) ERAF that otherwise would have gone to non-basic aid school districts, and 2) property taxes from non-basic aid school districts. Unfortunately, due to the dearth of non-basic aid school districts in San Mateo County, the amount of property tax and ERAF from non-basic aid school districts is less than the amount of VLF that is owed to the County and the cities, which is a VLF shortfall: a phenomenon that is uncommon and only impacts the counties of San Mateo and Alpine. Over the past two years, San Mateo County has experienced VLF shortfalls of \$5.7 million and \$96.1 million. The remedy for the VLF shortfall has been to file a claim with the State, which is then considered for inclusion in its budget for the subsequent fiscal year. The end result is 1) uncertainty of whether the State will honor the VLF shortfall claim, and 2) a two-year cash flow impact from when the VLF revenues were owed and when they are received. In an effort to address the impacts, the County submitted a legislative amendment proposal for the State to consider that addressed the VLF shortfall within one year. Unfortunately, the proposal did not receive sufficient political support with the State legislature, and in turn, the State countered with a proposal that has been folded into its proposed 2022-23 budget via a trailer bill. The State's proposed language would cap Excess ERAF revenues at the FY 2021-22 level and use subsequent growth as a funding source for the VLF shortfall. If Excess ERAF above the 2021-22 cap, property tax and ERAF from non-basic aid school districts are not enough to address the VLF shortfall, the State will backfill with its General

Fund. San Mateo County, the local cities, the California State Association of Counties, and other Excess ERAF counties have voiced opposition to the trailer bill, as the net effect is a takeaway of Excess ERAF revenues, which is potentially a violation of Proposition 1A from 2004 and Proposition 22 from 2010.

The remaining non-basic aid school districts are projected to shift to basic aid status within the next 7-10 years. Combined with the growth in assessed value, the annual impact to San Mateo County is projected to be \$333 million by 2031-32, and the City's share of which is expected to be a loss of \$6.7 million.

Sales Tax

Even though sales tax revenues have recovered to the pre-pandemic baseline, there are three major factors that impact sales tax revenue growth. The first factor is the State's antiquated revenue and taxation code that has not adapted to modern commerce and technology. The local 1% sales tax, which is assessed in accordance with the Bradley Burns Uniform Sales and Use Tax Law (Bradley Burns), is allocated based on point of sale, not destination. As such, combined with the second factor of the generational shift of consumer habits of buying more of their taxable goods online rather than physical stores, the City only receives a fraction of the 1% Bradley Burns, as sales tax that is assessed on online transactions is collected as use tax, which is allocated on a proportional basis at the county level based on each city's proportional share of the Bradley Burns, which for the City is typically 10%. The third factor is the degradation of the use tax base by sales tax rebate agreements between local cities and retailers.

The impact of these factors on the Bradley Burns is quantifiable when comparing to the local 1/4% transactions and use tax, Measure S, which is allocated based on destination, which precludes Measure S revenues from being subject to the same factors of the Bradley Burns. As such, if Bradley Burns were modernized to be allocated by destination rather than point of sale, FY 2022-23 sales tax revenues would be closer to \$28.0 million rather than \$22.4 million.

Hotel Tax

Transient occupancy tax, or hotel tax, is dependent on both the occupancy levels and room rates of the City's hotel stock. Hotel tax revenue is very sensitive to broader economic trends. In good economic times, both occupancy rates and room rates increase, but during recessionary periods, both go down, which can result in a significant reduction in hotel tax revenue.

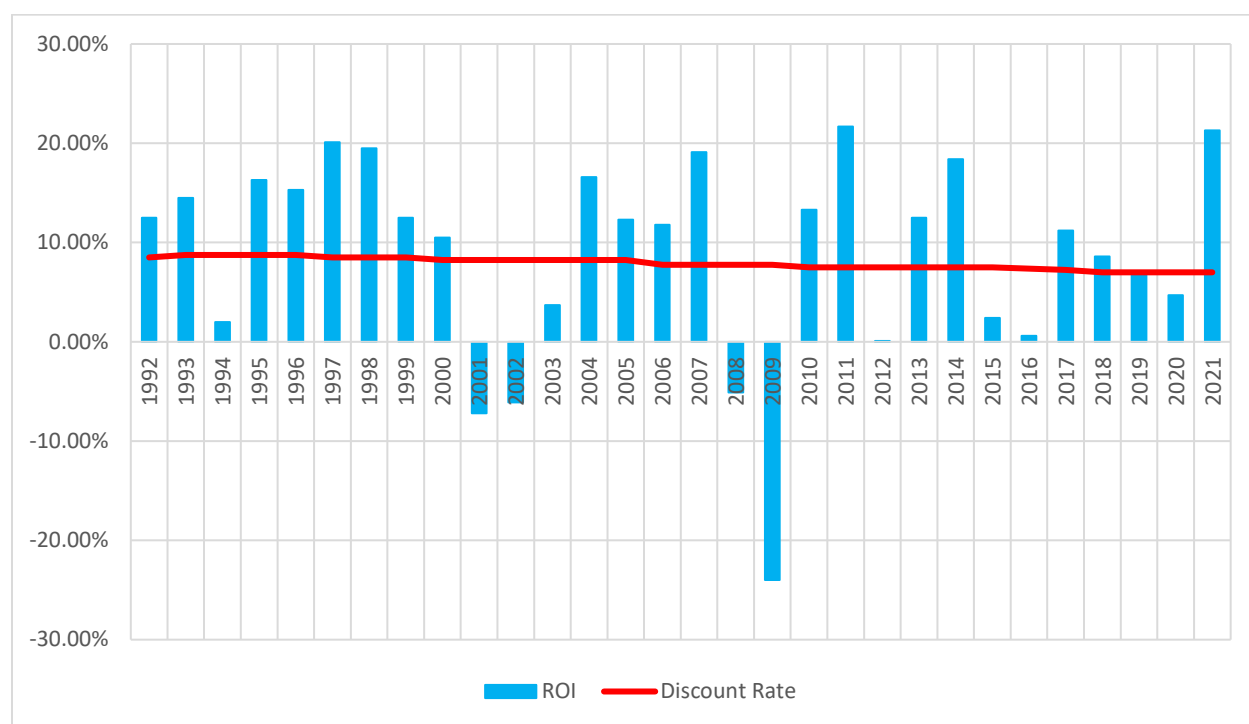
The COVID-19 pandemic devastated hotel tax revenue. Occupancy rates dropped to single-digits during the shelter-in-place mandate that started in March 2020 but have recovered to 60% over the past nine months. Revenues are estimated to end 2021-22 at \$3.0 million, which is 43% of the pre-pandemic 2018-19 actuals. The City's TOT tax base is largely from business travel. Based on the accelerated recovery in comparison to previous projections, the General Fund Long-Term Financial Plan assumes that TOT revenues will recover to the pre-pandemic baseline by the end of the ten-year term. The City will continue to monitor this trend, its impact on TOT revenues, and update the General Fund Long-Term Financial Plan accordingly.

Pension Costs

As a part of its quadrennial Asset Liability Management (ALM) cycle, the CalPERS Board recently selected a 6.8% discount rate. The discount rate is the projected return on investment (ROI) over the next thirty years, as well as the level of risk that CalPERS is willing to take in order to achieve that ROI.

In July 2021, CalPERS reported a preliminary ROI of 21.3% for fiscal year 2020-21. At first blush, higher interest returns may seem favorable, but interest is a measure of risk, and the deviation from the discount rate means that CalPERS' investment portfolio is taking on too much risk. As such, the Funding Risk Mitigation Policy (RMP) was triggered, which reduced the discount rate from 7.0% to 6.8%. The investment gain – the difference between the 7.0% discount rate and the 21.3% ROI, will be amortized over 20 years, with a ramp up over the first five years (1/5th or 20% of the annual amortization amount recognized each year), beginning in the actuarial valuations with a measurement date of June 30, 2021, which applies to the pension contribution rates for 2023-24. The reduction of the discount rate will be amortized over 20 years with no ramping, as ramping for changes in actuarial assumptions was eliminated beginning in measurement periods of June 30, 2019.

Due to the ongoing market volatility, CalPERS' year-to-date ROI is negative 5.2%. The graph below illustrates the historical ROI volatility and the disparity between the discount rate and the ROI:



Every deviation between the ROI and the discount rate (a gain or a loss) results in an amortization base being generated, which is essentially a mortgage or loan that is paid off over time. Gains or losses incurred before June 30, 2019 have an amortization period of 30 years, while subsequent gains or losses are amortized over 20 years; a policy change to reduce the cost of interest expense. In addition to the payment on the UAL, the City's pension contribution also includes the normal cost, which is the cost for the current year of service. Assuming that CalPERS will be able to achieve its long-term ROI of 6.8%, as shown in the table below, it takes nearly all of the City's sales tax revenues, which is second to only property tax as the General Fund's top tax revenue source, to cover the escalating cost of pension contributions for the General Fund.

Fiscal Year	General Fund Pension Contribution (in millions)	Projected Local 1% Sales Tax Revenue (in millions)	Pension as a Percentage of Sales Tax
2021-22	\$19.3	\$19.4	100%
2022-23	\$20.7	\$20.2	102%
2023-24	\$20.9	\$20.9	100%
2024-25	\$21.2	\$21.5	99%
2025-26	\$20.5	\$22.0	93%
2026-27	\$20.3	\$22.6	90%
2027-28	\$20.5	\$23.1	89%
2028-29	\$20.5	\$23.5	87%
2029-30	\$21.0	\$24.0	88%
2030-31	\$21.5	\$24.5	88%

However, if CalPERS' asset allocation from its ALM and the inherent risks do not achieve the required return on investment, the magnitude of the variance between the discount rate and the ROI will determine the impact to the projected relationship between pension contributions and sales tax revenues.

Opportunities

Capital and Infrastructure Investments

Even as we face the economic crisis from the COVID-19 pandemic, I don't want to lose sight of the many major initiatives that are occurring right now. The priority in investing in our community remains as strong as ever. We have made substantial funding commitments to the \$1 billion Clean Water Program as it moves to build the foundation of the wastewater treatment plant. The City closed nearly \$300 million in low interest loans with the Environmental Protection Agency (EPA) through the Water Infrastructure Finance and Innovation Act to finance the cost of capital improvements for the WWTP and sewer collection system at the end of 2020, and closed short-term notes in July 2021 to take advantage of the interest rate spread at that time, which saved sewer rate payers approximately \$5.6 million in net present value. In addition, the City was able to close a State Revolving Fund (SRF) loan in the amount of \$137 million with the State Water Resources Control Board at a 0.8% interest rate. Absent the SRF loan, the City would have had to access the bond market, in which the City would have had to pay substantially more in interest to potential investors with the current condition of the bond market. As such, the SRF loan will save rate payers approximately \$120 million in debt service costs over the next 30 years. Tremendous progress is being made now that will upgrade and expand the wastewater treatment plant to provide high-quality services to our community for decades to come.

Other major initiatives that are underway include accelerated street repair and reconstruction, and the flood control infrastructure in North Shoreview. In February 2020, the City, through the San Mateo – Foster City Public Financing Authority, issued \$42.3 million in lease revenue bonds to finance these improvements. For streets, approximately 9.5 miles of failed streets remain from the original 22 miles that were identified in 2013. Funding from the bonds will be utilized to accelerate street improvement projects, and we are on target to eliminate the 9.5 miles of failed streets by 2026. Funding from the bonds will also be utilized to finance flood control improvements, which will take the North Shoreview neighborhood off the FEMA flood map and save residents from the cost of flood insurance. Carrying on initiatives like these are a testament to the investment and commitment we make to our community, even as we face unprecedented times from the pandemic. The work

continues, and I am confident that the investments we are making now will position our community for long-term success.

Measure S

Measure S, the 0.25% sales tax extension, maintains funding for its core priorities, which include safety, public services, and infrastructure improvements. The proposed 2022-23 budget appropriates \$3.1 million in Measure S funds for CIP projects, including \$1.25 million for the Columbia Drive and Crystal Springs Road Storm Drain Channel, \$0.8 million for citywide street reconstruction, \$0.6 million for refurbishment of the Gateway Park Pedestrian Bridge, \$0.2 million for radio dispatch consoles, and \$0.25 million for neighborhood traffic management. While Measure S revenues experienced some retraction result of COVID-19, they were not been impacted to the same degree as sales tax revenues due to differences in tax law. The local 1% sales tax is assessed, collected, allocated, and remitted pursuant to the Bradley Burns Uniform Sales and Use Tax Law, while the Measure S ¼ cent transactions and use tax is under the State of California's District Tax Law. Revenues will continue to be monitored carefully, and recommendations on funding adjustments will be presented to the Measure S Oversight Committee as appropriate.

Operational Modernization

In April 2022, City staff that had been working entirely remotely began to return to the office two days a week, which increased to three days a week in May 2022. In addition, effective May 18, 2022, the City ended its declaration of a local emergency due to COVID-19, which also brought an end to virtual City Council meetings and began the hybrid format, which continues to provide the San Mateo community the flexibility of accessing City Council meetings in person or remotely with the City's investment in updating its meeting equipment. We will continue to balance the health and welfare of our employees and the community that we serve with the goal of maintaining core service levels.

