

COUNTY OF  
RIVERSIDE

STATE OF CALIFORNIA



COUNTY EXECUTIVE OFFICER'S  
FY 2002-03  
THIRD-QUARTER  
BUDGET REPORT

April 22, 2003

Presented by

Larry Parrish  
County Executive Officer



Executive Office  
County of Riverside

Larry Parrish  
County Executive Officer

April 22, 2003

Honorable Board of Supervisors  
County of Riverside  
Robert T. Andersen Administrative Center  
4080 Lemon Street, 5th Floor  
Riverside, CA 92501-3651

**REQUIRES  
4/5 VOTE**

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**SUBJECT:      *FY02/03 Third Quarter Budget Report***

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Board members:

This third-quarter budget report updates our financial condition and recommends adjustments required at this time.

The effects of recent and recommended activity on Contingency are summarized below:

<u>\$ millions</u>	
14.5	Third-quarter beginning balance (page 26)
(2.4)	Third-quarter activity (page 26)
5.5	Additional revenue (page 2)
<u>(2.3)</u>	Appropriations recommended (page 26)
\$15.3M	New balance

Details on potential added costs totaling \$26.1 million for the current year are included in departmental narratives and summarized below:

<u>\$ millions</u>	
6.9	Hospital budget shortfall (page 10)
6.8	Sheriff SB90 shortfall and cost increases (page 14)
4.5	Mental Health SB90 shortfall (page 12)
2.8	District Attorney SB90 shortfall and cost increases (page 14)
2.1	DPSS foster care growth and cost increases (page 17)
1.3	Hospital detention health personnel costs (page 11)
1.0	Probation salary/benefits shortfall (page 15)
<u>0.7</u>	Agricultural Commissioner and Public Defender shortfall (page 6, 14)
\$26.1M	

FISCAL PROCEDURES APPROVED  
ROBERT E. BYRD, Auditor-Controller

4/17/03  
BY *Robert E. Byrd*  
Deputy

We hope some of these costs can be reduced by year-end as department managers work to cut spending and aggressively pursue revenue outside the general fund. We will recommend additional appropriations as needed at year-end. The Board already has set aside \$16 million to cover anticipated shortfalls. Also, DPSS recently filed a claim with the state for CalWORKs funding, which could shift costs for probation and indigent defense activities and free-up \$8 million in general fund money (Attachment C). A total of \$24 million could therefore be available to offset shortfalls this fiscal year.

Looking ahead briefly to next year, we hope to balance within available revenue but anticipate bringing down Contingency to \$10 million (see multi-year projection, page 3). We normally prefer to start with a Contingency of \$18-20 million. We are just now reviewing departmental requests for additional general fund money, and will advise you how that might affect our balance.

The state budget situation is still very unclear. A brief update on the situation is included (page 4).

Also included (Attachment B) is a report on cost-cutting measures that describes steps planned by other California counties. It also lists budget-balancing options available to this County, should they be needed.

Other attachments:

- ATTACHMENT A Recommendations and associated budget adjustments
- ATTACHMENT B Budget balancing
- ATTACHMENT C DPSS memorandum

IT IS RECOMMENDED that the Board of Supervisors receive and file this report, approve the recommendations and associated budget adjustments in Attachment A, set June 09 as the date to open budget hearings, and July 15 as the date for final adoption of the FY03/04 budget.

Respectfully submitted,



LARRY PARRISH  
County Executive Office



Executive Office  
County of Riverside

Larry Parrish  
County Executive Officer

April 22, 2003

Honorable Board of Supervisors  
County of Riverside  
Robert T. Andersen Administrative Center  
4080 Lemon Street, 5th Floor  
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BY *[Signature]*  
Deputy

4/22/03

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Respectfully submitted,



LARRY PARRISH  
County Executive Office

County of Riverside Executive Office  
Fiscal Year 02/03  
Third-Quarter Report

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**A. COUNTY'S FINANCIAL POSITION**

**1. THIRD QUARTER ACTIVITY**

**a) Quarterly discretionary revenue update**

Total estimated discretionary revenue is expected to change from the mid year budget amount of \$372.8 million to the current estimate of \$378.3 million, an increase of \$5.5 million. This does not include the expected revenue from Public Safety Sales Tax, which is now projected to change from \$89 million to \$90 million, an increase of \$1 million.

The Auditor-Controller has analyzed the Motor Vehicle Tax revenue received to date and now projects that full year revenue will be about \$4.5 million higher than is currently budgeted. It is recommended that the department's budget be adjusted by the amount of the estimated increase and that Contingency be increased by a like amount.

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to increase estimated revenue and Contingency by \$4.5 million, as follows:

Increase Estimated Revenue:		
10000-1200200000-750200	Motor Vehicle In Lieu	\$4,565,488
Increase Appropriations:		
10000-1109000000-581000	Contingency	\$4,565,488

The Auditor-Controller has analyzed the Sales Tax revenue received to date and now projects that full year revenue will be about \$2.0 million lower than is currently budgeted. It is recommended that the department's budget be adjusted by the amount of the estimated decrease and that Contingency be lowered by a like amount.

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to decrease estimated revenue and Contingency by \$2.0 million, as follows:

Decrease Estimated Revenue:		
10000-1200200000-710020	Sales Tax	\$2,045,245
Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$2,045,245

The Executive Office has audited the Teeter Fund and estimates that additional fund balance will be available for transfer to the General Fund at year-end. The department now projects that full year revenue will be about \$3.0 million higher than is currently budgeted. It is recommended that the department's budget be adjusted by the amount of the estimated increase and that Contingency be raised by a like amount.

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to increase estimated revenue and Contingency by \$3.0 million, as follows:

Increase Estimated Revenue:		
10000-1100100000-700040	Teeter Overflow	\$3,000,000
Increase Appropriations:		
10000-1109000000-581000	Contingency	\$3,000,000

Source	General Fund Discretionary Revenues (millions)		
	2nd Qtr Estimate	Current Estimate	Variance from 2nd Qtr
Property Taxes	154.3	154.3	0.0
Tax Losses Reserve Fund Overflow	9.0	12.0	3.0
Sales Tax *	24.3	22.3	(2.0)
Motor Vehicle In Lieu	108.4	113.0	4.6
Federal In-Lieu Taxes	3.1	3.1	0.0
Documentary Transfer Tax	12.4	12.4	0.0
Transient Occupancy Tax	1.0	1.0	0.0
Franchise Tax	4.5	4.5	0.0
Fines and Penalties	20.9	20.9	0.0
EI Sobrante	3.3	3.3	0.0
Interest	10.6	10.6	0.0
Tobacco Settlement	18.7	18.7	0.0
Other (Prior Year & Miscellaneous)	2.1	2.1	0.0
<b>TOTALS</b>	<b>372.75</b>	<b>378.27</b>	<b>5.52</b>

\* Does not include Public Safety Sales Tax revenue

### GENERAL FUND MULTI-YEAR PROJECTION

	FINAL BUDGET	PROJECTED ACTUAL (in millions)				
	02/03	02/03	03/04	04/05	05/06	06/07
<b><u>RESOURCES:</u></b>						
Adjusted Fund Balance	36	62	14	10	20	20
Reversions and Revenue	0	0	10	0	0	0
Ongoing Revenue (5% growth)	347	358	374	393	412	433
Excess 172 Growth Used	23	23	27	24	25	26
Tobacco Settlement	20	20	19	16	17	17
DPSS New Revenue Claims Pending	0	8	0	0	0	0
Use of Reserves	0	16	10	0	0	0
Misc. One-Time Revenue	8	8	0	0	0	0
	434	495	455	443	474	495
<b><u>APPROPRIATIONS:</u></b>						
Misc. Ongoing NCC	310	312	312	312	312	312
Misc. One-Time Appropriations	16	22	16	0	0	0
Projected Year-end Costs	0	26	0	0	0	0
Reserves for Uncertainty and SB90	6	42	10	0	0	0
Contingency	19	14	10	20	20	20
Total PERS Safety Costs	12	12	22	23	24	25
SWJC Operations	23	23	23	24	25	26
Sheriff/DA/PD COLAs	8	8	15	18	23	24
3.0 Fire Staffing and New Stations	6	6	8	10	13	13
Staffing For New Fire Stations	0	0	0	0	0	1
Child Welfare	0	2	3	3	3	3
CHA Medical Plan Expansion	0	0	1	1	1	1
Deferred Maintenance	3	3	0	3	3	3
Hospital Subsidy	10	4	19	10	10	10
Hospital Debt Service	5	5	5	5	5	5
Public Health Subsidy	8	8	8	8	8	8
Healthy Kids Program	3	3	0	3	3	3
SWJC & CAC Debt Service	0	0	3	4	4	4
PERS Misc. Costs Reserve	6	6	0	14	15	16
	434	495	455	459	469	474
Available for Budget Needs	0	(0)	(0)	(15)	5	21
<b><u>NOTATIONS:</u></b>						
Reserve for Economic Uncertainties	30	56	46	46	46	46
Reserve for Withheld State Revenue	0	10	10	0	0	0

**Assumptions:**

- 1) Includes \$10 million year-end reversions and additional fund balance
- 2) Departments are able to absorb F/Y 2003-04 PERS costs
- 3) Deferred maintenance cash sufficient in F/Y 2003/04 without additional contribution
- 4) Cap Self Insurance Rates One Year Only

## **B. STATE BUDGET UPDATE**

The mid-year budget report contained an analysis of potential effects to the county from both the Governor's proposed reductions in the State budget for FY02/03 and the Governor's proposed Budget for FY03/04. While there has been considerable discussion in Sacramento concerning these proposals, very little in the way of concrete action has taken place to reduce or deal with the still looming \$34 billion plus deficit. Therefore, impacts on our county will be difficult to quantify until a final budget is passed. The Governor is scheduled to present a revised proposed budget for FY03/04 on May 14, which will provide more clarity as to his proposals.

