



San Mateo City Council Adopts Fiscal Year Budget

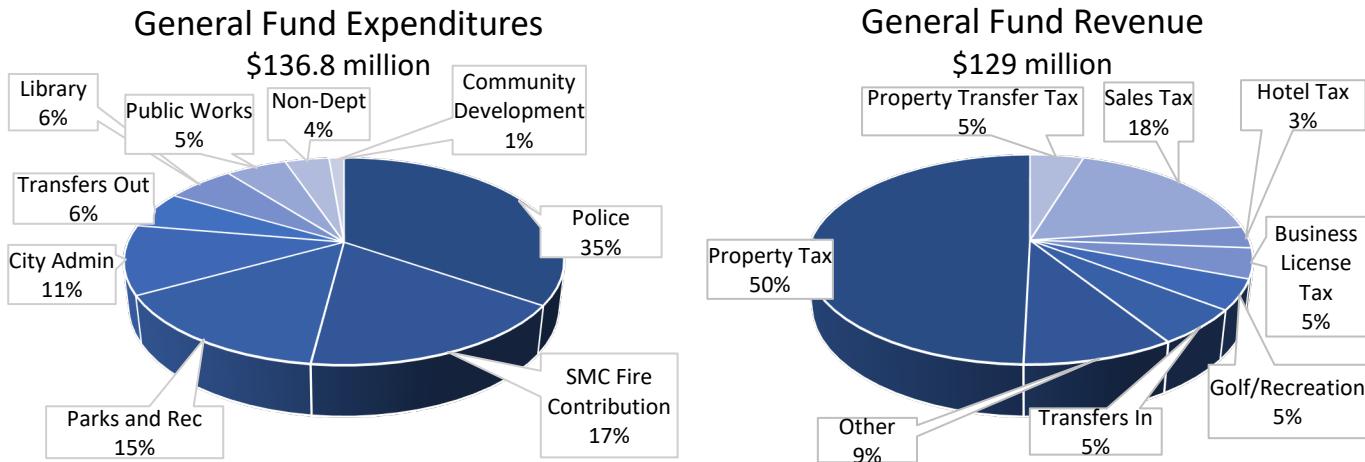
Fiscal Sustainability Plan Aims to Address Effects of COVID-19 Pandemic and Deficit

San Mateo, CA — The City Council adopted a \$262.3 million budget for the coming Fiscal Year 2020-21, which will fund a wide array of community services while balancing the need to address an ongoing deficit.

After months of review, at its June 15 meeting the Council approved a spending plan that outlines \$194.9 million toward operations and a \$67.4 million Capital Improvement Program. The General Fund, including the transfers to CIP, totals \$136.8 million. This spending allows the City to repave roads, make improvements to our parks, ensure our wastewater treatment system serves the community for future generations, provide emergency response services and support the array of library and recreation programs local families rely upon.

While the City remains committed to providing these vital services, San Mateo's budget is facing an ongoing structural deficit that has been exacerbated by the COVID-19 pandemic. The FY 20-21 budget is marked by a \$7.8 million deficit, which is expected to grow if significant steps aren't taken. This year's budget allows the City to maintain current service levels and avoid layoffs, however uncertainties remain.

The City created a Fiscal Sustainability Plan and is taking immediate action including putting a freeze on hiring, asking employees to give up \$3 million in compensation over the next two years, and reducing departments' operational budgets. Council also directed staff to explore an increase to the City's hotel tax, which could be on the November 2020 ballot.



San Mateo's financial plan comes at an unprecedented time and is affected by economic and social conditions. The COVID-19 pandemic and resulting downturn abruptly slashed many major revenue sources including the City's sales, hotel and property transfer taxes. Local businesses and residents have also been hard hit, and the City reacted quickly by providing funding for rental assistance and small business grants.

Following feedback and questions from the public about City expenditures on law enforcement, the Council will host a study session specifically to review the Police Department's Budget at its July 20 meeting.

"The City's budget needs to reflect the priorities of our community, and we want to make sure our budget continues to uphold the values we hold at the core of our mission and principles: to serve our community with integrity, transparency and inclusivity," said City Manager Drew Corbett.