Beginning in March 2022, the City began implementation of a new cloud-based enterprise resource planning system, Workday. This process equips the City and its employees with new technology to better serve the San Mateo community, offers the means to comprehensively modernize our business processes and procedures, and leverage the technology to recognize efficiencies. It is through new technology like the ERP that we will continue to adapt our service delivery to respond to growing needs in a rapidly changing environment.

Concluding Remarks

Despite the ongoing challenges that we will face with the pandemic, I am confident that the City will be able to deftly navigate them, execute the City Council's strategic plan, and address the needs of the San Mateo community.

This letter summarizes our financial position and the concrete steps we have taken and will prospectively take in the future to address the challenges in front of us. We are making a number of important decisions to ensure the long-term health of our organization and thoughtfully prepare for next year and beyond. We continue to invest in our core priorities of infrastructure needs, and we are finding new ways of providing services and engaging our community while relying on public health guidelines. We have much work ahead, but we have an exceptionally talented and dedicated team of people with great creativity and skill who have shown their commitment to addressing the complexities and challenges of the pandemic, and together, we will continue to prevail.

While events in the past year have been historic, the resultant dilemmas have been equally met with support from the City Council for our community and for our organization. Our staff have stepped up to the moment and proved what is possible when faced with extremely challenging circumstances. And as I take a moment to reflect on the intensity of the past two years, I am truly humbled to be a part of this resilient community that has made the best of a once-in-a-lifetime crisis.

The development and delivery of the recommended budget to the City Council is the culmination of months of work from staff throughout the organization, and it is a true team effort. First and foremost, I would like to thank the City Council for articulating a vision and setting priorities that helped us develop the budget. I would also like to thank the executive team, along with their respective staff members, for their efforts in supporting the budget development process. And finally, I'd like to thank the members of the Finance Department, led by Finance Director Rich Lee, who drove the process to develop the budget and prepare this document.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Drew Corbett", with a stylized flourish at the end.

Drew Corbett, City Manager

Proposition 1A (2004) Facts

In November 2004, the voters of California approved Proposition 1A, an amendment to the California state constitution intended to restore predictability and stability to local government budgets. The measure:

- Strengthens prohibitions against unfunded state mandates by requiring the state to suspend state mandates in any year the Legislature does not fully fund those laws.
- Expands definition of state mandate to include transfer of responsibility of a program for which the state previously had full or partial responsibility.
- Prohibits the state from
 - Reducing the local Bradley Burns Uniform Sales & Use Tax rate or altering its method of allocation. Exception to comply with federal law or an interstate compact.
 - Decreasing VLF revenue from the 0.65% rate without providing replacement funding to cities and counties.
 - Shifting property taxes from cities, counties or special districts with certain exceptions.
 - Failing to reimburse to cities and counties for the ¼% local sales tax shifted under the triple flip.

State Mandate Funding

Proposition 1A requires the Legislature:

- to either suspend a mandate or appropriate the necessary funds in the budget to reimburse local governments for all costs of complying with the mandate, including those in prior years;
- to reimburse local governments when the state mandates that local government assume a greater percentage of the financial responsibility for a program or service previously shared with the state; and
- to begin repaying amounts owed to local governments for mandate costs incurred prior to FY 2004-05.

Proposition 1A does not apply to mandates affecting local schools or mandates related to employee relations and collective bargaining

Local Revenue Protection

Proposition 1A protects local property tax, sales tax and VLF revenues by prohibiting the Legislature from taking any action that would:

- Reduce the local Bradley Burns Uniform Sales & Use Tax rate or alter its method of allocation.
- Decrease VLF revenue from the 0.65% rate without providing replacement funding to cities and counties.
- Shift property taxes from cities, counties or special districts to the schools or any other non-

local government function except under certain circumstances.

Sales and Use Tax Rate and Allocation Method. Generally, revenue from the 1% Bradley Burns Local Sales and Use Tax is allocated to the city in which the sale occurs, or, if in an unincorporated area, the county. Proposition 1A prohibits the Legislature from reducing the local sales tax rate, or changing the method of allocation of local sales tax revenues. Proposition 1A permits the Legislature to change the method of allocation in order to comply with federal law or an inter-state compact.

Local Transactions and Use Tax Authority. Proposition 1A prohibits the state from restricting the authority of a local government to impose a transactions and use tax pursuant to Revenue and Taxation code Section 7251 or altering the method of allocation of these tax revenues.

Local Sales Tax Reduction Under the Proposition 57 Triple Flip. In March 2004, the voters of California approved Proposition 57, the California Economic Recovery Bond Act. Legislative provisions implementing Proposition 57 provide for a swapping of $\frac{1}{4}$ cent to be used by the state to repay the bonds effective July 1, 2004. The so called “triple flip” consists of 1) reducing the Bradley Burns Local Sales and Use Tax Rate by $\frac{1}{4}\%$ and $\frac{1}{4}\%$ to the state’s sales tax rate to fund fiscal recovery bond repayment, 2) repayment to cities and counties with additional local property tax previously allocated to local schools, and 3) repayment to local schools with state general fund. Proposition 1A prohibits the Legislature from extending this reduction in local authority to impose the full Bradley Burns Sales and use tax rate beyond the period necessary to repay the Proposition 57 bonds. In addition, it constitutionally protects the reimbursement to cities and counties under the triple flip.

Vehicle License Fee. Proposition 1A requires the Legislature to provide replacement revenue to cities and counties if it reduces the VLF rate below 0.65%. California Constitution Article XI Section 15 requires that VLF revenue be allocated to cities and counties. The state may charge for administrative costs (DMV, Controller) and the Legislature retains the power to change state law allocating the VLF among cities and counties.

Property Tax. Proposition 1A prohibits the Legislature from reducing the share of property tax revenues going to the cities, county and special districts in any county, and shifting those shares to the schools or any other non-local government function. However, the Legislature may alter the allocation of property taxes among cities, counties and special districts within a county with $\frac{2}{3}$ approval in each house.

Under specific conditions, the Legislature may suspend the property tax revenue protection provisions of Proposition 1A. Beginning in FY2008-09, the Legislature may “borrow” not more than 8% of total property tax revenues (currently about \$2 Billion) if:

1. the Governor issues a proclamation of “severe fiscal hardship;”
2. the Legislature enacts an urgency statute suspending Proposition 1A property tax protection with $\frac{2}{3}$ vote of each house; and
3. the Legislature enacts a law providing for full repayment of the “borrowed funds” plus interest within three years.

The Legislature may not enact such a suspension more than twice in any ten year period and may only do so if:

1. the \$1.22 billion FY 2003-04 VLF Backfill Gap Loan (Revenue and Taxation Code Sec. 10754.11) has been repaid;

2. any previous borrowing under this provision has been repaid.

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Frequently Asked Questions

1. What's the basic protection for the property tax in Proposition 1A?

Proposition 1A prevents the Legislature from reducing the combined property tax shares of cities, special districts, and the county, and shifting those shares to the schools or any other non-local government function. If, for example, on November 3, 2004, the property tax shares of cities, special districts, and the county of the hypothetical "California County" equaled 60% of property taxes collected in that county, the Legislature cannot pass a law that reduces the percentage below 60% except to respond to a significant state fiscal problem.

2. Can the Legislature continue to reallocate property taxes on the local level?

Since the passage of Proposition 13, the Legislature has had the power to reallocate property taxes among local governments. The most significant use of this authority has been to allocate city, county and special district shares of the property tax to schools through ERAF and reduce state general fund support for schools. Proposition 1A would prevent future reductions of non-school property tax shares, but the State may transfer property taxes among the cities, county, and special districts in a county with a declaration by the Governor of "severe fiscal hardship" and a 2/3 vote of each house of the State Legislature.

3. Can the state reallocate property taxes in order to fund a state mandate?

No. The amendments to Section 6 of Article XIII B of the state constitution state specifically: "Ad valorem property tax revenues shall not be used to reimburse a local government for the costs of a new program or higher level of services."

4. Does Proposition 1A allow the State to respond to a significant state fiscal problem?

Yes. Beginning in the 2008-2009 fiscal year, the Governor may issue a proclamation that declares that there is a "severe state fiscal hardship" that requires the State to temporarily suspend Proposition 1A's basic protection for the property tax. Next, the Legislature must first adopt a statute with a 2/3 vote that contains a suspension of the basic protection for that fiscal year only. Then it must adopt a separate statute that requires the State to repay cities, counties, and special districts the total amount of property tax loss caused by the suspension. The Legislature may not enact such a suspension more than twice in any ten year period and may only do so if the FY 2003-04 VLF Backfill Gap Loan (\$1.22 billion) and any previous borrowing under this provision has been repaid. The reduction may not exceed 8 percent of the total amount of property tax allocated among local agencies in the previous fiscal year. Currently this percentage is the equivalent of roughly \$1.3 billion.

5. When will local agencies be repaid if property tax is taken during a suspension period?

No later than the end of the third fiscal year following the fiscal year to which the reduction applies. If the reduction applies in the 2010-11 fiscal year, then repayment must occur no later than June 30 of 2014. Repayment will be for the "total amount of revenue losses" including interest.

6. Can the Legislature suspend the Proposition 1A protection each time there is a "severe state fiscal hardship?"

No. Suspension of the protection may only occur twice in a ten year period; and only if the VLF Gap Loan amount has been repaid; and if only any prior suspension of property tax has been repaid with interest.

7. Why was the redevelopment property tax increment not explicitly protected in the final version of Proposition 1A submitted to the voters?

Key legislators and legislative staff argued that the redevelopment property tax increment is already protected by Article 16, Section 16 of the state constitution. Language in the ballot arguments for Proposition 1A states that the redevelopment increment is already protected by the state constitution.

8. What's the basic protection for the sales and use tax in Proposition 1A?

Proposition 1A prohibits the State from reducing the sales and use tax rate or changing the method in which sales and use tax revenues are distributed. The measure prevents the state from restricting city or county authority to impose optional transactions and use taxes as provided in state law as of November 3, 2004.

9. What about the current suspension of one-quarter cent of the sales tax occurring as a result of the passage of Proposition 57? Does Proposition 1A require the suspension to end when the fiscal recovery bonds are repaid?

Yes. Proposition 1A prevents the State from extending the period during which the one-quarter cent is suspended; from failing to pay the property tax backfill during the period of suspension; and from failing to restore the full sales tax rate when the bonds are repaid.

10. Can the State take any action that affects the sales and use tax?

Yes. The Legislature can change how sales tax is distributed if the change is required by federal law or to participate in an interstate agreement, for example, one that addresses payment of sales tax for Internet purchases. In addition, the Legislature has the authority to authorize two or more local agencies within a county to exchange property tax and sales tax.

11. What is the basic protection for the VLF in Proposition 1A?

Proposition 1A guarantees VLF revenue to cities and counties based upon a rate of 0.65%. The Legislature decides how much of the revenue funds realignment programs and how much funds general purpose local government programs. If the Legislature lowers the rate below 0.65%, it must enact a law that provides for an allocation of replacement funds to cities and counties equal to the difference between the revenues received from 0.65% rate and the lower rate.

12. Does Proposition 1A strengthen the requirement to reimburse cities, counties and special districts for the costs of state-mandated programs and services?

Yes. Prior to the passage of Proposition 1A, the Constitution required the State to reimburse local governments for state-mandated programs, but the Legislature sometimes “suspended” mandates, rather than reimbursing local governments. Moreover, the Legislature has transferred additional responsibility for a state program or service to local governments but has not reimbursed local governments for the additional program costs. Under Proposition 1A, beginning in 2005-06, in each fiscal year’s budget, the Legislature must either appropriate sufficient funds to reimburse local governments for their costs of complying with a mandate, including those in prior years, or suspend the operation of the mandate for that fiscal year.

13. Does the “fund or suspend” requirement apply to all mandates?

No. There are two exceptions. The first is for employee and employee organization related mandates. The second is for costs incurred prior to the 2004-05 fiscal year that have not been paid prior to the 2005-06 fiscal year. These costs may be paid over a period beginning in 2005-06.

14. What happens when the State transfers additional responsibility for a program or a service that the local government already had some responsibility for?

Proposition 1A defines “mandate” to include a transfer of additional responsibility for a state program or service.