In late February, the Senate Republican Caucus produced an alternative plan for the FY03/04 budget. Their plan discards many elements of the Governor's proposal, expands on others, calls for deeper cuts in almost all state programs, extends the budget plan over a two year period, imposes a spending freeze through 2005, and reduces the hit on local governments. For counties, the Republican plan proposes to "negotiate with local governments a more reasonable, three-year \$500 million per year contribution to the budget solution." Also, instead of deferring about \$1 billion in mandate reimbursements, it would eliminate the mandates, giving local government flexibility in reducing costs.

Together the Republican plan and Governor's proposals have provided the basis for most legislative hearings and meetings on dealing with the State budget deficit. Several bipartisan groups of legislators have been meeting to discuss budgetary issues, including the Assembly Speaker's Bipartisan Commission on Structural Challenges in California. Since a two-thirds vote is required to pass a budget, it is likely that the final budget will be the result of these bipartisan efforts. Legislators return to Sacramento on April 21, after their Easter recess, and will be moving quickly to deal with fiscal issues since the deadline for policy committees to act on fiscal bills is May 2. Leaders in both houses continue to express hope that a budget will be enacted by the June 15 constitutional deadline.

The Executive Office and the County's Sacramento representative will continue to keep the Board apprised of significant developments as legislators grapple with the state budget. A state budget workshop is scheduled for May 19, after the Governor's May budget revise.

## **C. FY02/03 DEPARTMENTAL STATUS**

### **1. INTER-DEPARTMENTAL**

#### **a) Trust fund balances**

As indicated earlier in this report, the Executive Office is still seeking to balance the county budget for next year and does not yet know the state budget's full impact. Therefore, the department has been looking at potential additional funding sources and cost-saving measures.

As it did in 1993, the Executive Office has reviewed various trust funds with large balances. The department proposes that the Board suspend any spending from these funds until the county can be sure next year's budget is safely balanced. Trust funds reviewed by this office, potential fund transfers, and additional information follows:

<u>Trust fund</u>	<u>Available Balance</u>
DA/DM fee balances	\$17 million
DIF trust	5 million
Palm Desert RDA CIP trust	5 million
Riverside RDA CIP trust	<u>2 million</u>
Total	\$29 million

In May 2002, the Board was advised that \$26.5 million in Developer Agreement and Mitigation (DA/DM) funds were recouped for projects constructed and financed by the county. At that time, the Board used \$7.5 million for debt service in FY02/03 and \$2 million for MSHCP acquisitions. The Board placed \$17 million in DA funds allocated by supervisorial district to help mitigate growth-related impacts. The \$17 million transfer plus the \$3 million in various uncommitted DA and DM funds could provide a partial solution to potential budget shortfalls.

Development Impact Fees (DIF) was established in November 2001. DIF funds can be used only for projects on the public facilities needs list. The opportunity to use these funds to pay debt service on the Southwest Justice Center and the County Administrative Center Annex, which are on the needs list and eligible for DIF funding, would make a like amount of general fund revenue available for budget deficits and requirements. The DIF funds now available to reimburse the two projects is \$4.9 million.

In 1992, the county entered into an agreement with the Palm Desert Redevelopment Agency regarding pass-through funds due to the county. The agreement authorized pass-through monies to be held in a capital-improvement fund, to be used for capital improvements in the desert area or for any legal county purpose. In 1993, the county deposited \$5 million of that money into the general fund for budget purposes. At this time, an additional \$5 million could be made available to provide a partial solution to potential budget shortfalls.

The county also has a similar redevelopment pass-through agreement with the Riverside Redevelopment Agency. This agreement authorizes pass-through money to be held in a capital-improvement fund for mutually agreed-upon projects until a cap is realized. The cap has been met and any balances can now be used for any legal county purpose. A total of \$2 million could be made available to provide a partial solution to potential budget shortfalls.

## 2. GENERAL GOVERNMENT

### a) Executive Office

A budget adjustment is being requested for the litigation and administrative support budget in order to accommodate costs associated with pending lawsuits.

**Recommended Motion:** *That the Board of Supervisors approve and direct the Auditor-Controller to adjust appropriations for litigation and administrative support and Contingency by \$140,000, as follows:*

Increase Appropriations: 10000-1102900000-525020	Legal services	\$140,000
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Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$140,000

Under the RIFMIS financial system, the Countywide Development Impact Fee (DIF) Program Administration fund was classified as a separate trust fund. During this fiscal year, the fund was given a temporary status (Fund No. 80228) and classified as a separate sub-fund along with the other related DIF funds. The Auditor-Controller has since determined that this fund should be reclassified as a sub-fund of the general fund within the Executive Office's operating budget. A budget adjustment is requested to accurately reflect this fiscal year's financial activity of the Countywide DIF Program. The fund will continue to earn and collect its own interest and will have a separate fund balance.

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:		
10000-1100100000-523350	Administrative Expense	\$179,371

Increase Estimated Revenue:		
10000-1100100000-777170	Developer Mitigation	\$179,371
10000-1100100000-722000	Mitigation Fee	\$228,388

**b) Assessor-Clerk-Recorder**

Throughout the year, the Assessor-Clerk-Recorder worked with the Information Technology Department to reduce amounts billed, as previously reported in the Proposed Budget. Although the final amount of systems costs to be billed is not yet certain, at this time the Department requests an additional amount of \$341,000 to cover the balance of the billings which it cannot otherwise absorb. The Executive Office is working with the property departments and IT to address increasing mainframe costs in the future. Meanwhile, the Executive Office recommends approving the Assessor-Clerk-Recorder's request.

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to adjust appropriations for the Assessor by \$341,000, as follows:

Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$341,000

Increase Appropriations:		
10000-2300200000-524760	Data Processing Services	\$341,000

**c) Agricultural Commissioner**

The Agricultural Commissioner is projecting a \$297,753 shortfall by fiscal year-end. The department head and assistant department head retired this fiscal year; it is estimated that the cost of these two 35-year employees' retirements will be approximately \$180,000. In addition, revenue from two state contracts will be approximately \$130,500 less than expected as a result of the bio-security impacts of Exotic Newcastle Disease and a reduction in pesticide

assessments. Finally, phytosanitary inspection revenue is being negatively affected by a decrease in export shipments, amounting to approximately \$50,000 in lost revenue.

The department is working diligently to reduce costs in all areas. Further, salary savings are being generated by the vacant managers' positions, which will help to reduce the need for additional general funds.

The Executive Office recommends that budget adjustments, if needed, be made at the end of the year to reflect actual costs.

#### **d) Human Resources - Exclusive Care Progress Report**

In the November 26, 2002 Board Agenda (Item 3.5), the Executive Office submitted reports by outside auditors on the Exclusive Care Health Plan Claims Operational Review, Cost and Utilization Analysis, and Customer Service Survey. The Board approved the recommendations in the reports, and requested that Human Resources both report to the Board quarterly on the plan's progress, and also conduct a claims review one year after the installation of the new claims administration system. Below is an outline documenting the plan's progress toward installing the new system and improving overall business processes and member satisfaction.

Installation of the new system is complete; Exclusive Care's Claims unit began processing claims on the new system on April 2, 2003. The Member Services unit has been using the new Eligibility module since March 25, 2003. Staff training continues for a variety of modules such as Reporting, Case Management and Financials. The enhanced capabilities the new system brings to Exclusive Care greatly benefit Exclusive Care staff and members alike.

Exclusive Care is refining the plan's Quality Assurance (QA) program, which monitors performance in each area of operations. The new claims administration system provides improved reporting capabilities that will allow the QA program to ensure patient care, access to services, and customer satisfaction all meet or exceed industry standards.

The plan's third party vendors, RxAmerica (pharmacy provider) and PPONext (network provider), have been unable to consistently meet certain performance standards. An RFP process is currently underway to identify an alternative network provider, and a competitive market check is also being conducted for pharmacy provider alternatives. This will ensure that Exclusive Care vendors providing these services are the most competitive and cost-effective.

The plan has implemented an improved claims subrogation process and conducted additional subrogation training for examiners assigned to these claims. The plan's refined QA program will also be a core element in assuring these claims are adjudicated accurately and appropriately.

With the installation of the new claims administration system, Exclusive Care will meet the upcoming Health Insurance Portability Accountability Act (HIPAA) compliance deadlines. To comply with the new HIPAA privacy regulations by the April 14, 2003 deadline, new identification cards have been generated (using employee ID numbers, rather than social

security numbers) and are being mailed. All future HIPAA regulation requirements are being addressed at the countywide level by the County's HIPAA Compliance task force. An Exclusive Care staff member participates on the task force to address the plan's specific needs.

Exclusive Care's final open enrollment numbers have confirmed that the plan is still the medical plan most often chosen by county employees. Exclusive Care enrolled 503 additional employees during 2003. Last year, the County obtained approval from the Department of Managed Health Care to offer Exclusive Care to other government entities in Riverside County, which will increase the revenue stream to RCRMC, and increase the covered population and premiums for the plan. The first agency, Winter Park Authority, has been enrolled (48 employees) with a May 1, 2003 effective date. Exclusive Care is developing and refining its business practices to accommodate anticipated plan membership growth.

**e) County Counsel**

The office of County Counsel represents the Department of Public Social Services (DPSS) in juvenile-court dependency cases. An adjustment to County Counsel's budget is requested to account for the increased number of staff assigned to represent DPSS in its Indio location. The positions are fully funded by DPSS.

**Recommended Motion:** That the Board of Supervisors direct the Auditor-Controller to adjust appropriations and intrafund transfer for County Counsel as follows:

Increase Appropriations:

100000-1500100000-510040	Regular salaries	\$8,471
100000-1500100000-518100	Budgeted benefits	\$1,646
	<b>Total Appropriation Increase</b>	<b>10,117</b>

Increase Intrafund Transfer:

10000-1500100000-572000	Intra-DPSS	\$10,117
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**3. HEALTH AND SANITATION**

**a) Healthy Kids Program**

On November 20, 2001, the Board approved Item 3.6, which allocates \$2.5 million annually to the Healthy Kids Program. The program provides comprehensive medical insurance to children in low-income families who do not qualify for other publicly funded programs. To date, 22 percent of Healthy Kids enrollees chose county-employed physicians and 28 percent chose RCRMC as their hospital. The Healthy Kids Program was implemented on August 23, 2002 due to the time it took to get State approval for the plan.

The county established a special revenue fund for this program and has contributed \$2.5 million both in FY01/02 and in FY02/03 - the Children and Families Commission, IEHP and Riverside Community Health Foundation also contribute to the program. Between August 23, 2002 and February 28, 2003, \$1.125 million (22.5 %) of the county's share was expended on premiums for this program, which provided coverage for approximately 1,100 children.

A balance of \$3.9 million of county contribution currently exists in the program fund. The Board may consider suspending the \$2.5 million annual contribution in FY03/04 since sufficient funding exists to cover projected expenditures.

**b) Emergency Medical Services (EMS)**

On November 26, 2002, the Board directed staff to renegotiate the contract with American Medical Response (AMR) for advanced life support (ALS) paramedic ambulance services. It further directed that a task force be developed that included the County Fire Chief and a representative selected by each Supervisor to review the service issues and the County Grand Jury's recommendations in preparation for renegotiations.

The task force began meeting in December 2002 and has made significant progress toward establishing parameters for renegotiation on response times, fines, mutual aid, annual reports, approval of rate increases, transportation of 5150 and inter-facility transfers, and patients' charges. Most recently, the task force commissioned an audit to evaluate the reasonableness of costs submitted by AMR including direct costs, overhead rates, and profit margin. The audit will be completed no later than June 30, 2003. The task force views the audit findings as essential in the development of parameters for renegotiation.

The current contract with AMR expires on June 30, 2003. The task force members recommend that the contract be extended not to exceed six months so they will have the benefit of the audit findings in finalizing parameters for renegotiation. EMS will present the contract amendment to the Board for policy consideration in the near future.

**c) CHA - Animal Services**

On January 28, 2003, the Board of Supervisors approved agenda item 3.42 granting \$10,000 for free pet alterations to recognize National Spay and Neuter Month. It is recommended that the Animal Services budget now be adjusted to reflect this cost.

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to adjust appropriations and Contingency by \$10,000 as follows:

Increase Appropriations:		
10000-4200600000-527780	Special Program Expense	\$10,000
Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$10,000

Animal Services reported at mid-year that the unbudgeted expenses from the California Horse Protection animal cruelty case would total \$87,250 and that auctioning off the animals would generate \$10,000. It now appears the animals will be boarded at least through the end of the year while the defendant appeals the case. It will cost an estimated \$105,744 to board the animals for the remainder of the fiscal year.

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to adjust appropriations and Contingency by \$105,744 as follows:

Increase Appropriations:

10000-4200600000-527780	Special program expense	\$48,836
10000-4200600000-536260	Support and care of animals	<u>\$56,908</u>
	Total appropriations increase	\$105,744

Decrease Appropriations:

1000-1109000000-581000	Contingency	\$105,744
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**d) Riverside County Regional Medical Center (RCRMC)**

RCRMC projected a FY02/03 net loss of \$18.9 million and a cash shortfall of \$8 million at mid-year. The Hospital now projects a \$14.9 million net equity reduction and a \$6.9 million cash shortfall. Should this estimate hold true, \$6.9 million in general fund balance that would otherwise be available for the new budget will be reserved instead.

Net Asset Changes from Budget (in millions)	
Mid year projected loss – accrual basis	\$18.9
March 17 <sup>th</sup> CMAC phone call additional SB 1255 benefit	(\$4)
Projected year end loss @ 3 <sup>rd</sup> quarter - accrual basis	\$14.9

Net changes in year end cash position (in millions)	
Mid year CEO's Board Report Cash Short Fall	\$8
Board presentation anticipated cost reductions	(\$0.8)
CMAC phone call additional SB 1255 benefit	(\$4)
State phone call prior year SB 855 supplemental benefit	(\$0.5)
Projected additional registry costs	\$2
Projected increased patient cash collections	(\$1.9)
Net changes in realignment & CHIP over mid year	(\$1.4)
Confirmed FY 02-03 SB 855 base approximately 70% remaining 30% to be received in FY 03-04	\$5.5
Third quarter budget report projected Cash short fall	\$6.9

Two major issues will affect the hospital's revenues next year. First is the possible elimination of the state's general fund backfill of the Vehicle License Fee (VLF) portion of realignment. Realignment makes up approximately \$27 million of RCRMC's anticipated cash collections with VLF representing over 70 percent of the \$27 million. Second is the potential impact of changes the State is proposing for Medi-Cal eligibility. People eliminated from Medi-Cal eligibility will likely meet the indigents classification, so the full cost of providing medical service to them will be borne by the County.

**e) Detention Health Services (DHS)**

During last year's budget process, DHS requested \$1.3 million for salaries and benefits as a policy item due to projected increased personnel costs. The Executive Office did not recommend funding the policy item because the department had enough vacant positions to project ending FY01/02 at \$400,000 below appropriations. However, now that most vacant positions have been filled, the Executive Office anticipates that the department will end the year \$1.3 million over appropriations for salaries and benefits. The Executive office will recommend the required adjustments at the end of the year.

In addition, drug usage and prisoner hospital charges have increased. DHS has expanded its scope of responsibility for pharmaceutical delivery and health services for minors sent for placement at Southwest Juvenile Hall, currently at full capacity and expected to add more beds in the next year. Also, Robert Presley Detention Center continues the implementation of the Mentally Ill Offender Crime Reduction Program, a four-year, grant-funded program that does not include the cost of psychiatric medications. Mental health services have been expanded in Banning and Blythe facilities, and expanded to 24-hour coverage, 7 days per week at the Southwest Detention Center.

Mental Health Detention Services has seen an overall increase in the cost to provide comprehensive psychiatric services. These increases can be partially attributed to the increased cost of medications, such as the third generation anti-psychotic medications (e.g. Zyprexa = \$177.52/month vs. Haldol = \$19.04/month) and the increase in the number of inmates treated for mental illness. Approximately 45-50 percent of all adult inmates are receiving psychiatric medications and approximately 35 percent of all juveniles are receiving psychiatric medications.