Citywide Sources of Funding

Fund	2020-21 Actuals	2021-22 Adjusted	2022-23 Proposed	2023-24 Projected
General Funds				
General	\$ 127,690,777	\$ 128,562,658	\$ 140,903,673	\$ 139,508,927
Measure S Tracking	5,739,176	6,262,000	7,160,000	7,200,000
Downtown Services	-	2,461,800	2,357,567	2,362,966
Recreation Services	1,037,571	2,117,387	3,571,224	3,571,224
Golf	3,129,139	2,564,000	3,240,250	3,240,250
General Funds Total	\$ 137,596,663	\$ 141,967,845	\$ 157,232,714	\$ 155,883,367
Special Revenue Funds				
Police Grants and Safety	\$ 295,337	\$ 518,650	\$ 549,373	\$ 569,194
Solid Waste	4,381,470	3,667,950	3,427,160	3,432,160
HOME	14,050	10,000	15,000	15,000
Community Development Block Grant	985,696	767,246	740,000	704,000
Advance Planning	1,363,595	1,330,600	2,075,603	1,842,000
Construction Services	6,714,879	8,896,600	8,799,100	8,820,100
Gas Tax	2,321,798	2,628,215	3,016,154	3,120,949
Downtown Parking and Security	2,033,966	-	-	-
City Housing	24,343	62,000	84,000	34,000
Low and Moderate Income Housing Asset	350,427	80,000	278,000	287,000
Parks and Recreation Revenue	4,452,665	3,427,000	2,423,054	9,127,560
Traffic Impact Fee	536,864	1,250,000	2,532,000	4,532,000
Commercial Linkage Fee	1,902,802	60,000	5,109,000	2,125,000
Road Maintenance and Rehabilitation Account	1,912,691	2,046,788	2,363,876	2,434,342
Permanent Local Housing Allocation	-	531,409	1,031,409	500,000
Landfill Bonds **	603,199	615,000	654,000	655,000
Special Revenue Funds Total	\$ 27,893,782	\$ 25,891,458	\$ 33,097,729	\$ 38,198,305
Debt Service Funds				
General Obligation Bonds	\$ 2,445,884	\$ 2,055,950	\$ 2,138,250	\$ 2,148,050
2% Hotel Tax ***	218,851	200,000	538,750	567,000
Debt Service Funds Total	\$ 2,664,735	\$ 2,255,950	\$ 2,677,000	\$ 2,715,050
Capital Program Funds				
Capital Improvement Program	\$ 9,815,039	\$ 7,987,244	\$ 10,251,914	\$ 12,341,101
Capital Program Funds Total	\$ 9,815,039	\$ 7,987,244	\$ 10,251,914	\$ 12,341,101
Enterprise Fund				
Sewer	\$ 74,623,966	\$ 70,933,703	\$ 85,460,700	\$ 87,914,900
Enterprise Fund Total	\$ 74,623,966	\$ 70,933,703	\$ 85,460,700	\$ 87,914,900
Internal Service Funds*				
Vehicle and Equipment Replacement	\$ 1,662,419	\$ 1,746,837	\$ 1,997,522	\$ 1,977,522
Fleet and Building Maintenance	5,166,534	5,184,155	5,522,149	5,742,735
Benefits	36,913,654	40,235,057	42,478,685	44,802,199
Dental	817,481	839,285	762,000	785,000
Workers' Compensation	4,502,274	4,407,379	3,891,000	4,110,000
Comprehensive Liability	1,444,231	1,620,000	2,265,000	2,810,000
Internal Service Funds Total	\$ 50,506,593	\$ 54,032,713	\$ 56,916,356	\$ 60,227,456
Total Citywide Sources of Funding	\$ 252,629,425	\$ 249,187,525	\$ 289,252,057	\$ 297,606,723

* For Internal Service Funds, only investment income is included in the Total Citywide Sources of Funding.

**Landfill bond has been defeased and therefore has been regrouped into new category starting in fiscal year 2022-23.

*** Fund has been regrouped in fiscal year 2022-23 to better reflect the funds' main activities.

City Operating Budget

Fund	2020-21 Actuals	2021-22 Adjusted	2022-23 Proposed	2023-24 Projected
General Funds				
General	\$ 115,456,652	\$ 122,355,414	\$ 131,835,506	\$ 136,190,298
Measure S Tracking	1,554,107	1,755,494	2,038,666	2,159,905
Downtown Services	-	4,555,795	4,705,583	4,837,394
Recreation Services	6,602,247	8,271,616	9,407,276	9,549,002
Golf	3,103,875	3,199,117	3,259,445	3,296,701
General Funds Total	\$ 126,716,881	\$ 140,137,436	\$ 151,246,476	\$ 156,033,300
Special Revenue Funds				
Police Grants and Safety	\$ 353,937	\$ 580,649	\$ 819,085	\$ 576,466
Solid Waste	1,695,066	2,320,713	2,685,571	2,670,400
HOME	-	10,000	10,000	10,000
Community Development Block Grant	769,645	1,019,880	257,384	246,699
Advance Planning	939,440	2,152,515	1,777,974	1,424,323
Construction Services	7,605,204	10,091,590	11,797,589	12,191,089
Downtown Parking and Security	3,815,295	-	-	-
City Housing	46,976	198,500	198,500	198,500
Low and Moderate Income Housing Asset	91,408	145,044	146,793	147,576
Parks and Recreation Revenue	-	16,866	16,390	16,882
Commercial Linkage Fee	41,682	5,141	4,936	5,084
Permanent Local Housing Allocation	14,682	863,654	500,000	500,000
Landfill Bonds **	69,856.47	95,964.00	96,857.96	97,327.71
Special Revenue Funds Total	\$ 15,443,191	\$ 17,500,516	\$ 18,311,080	\$ 18,084,347
Debt Service Funds				
Street and Flood Control Projects Bond	\$ 2,708,942	\$ 2,663,647	\$ 2,692,749	\$ 2,691,764
General Obligation Bonds	2,097,809	2,079,765	2,098,428	2,107,913
2% Hotel Tax ***	566,881	688,086	856,166	889,391
Debt Service Funds Total	\$ 5,373,632	\$ 5,431,498	\$ 5,647,343	\$ 5,689,068
Enterprise Fund				
Sewer	\$ 40,969,244	\$ 41,370,129	\$ 41,668,207	\$ 42,315,959
Enterprise Fund Total	\$ 40,969,244	\$ 41,370,129	\$ 41,668,207	\$ 42,315,959
Total City Operating Budget	\$ 188,502,947	\$ 204,439,579	\$ 216,873,106	\$ 222,122,674
Internal Service Funds*				
Vehicle and Equipment Replacement	\$ 1,524,913	\$ 10,073,789	\$ 8,020,177	\$ 2,772,670
Fleet and Building Maintenance	4,539,001	5,433,085	5,742,975	5,875,685
Benefits	37,198,022	39,932,422	42,233,889	44,563,602
Dental	695,967	684,814	770,000	808,000
Workers' Compensation	4,908,414	4,756,480	4,273,937	4,439,748
Comprehensive Liability	2,708,982	2,738,697	2,789,361	3,068,561
Internal Service Funds Total	\$ 51,575,299	\$ 63,619,287	\$ 63,830,339	\$ 61,528,266

* Informational figures only. Not included in totals since they are already included in departmental budgets.

**Landfill bond has been defeased and therefore has been regrouped into new category starting in fiscal year 2022-23.

*** Fund has been regrouped in fiscal year 2022-23 to better reflect the funds' main activities.

	2022-23	2023-24
GENERAL FUND	Proposed	Projected
Revenues		
Property Tax	\$ 80,264,428	\$ 77,600,719
Sales Tax - Local 1%	22,449,500	23,267,800
Sales Tax - 1/4% Measure S	7,000,000	7,200,000
Property Transfer Tax	11,100,000	11,100,000
Transient Occupancy Tax	3,232,500	3,400,000
Business License Tax	6,179,303	6,302,889
Franchises	3,156,064	3,193,385
Golf Fees	3,174,250	3,174,250
Recreation Service Charges	3,567,724	3,567,724
Permits, Fees, and Fines	4,632,500	4,632,500
Intergovernmental	2,717,958	2,482,275
Interest and Miscellaneous	3,406,284	3,473,063
Transfers In - In Lieu Charges	4,552,203	4,688,761
Transfers In - Rent from Sewer Fund	1,800,000	1,800,000
Transfers In - Construction Services	485,372	499,933
Transfers In - Gas Tax	1,747,500	1,747,500
Use of unassigned fund balance		
Total Revenues	\$159,465,586	\$158,130,799
Expenditures		
City Attorney	\$ 1,407,118	\$ 1,237,165
City Clerk	1,073,678	868,008
City Council	390,664	399,052
City Manager	2,600,813	2,602,927
Community Development	2,008,992	2,074,556
Finance	4,094,010	4,208,939
Human Resources	2,293,754	2,342,303
Information Technology	4,606,846	4,785,779
Library	8,638,667	8,889,485
Parks and Recreation	21,290,921	21,679,447
Police	55,486,299	57,736,182
Public Works	11,012,865	11,283,056
Non-Departmental	3,495,989	3,998,614
Transfers Out	12,906,749	7,213,764
San Mateo Consolidated Fire Department		
Contribution and Fire Legacy Costs	32,845,860	33,927,786
Total Expenditures	\$ 164,153,225	\$ 163,247,063
Revenues Over / (Under) Expenditures	(\$4,687,639)	(\$5,116,264)

Police Grants & Safety Fund	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected
Beginning Fund Balance	\$ 314	\$ 256	\$ 345	\$ 75
Revenues				
Interest Earnings	\$ 1	\$ 3	\$ 5	\$ 6
Asset Seizure	18	21	-	-
State Grants	277	412	544	563
Total Revenues	\$ 296	\$ 436	\$ 549	\$ 569
Expenditures				
Personnel	\$ 280	\$ 255	\$ 544	\$ 563
Operating	72	3	275	13
Capital Outlay	3	90	-	-
Total Expenditures	\$ 354	\$ 347	\$ 819	\$ 576
Transfer In	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 256	\$ 345	\$ 75	\$ 68

Values are shown in thousands.

The purpose of the Police Grants and Safety Fund is to receive and track all Police Department grant revenue, asset forfeiture revenue, and corresponding expenditures in accordance with prescribed regulations. Revenues for this fund are comprised of state and federal asset forfeiture funds, and grants from mainly sources such as the Citizens' Option for Public Safety Program's Supplemental Law Enforcement Services Funds (COPS/SLESF); the State Office of Traffic Safety (OTS) Grant; and the State Department of Justice Tobacco Grant Program.

State and federal asset forfeiture funds are assets that have been confiscated by the state or federal government, which are typically the proceeds or instruments of crime. Receiving and tracking asset forfeiture funds in the Police Grants and Safety Fund began in 2018-19. Prior to 2018-19, asset forfeiture funds were deposited into the Capital Improvement Projects Fund. Moving these funds into the Police Grants and Safety Fund allows for greater visibility to available resources and more efficient reporting on how these funds are being utilized.

The COPS/SLESF grant was established in 1996. Compliant cities are allocated a proportionate share of COPS funds by the State for the exclusive purpose of funding supplemental front line law enforcement services. Under the standard grant program allocation, the City of San Mateo is eligible to receive a minimum grant amount of \$100,000 each year, with additional proportionate shares based on population estimates determined by the California Department of Finance. Funds for this program cannot supplant existing funding and are to be used for personnel and/or equipment. In the 2022-23 budget, proceeds from this grant will cover the cost of two partial traffic officer positions. While the COPS program is intended to be ongoing and permanent, there is no guarantee that continued funding will be available. However, the two-year forecast assumes this fund will remain operating as usual.

Recognizing the need to improve overall traffic and transportation safety, Congress passed the National Highway Safety Act, which provides for federal traffic safety funds to states. The California Office of Traffic Safety (OTS) was created to administer the funds and provide grants to both the San Mateo Police Department and regionally to San Mateo County for the purpose of reducing traffic deaths, injuries, and economic losses. Each year, eligible agencies compete for available funds by submitting proposals to address traffic safety problems. OTS does not have sufficient funds for all submissions, and reviews proposals against several criteria, including the potential traffic safety impact, collision statistics, seriousness of identified problems, and performance on previous grants. San Mateo has been a recipient of this grant annually since 1996. In the 2022-23 budget, proceeds from this grant will provide additional resources to combat impaired driving; enforce traffic laws; and conduct sobriety/driver license checkpoints, DUI saturation patrols, and targeted pedestrian/bicycle safety enforcement operations to help achieve the overarching goal of reducing injury traffic collisions.

The 2022-23 budget also reflects expenditures planned as a result of a grant awarded from the California Department of Justice for the Proposition 56 Tobacco Grant Program. This grant will fund a Police Officer position dedicated to reducing and preventing the use of tobacco products among youth, teens and the community at large through education, outreach and enforcement activities. The total grant award is \$710,114 and will be expended over the course of three years.

The two-year financial plan being presented represents the best estimate of grant revenues and the spending plan as of the update of the budget. Each aspect will be monitored and adjustments may be made as necessary to keep the fund's balance positive.

Solid Waste	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
Beginning Fund Balance	\$ 7,832	\$ 10,465	\$ 10,899	\$ 10,891	\$ 10,902	\$ 10,913	\$ 10,904
Revenues							
Interest Earnings	\$ 10	\$ 15	\$ 155	\$ 160	\$ 163	\$ 166	\$ 169
Service Charges	2,364	2,261	2,610	2,610	2,647	2,684	2,722
Other Revenues	2,007	1,099	662	662	675	689	703
Total Revenues	\$ 4,381	\$ 3,375	\$ 3,427	\$ 3,432	\$ 3,485	\$ 3,538	\$ 3,594
Expenditures							
Personnel	\$ 1,242	\$ 1,252	\$ 1,824	\$ 1,901	\$ 1,939	\$ 1,997	\$ 2,057
Operating	388	905	844	752	767	782	798
Capital Outlay	65	33	18	18	18	18	19
Total Expenditures	\$ 1,695	\$ 2,190	\$ 2,686	\$ 2,670	\$ 2,724	\$ 2,798	\$ 2,874
Transfer Out	\$ 54	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Ending Fund Balance	\$ 10,465	\$ 10,899	\$ 10,891	\$ 10,902	\$ 10,913	\$ 10,904	\$ 10,874

Values are shown in thousands.