It is also recommended that the Board approve and authorize the Chairman to sign the second amendment to the contract with Network Pharmaceuticals, Inc. increasing the contract by \$947,071. The Department of Mental Health will be contributing \$696,543 toward the cost of psychotropic medications.

**Recommended Motion:** That the Board approve and: (1) Authorize the Chairman to sign the second amendment to the contract with Network Pharmaceuticals; and (2) Direct the Auditor-Controller to increase appropriations and decrease contingency by \$380,263, as follows:

Increase Appropriations:		
10000-4300300000-522890	Pharmaceuticals	\$947,071
10000-4300300000-525240	Prisoner Hospital Charges	\$129,735
10000-4300300000-572300	Intra-Health	<u>(\$696,543)</u>
	Total Appropriations Increase	\$380,263
Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$380,263

**f) MISP**

This year, the county budgeted \$25 million in realignment revenue for MISP and the hospital, while the state is now projecting that as much as \$38 million will be received. Health

realignment consists of approximately 75 percent vehicle license fee, which is growing, and 25 percent state sales tax revenue, which is stagnant. Social Services realignment revenues have come in under budget because they consist of 95 percent state sales tax.

It is recommended that a budget adjustment be made at this time to allow the department to transfer funds without delay to the hospital, for indigent care expenses, after they are received in June. The added revenue has already been included in the hospital's revised cash projection (page 10) and will offset a reduction in its CHIP revenue.

**Recommended Motion:** That the Board of Supervisors direct the Auditor-Controller to increase appropriations for MISD as follows:

Increase Appropriations:

10000-4300200000-536240	Other Contract Agencies	\$13,000,000
10000-4300200000-573100	Intra-Realignment	(\$13,000,000)

**g) Mental Health – Treatment**

The state is responsible to reimburse counties for mandated treatment programs via SB90, however legislators have not historically funded SB90 programs at the level needed to reimburse counties for services provided. The Governor's proposed budget includes only \$1,000 for each county with actual payments deferred to some uncertain time in the future. For this reason, the department does not expect to receive state revenue to reimburse the \$4,275,365 budgeted and expected to be spent this year.

The Americans with Disabilities Act (ADA) requires that facilities be equipped for wheelchair access. The reception area windows and counters in the in-patient/emergency treatment facility must be modified to meet requirements for wheelchair access. In February 2003, the Office of Statewide Health Planning and Development approved final construction plans that will meet this requirement; the estimated construction cost is \$150,000.

The Riverside County Children and Families Commission has provided funding for Mental Health to purchase a server that will enable pediatricians across the county to utilize a web-based application to screen all Riverside County children up to age five for social-emotional problems and transmit the results to a central location. The cost of the server is \$13,000. The department requests authority to purchase this fixed asset.

**Recommended Motion:** That the Board of Supervisors: (1) Approve the purchase of reception window / counter modifications and a server; and (2) Approve and direct the Auditor-Controller to increase appropriations and estimated revenue in the amount of \$163,000 as detailed below.

Increase Appropriations:

10000-4100200000-83550-546160	Equipment-Other	\$13,000
10000-4100200000-83550-542060	Building Improvement	\$150,000
	Total Appropriation Increase	163,000

Increase Estimated Revenue:		
10000-4100200000-83550-754000	CA-Tobacco Tax Prop 10	\$13,000
10000-4100200000-83550-750960	CA-Rollover	<u>\$150,000</u>
	Total Estimated Revenue Increase	163,000

**h) Mental Health Administration**

The department incurred \$40,000 in consulting service costs in FY01/02 that were paid in this fiscal year. The cost was not accrued because invoices were received after year-end. It is recommended that a budget adjustment be made to match the appropriation and revenue affecting this fiscal year.

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to increase Appropriations and Estimated Revenue by \$40,000 as detailed below.

Increase Appropriations:		
10000-4100400000-83600-523200	PY-Services & Supplies	\$40,000
Increase Estimated Revenue:		
10000-4100400000-83600-781060	PY-Other Revenues	\$40,000

**i) Mental Health Substance Abuse**

Prior year consulting and contract services for Substance Abuse and Crime Prevention Act (SACPA – Prop 36) providers were budgeted in FY01/02 but paid in the current year. These services were not accrued because invoices were received after year-end. There has been an increase in utilization of TAP employees due to a departmental hiring freeze - the TAP employees are funded with a federal allocation. It is therefore recommended that the Substance Abuse budget be adjusted to reflect these costs.

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to increase Appropriations and Estimated Revenue by \$622,000 as detailed below.

Increase Appropriations:		
10000-4100500000-55600-525440	Professional Services-Other	\$225,000
10000-4100500000-55600-523200	PY-Services and Supplies	\$70,000
10000-4100500000-55600-530280	Private Care Provider	\$70,000
10000-4100500000-55600-536700	PY-Inter-fund Expenditures	<u>\$257,000</u>
	Total Appropriation Increase	622,000

Increase Estimated Revenue:		
10000-4100500000-55600-767200	Fed-Block Grant	\$295,000
10000-4100500000-55600-781060	PY-Other Revenues	<u>\$327,000</u>
	Total Estimated Revenue Increase	622,000

#### 4. PUBLIC PROTECTION

##### a) District Attorney

In the first and second quarter reports, the District Attorney's Office reported that expenditures would exceed appropriations by \$2.8 million due to increased retirement benefits rates and deferral of SB90 revenue. The department maintains the same projected shortfall. The Executive Office will recommend appropriate budget adjustments at year-end.

##### b) Sheriff's Department

In the first and second quarter reports, the Sheriff's Department estimated that expenses would exceed budget by \$4.4 million, due to higher retirement benefits rates, unanticipated settlement costs, correctional deputies' training costs, and the deferral of SB90 revenue. The department now projects a \$6.8 million shortfall. The additional reasons provided by the Sheriff's department include higher than anticipated leave payoff, increased 800MHz radio costs, lower than anticipated salary savings, and a revenue shortfall at the training center.

During the FY02/03 budget hearings, the Board authorized adding 35 of the 69 requested new correctional deputy positions, with the goal of reducing overtime costs by keeping permanent positions filled. The Board also directed the Sheriff's Department to implement an overtime conversion effort in phases. The Sheriff's Department used \$2.5 million of its overtime budget to cover the cost of these positions, however training costs while these deputies were in the academy will require \$542,000 in general-fund support. The Sheriff's Department has filled 28 of the 35 correctional deputy positions and overtime savings are beginning to positively impact the corrections budget. The third-quarter overtime deficit is projected at \$447,000, compared to the \$785,000 reported in the second quarter. The Sheriff's Department anticipates that full-year benefits from overtime savings will occur in FY03/04. The Executive Office recommends deferring the final decision on additional conversion efforts until the state budget situation is clearer.

The Sheriff's Department implemented cost-containment measures at mid-year to manage overtime costs in the patrol budget, and as a result, those costs are down from the last quarter by \$750,000. The Sheriff is committed to ensuring that overtime costs stay within his overall budget by year-end.

On December 3, 2002 (Agenda Number 3.32), the Board approved and authorized three Office Assistant II positions for Court Services but deferred funding of \$50,000 until the third quarter report. These positions were added to allow the County to continue providing fingerprinting services at the Hall of Justice, the Larson Justice Center, and the Southwest Justice Center. According to the Sheriff's Department, only one of the three new positions has been filled.

##### c) Public Defender

In the first and second quarter reports, the Public Defender's Office projected that expenditures would exceed budget at year-end by \$350,000. Contributing factors include an unanticipated arbitration settlement of over \$200,000, higher leave payoffs for retired and soon-to- retire employees, and increased miscellaneous retirement benefits rates. Because the Public Defender's Office is 99 percent funded by the general fund, anticipated expenses will require adjustment to their net county cost target. Cost-containment measures will cover

some but not all unanticipated expenses. The Executive Office will recommend appropriate budget adjustments at year-end.

**d) Probation – Administration Personnel**

In the mid-year report, the Board received an update on the Probation Department's multi-faceted recruitment and hiring program. The Board requested additional information, which was provided in a memo submitted Feb. 7, 2003. The Probation Department, Human Resources and the Executive Office have gathered data to determine the program's effectiveness. More time is needed to complete a comprehensive analysis and develop final recommendations on funding and continuing this program - a separate report will be prepared for the Board within 30 days.

**e) Probation Department**

The proposed budget noted that the Probation Department's salary savings rate was increased to cover additional department ISF charges, however aggressive recruitment and increases in safety and miscellaneous retirement benefit rates have lowered the expected salary savings. The mid-year report estimated this potential shortfall at \$0.8 to \$1.0 million. The Probation Department will continue to implement cost containment measures to partially mitigate the projected shortfall. The Executive Office will recommend appropriate budget adjustments at year-end.

**f) Courts-Collection Enhancement**

The State Controllers Office recently concluded a five-year audit on the Court's fine and fee collection process and has presented four preliminary findings that contend the county general fund owes a total of \$10.9 million to the state, cities and county restricted funds.