The Solid Waste Fund accounts for garbage collection surcharge revenues, which are restricted by City ordinance to be used for street cleaning and waste management. The street cleaning aspect of this fund consists of keeping 204 curb miles of streets swept, as well as cleaning and maintaining City-owned parking lots. The waste management aspect of this fund involves the coordination and oversight of a range of programs and activities that provide the community with solid waste and recycling services.

Included in the service charges is \$750,000 per year that the fund receives through the garbage collection provider for capital improvements related to the trash load reduction requirements of the Municipal Regional Plan issued by the Regional Quality Control Board. The five-year plan shows the transfer out of these funds to the Capital Improvement Projects Fund for trash capture device projects to meet the trash reduction requirements.

Fund balance has accumulated in this fund as expenditures have been lower than expected over the past several years. Going forward, services for street cleaning and waste management will continue to be evaluated to ensure that the level of support being provided is sufficient. Service charges will continue to be evaluated and adjusted as necessary to ensure alignment with expected expenditures and appropriate reserve levels.

HOME Fund	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected
Beginning Fund Balance	\$ 928	\$ 942	\$ 1,042	\$ 1,047
Revenues				
Loan Payments	\$ 14	\$ 100	\$ 15	\$ 15
Total Revenues	\$ 14	\$ 100	\$ 15	\$ 15
Expenditures				
Operating	\$ -	\$ -	\$ 10	\$ 10
Total Expenditures	\$ -	\$ -	\$ 10	\$ 10
Transfer Out	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 942	\$ 1,042	\$ 1,047	\$ 1,052

Values are shown in thousands.

The HOME Investment Partnership (HOME) Program is a federal grant used to assist rental and homeownership housing opportunities for households up to 60-80% of the median income. The City received an annual HOME grant from 1994 to 2016. The fund now includes program income from loan repayments from loans funded with HOME monies in the past.

The program income from prior HOME loans will continue to be collected, and potential projects will be identified as the fund balance reaches an appropriate level. Resources accumulated fund HOME-eligible uses, such as new construction of housing, acquisition and rehabilitation of existing buildings, and down payment assistance. \$650,000 has been committed to finance the construction of a new affordable housing project in Downtown San Mateo. Funds are expected to be drawn in fall 2022.

CDBG Fund	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected
Beginning Fund Balance	\$ 375	\$ 394	\$ 789	\$ 1,161
Revenues				
Intergovernmental Contributions	\$ 959	\$ 770	\$ 732	\$ 696
Loan Payments	27	39	8	8
Total Revenues	\$ 986	\$ 809	\$ 740	\$ 704
Expenditures				
Personnel	\$ 26	\$ 26	\$ 24	\$ 23
Operating	743	229	233	224
Total Expenditures	\$ 770	\$ 255	\$ 257	\$ 247
Transfer Out	\$ 197	\$ 160	\$ 110	\$ 110
Ending Fund Balance	\$ 394	\$ 789	\$ 1,161	\$ 1,509

Values are shown in thousands.

The Community Development Block Grant (CDBG) Program is a federal grant from the Department of Housing and Urban Development (HUD) that provides flexible funding for community development projects and programs to assist lower income neighborhoods and households up to 80% of the median income. San Mateo has participated in this program since 1977. The fund consists of draws against the grant letter of credit, as well as program income from loan repayments from loans funded with CDBG in the past. The letter of credit consists of prior year unexpended funds in addition to the annual grant. These funds are held by HUD and drawn down on a reimbursement basis to the City.

In FY 2020-21, the City received \$1,260,683 additional grant funds to specifically address COVID related impacts to the community. Once eligible expenditures are identified, funds will be drawn to provide emergency rental assistance, and economic assistance to small business child care providers.

For the next two years, CDBG funds will be used for Community Funding grants to local social service agencies who serve lower income residents, facility repairs for local service agencies, minor home repairs to lower income homeowners, pedestrian and bike improvements in North Shoreview and North Central neighborhoods, and program administration.

Advance Planning	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Beginning Fund Balance	\$ 4,864	\$ 5,213	\$ 4,540	\$ 4,837	\$ 5,255	\$ 5,681	\$ 6,116
Revenues							
Interest Earnings	\$ 6	\$ 31	\$ 89	\$ 92	\$ 94	\$ 96	\$ 98
General Plan Maintenance Fee	1,358	1,000	1,700	1,700	1,734	1,769	1,804
State Grants	-	-	287	50	51	52	53
Total Revenues	\$ 1,364	\$ 1,031	\$ 2,076	\$ 1,842	\$ 1,879	\$ 1,917	\$ 1,955
Expenditures							
Personnel	\$ 532	\$ 576	\$ 581	\$ 599	\$ 611	\$ 623	\$ 636
Operating	408	1,128	1,197	825	842	859	876
Total Expenditures	\$ 939	\$ 1,704	\$ 1,778	\$ 1,424	\$ 1,453	\$ 1,482	\$ 1,512
Transfer Out	\$ 75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 5,213	\$ 4,540	\$ 4,837	\$ 5,255	\$ 5,681	\$ 6,116	\$ 6,560

Values are shown in thousands.

The Advance Planning Fund accounts for the General Plan maintenance fee collected through building permits and expenditures for activities related to preparing long-term plans and policy documents for the physical and economic development of the City, including the General Plan update. These plans and policies are used for the evaluation of development projects and determining priorities for public improvements.

Prior to 2021-2022, the Community Development Department increased the General Plan maintenance fee to account for the costs associated with several long-range planning efforts the City needs to complete. Although revenue is down in 2021-2022, the maintenance fee is expected to bring in additional revenue in future years given the volume and size of the projects in the development pipeline.

It is anticipated that operating expenditures will be higher in 2021-22 and 2022-23 largely due to the General Plan Update and other department initiatives. In future budget years, Advance Planning staff will be monitoring passage and implementation of new State legislation, the next iteration of the Sustainable Communities Strategy (Plan Bay Area) by the Association of Bay Area Governments and Metropolitan Transportation Commission, completing near-term Zoning Code Amendments, preparing and adopting the General Plan Update, creating objective design standards for residential development, and implementing general planning, zoning, and policy recommendations as directed by the City Council. In future cycles, the implementation of the General Plan Update and revision of the City's various specific plans and zoning code will be funded by the Advance Planning Fund.

Construction Services	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
Beginning Fund Balance	\$ 43,113	\$ 41,364	\$ 38,728	\$ 31,204	\$ 20,387	\$ 13,325	\$ 8,770
Revenues							
Interest Earnings	\$ 49	\$ 300	\$ 458	\$ 479	\$ 479	\$ 479	\$ 479
Plan Check Fees	2,255	3,883	3,156	3,156	3,219	3,284	3,349
Permit Fees	4,027	4,754	4,660	4,660	4,753	4,848	4,945
Other Fees	384	294	525	525	536	546	557
Total Revenues	\$ 6,715	\$ 9,231	\$ 8,799	\$ 8,820	\$ 8,987	\$ 9,157	\$ 9,331
Expenditures							
Personnel	\$ 5,958	\$ 6,859	\$ 8,746	\$ 9,108	\$ 9,290	\$ 9,475	\$ 9,665
Operating	1,560	2,324	3,012	3,044	3,105	3,167	3,230
Capital Outlay	87	38	39	39	39	39	39
Total Expenditures	\$ 7,605	\$ 9,221	\$ 11,798	\$ 12,191	\$ 12,434	\$ 12,682	\$ 12,935
Transfer Out	\$ 859	\$ 2,645	\$ 4,525	\$ 7,446	\$ 3,615	\$ 1,030	\$ 1,046
Ending Fund Balance	\$ 41,364	\$ 38,728	\$ 31,204	\$ 20,387	\$ 13,325	\$ 8,770	\$ 4,120

Values are shown in thousands.

The Construction Services Fund accounts for building permit revenues and expenditures for activities related to the review of private development projects to achieve high quality and long-term economic growth in the City. Building Division staff members also ensure that new construction meets established standards for health and safety, accessibility, energy efficiency, and provide public education to enhance the safety of existing buildings and better awareness of building codes.

Over the last several years, fund balance has grown significantly. Revenue in this fund is for services to be provided over time, and therefore, the significant fund balance will be needed over time to provide services for existing projects in process. While revenues in the five-year plan are expected to remain stable in the near term, service demand is expected to remain high to fully process existing projects. This is reflected in the ending fund balance being drawn upon over the course of the five-year plan.

Beginning in 2019-20, lease payments through a transfer out have been made to the General Fund for space occupied by construction services staff in City Hall. Additionally, a number of funding commitments are made to transfer out to the Capital Improvement Projects Fund to support the digital storage of property records and electronic review of plans submittals, the traffic model update, and facilities improvements.

Beginning in 2021-22 through 2023-24, as part of the fiscal sustainability plan, and in recognition of the General Fund not charging the full administrative burden to the Construction Services Fund since the Great Recession, a total of \$10 million over the three year period to the Capital Improvement Projects Fund will supplant the General Fund transfer to support priority general capital projects, such as the high voltage streetlight conversion.

Gas Tax	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Beginning Fund Balance	\$ 2,958	\$ 679	\$ (29)	\$ 252	\$ 25	\$ 250	\$ 549
Revenues							
Interest Earnings	\$ 1	\$ 3	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12
State Gas Tax	1,603	1,822	1,989	2,059	2,100	2,141	2,184
Gas Tax In Lieu of Prop 42	718	874	1,015	1,050	1,071	1,093	1,115
Total Revenues	\$ 2,322	\$ 2,699	\$ 3,016	\$ 3,121	\$ 3,183	\$ 3,246	\$ 3,311
Transfer Out	\$ 2,799	\$ 3,407	\$ 2,735	\$ 3,349	\$ 2,958	\$ 2,948	\$ 2,948
Reallocate Fund Balance for Creation of Road Maintenance and Rehabilitation Account Fund	\$ 1,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 679	\$ (29)	\$ 252	\$ 25	\$ 250	\$ 549	\$ 912

Values are shown in thousands.

The Gas Tax Fund accounts for gasoline tax revenues that are utilized for street-related operating and capital costs. The fund makes an annual transfer to the General Fund to partially offset eligible operating costs related to the City's streets and roads maintenance programs. Additionally, it makes annual contributions to the Capital Improvement Projects Fund to fund various capital improvement projects.

Fuel consumption was sharply down during the height of the COVID-19 pandemic but has largely recovered to its prior. In 2022, fuel prices have increased steeply but the price of fuel no longer has a direct effect on local streets and roads revenues because all rates are per gallon, regardless of price. Despite lower fuel consumption, scheduled gas tax rate increases have kept the revenue growing at a modest pace. The State Department of Finance (DOF) currently projects total local allocations (to cities and counties) will grow 14.8 percent in 2021-22 and 10.8 percent in 2022-23. Based on the DOF estimates, staff anticipates that gas tax revenues will reach \$2.6 million in 2021-22, and further increase to \$3 million for 2022-23. The five-year plan maintains the annual transfer to the General Fund, and makes contributions to the Capital Improvement Projects Fund to fund street reconstruction and rehabilitation projects. As more information becomes available on the impacts to gasoline tax revenues, this plan will be updated accordingly.

The Road Repair and Accountability Act of 2017 established transportation taxes that are distributed to cities and counties through the Road Maintenance and Rehabilitation Account (RMRA). When funding began in 2017-18, revenues were deposited into this fund, and then transferred out to the Capital Improvement Projects Fund as eligible projects were identified. In order to create greater visibility to available resources for projects and allow for more efficient reporting on how RMRA funds are being utilized, a new fund was created to account for RMRA funds in 2020-21. This is reflected in the reallocation of the accumulated RMRA fund balance from this fund in 2020-21.

City Housing Fund	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected
Beginning Fund Balance	\$ 979	\$ 956	\$ 928	\$ 813
Revenues				
Housing Fees	\$ -	\$ -	\$ 50	\$ -
Interest Earnings	-	-	18	18
Miscellaneous	24	19	16	16
Total Revenues	\$ 24	\$ 19	\$ 84	\$ 34
Expenditures				
Contribution to Other Agencies	\$ 47	\$ 47	\$ 47	\$ 47
Contribution to First Time Home Buyers	-	-	150	150
Operating	-	0	2	2
Total Expenditures	\$ 47	\$ 47	\$ 199	\$ 199
Ending Fund Balance	\$ 956	\$ 928	\$ 813	\$ 649

Values are shown in thousands.

The City Housing Fund captures a variety of housing-related revenues, including loan repayments from the defunct federal Rental Rehabilitation Program, a pro rata share of the original homebuyer loans at the Meadow Court housing complex, fees collected for housing loan subordination requests, and the fractional Below Market Rate (BMR) program in lieu fees.