The state maintains that the Court has not kept separate track of those collections that are delinquent and those that are not delinquent. The report therefore concludes that \$10.2 million in court collections may be owed to a combination of the state, cities and county restricted funds if it cannot be proven that this amount was collected in delinquent accounts. Court staff adamantly disagrees with the state auditor's findings and is currently gathering information to validate the \$10.2 million as collections of "delinquent fines." Confirmation that the collections are on delinquent fines will nullify the state finding on this issue, however any revenue amount the Courts cannot confirm will result in a payment from the county general fund.

The balance of the disputed findings (\$700,000) is a result of an incorrect distribution of revenue by the Courts between the State and the County. A preliminary review of these findings indicates the County may owe these funds to the State, and further analysis is being conducted.

Court, Auditor-Controller, and Executive Office staff continue to research the findings of the audit and work diligently to reduce the County's exposure. Should any of the findings be validated, payment to the State should be made in the middle of FY03/04.

**Recommended Motion:** That the Court, Auditor-Controller, and Executive Office continue to review the audit findings and report back to the Board during the FY03/04 budget process.

## 5. PUBLIC ASSISTANCE

### a) Department of Public Social Services – CalWORKs

DPSS provided a budget update in the first quarter budget report, taking into consideration local effects of the approval of the State Budget. At that time, it was noted that many programs had experienced changes in overall funding – some decreases and some increases. Child Welfare Services experienced a significant increase in funding, while CalWORKs and Medi-Cal experienced decreases. As indicated in previous quarterly reports, DPSS anticipated adverse impacts from the State Budget and modified spending and hiring accordingly.

With regard to the CalWORKs budget, a deficit of \$23 million was projected at first quarter, including a \$14.2 million shortfall for the Child Care program. Increased State Child Care reserve allocations and use of CalWORKs performance incentive funding will cover these deficits. The department is now positioning the program to be able to operate without performance incentives in FY03/04 and beyond.

With regard to Medi-Cal, a \$9 million deficit was projected at first quarter, with the maximum county general fund share of this deficit at \$4.5 million. Fortunately, the State has recently provided Medi-Cal augmentation funding to partially bridge the shortfall in FY02/03. With this augmentation, DPSS now estimates a \$2 million current year deficit; the maximum county general fund exposure from this deficit is \$1 million. Ongoing discussions with the state indicate that this deficit will likely be covered through year-end redistribution of statewide unused Medi-Cal funding.

In FY02/03, the state increased the CWS basic allocation by \$17.8 million, and on February 11, 2003, the Board approved matching funds of \$2,038,474 that allow the department to hire the maximum number of qualified workers that can feasibly be brought on board this year. This level of caseworkers will keep staffing levels above what the CWLA described in the middle 1990's as "dangerous to clients and staff." DPSS has included a policy item request of \$1,435,830 in the FY03/04 requested budget to enable the department to fully utilize the CWS basic allocation and the augmentation funding.

Finally, the state has recently indicated that any CalWORKs incentive funding that DPSS earned will not carry forward into FY03/04. DPSS has worked with the Executive Office and other county departments to identify ways to maximize the county's use of the CalWORKs incentive funding. Those efforts resulted in a revised claim of \$3.8 million in Probation costs and \$420,000 in Juvenile Court defense costs from FY01/02 that would otherwise have been paid with county general funds. The department continues to identify ways to maximize use of the CalWORKs incentive funding in FY02/03, and estimates an additional \$5 million in CalWORKs incentive funding could be claimed this year in lieu of using county general funds. More details can be found in a memo from DPSS included as Attachment C.

### b) DPSS – In Home Supportive Services

For FY02/03, IHSS contract provider hourly rates were increased from \$13.88 to the State Maximum Allowable Contract Rate (MACR) of \$14.75. On June 25, 2002, the Board approved adjusting the contract rate to \$14.75, however this increase was not reflected in the current budget. The necessary budget adjustments follow:

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to adjust appropriations and estimated revenues as detailed below:

Increase Appropriations:		
10000-5100200000-60150-530440	Client Services	\$2,140,153
Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$461,934
Increase Estimated Revenue:		
10000-5100200000-60150-750300	CA-Public Asst Admin	\$857,877
10000-5100200000-60150-760000	Fed-Public Asst Admin	<u>\$820,342</u>
	Total Estimated Revenue Increase	1,678,219

On March 6, 2003, the State issued an all county information notice (I-13-03) that increased Riverside County's MACR to \$16.88 retroactive to July 1, 2002. Although the County is not financially obligated to award the MACR, negotiations are currently taking place with the department's existing contract vendor, ADDUS. Any necessary budget adjustments related to negotiated rate changes will be presented through a separate request to the Board. The maximum potential financial impact this fiscal year would be \$1,155,249 with the county general fund share at \$224,789.

**c) DPSS - Categorical Aid**

Categorical Aid has experienced growth in the Foster Care/Emergency Assistance and Adoption Assistance programs that have increased as a result of more children being placed in foster or adoptive homes, state-approved rate increases, and the necessity to use more expensive placements due to a shortage of regular foster homes. Projected growth for FY02/03 totals \$1,099,670, which is normally covered by realignment growth funds.

In addition, DPSS state realignment revenue for FY01/02 fell short of the accrued base amount by \$1,017,168, which caused a budget deficit spread through all the DPSS budgets. To simplify the needed budget adjustments, the full realignment shortfall will be shifted to DPSS categorical aid programs. DPSS requested budget adjustments from Contingency totaling \$2,116,838 as well as another \$4,987,352 that is covered by additional state and federal revenue.

The Executive Office recommends an increase to appropriations equal to the state and federal share of the increased cost. An adjustment for the general fund obligation will be made later in the year via a Form 11, if needed.

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to increase appropriations and estimated revenues in the amount of \$4,987,352 as detailed below.

Increase Appropriations:		
10000-5100300000-530480	Categorical Assistance	\$4,987,352

Increase Estimated Revenue:		
10000-5100300000-750700	CA-Public Asst Program	\$2,330,303
10000-5100300000-761000	Fed-Public Assist Program	<u>\$2,657,049</u>
		4,987,352

**d) Contributions to Community Services**

Contributions to Community Services provides funding to community based organizations (CBOs) that administer programs that may mitigate or reduce the need for county administered social services. Originally intended to be start-up funding for new programs, five of the seven CBOs have received funding every year for the past three years and two have received funding in two of the last three years. Of the programs funded in FY02/03, five receive funding from other county departments (see list below). In some cases, funding from other county sources have increased and provide the greatest value to the program operation.

CBO	Funding Year			Other County Funding
	00/01	01/02	02/03	
ADV	✓	✓		DPSS and Domestic Violence Program
CASA	✓	✓	✓	Superior Court
Central Valley United Way	✓	✓	✓	Office on Aging
Rape Crisis Center	✓	✓	✓	N/A
Riverside Arts Council	✓	✓	✓	N/A
Shelter From the Storm		✓	✓	DPSS and Domestic Violence Program
Volunteer Center	✓	✓	✓	Probation and DPSS

There is \$71,482 general fund budgeted for this program annually. Given the current budget situation and the increased funding from other county departments, the Board may want to consider revisiting the award criteria (e.g., ongoing versus start up funding) or suspend this program.

**6. PUBLIC WAYS AND MEANS**

**a) EDA**

The mid-year state budget reductions did not include additional cuts to redevelopment revenue beyond the \$658,444 contained in the current budget. The most recent proposal for the FY03/04 state budget would transfer \$500 million in redevelopment housing funds and \$250 million in redevelopment tax increment to schools. Based on past experience and draft proposals, it is estimated that the impact to the Riverside County Redevelopment Agency would be approximately \$7 million. This amount would represent approximately 22 percent of projected agency revenue. The FY03/04 budgets submitted to the Executive Office included a \$5 million transfer to schools from redevelopment housing funds and \$2.2 million in tax increment. These cuts were achieved by canceling or delaying major capital-improvement projects, reducing funding to the agency's farm-worker assistance program, and its ongoing façade, housing, and demolition improvement programs. The agency has also trimmed administrative costs, eliminated vacant positions and enacted a hiring freeze.

The federal government has provided draft Workforce Investment Act allocations to the states showing an approximate 15 percent decrease for California. Previously, a 10 percent cut was anticipated and the department budget for FY03/04 was developed using this figure. A hiring freeze has been enacted and all temporary positions are being eliminated. Various other cost-cutting options are under consideration, including closing the Palm Springs WDC, eliminating the kiosk program, reducing the size of the Temecula WDC and closing the Hemet Manufacturing Training Center.

Riverside Community College and the Riverside County Office of Education have indicated that they are withdrawing from participation in the Culinary Academy, due to state budget cuts to education. Consequently, that facility will likely close mid FY03/04. EDA is looking at alternatives, including leasing the facility to a non-profit for a senior meals program or leasing the facility to a for-profit as a restaurant.

For the current fiscal year, the state has reprogrammed a \$96,000 grant from the Blythe Airport to the state general fund. For FY03/04, Cal-Trans has informed EDA staff that the state will be eliminating \$60,000 in aid historically provided to airports (\$10,000 per airport). In addition, due to homeland security issues, the California Department of Forestry has accelerated its move from Hemet Ryan Airport to March Air Reserve Base, which will reduce rent revenues and landing fees to the county. Together with the changes in state aid, county airport revenue will decrease approximately \$115,000 for FY03/04, a reduction of 10 percent.

The State Office of Migrant Services has indicated that, in light of the state budget situation, it is evaluating the Ripley Migrant Center and will likely cut its funding up to 50 percent. Due to the structure of the lease and funding agreement for this facility, the Housing Authority will have no option but to severely cut services and facility maintenance, including staffing, to compensate for these state actions.

**f) EDA – Administration**

The Economic Development Agency requests a budget adjustment to salaries and benefits for its administration to accurately reflect projected expenses through year-end.

**Recommended Motion:** That the Board of Supervisors direct the Auditor-Controller to increase appropriations for EDA Administration by \$500,000, as follows:

Increase Appropriations:		
21100-1900100000-510040	Regular salaries	\$500,000

There is available unreserved fund balance to offset this increase.

**g) EDA – Desert Expo/County Fair**

In December 2002, the Board approved the perimeter fence project at the fairgrounds. It was anticipated that existing appropriations would cover the cost, but a fund analysis indicates a budget adjustment is now necessary.

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to increase appropriations for EDA/County Fair by \$800,000, as follows:

Increase Appropriations:		
22200-1920100000-540060	Land improvements	\$800,000

There is available unreserved fund balance to offset this increase.

**b) EDA – Airport Operations**

The French Valley Airport terminal building required extensive repairs and maintenance for its sewer and plumbing systems. Those costs were not anticipated when the budget was prepared, and the existing budget cannot accommodate these expenses, so a budget adjustment is necessary at this time.

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to adjust appropriations for EDA/Airport by \$200,000 and estimated revenue by \$76,000, as follows:

Increase Appropriations:		
22100-1910700000-522310	Maint- bldg. improvement	\$100,000
22100-1910700000-525440	Professional services	\$80,000
22100-1910700000-527780	Special program exp	<u>\$20,000</u>
		200,000
Increase Estimated Revenue:		
2210-1919700000-741500	Temp use lease	\$76,000

There is available unreserved fund balance to offset this increase.

**c) EDA – Redevelopment Debt Service**

As a result of actual tax increment in excess of original projections, the following budget adjustment is needed for an operating transfer out to the capital projects fund.

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to adjust appropriations and estimated revenue for EDA/RDA debt service by \$1 million as follows:

Increase Appropriations:		
37100-934001-551000	Operating transfer-out	\$1,000,000
Increase Estimated Revenue:		
37100-934001-700020	Current secured taxes	\$1,000,000

**d) EDA – RDA Capital Projects**

As a result of additional tax increment in the RDA debt service fund and to appropriately account for bond revenue, the following budget adjustment is recommended.

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to adjust appropriations and estimated revenue for EDA/RDA capital projects by \$2.5 million as follows:

Increase Appropriations:		
32700-934001-525500	Salary/Benefit reimb	\$900,000
32700-934001-542040	Bldgs cap. projects	<u>\$1,600,000</u>
		2,500,000
Increase Estimated Revenue:		
32700-934001-791000	Bond proceeds	\$1,500,000
32700-934001-790500	Operating transfer in	<u>\$1,000,000</u>
	Total Estimated Revenue Increase	2,500,000

**e) Transportation Land Management Agency - Integrated Plan**

A budget adjustment is requested for the Integrated Plan, to complete a previously authorized adjustment. On December 23, 2002 (Agenda Item 15.1), the Board approved the seventh contract amendment with Jacobs Engineering, including the use of county funds to advance funding for CETAP and MHSCP. However, a technical omission precluded the Auditor-Controller from processing the budget adjustment.

Recent calculations, based on actual expenditures, reveal that less general fund will be needed this fiscal year than originally anticipated. The revised budget adjustment below reflects the total amount of general fund needed to fulfill the contract with Jacobs Engineering.

**Recommended Motion:** That the Board of Supervisors: (1) Approve and direct the Auditor-Controller to make the following budget adjustments; and (2) Direct that \$852,013 be transferred from the General Fund and \$868,387 be transferred from Habitat Mitigation to the Integrated Plan fund.

Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$852,013
Increase Appropriations:		
10000-1101000000-551100	Contributions to Other Funds	\$852,013
Increase Appropriations:		
22450-1103600000-525440	Professional Services	\$868,383
Increase Estimated Revenue:		
22450-1103600000-781540	Contributions from Other Funds	\$868,383
(Source of Funds: 22451 – Habitat Environmental Mitigation Funds)		

There is available unreserved fund balance to offset this increase.

**f) TLMA –Gas Tax Suspension**

The Transportation Department is required to report Road Fund revenues and expenditures to the state annually, in October. This annual road report is the mechanism by which the County

is granted an annual Gas Tax allocation, with approximately \$2 million distributed monthly. Failure to meet the State's annual deadline results in suspension of Gas Tax allocation payments until the report is filed.

Efforts are ongoing by OASIS and Transportation staff to resolve programming issues to generate specific information for the annual road report. It is anticipated that the necessary components will be operational by year-end. In the event that the report is delayed, Gas Tax allocation payments may be temporarily suspended. However, once the report is filed, reinstatement includes all back payments. The department will keep the Board apprised of progress made toward resolving programming issues with OASIS, and will notify the Board in advance if the October report deadline will not be met.

**g) Facilities Management – Maintenance**

The current review of deferred maintenance and capital construction projects has identified savings totaling \$687,700 from completed and closed projects. Facilities Management proposes reprogramming this balance among four additional maintenance projects.

**Recommended Motion:** That the Board of Supervisors approve reprogramming a total of \$687,700 for additional maintenance projects as follows:

	Balance Remaining
Completed & Closed Jobs	
RIV CAC REPLACE EXHAUST FANS	90,370
RIV CAC CLEAN DUCT WORK	273,992
RIV CAC HVAC SYSTEM UPGRADES, FLRS 4-14	148,848
RIV LAWLIB REPLACE AND ADD EXIT SIGNS	15,000
RIV JUVI CRT REPLACE AIR CONDITIONING SYSTEM	20,526
RIV TORO PARKING LOT	52,000
HEM CAC HLTH PARKING LOT	20,727
RIV MUNI CRT REMODEL BASEMENT	60,000
RIV CF RE-COAT/REPAIR PARKING LOTS	6,237
<b>TOTAL CANCELLED AND CLOSED JOBS</b>	<b>687,700</b>
Proposed New Jobs	Requested
COR CAC REPLACE CHILLER BANKS	90,000
BAN CAC RESEAL GLASS/ENTRY	6,000
SWJC MAINTENANCE AND REPAIRS	300,000
VAR SAFETY AND EMERGENCY REPAIRS	291,700
<b>TOTAL REPROGRAMMING REQUESTS</b>	<b>687,700</b>

**7. EDUCATION, RECREATION AND CULTURE**

**a) County Free Library**

Two county library facilities require improvements: perimeter fencing and outside lighting to reduce vandalism is needed at the Mission Trail Community Library; and tenant improvements are needed at the Franklin Avenue building. A \$220,000 appropriations increase is requested to cover these items.

Under the existing memorandum of understanding between the City of La Quinta and the county, 76 percent of library property tax and redevelopment pass-through funds collected from the city are to be transferred to the city to construct a new library. A \$400,000 appropriations increase is requested to cover this payment.

The state library has approved fourth-year funding from the California Library Literacy Service for the County Library Adult Literacy program and the County Library Family Literacy program. An adjustment of \$116,842 is requested to recognize this revenue and to increase the appropriation.

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:		
21200-1100400000-542040	Buildings - capital projects	\$660,000
Increase Appropriations:		
21200-1101500000-536240	Other contract agencies	\$116,842
Increase Estimated Revenue:		
21200-1101500000-774570	CA - Construction	\$116,842

There is available unreserved fund balance to offset this increase.

## 8. INTERNAL SERVICE FUNDS

### a) Printing Services

Due to increased sales, Printing Services is experiencing higher costs and revenues than expected. Also, the department renegotiated a lease, which increased capital costs, and requests increased appropriations to purchase thermal printing equipment to produce business cards in-house. The department requests budget adjustments to accommodate this accelerated growth in sales and increased capital and equipment costs. The department continues to expect to end the year with a modest profit.