This fund can be used to assist housing-related projects when the fund balance is sufficient and appropriate projects are identified. For the next two years, funds are set aside to assist first-time homebuyers on purchasing housing units that the City has acquired in order to retain their below market rate status. Additionally, funds will be used to pay for financial assistance to Samaritan House for Safe Harbor, the county-wide homeless shelter located in South San Francisco, and the City membership fee for The Housing Endowment and Regional Trust of San Mateo County (HEART), the countywide housing trust fund. These expenditures cannot be covered by other housing funds since they are not located in the city limits of San Mateo.

	2020-21	2021-22	2022-23	2023-24
Low and Moderate Income Housing Asset	Actuals	Estimated	Proposed	Projected
Beginning Fund Balance	\$ 6,813	\$ 7,072	\$ 7,230	\$ 7,361
Revenues				
Interest Earnings	\$ 6	\$ -	\$ 64	\$ 73
Loan Payments	345	242	214	214
Total Revenues	\$ 350	\$ 242	\$ 278	\$ 287
Expenditures				
Personnel	\$ 59	\$ 44	\$ 48	\$ 49
Operating	32	40	99	99
Total Expenditures	\$ 91	\$ 84	\$ 147	\$ 148
Transfer Out	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 7,072	\$ 7,230	\$ 7,361	\$ 7,501

Values are shown in thousands.

The Low and Moderate Income Housing Asset Fund consists of loan payments, lease payments, sale of property, and any other revenue generated from loans or assets held by City as Housing Successor to the former Redevelopment Agency. State law regulates the use of these funds to support housing projects that assist households whose income ranges up to 80% of median income.

The fund also consists of administrative costs to monitor existing housing projects, manage the existing loan portfolio, and plan for new projects. \$2.85 million has been committed to finance the construction of a new affordable housing project in Downtown San Mateo.

Parks and Recreation Revenue Fund	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Beginning Fund Balance	\$ 8,242	\$ 12,560	\$ (1,517)	\$ 165	\$ 1,776	\$ 4,162	\$ 2,737
Revenues							
Interest Earnings	\$ 12	\$ 20	\$ 182	\$ 187	\$ 187	\$ 187	\$ 187
Parks and Recreation Tax and Fees	4,441	124	2,241	8,941	10,217	5,906	2,500
Total Revenues	\$ 4,453	\$ 144	\$ 2,423	\$ 9,128	\$ 10,404	\$ 6,093	\$ 2,687
Expenditures							
Operating	\$ -	\$ 17	\$ 16	\$ 17	\$ 17	\$ 18	\$ 18
Total Expenditures	\$ -	\$ 17	\$ 16	\$ 17	\$ 17	\$ 18	\$ 18
Transfer Out	\$ 134	\$ 14,204	\$ 725	\$ 7,500	\$ 8,000	\$ 7,500	\$ 4,000
Ending Fund Balance	\$ 12,560	\$ (1,517)	\$ 165	\$ 1,776	\$ 4,162	\$ 2,737	\$ 1,406

Values are shown in thousands.

The Parks and Recreation Revenue Fund accounts for parks and recreation tax, park impact fees, and park in-lieu fees. Revenues projections are based on residential building projects, and are thus dependent on development activity. Accumulated resources in this fund are utilized to fund parks and recreation related projects through a transfer to the Capital Improvement Projects Fund.

Major transfers planned for 2021-22 include improvements related to citywide play area upgrade and the Central Park Master Plan. Transfers planned beyond 2021-22 continue improvement to citywide play area upgrade, the Central Park Master Plan, recreation facilities strategic plan, and upgrades to the skate plaza.

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Traffic Impact Fee							
Beginning Fund Balance	\$ 2,763	\$ 843	\$ (4,804)	\$ (2,494)	\$ 1,888	\$ 1,270	\$ 652
Revenues							
Interest Earnings	\$ 3	\$ -	\$ 32	\$ 32	\$ 32	\$ 32	\$ 32
Traffic Impact Fees	534	326	2,500	4,500	500	500	500
Total Revenues	\$ 537	\$ 326	\$ 2,532	\$ 4,532	\$ 532	\$ 532	\$ 532
Transfer Out	\$ 2,456	\$ 5,974	\$ 222	\$ 150	\$ 1,150	\$ 1,150	\$ 1,135
Ending Fund Balance	\$ 843	\$ (4,804)	\$ (2,494)	\$ 1,888	\$ 1,270	\$ 652	\$ 49

Values shown in thousands.

The Traffic Impact Fee Fund accounts for traffic impact fee revenues that are collected to fund various capital projects to mitigate the cumulative impacts of new development and to accomodate future development. Currently, resources being accumulated in this fund are used mostly to cover the City's match on the Rail Corridor Grade Separation project. Additionally in the five-year plan, transfers are being made to fund the Citywide Traffic Calming project, and the US 101 and Peninsula Avenues Interchange Project. The negative fund balance being shown in the financial plan represents the current expectation that the General Fund and/or the Capital Improvement Projects Fund will need to temporarily loan funds to the Traffic Impact Fee Fund to cover the City's matching portion for grade separation and/or funding for the Railroad Avenue Wall Enhancement project. If that loan is needed, and how much is needed, will depend on future impact fee revenues collected and the timing of each project's progression. This plan will be updated accordingly as more information is available.

		2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Commercial Linkage Fee		Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Beginning Fund Balance	\$	5,296	\$ 7,157	\$ 3,296	\$ 8,400	\$ 10,520	\$ 12,642	\$ 14,767
Revenues								
Interest Earnings	\$	7	\$ 10	\$ 109	\$ 125	\$ 127	\$ 130	\$ 132
Commercial Linkage Fee		1,896	133	5,000	2,000	2,000	2,000	2,000
Total Revenues	\$	1,903	\$ 143	\$ 5,109	\$ 2,125	\$ 2,127	\$ 2,130	\$ 2,132
Expenditures								
Operating	\$	42	\$ 4	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
Total Expenditures	\$	42	\$ 4	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
Transfer Out	\$	-	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$	7,157	\$ 3,296	\$ 8,400	\$ 10,520	\$ 12,642	\$ 14,767	\$ 16,893

Values shown in thousands.

The Commercial Linkage Fee is an assessment on new commercial developments to address the impacts of new job creation on housing availability and affordability for workers. Developers pay a fee based on square footage of new commercial space depending on type of use: office, retail, or hotel. The funds are to be used for housing programs to assist workers who make up to 120% of the area median income. Examples of housing programs can include acquisition, rehabilitation, or new construction of housing.

The fund balance is being accumulated over the period of this forecast. Potential projects will be identified as the fund balance reaches an appropriate level. Accumulated resources will be utilized to fund projects through a transfer to the Capital Improvement Projects Fund, and this plan will be updated accordingly as more information is available.

\$4 million has been committed from the fund to finance the construction of a new affordable housing project in Downtown San Mateo and the fund drawdown occurred in 2021-22.

Road Maintenance and Rehabilitation Account	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
Beginning Fund Balance	\$ -	\$ 2,037	\$ 286	\$ 650	\$ 1,085	\$ 1,494	\$ 1,977
Reallocated Balance From Gas Tax Fund	\$ 1,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues							
Road Maintenance and Rehabilitation	\$ 1,911	\$ 2,134	\$ 2,349	\$ 2,419	\$ 2,492	\$ 2,567	\$ 2,644
Interest Earnings	2	3	15	15	17	17	17
Total Revenues	\$ 1,913	\$ 2,137	\$ 2,364	\$ 2,434	\$ 2,509	\$ 2,584	\$ 2,661
Transfer Out	\$ 1,679	\$ 3,888	\$ 2,000	\$ 2,000	\$ 2,100	\$ 2,100	\$ 2,100
Ending Fund Balance	\$ 2,037	\$ 286	\$ 650	\$ 1,085	\$ 1,494	\$ 1,977	\$ 2,538

Values are shown in thousands.

The Road Maintenance and Rehabilitation Account (RMRA) Fund was created in 2020-21. It accounts for transportation taxes established by the Road Repair and Accountability Act of 2017 (SB 1). Prior to 2020-21, RMRA revenues were deposited in the Gas Tax Fund, and then subsequently transferred to the Capital Improvement Projects Fund to fund eligible projects. Moving this revenue source into its own special revenue fund creates greater visibility to available resources for projects and will allow for more efficient reporting on how these funds are being utilized.

Accumulated resources will be utilized to fund street reconstruction and rehabilitation projects through a transfer to the Capital Improvement Projects Fund. In the five-year plan, the annual transfers average \$2.0 million each year. While the five-year plan maintains the transfer to the Capital Improvement Projects Fund to fund street reconstruction and rehabilitation projects, the plan will be updated as more information becomes available on the impacts to RMRA revenues.

PERMANENT LOCAL HOUSING ALLOCATION FUND	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected
Beginning Fund Balance	\$ -	\$ (15)	\$ (15)	\$ 517
Revenues				
State Grants	\$ -	\$ 342	\$ 1,031	\$ 500
Total Revenues	\$ -	\$ 342	\$ 1,031	\$ 500
Expenditures				
Operating	\$ 15	\$ 342	\$ 500	\$ 500
Total Expenditures	\$ 15	\$ 342	\$ 500	\$ 500
Ending Fund Balance	\$ (15)	\$ (15)	\$ 517	\$ 517

Values are shown in thousands.

The Permanent Local Housing Allocation (PLHA) is a State Grant that is provided to the City, starting in Fall 2020, that will continue on an annual basis based on actual State receipts of document recording fees. These funds are flexible as long as they are used for housing-related projects and programs that assist in addressing the unmet housing needs of San Mateo.

The fund supports two programs to support housing affordability in the City. The first is an operations subsidy for client services at the affordable housing development Montara and a rapid rehousing program with case management, which will use the remainder of the annual grant.

LANDFILL BONDS	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected
Beginning Fund Balance	\$ 2,403	\$ 2,923	\$ 3,452	\$ 4,009
Revenues				
Interest Earnings	\$ 3	\$ 15	\$ 54	\$ 55
Garbage Collection Surcharge	600	600	600	600
Total Revenues	\$ 603	\$ 615	\$ 654	\$ 655
Expenditures				
Personnel	\$ 25	\$ 24	\$ 27	\$ 27
Operating	37	61	70	70
Debt Service	8	-	-	-
Total Expenditures	\$ 70	\$ 86	\$ 97	\$ 97
Transfer Out	\$ 13	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 2,923	\$ 3,452	\$ 4,009	\$ 4,567

STREET & FLOOD CONTROL PROJECTS BOND	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected
Beginning Fund Balance	\$ -	\$ 12	\$ 12	\$ 12
Expenditures				
Operating	\$ 74	\$ 29	\$ 61	\$ 63
Debt Service	2,635	2,633	2,632	2,629
Total Expenditures	\$ 2,709	\$ 2,662	\$ 2,693	\$ 2,692
Transfer In	\$ 2,712	\$ 2,662	\$ 2,693	\$ 2,692
Ending Fund Balance	\$ 3	\$ 12	\$ 12	\$ 12

GENERAL OBLIGATION BONDS	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected
Beginning Fund Balance	\$ 5,340	\$ 5,688	\$ 6,176	\$ 6,216
Revenues				
Interest Earnings	\$ 5	\$ 10	\$ 97	\$ 99
Property Taxes	2,441	2,576	2,041	2,049
Total Revenues	\$ 2,446	\$ 2,586	\$ 2,138	\$ 2,148
Expenditures				
Operating	\$ 65	\$ 65	\$ 57	\$ 59
Debt Service	2,033	2,033	2,041	2,049
Total Expenditures	\$ 2,098	\$ 2,098	\$ 2,098	\$ 2,108
Ending Fund Balance	\$ 5,688	\$ 6,176	\$ 6,216	\$ 6,256

Values are shown in thousands.

The City has three debt service funds: the Landfill Bonds Fund, the Street and Flood Control Projects Bond Fund, and the General Obligation Bonds Fund. The Landfill Bonds Fund accounts for debt service payments on landfill revenue bonds. Proceeds from these bonds were utilized to finance expenditures related to the final closure of the former landfill site, the construction of related park improvements, and post-closure monitoring costs. These bonds were redeemed in 2017-18 using available fund balance and a \$1 million loan from the General Fund. The General Fund was paid back over a three-year period beginning 2018-19 and ending 2020-21. Surcharge revenues collected will be adjusted in future years to reflect the reduction of the debt service obligation.

The Street and Flood Control Projects Bond Fund is a new fund that accounts for debt service payments on lease revenue bonds issued in 2019-20 to finance the construction and acquisition of public improvements of the City, including street and flood control improvements. As these improvements are part of the Measure S initiatives, revenues from Measure S are transferred into this fund to administer the debt services. Additionally, a benefit assessment district was created in the North Shoreview neighborhood as it relates to the flood control improvements. Assessment levies are expected to be collected beginning 2023-24, and will pay approximately 6.9% of annual debt service beginning 2024-25. The remaining debt service is funded by the Measure S.

The General Obligation Bonds Fund accounts for voter-approved property tax revenues and debt service payments on the City's general obligation bonds that were utilized to finance the construction, acquisition, and improvement of a new main library and the improvement of the City's branch libraries.

Other debt of the City is housed directly in the applicable operating and capital funds, with payments for debt service listed as a line item in the financial plans.