**Recommended Motion:** That the Board: (1) Approve the purchase of thermal printing equipment; and (2) Approve and direct the Auditor-Controller to adjust appropriations by \$390,000 and estimated revenues by \$205,000 for Printing Services, as follows:

Increase Appropriations:		
45600-7300300000-527650	Paper and Envelopes	\$220,000
45600-7300300000-532600	Capital Lease/Purchase - Principal	\$110,000
45600-7300300000-546160	Equipment - other	<u>\$60,000</u>
		390,000

Increase Estimated Revenue:  
 45600-7300300000-777670                      Printing services                      \$205,000

There is available unreserved fund balance to offset this increase.

**b) Central Mail**

Central mail anticipates revenues from postage sales to exceed estimates by \$24,915, which will offset a \$17,541 increase in postage costs and a \$7,374 increase in fixed asset costs for the inserting/folding and mailing machines.

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to adjust appropriations and estimated revenues by \$8,502, as follows:

Increase Appropriations:		
10000-7300200000-523760	Postage/mailing	\$ 17,541
10000-7300200000-546280	Software	\$7,374
10000-7300200000-521200	Intra-Fund Transfers –Central Mail	<u>(\$16,413)</u>
		8,502

Increase Estimated Revenue:		
10000-7300200000-777520	Reimbursement for services	\$8,502

**9. SPECIAL DISTRICTS**

**a) Parks District – Regional Parks District Operating Fund**

A budget adjustment is needed to fund closing costs on the purchase of 195 acres adjacent to Bogart Park (approved on 6/20/89 in Item 4.6). The additional closing costs and tax assessments will be funded from increased recreation revenue at Bogart Park. The adjustment has no impact on the general fund.

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor Controller to adjust appropriations and estimated revenues as follows:

Increase Appropriations:		
51540-931104-535220	Taxes/Assessments	\$5,000
51540-931104-540040	Land	<u>\$5,600</u>
	Total Appropriations Increase	\$10,600
Increase Estimated Revenue:		
51540-931104-776740	Recreation fees	\$10,600

**b) County Service Areas (CSA)**

Various CSA budgets did not include sufficient appropriations for program expenses in FY02/03, primarily due to increased energy costs, streetlight applications, and recreation center services. A budget adjustment is necessary to accurately reflect the costs. No general fund impact will result from the adjustment.

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to adjust appropriations as follows:

Increase Appropriations:

23125-901501-529530	Streetlights	\$1,200
23300-902701-529530	Streetlights	\$1,800
23900-908701-529530	Streetlights	\$1,500
24075-910301-529530	Streetlights	\$55,000
24400-913201-529530	Streetlights	\$22,000
24425-913401-529530	Streetlights	\$36,000
24175-911301-529530	Streetlights	\$500
24525-914201-529530	Streetlights	\$3,800
23225-902201-529530	Streetlights	\$1,500
23225-902201-537120	Inter-fund Prof /Spec	\$1,300
23375-903601-527780	Spec-Program Expense	\$33,000
23825-908401-529530	Streetlights	\$42,000
23825-908401-537120	Inter-Fund Prof/Spec	\$5,000
23950-909101-529530	Streetlights	\$7,000
23950-909101-537120	Inter-Fund Prof/Spec	\$2,500
24225-911701-529530	Streetlights	\$1,500
24225-911701-537120	Inter-Fund Prof/Spec	\$350
24250-912101-529530	Streetlights	\$7,500
24250-912101-537120	Inter-Fund Prof/Spec	\$3,000
24575-914501-537120	Inter-Fund Prof/Spec	\$17,000
40440-906203-510040	Regular Salaries	\$17,000
40440-906203-535540	Depreciation – Building	\$909
40440-906203-537120	Inter-Fund Prof/Spec	\$2,600
40420-906202-535540	Depreciation - Building	\$2,281

There is available unreserved fund balance to offset these increases.

**D. DETAIL OF IMPACT ON GENERAL FUND**

**FY02/03 USE OF CONTINGENCY**

		Cost Adjust.	Revenue Adjust.	Total Adjust.	Contingency
<b>Final Budget Balance:</b>					\$19,494,501
<b>Total of First-Quarter Adjustments:</b>					\$1,236,924
<b>Total of Second-Quarter Adjustments:</b>					\$6,224,137
<b>Third-Quarter Beginning Balance:</b>					\$14,507,288
<b>Third-Quarter Adjustments:</b>					
3.23 of 01/07/03	Cash Shortage Fund	\$1,846		(\$1,846)	\$14,505,442
3.40 of 01/28/03	Cash Shortage Fund	\$2,633		(\$2,633)	\$14,502,809
3.3 of 01/28/03	TUMF Program	\$80,000		(\$80,000)	\$14,422,809
3.30 of 02/04/03	USA Waste of Calif Agreement	\$169,619		(\$169,619)	\$14,253,190
3.30 of 02/11/03	Child Welfare Social Services	\$2,038,474		(\$2,038,474)	\$12,214,716
3.34 of 03/11/03	Cash Shortage Fund	\$5,209		(\$5,209)	\$12,209,507
3.19 of 03/25/03	Cash Shortage Fund	\$2,138		(\$2,138)	\$12,207,369
3.9 of 04/08/03	(CHA) Med Serv Plan Expansion	\$136,426		(\$136,426)	\$12,070,943
3.21 of 12/03/02	Reverse Funding for Live-Scan		\$50,237	\$50,237	\$12,121,180
				\$0	\$12,121,180
<b>Recommended Actions Affecting Contingency:</b>					
Pending	Estimated Revenue Adjustment		\$5,520,243	\$5,520,243	\$17,641,423
Pending	Litigation and Admin Support	\$140,000		(\$140,000)	\$17,501,423
Pending	Increase Mainframe Cost	\$341,000		(\$341,000)	\$17,160,423
Pending	National Spay and Neuter Month	\$10,000		(\$10,000)	\$17,150,423
Pending	California Horse Protection	\$105,744		(\$105,744)	\$17,044,679
Pending	Network Pharmaceuticals	\$380,263		(\$380,263)	\$16,664,416
Pending	IHSS Contract Provider Increase	\$461,934		(\$461,934)	\$16,202,482
Pending	TLMA Technical Adjustment	\$852,013		(\$852,013)	\$15,350,469

**ATTACHMENT A: RECOMMENDATIONS**

This section repeats the recommendations contained in the main document. There is no new information in Attachment A.

- **Quarterly discretionary revenue update**

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to increase estimated revenue and Contingency by \$4.5 million, as follows:

Increase Estimated Revenue:		
10000-1200200000-750200	Motor Vehicle In Lieu	\$4,565,488
Increase Appropriations:		
10000-1109000000-581000	Contingency	\$4,565,488

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to decrease estimated revenue and Contingency by \$2.0 million, as follows:

Decrease Estimated Revenue:		
10000-1200200000-710020	Sales Tax	\$2,045,245
Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$2,045,245

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to increase estimated revenue and Contingency by \$3.0 million, as follows:

Increase Estimated Revenue:		
10000-1100100000-700040	Teeter Overflow	\$3,000,000
Increase Appropriations:		
10000-1109000000-581000	Contingency	\$3,000,000

- **Executive Office**

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to adjust appropriations for litigation and administrative support and Contingency by \$140,000, as follows:

Increase Appropriations:		
10000-1102900000-525020	Legal services	\$140,000
Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$140,000

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:		
10000-1100100000-523350	Administrative Expense	\$179,371
Increase Estimated Revenue:		
10000-1100100000-777170	Developer Mitigation	\$179,371
10000-1100100000-722000	Mitigation Fee	\$228,388

• **Assessor-Clerk-Recorder**

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to adjust appropriations for the Assessor by \$341,000, as follows:

Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$341,000
Increase Appropriations:		
10000-2300200000-524760	Data Processing Services	\$341,000

• **County Counsel**

**Recommended Motion:** That the Board of Supervisors direct the Auditor-Controller to adjust appropriations and intrafund transfer for County Counsel as follows:

Increase Appropriations:		
100000-1500100000-510040	Regular salaries	\$8,471
100000-1500100000-518100	Budgeted benefits	\$1,646
Increase Intrafund Transfer:		
10000-1500100000-572000	Intra-DPSS	\$10,117

• **CHA- Animal Services**

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to adjust appropriations and Contingency by \$10,000 as follows:

Increase Appropriations:		
10000-4200600000-527780	Special Program Expense	\$10,000
Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$10,000

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to adjust appropriations and Contingency by \$105,744 as follows:

Increase Appropriations:		
10000-4200600000-527780	Special program expense	\$48,836
10000-4200600000-536260	Support and care of animals	\$56,908
	Total appropriations increase	\$105,744

Decrease Appropriations: 1000-1109000000-581000	Contingency	\$105,744
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• **Detention Health Services (DHS)**

**Recommended Motion:** That the Board approve and (1) authorize the Chairman to sign the second amendment to the contract with Network Pharmaceuticals; and (2) Direct the Auditor-Controller to increase appropriations and decrease contingency by \$380,263, as follows:

Increase Appropriations:		
10000-4300300000-522890	Pharmaceuticals	\$947,071
10000-4300300000-525240	Prisoner Hospital Charges	\$129,735
10000-4300300000-572300	Intra-Health	<u>(\$696,543)</u>
	Total Appropriations Increase	380,263
Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$380,263

• **MISP**

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to increase appropriations for MISP as follows:

Increase Appropriations:		
10000-4300200000-536240	Other Contract Agencies	\$13,000,000
10000-4300200000-573100	Intra-Realignment	<u>(\$13,000,000)</u>

• **Mental Health - Treatment**

**Recommended Motion:** That the Board of Supervisors: (1) Approve the purchase of reception window / counter modifications and a server; and (2) Approve and direct the Auditor-Controller to increase appropriations and estimated revenue in the amount of \$163,000 as detailed below.