The City is bound by a provision in state law limiting the indebtedness for California cities to 15% of the assessed value of all real and personal property of the city. Based on the 2021-22 total assessed value of \$32.6 billion, San Mateo's legal debt limit for 2021-22 was \$4.9 billion. For 2021-22, the City was only at 0.33% of its legal debt limit. This statutory limitations applies only to bonded indebtedness of the City payable from proceeds of taxes levied on a property. For San Mateo, this includes only the general obligation bonds.

2% Hotel Tax	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Beginning Fund Balance	\$ 3,854	\$ (572)	\$ 300	\$ (17)	\$ (340)	\$ (644)	\$ (923)
Revenues							
Interest Earnings	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transient Occupancy Tax	217	500	539	567	623	686	754
Total Revenues	\$ 219	\$ 500	\$ 539	\$ 567	\$ 623	\$ 686	\$ 754
Expenditures							
Operating	\$ 142	\$ 139	\$ 136	\$ 139	\$ 142	\$ 145	\$ 148
Debt Service	425	457	720	750	785	820	855
Total Expenditures	\$ 567	\$ 596	\$ 856	\$ 889	\$ 927	\$ 965	\$ 1,003
Transfer In	\$ -	\$ 1,018	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer Out	\$ 4,079	\$ 49	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ (572)	\$ 300	\$ (17)	\$ (340)	\$ (644)	\$ (923)	\$ (1,172)

Values are shown in thousands.

The 2% Hotel Tax Fund accounts for the Measure C voter-approved 2% hotel tax revenue, the related transfers to the Capital Improvement Program Fund, and the debt service on the variable rate bonds that were utilized to partially fund the police administration facility.

Due to COVID, hotel taxes decreased significantly in 2020-21. \$4 million was transferred out to support the construction work related to the new Fire Station 25 and to the Borel Park development. As a result, the fund balance went negative at the close of 2020-21. The General Fund made a one-time \$1 million transfer to bring the fund back to positive. However, as shown in the five-year plan, the fund will continue facing pressure, largely due to slow revenue recovery and increased interest rates pushing debt service up. However, due to many uncertainties from COVID and the Federal monetary policy, it is determined that General Fund support is not required at this time. The fund will be monitored closely, and the plan will be updated accordingly as more information becomes available.

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Capital Improvement Projects	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Beginning Fund Balance	\$ 83,433	\$ 63,800	\$ 12,260	\$ 14,294	\$ 11,241	\$ 11,881	\$ 12,777
Revenues							
Taxes, Fees, and Charges	\$ 9,275	\$ 31,839	\$ 10,880	\$ 17,039	\$ 17,522	\$ 17,102	\$ 31,780
Transfers from Sewer Fund	124,307	533,714	39,411	55,013	9,200	6,310	9,712
Other Sources	13,556	40,131	17,988	19,157	13,300	6,550	6,140
Total Revenues	\$ 147,138	\$ 605,684	\$ 68,279	\$ 91,208	\$ 40,022	\$ 29,962	\$ 47,632
Expenditures							
Capital Outlay	\$ 167,356	\$ 654,177	\$ 67,357	\$ 94,416	\$ 39,533	\$ 29,218	\$ 44,895
Total Expenditures	\$ 167,356	\$ 654,177	\$ 67,357	\$ 94,416	\$ 39,533	\$ 29,218	\$ 44,895
Other Sources	\$ 584	\$ (3,047)	\$ 1,112	\$ 155	\$ 151	\$ 152	\$ 152
Ending Fund Balance	\$ 63,800	\$ 12,260	\$ 14,294	\$ 11,241	\$ 11,881	\$ 12,777	\$ 15,666

Values are shown in thousands.

The Capital Improvement Program Fund is where the majority of the City's capital-related financials reside. Revenues for this fund include transfers in from other funds, including the General, Gas Tax, Sewer, Parks and Recreation Revenue, Road Maintenance and Rehabilitation, and Traffic Impact Fee Funds, as well as from other tax and fee revenues. Projects in the Capital Improvement Program Fund are outlined in the CIP section of this budget

Sewer Fund	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Beginning Fund Balance	\$ 224,255	\$ 154,515	\$ 353,862	\$ 193,497	\$ 166,237	\$ 176,261	\$ 215,703
Revenues							
Interest Earnings	\$ 851	\$ 950	\$ 984	\$ 1,012	\$ 1,000	\$ 1,000	\$ 1,000
Operating Revenues	68,147	71,054	79,903	82,237	84,390	86,866	89,417
Bond/Loan Proceeds and Capital Contributions	5,726	391,947	4,574	4,666	4,308	23,914	-
Total Revenues	\$ 74,724	\$ 463,951	\$ 85,461	\$ 87,915	\$ 89,698	\$ 111,781	\$ 90,417
Expenses							
Operating and Maintenance	\$ 24,262	\$ 26,444	\$ 27,010	\$ 27,576	\$ 28,679	\$ 29,826	\$ 31,020
Capital Projects	105,277	224,548	202,637	73,121	28,174	13,043	12,900
Debt Service	14,925	13,612	14,434	14,478	22,820	29,469	27,835
Total Expenses	\$ 144,464	\$ 264,604	\$ 244,081	\$ 115,175	\$ 79,674	\$ 72,339	\$ 71,755
Transfer Out	\$ -	\$ -	\$ 1,744	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 154,515	\$ 353,862	\$ 193,497	\$ 166,237	\$ 176,261	\$ 215,703	\$ 234,365

Values are shown in thousands.

The Sewer Fund consists of the sewer collection systems, the Wastewater Treatment Plant (WWTP), and disposal facilities serving the residents and businesses of San Mateo, Foster City, and portions of the neighboring communities of Hillsborough, Belmont, the Crystal Springs County Sanitation District, and certain unincorporated areas of the County. The sewer enterprise system currently serves approximately 30,000 customer accounts in the City and approximately 11,000 customer accounts in Foster City and the subregional customer communities utilizing the WWTP.

The fund's financial plan consists of two elements: (1) the 2022-23 proposed operating budget and forecast of future operational needs, and (2) estimated cash inflows and outflows for sewer capital improvement projects (CIP) during the forecast period. The capital expenses identified in this financial plan, as well as the corresponding bond/loan proceeds, are predominantly related to the execution of the Clean Water Program, which is discussed in detail in the Capital Improvement Program section of this document.

In 2018, the City Council adopted a five-year sewer rate structure for fiscal years 2018-19 through 2022-23 designed to provide sufficient revenues to fund ongoing operations and capital projections. The 50/50 volumetric/fixed fee structure was implemented. The new rate structure introduced a fixed monthly fee to better stabilized revenue and help address revenue reductions due to increased water conservation. A recent Sewer Rate Study found that the past rate increases have put the City's sewer fund in a good financial position. Additionally, the City has been successful in getting a large amount of the Clean Water Program financed with low interest rate loans. As a result, only inflationary level rate increases will be required for future years.

The financial plan will be continually monitored and this plan will be updated accordingly.

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Vehicle and Equipment Replacement							
Beginning Fund Balance	\$ 19,728	\$ 20,041	\$ 17,631	\$ 12,062	\$ 11,677	\$ 12,173	\$ 12,834
Revenues							
Interest Earnings	\$ 16	\$ -	\$ 236	\$ 216	\$ 228	\$ 238	\$ 251
Rental Charges - Vehicles	765	653	719	719	741	741	741
Rental Charges - Computers	221	173	214	214	220	220	220
Rental Charges - Radios	20	14	43	43	44	44	44
Rental Charges - Major Equipment	533	729	719	719	740	740	740
Rental Charges - Furniture	82	69	67	67	69	69	69
Other Revenues	26	8	-	-	-	-	-
Total Revenues	\$ 1,662	\$ 1,646	\$ 1,998	\$ 1,978	\$ 2,042	\$ 2,052	\$ 2,065
Expenses							
Vehicle Replacement	\$ 963	\$ 1,384	\$ 4,373	\$ 523	\$ 889	\$ 476	\$ 1,266
Computer Replacement	44	131	1,270	503	236	72	60
Radio Replacement	-	-	274	-	399	-	-
Major Equipment Replacement	93	307	2,040	1,740	376	1,233	283
Furniture Replacement	26	21	64	7	56	20	27
Other Capital Outlay	399	(264)	-	-	-	-	-
Contribution to San Mateo Consolidated Fire Department	-	-	-	-	-	-	-
Total Expenses	\$ 1,525	\$ 1,578	\$ 8,020	\$ 2,773	\$ 1,956	\$ 1,802	\$ 1,637
Transfer In	\$ 410	\$ 410	\$ 704	\$ 410	\$ 410	\$ 410	\$ 410
Transfer Out	\$ 235	\$ 2,888	\$ 250	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 20,041	\$ 17,631	\$ 12,062	\$ 11,677	\$ 12,173	\$ 12,834	\$ 13,673
Reserve for Major Building Component Replacements	\$ 1,640	\$ 2,050	\$ 2,460	\$ 2,870	\$ 3,280	\$ 3,690	\$ 4,100
Remaining Fund Balance	\$ 18,401	\$ 15,581	\$ 9,602	\$ 8,807	\$ 8,893	\$ 9,144	\$ 9,573

Values are shown in thousands.

The Vehicle and Equipment Replacement Fund accounts for charges to user departments to fund the replacement of vehicles and equipment. This includes vehicles, computers, radios, furniture, and other major equipment. Funds for future replacement are collected while vehicles and equipment are in service so that when it is time for replacement, adequate funds are available. Accumulated fund balance in this fund is estimated to be over \$15 million at the end of fiscal year 2021-22. Unlike the Fleet and Building Maintenance Fund, which is entirely an operating fund and doesn't require a significant fund balance, the Vehicle and Equipment Replacement Fund should have a significant fund balance by nature. As noted, funds are collected for future replacement while vehicles and equipment are in use so that those funds are available when the replacement is needed. Because of that, funds will accumulate over time for that replacement.

This fund collects annually from the operating departments, so it is also important that the amount of available fund balance considers this. To that end, a long-term spending plan is an important tool for managing this type of fund. Understanding spending needs over the short- and long-term and factoring in fund balance allows the City to set a collection amount that ensures funding is available when vehicles and equipment need to be replaced, but does not maintain such a large fund balance that creates an unnecessary burden on the other funds, particularly the General Fund. This five-year plan captures the long-term spending plans for each of the replacement categories, and sets future collections to ensure funding for replacements is available and fund balance is set at an appropriate level.

In 2018-19, the City's fire operations were transferred to the San Mateo Consolidated Fire Department (SMC Fire). Replacement funds that had been collected for the City's fire vehicles, apparatus, and equipment were to be transferred to SMC Fire over a three-year period. The first two transfers to SMC Fire were made in 2018-19 and 2019-20. A review of the fund by each member agency determined that the final and third transfer to SMC Fire was not necessary. SMC Fire has established its own Vehicle and Equipment Replacement Fund since, and will use that fund for future fire vehicles and equipment replacement.

In 2020-21, \$2,000,000 was committed as a transfer out to the Capital Projects Fund to fund the replacement of the City's enterprise resource planning (ERP) software. Additional appropriation of \$872,422 was approved for this project in 2021-22, making a total of \$2,872,422.

The five-year plan further captures a portion of the fund balance that is reserved for major building component replacements. Since 2017-18, the General Fund transfers \$410,000 each year to this reserve. As the reserve balance reaches an appropriate level and major building replacement projects are identified, the accumulated funds will be utilized to fund the projects through a transfer to the Capital Projects Fund, and this plan will be updated accordingly.

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Fleet and Building Maintenance	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Beginning Fund Balance	\$ (207)	\$ 421	\$ 519	\$ 298	\$ 170	\$ 115	\$ 138
Revenues							
Charges to Dept. - Building	\$ 3,462	\$ 3,462	\$ 3,566	\$ 3,709	\$ 3,857	\$ 4,011	\$ 4,172
Charges to Dept. - Fleet	1,697	1,863	1,949	2,027	2,108	2,192	2,280
Other Revenues	8	8	8	8	8	8	8
Total Revenues	\$ 5,167	\$ 5,332	\$ 5,522	\$ 5,743	\$ 5,972	\$ 6,211	\$ 6,459
Expenses							
Personnel	\$ 1,643	\$ 1,753	\$ 1,939	\$ 2,004	\$ 2,044	\$ 2,085	\$ 2,127
Operating	2,863	3,449	3,772	3,836	3,951	4,069	4,191
Capital Outlay	33	32	32	32	33	33	34
Total Expenses	\$ 4,539	\$ 5,234	\$ 5,743	\$ 5,871	\$ 6,027	\$ 6,187	\$ 6,351
Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 421	\$ 519	\$ 298	\$ 170	\$ 115	\$ 138	\$ 246

Values are shown in thousands.

The Fleet and Building Maintenance Fund accounts for charges to user departments and the expenses related to the maintenance of City vehicles and buildings. This fund is primarily operational in nature, with vehicle and equipment replacement expenses being housed in a separate internal service fund. As such, charges to user departments, over time, should be set fairly close to expected expenses, as there is not a need to keep a significant amount of fund balance in this fund. With expenses outpacing revenues in the past few years, collections were set to increase significantly (starting from 2020-21) to ensure the fund remains healthy and with an appropriate level of reserves.

Benefits	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
Beginning Fund Balance	\$ 401	\$ 116	\$ 416	\$ 661	\$ 899	\$ 1,131	\$ 1,355
Revenues							
Internal Service Charge - Pension	\$ 21,835	\$ 23,779	\$ 26,530	\$ 28,414	\$ 29,780	\$ 29,768	\$ 30,703
Internal Service Charge - Social Security/Medicare	3,075	3,117	3,459	3,528	3,598	3,670	3,743
Internal Service Charge - Healthcare	8,317	8,434	8,615	8,869	9,148	9,472	9,809
Internal Service Charge - Severance Trust	1,189	1,177	1,224	1,248	1,273	1,298	1,324
Internal Service Charge - Other	2,499	2,371	2,650	2,743	2,799	2,856	2,914
Total Revenues	\$ 36,914	\$ 38,879	\$ 42,479	\$ 44,802	\$ 46,599	\$ 47,065	\$ 48,493
Expenses							
Pension	\$ 21,928	\$ 23,975	\$ 26,530	\$ 28,414	\$ 29,780	\$ 29,768	\$ 30,703
Social Security/Medicare	3,075	3,117	3,459	3,528	3,598	3,670	3,743
Healthcare	8,457	8,216	8,511	8,764	9,043	9,367	9,705
Severance Trust	1,089	1,099	1,143	1,166	1,189	1,213	1,237
Other	2,649	2,172	2,591	2,692	2,757	2,822	2,889
Total Expenses	\$ 37,198	\$ 38,579	\$ 42,234	\$ 44,564	\$ 46,367	\$ 46,841	\$ 48,277
Ending Fund Balance	\$ 116	\$ 416	\$ 661	\$ 899	\$ 1,131	\$ 1,355	\$ 1,571

Values are shown in thousands.

The Benefits Fund accounts for the collection of funds from operating departments to cover the cost of employee benefits. The expenses covered by this fund include pension, social security/medicare, retiree healthcare, the City's payment for medical premiums for active employees, funding for the severance trust (to pay for the cashout of unused vacation to employees who retire or otherwise leave the City), as well as a few other benefit costs, such as life insurance and long-term disability insurance. In some cases, the cost of providing these benefits is known and collections can be set accordingly. For example, the normal cost of pensions is set as a percentage of pay, so collections can be set based on that percentage of pay. In other cases, such as for the funding of the severance trust, the cost is an estimate based on historical actuals, but will fluctuate annually based on different factors. Thus, to accommodate the fluctuation of expenses like those related to the severance trust, the fund should maintain some level of fund balance. To that end, collections for the various components of this fund have been set to collect costs to fund the programs adequately while maintaining a level of fund balance that allows for the year-over-year fluctuations without requiring a transfer from the General Fund.

The largest expense category in this fund is related to pension expenses. As discussed in detail in the Budget Overview section of the budget document, pension expenses are expected to increase significantly over the next five to seven years as the result of a number of factors. These increases will continue to put pressure on the operating funds, as a larger and larger percentage of the budget will be required to cover pension cost increases.

After the transfer of the City's fire operations to SMC Fire in 2018-19, with the exception of the Bureau of Fire Protection and Life Safety (Bureau), what remains as the City's responsibility is the former fire department employees' unfunded pension liability and retiree health benefits, as those costs are attributable to years of service to the City. These legacy costs are transferred from the General Fund and administered through this fund. Bureau activities are designed to be full cost recovery, so with the transition to SMC Fire, legacy pension costs for former Bureau personnel are the responsibility of SMC Fire.

Fund balance declined significantly in 2020-21, in part due to the record-high year in Unemployment Insurance benefits. Federal legislation provided extended benefits until September 2021, and there should be a decline in unemployment expenses in the second quarter of 2021-22 as the City re-employs staff or the benefit period expires. While the five-year forecast has the fund building back up its fund balance gradually, actual expenses will be analyzed over time and annual collections will be adjusted accordingly.

Dental	2020-21 Actuals	2021-22 Estimated	2022-23 Proposed	2023-24 Projected	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast
Beginning Fund Balance	\$ 670	\$ 791	\$ 900	\$ 892	\$ 869	\$ 831	\$ 776
Revenues							
Internal Service Charges	\$ 817	\$ 794	\$ 762	\$ 785	\$ 809	\$ 833	\$ 858
Total Revenues	\$ 817	\$ 794	\$ 762	\$ 785	\$ 809	\$ 833	\$ 858
Expenses							
Insurance Premiums	\$ 696	\$ 685	\$ 770	\$ 808	\$ 847	\$ 888	\$ 931
Total Expenses	\$ 696	\$ 685	\$ 770	\$ 808	\$ 847	\$ 888	\$ 931
Ending Fund Balance	\$ 791	\$ 900	\$ 892	\$ 869	\$ 831	\$ 776	\$ 703

Values are shown in thousands.

The Dental Self-Insurance Fund accounts for the City's self-insurance activities related to the dental plan the City provides its employees. Collections for this fund are made by charging departments a flat amount for each employee. Expenses in this fund consist almost entirely of the premiums the City pays on behalf of its employees for dental coverage. As actual expenses are analyzed over time, annual collections amounts will be adjusted accordingly.

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Workers' Compensation Insurance	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Beginning Fund Balance	\$ 223	\$ (183)	\$ 2,918	\$ 1,035	\$ 706	\$ 784	\$ 1,023
Revenues							
Interest Earnings	\$ 18	\$ 32	\$ 268	\$ 306	\$ 306	\$ 306	\$ 306
Internal Service Charges	4,485	4,371	3,623	3,804	3,994	4,194	4,404
Total Revenues	\$ 4,502	\$ 4,403	\$ 3,891	\$ 4,110	\$ 4,300	\$ 4,500	\$ 4,710
Expenses							
Personnel	\$ 408	\$ 413	\$ 404	\$ 413	\$ 421	\$ 429	\$ 438
Operating	756	945	946	972	1,001	1,031	1,062
Claims	3,145	2,000	2,600	2,600	2,600	2,600	2,600
Actuarial Adjustment	599	(2,057)	324	455	200	200	200
Total Expenses	\$ 4,908	\$ 1,301	\$ 4,274	\$ 4,440	\$ 4,222	\$ 4,261	\$ 4,300
Transfer Out	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ (183)	\$ 2,918	\$ 1,035	\$ 706	\$ 784	\$ 1,023	\$ 1,433

Values are shown in thousands.

The Workers' Compensation Insurance Fund accounts for all workers' compensation self-insurance activities. This includes the cost of claims, insurance, legal and other professional services, and program administration. The total cost of claims constitutes the largest expense in this fund. Workers' compensation expenses can fluctuate significantly year-over-year based on the total cost of claims, which includes any adjustments to the total liability of the fund due to actuarially-determined changes in experience. Over the past 10 years, total expenses (excluding actuarial accounting adjustment) have been as high as \$4.3 million and as low as \$1.6 million.

Funding for the Workers' Compensation Insurance Fund comes from collections from all of the operations across all funds that include personnel. Departments are charged a percentage of pay for each employee, and the amount of the charge depends on the type of employee. Positions that historically have higher workers' compensation experience, such as police employees, are charged a higher rate than positions with historically lower experience. Collections from departments are set in an effort to ensure adequate funding for this program, including having funds set aside in reserve to cover years where claims expenses were unusually high.

In 2019-20, the fund received a \$3.5 million transfer from the General Fund to prevent the fund from going further to a negative balance. However, based on the latest actuarial study, the City's workers' compensation liabilities for 2021-22 were adjusted down by \$2 million. As such, the fund will only need to keep \$2 million from the General Fund transfer. The excess \$1.5 million will be transferred out to the Comprehensive Liability Fund.

With the transfer of the City's fire operations to San Mateo Consolidated Fire Department (SMC Fire), with the exception of former Fire personnel that served in the Bureau of Fire Protection and Life Safety (Bureau), as it is a cost recovery program, claims that were incurred while the fire employees were City employees will remain in this fund and as the City's responsibility. While SMC Fire has paid the City for the present value of former Bureau legacy workers' compensation, which reflects open claims and claims that have been closed since SMC Fire commencement of operations, as updated actuarial studies are performed in subsequent fiscal years, the City will prepare an annual analysis to 1) compare actuarial assumptions to the current actuarial study, including the discount rate or cost of healthcare, 2) evaluate new claims if the City is assigned proportional responsibility. The City will then compare the amount of legacy costs paid by SMC Fire (from its Bureau) to the City with the update workers' compensation liability and resume collecting additional costs as appropriate.

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Comprehensive Liability	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Beginning Fund Balance	\$ 1,853	\$ 589	\$ (708)	\$ 1,748	\$ 1,469	\$ 1,327	\$ 1,356
Revenues							
Investment/Interest Earnings	\$ 44	\$ 10	\$ 10	\$ 28	\$ 32	\$ 32	\$ 32
Interfund Charges	1,400	1,610	2,236	2,761	3,434	4,273	5,322
Total Revenues	\$ 1,444	\$ 1,620	\$ 2,246	\$ 2,789	\$ 3,466	\$ 4,305	\$ 5,354
Expenses							
Personnel	\$ 116	\$ 133	\$ 140	\$ 143	\$ 146	\$ 149	\$ 152
Insurance Premiums	1,221	1,339	1,771	2,037	2,546	3,183	3,979
Claims	745	923	250	250	258	266	274
Attorney's Fees	346	300	430	430	443	456	470
Other Costs	281	221	199	209	215	222	228
Total Expenses	\$ 2,709	\$ 2,917	\$ 2,789	\$ 3,069	\$ 3,608	\$ 4,275	\$ 5,103
Transfer In	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 589	\$ (708)	\$ 1,748	\$ 1,469	\$ 1,327	\$ 1,356	\$ 1,607

Values are shown in thousands.

The Comprehensive Liability Insurance Fund accounts for the City's general liability program. Expenses in this fund primarily consist of insurance premiums, the cost of claims, legal and other professional services, and program administration.

As anticipated, the budget for the general liability program reflects increasingly higher costs. The City's insurance premium was \$0.6 million in 2017-18 and is projected to be at \$1.7 million for 2022-23. The California public entity insurance marketplace has been changing dramatically in recent years, and public agencies throughout the state are seeing a significant increase in plaintiff demands and high dollar liability claims. Areas of particular concern include wildfire, dangerous conditions, road design, intersections, sidewalks, and public safety services. Insurance premiums are anticipated to increase considerably.

In addition to high insurance costs, the last two years have turned out to be some of the unusually high claims years, causing the fund's balance to be negative in short term. To address this, the baseline collections amount has been set to increase in the five-year forecast and \$3 million will be transferred from other funds (\$1.5 million from the Workers' Compensation Fund and \$1.5 million from the Sewer Fund) to help to return the fund to a positive fund balance. Activities in this fund will continually be monitored closely and this plan will be updated accordingly.

**City of San Mateo Appropriations Limit for Fiscal
Year 2022-23**

	Amount	Source
A Last Year's Limit	\$ 234,724,213	2021-22 Limit
B Adjustment Factors		
1. Population	0.9910	CA Dept. of Finance
2. Inflation	1.0755	CA Dept. of Finance
	1.0658	B1*B2
Total Adjustment %	0.0658	B1*B2-1
C Annual Adjustment	\$ 15,449,665	A*B
D This Year's Limit	\$ 250,173,878	A+C
E Tax Proceeds Subject to the Limit		
Property Tax	\$ 80,923,903	2022-23 Budget
Sales Tax	\$ 29,057,000	2022-23 Budget
Property Transfer Tax	\$ 11,100,000	2022-23 Budget
Other Tax	\$ 10,000,553	2022-23 Budget
Interest Allocation	\$ 4,999,000	2022-23 Budget
Total	\$ 136,080,456	
Amount Under / (Over) Limit	\$ 114,093,422	D-E

Funded Projects

Project #	Project Name	2022-23 Proposed	2023-24 Projected	2024-25 Plan	2025-26 Plan	2026-27 Plan	Five-Year Total
130004	PEDESTRIAN MALL CONSTRUCTION	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ 600,000
310330	ART IN PUBLIC PLACES	300,000	300,000	-	-	-	600,000
310521	MINOR HOME REPAIR	110,000	110,000	110,000	110,000	-	440,000
310600	CHILD CARE FACILITIES	2,000,000	-	-	-	-	2,000,000
460037	EL CAMINO REAL AT HIGHWAY 92 LANDSCAPE IMPROVEMENT	22,000	-	-	-	-	22,000
460040	HIGH VOLTAGE STREET LIGHT CONVERSION	1,625,000	4,950,000	-	-	-	6,575,000
460043	KING CENTER KITCHENS REMODEL	160,000	400,000	-	-	-	560,000
460048	RELOCATE ELECTRICAL ROOM AT TRANSIT CENTER	50,000	-	-	-	-	50,000
460062	TRASH CAPTURE AT POPLAR AVENUE AND MONTE DIABLO AVENUE	500,000	500,000	250,000	-	-	1,250,000
461001	DOWNTOWN PARKING IMPROVEMENTS	500,000	-	-	-	-	500,000
461008	CITYWIDE PAID PARKING EVALUATION AND IMPLEMENTATION	-	66,500	155,000	-	-	221,500
461214	COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROJECTS	300,000	300,000	300,000	300,000	-	1,200,000
462004	CITYWIDE BRIDGE MAINTENANCE	100,000	100,000	100,000	100,000	-	400,000
462205	TRAIN QUIET ZONE	235,000	-	-	-	-	235,000
462226	NEIGHBORHOOD TRAFFIC MANAGEMENT	250,000	250,000	250,000	250,000	250,000	1,250,000
462249	HILLSDALE CORRIDOR IMPROVEMENTS	-	310,000	-	-	-	310,000
462250	BERMUDA DRIVE BRIDGE REPLACEMENT	782,000	5,110,000	-	-	-	5,892,000
462897	PARK CITYWIDE PLAYGROUND EQUIPMENT REPLACEMENT - PUBLIC WORKS	15,000	15,000	15,000	15,000	-	60,000
463004	CITYWIDE STREET LIGHTS	-	195,000	-	-	-	195,000
463231	CITYWIDE SIDEWALK REPAIR PROGRAM	370,000	370,000	370,000	370,000	-	1,480,000
463337	PARROTT DRIVE AND ALAMEDA DE LAS PULGAS INTERSECTION RECONSTRUCTION	-	-	180,000	1,700,000	-	1,880,000
463338	NORFOLK STREET AND FASHION ISLAND BOULEVARD INTERSECTION RECONSTRUCTION	-	150,000	1,910,000	-	-	2,060,000
463535	US 101 AND PENINSULA AVENUE INTERCHANGE PROJECT	600,000	-	1,000,000	1,000,000	1,000,000	3,600,000
465162	CITYWIDE BICYCLE PARKING	10,000	10,000	10,000	-	-	30,000
465333	CITYWIDE TRAFFIC SIGNAL RETIMING	-	25,000	25,000	25,000	25,000	100,000
465432	EL CAMINO REAL LEFT-TURN POCKET - TILTON AVENUE AND BALDWIN AVENUE	-	45,000	-	-	-	45,000
466600	CITYWIDE TRAFFIC CALMING	-	150,000	150,000	150,000	135,000	585,000
466601	TRAFFIC MODEL UPDATE	200,000	-	-	-	-	200,000
466607	CITYWIDE SIGN INVENTORY AND REPLACEMENT	150,000	150,000	150,000	150,000	135,000	735,000
467008	CITYWIDE STREET REHABILITATION PACKAGE II	4,000,000	-	-	-	-	4,000,000
467009	CITYWIDE STREET REHABILITATION PACKAGE III	900,000	4,500,000	4,500,000	4,500,000	4,500,000	18,900,000
467773	CITYWIDE STREET RECONSTRUCTION PACKAGE III	3,100,000	3,800,000	3,900,000	3,900,000	-	14,700,000
468007	COLUMBIA DRIVE AND CRYSTAL SPRINGS ROAD STORM DRAIN CHANNEL	1,500,000	1,390,000	-	-	-	2,890,000
469031	ADA COMPLIANCE AND TRANSITION PLANNING	50,000	-	-	-	-	50,000
469933	ROOT FOAMING	400,000	400,000	400,000	400,000	-	1,600,000
469981	PROGRAM MANAGEMENT - SEWER PROJECTS	5,933,000	3,570,528	-	-	-	9,503,528
469988	EAST SAN MATEO LIFT STATION	-	10,517,756	-	-	-	10,517,756
469997	CITYWIDE STREET REHABILITATION PROGRAM	-	-	-	-	4,300,000	4,300,000
46C001	SMALL TRASH CAPTURE DEVICES	250,000	250,000	500,000	750,000	750,000	2,500,000
46F007	CITY HALL RESTROOM IMPROVEMENTS	410,000	-	-	-	-	410,000
46F013	CORP YARD UNDERGROUND TANK REPLACEMENT	750,000	-	-	-	-	750,000
46F014	CITY HALL PROJECTS	150,000	1,750,000	3,100,000	500,000	500,000	6,000,000
46F015	PARK RESTROOM PHASE V (LAKESHORE/SHOREVIEW)	-	250,000	-	-	-	250,000
46F016	PAINT MAIN LIBRARY	50,000	-	-	-	-	50,000
46F017	OFFICES - ACOUSTIC ATTENUATION - LIBRARY	425,000	-	-	-	-	425,000
46F018	PANIC BUTTONS @ ATRIUM COUNTERS & INTERNAL OFFICES	-	180,000	-	-	-	180,000
46F019	SHOREVIEW PICKLEBALL COURTS	380,000	-	-	-	-	380,000
46F020	WASHINGTON PARK BASKETBALL COURT RESURFACING	300,000	-	-	-	-	300,000
46F021	OFFICES - ACOUSTIC ATTENUATION - CITY HALL	-	16,000	-	-	-	16,000
46F022	TRANSACTION COUNTER SECURITY IMPROVEMENTS	-	-	80,000	-	-	80,000
46F023	SHOREVIEW BASKETBALL COURT - RESURFACE	-	300,000	-	-	-	300,000
46F024	GATEWAY PARK PEDESTRIAN BRIDGE REFURBISHMENT	560,000	-	-	-	-	560,000
46F025	PARKING FACILITY STRUCTURAL REPAIRS	-	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
46F026	NEW CENTRAL PARK PARKING GARAGE	-	-	-	-	18,000,000	18,000,000
46M001	RAILROAD CROSSING IMPROVEMENTS	846,125	-	-	-	-	846,125
46R001	HILLSDALE BOULEVARD AND ALAMEDA DE LAS PULGAS SIGNAL	430,000	400,000	-	-	-	830,000
46R004	TRAFFIC SIGNAL VIDEO DETECTION REPLACEMENT	100,000	100,000	-	-	-	200,000
46R009	GRAMMERCY DRIVE RETAINING WALL	75,000	2,350,000	-	-	-	2,425,000
46R010	25TH AVENUE UNDERGROUNDING - PHASE II	130,000	683,500	3,027,000	-	-	3,840,500
46S005	BASIN 4 COLLECTION SYSTEM IMPROVEMENTS	6,500,000	18,125,000	-	-	-	24,625,000
46S090	CLEAN WATER PROGRAM (CWP) SEWER FLOW MONITORING AND REPORTING	100,000	90,000	90,000	85,545	125,000	490,545
46S091	CLEAN WATER PROGRAM (CWP) ANNUAL CITYWIDE SANITARY SEWER REHABILITATION	11,700,000	8,100,000	3,000,000	5,824,477	5,116,731	33,741,208
46S093	CLEAN WATER PROGRAM (CWP) CLOSED CIRCUIT TELEVISION (CCTV) INSPECTION PROGRAM	600,000	500,000	468,330	-	900,000	2,468,330
46T003	WWTP AND FLOW MANAGEMENT UPGRADE AND EXPANSION	14,100,000	11,210,000	4,216,315	-	3,570,216	33,096,531
46T090	CLEAN WATER PROGRAM (CWP) WWTP ANNUAL MAJOR COMPONENTS	-	2,500,000	1,025,114	-	3,525,114	3,525,114
511000	RADIO DISPATCH CONSOLES	444,000	-	-	-	-	444,000
512000	EXTERNAL RADIO INFRASTRUCTURE	-	642,000	-	-	-	642,000
513000	POLICE RADIOS - HAND HELD & MOBILE	-	-	662,000	-	-	662,000
610008	TREE PLANTING - PARKS DIVISION	400,000	400,000	200,000	200,000	200,000	1,400,000
610017	CITYWIDE PARK PLAY AREA UPGRADE	566,848	3,000,000	2,000,000	2,000,000	2,000,000	9,566,848
610023	SPORTS FIELDS CONVERSION - SYNTHETIC TURF	-	500,000	1,000,000	500,000	-	2,000,000
610027	CENTRAL PARK	-	2,000,000	3,000,000	3,000,000	2,000,000	10,000,000
610036	RECREATION FACILITIES STRATEGIC PLAN	-	2,000,000	2,000,000	2,000,000	-	6,000,000
610038	SKATE PLAZA UPDATES	400,000	-	-	-	-	400,000
665100	MARINA LIBRARY STRUCTURAL IMPROVEMENTS	3,500,000	-	-	-	-	3,500,000
Total Recommended Project Budgets		\$ 67,928,973	\$ 94,031,284	\$ 39,143,759	\$ 28,830,022	\$ 44,506,947	\$ 274,440,985

Capital Improvement Program Plan Summary

Description	2021-22 Estimated	2022-23 Proposed	2023-24 Projected	2024-25 Plan	2025-26 Plan	2026-27 Plan	Five-Year Total
Beginning Fund Balance	\$ 63,799,683	\$ 12,259,659	\$ 12,971,600	\$ 9,168,701	\$ 10,197,948	\$ 11,481,873	
Revenue							
GENERAL FUND	\$ 4,295,000	\$ 9,750,000	\$ 7,250,000	\$ 4,250,000	\$ 4,250,000	\$ 4,250,000	\$ 29,750,000
2% HOTEL TAX FUND TRANSFER IN	49,143	-	-	-	-	-	-
GAS TAX FUND TRANSFER IN	1,659,294	987,000	1,601,000	1,210,000	1,200,000	1,200,000	6,198,000
MEASURE A	2,311,000	2,391,885	2,475,601	2,562,247	2,651,926	2,744,743	12,826,402
MEASURE S TRACKING FUND TRANSFER IN	2,453,539	3,054,000	1,862,000	1,050,000	1,050,000	1,450,000	8,466,000
MEASURE W	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
PARKING IN-LIEU FEE	200,000	350,000	300,000	300,000	300,000	18,000,000	19,250,000
PARKS AND RECREATION REVENUE FUND TRANSFER IN	14,203,544	725,000	7,500,000	8,000,000	7,500,000	4,000,000	27,725,000
ROAD MAINTENANCE AND REHABILITATION FUND TRANSFER IN	3,887,568	2,000,000	2,000,000	2,100,000	2,100,000	2,100,000	10,300,000
SEWER FUND TRANSFER IN	533,714,255	39,411,000	55,013,284	9,199,759	6,310,022	9,711,947	119,646,012
TRAFFIC IMPACT FEE FUND TRANSFER IN	5,973,798	222,000	150,000	1,150,000	1,150,000	1,135,000	3,807,000
TREE REPLACEMENT FEE	150,000	150,000	150,000	150,000	150,000	150,000	750,000
OTHER SOURCES	35,786,663	7,487,973	10,771,500	9,050,000	2,300,000	1,890,000	31,499,473
Total Revenue	\$ 605,683,803	\$ 67,528,858	\$ 90,073,385	\$ 40,022,006	\$ 29,961,948	\$ 47,631,690	\$ 275,217,887
Recommended Project Budgets							
GENERAL FUND	\$ 14,137,324	\$ 8,977,000	\$ 9,766,500	\$ 3,232,000	\$ 2,335,000	\$ 2,000,000	\$ 26,310,500
2% HOTEL TAX FUND PROJECTS	49,143	-	-	-	-	-	-
GAS TAX FUND PROJECTS	1,659,294	987,000	1,601,000	1,210,000	1,200,000	1,200,000	6,198,000
MEASURE A	5,977,015	3,515,000	2,817,000	2,542,000	3,275,000	1,460,000	13,609,000
MEASURE S TRACKING FUND PROJECTS	2,453,539	3,054,000	1,862,000	1,050,000	1,050,000	1,450,000	8,466,000
MEASURE W	1,001,500	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
PARKING IN-LIEU FEE	5,000,000	-	1,000,000	1,000,000	1,000,000	19,000,000	22,000,000
PARKS AND RECREATION REVENUE FUND PROJECTS	14,203,544	725,000	7,500,000	8,000,000	7,500,000	4,000,000	27,725,000
ROAD MAINTENANCE AND REHABILITATION FUND PROJECTS	3,887,568	2,000,000	2,000,000	2,100,000	2,100,000	2,100,000	10,300,000
SEWER FUND PROJECTS	533,714,255	39,411,000	55,013,284	9,199,759	6,310,022	9,711,947	119,646,012
TRAFFIC IMPACT FEE FUND PROJECTS	5,973,798	222,000	150,000	1,150,000	1,150,000	1,135,000	3,807,000
TREE REPLACEMENT FEE	336,570	200,000	200,000	100,000	100,000	100,000	700,000
OTHER SOURCES	65,783,271	7,837,973	11,121,500	8,560,000	1,810,000	1,350,000	30,679,473
Total Recommended Project Budgets	\$ 654,176,819	\$ 67,928,973	\$ 94,031,284	\$ 39,143,759	\$ 28,830,022	\$ 44,506,947	\$ 274,440,985
Other Sources *	\$ (3,047,008)	\$ 1,112,056	\$ 155,000	\$ 151,000	\$ 152,000	\$ 152,000	\$ 1,722,056
Ending Fund Balance	\$ 12,259,659	\$ 12,971,600	\$ 9,168,701	\$ 10,197,948	\$ 11,481,873	\$ 14,758,616	

* South Bayfront Levee and South Trunk Impact Fee