Increase Appropriations:		
10000-4100200000-83550-546160	Equipment-Other	\$13,000
10000-4100200000-83550-542060	Building Improvement	<u>\$150,000</u>
	Total Appropriation Increase	163,000

Increase Estimated Revenue:		
10000-4100200000-83550-754000	CA-Tobacco Tax Prop 10	\$13,000
10000-4100200000-83550-750960	CA-Rollover	<u>\$150,000</u>
	Total Estimated Revenue Increase	163,000

• **Mental Health Administration**

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to increase Appropriations and Estimated Revenue by \$40,000 as detailed below.

Increase Appropriations: 10000-4100400000-83600-523200	PY-Services & Supplies	\$40,000
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Increase Estimated Revenue: 10000-4100400000-83600-781060	PY-Other Revenues	\$40,000
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• **Mental Health Substance Abuse**

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to increase Appropriations and Estimated Revenue by \$622,000 as detailed below.

Increase Appropriations: 10000-4100500000-55600-525440	Professional Services-Other	\$225,000
10000-4100500000-55600-523200	PY-Services and Supplies	\$70,000
10000-4100500000-55600-530280	Private Care Provider	\$70,000
10000-4100500000-55600-536700	PY-Inter-fund Expenditures	<u>\$257,000</u>
	Total Appropriation Increase	622,000

Increase Estimated Revenue: 10000-4100500000-55600-767200	Fed-Block Grant	\$295,000
10000-4100500000-55600-781060	PY-Other Revenues	<u>\$327,000</u>
	Total Estimated Revenue Increase	622,000

• **Courts-Collection Enhancement**

**Recommended Motion:** That the Court, Auditor-Controller, and Executive Office continue to review the audit findings and report back to the Board during the FY 03/04 budget process.

• **DPSS – In Home Supportive Services**

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to adjust appropriations and estimated revenues as detailed below:

Increase Appropriations: 10000-5100200000-60150-530440	Client Services	\$2,140,153
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Decrease Appropriations: 10000-1109000000-581000	Contingency	\$461,934
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Increase Estimated Revenue: 10000-5100200000-60150-750300	CA-Public Asst Admin	\$857,877
10000-5100200000-60150-760000	Fed-Public Asst Admin	<u>\$820,342</u>
		1,678,219

• **DPSS - Categorical Aid**

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to increase appropriations and estimated revenues in the amount of \$4,987,352 detailed below.

Increase Appropriations:			
10000-5100300000-530480	Categorical Assistance		\$4,987,352
Increase Estimated Revenue:			
10000-5100300000-750700	CA-Public Asst Program		\$2,330,303
10000-5100300000-761000	Fed-Public Assist Program		<u>\$2,657,049</u>
			4,987,352

• **EDA – Administration**

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to increase appropriations for EDA Administration by \$500,000, as follows:

Increase Appropriations:			
21100-1900100000-510040	Regular salaries		\$500,000

There is available unreserved fund balance to offset this increase.

• **EDA – Desert Expo/County Fair**

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to increase appropriations for EDA/County Fair by \$800,000, as follows:

Increase Appropriations:			
22200-1920100000-540060	Land improvements		\$800,000

There is available unreserved fund balance to offset this increase.

• **EDA – Airport Operations**

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to adjust appropriations for EDA/Airport by \$200,000 and estimated revenue by \$76,000, as follows:

Increase Appropriations:			
22100-1910700000-522310	Maint- bldg. improv		\$100,000
22100-1910700000-525440	Professional svcs		\$80,000
22100-1910700000-527780	Special program exp		<u>\$20,000</u>
	Total Appropriation Increase		200,000

Increase Estimated Revenue:			
2210-1919700000-741500	Temp use lease		\$76,000

There is available unreserved fund balance to offset this increase.

• **EDA – Redevelopment Debt Service**

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to adjust appropriations and estimated revenue for EDA/RDA debt service by \$1 million as follows:

Increase Appropriations:		
37100-934001-551000	Operating transfer-out	\$1,000,000
Increase Estimated Revenue:		
37100-934001-700020	Current secured taxes	\$1,000,000

• **EDA – RDA Capital Projects**

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to adjust appropriations and estimated revenue for EDA/RDA capital projects by \$2.5 million as follows:

Increase Appropriations:		
32700-934001-525500	Salary/Benefit reimb	\$900,000
32700-934001-542040	Bldgs cap. projects	<u>\$1,600,000</u>
		2,500,000
Increase Estimated Revenue:		
32700-934001-791000	Bond proceeds	\$1,500,000
32700-934001-790500	Operating transfer in	<u>\$1,000,000</u>
		2,500,000

• **Transportation Land Management Agency - Integrated Plan**

**Recommended Motion:** That the Board of Supervisors: (1) Approve and direct the Auditor-Controller to make the following budget adjustments; and (2) Direct that \$852,013 be transferred from the General Fund and \$868,387 be transferred from Habitat Mitigation to the Integrated Plan fund.

Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$852,013
Increase Appropriations:		
10000-1101000000-551100	Contributions to Other Funds	\$852,013
Increase Appropriations:		
22450-1103600000-525440	Professional Services	\$868,383
Increase Estimated Revenue:		
22450-1103600000-781540	Contributions from Other Funds	\$868,383
(Source of Funds: 22451 – Habitat Environmental Mitigation Funds)		

There is available unreserved fund balance to offset this increase.

• **County Free Library**

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:		
21200-1100400000-542040	Buildings - capital projects	\$660,000
Increase Appropriations:		
21200-1101500000-536240	Other contract agencies	\$116,842
Increase Estimated Revenue:		
21200-1101500000-774570	CA - Construction	\$116,842

There is available unreserved fund balance to offset this increase.

• **Printing Services**

**Recommended Motion:** That the Board: (1) Approve the purchase of thermal printing equipment; and (2) Approve and direct the Auditor-Controller to adjust appropriations by \$390,000 and estimated revenues by \$205,000 for Printing Services, as follows:

Increase Appropriations:		
45600-7300300000-527650	Paper and Envelopes	\$220,000
45600-7300300000-532600	Capital Lease/Purchase - Principal	\$110,000
45600-7300300000-546160	Equipment - other	<u>\$60,000</u>
	<b>Total Appropriation Increase</b>	<b>390,000</b>
Increase Estimated Revenue:		
45600-7300300000-777670	Printing services	\$205,000

There is available unreserved fund balance to offset this increase.

• **Central Mail**

**Recommended Motion:** That the Board approve and direct the Auditor-Controller to adjust appropriations and estimated revenues by \$8,502, as follows:

Increase Appropriations:		
10000-7300200000-523760	Postage/mailing	\$ 17,541
10000-7300200000-546280	Software	7,374
10000-7300200000-521200	Intra-Fund Transfers –Central Mail	<u>(16,413)</u>
		<b>\$8,502</b>
Increase Estimated Revenue:		
10000-7300200000-777520	Reimbursement for services	\$8,502

• **Parks District – Regional Parks District Operating Fund**

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor Controller to adjust appropriations and estimated revenues as follows:

Increase Appropriations:

51540-931104-535220	Taxes/Assessments	\$5,000
51540-931104-540040	Land	<u>\$5,600</u>
	Total appropriations increase	\$10,600

Increase Estimated Revenue:

51540-931104-776740	Recreation fees	\$10,600
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• **County Service Areas**

**Recommended Motion:** That the Board of Supervisors approve and direct the Auditor-Controller to adjust appropriations as follows:

Increase Appropriations:

23125-901501-529530	Streetlights	\$1,200
23300-902701-529530	Streetlights	\$1,800
23900-908701-529530	Streetlights	\$1,500
24075-910301-529530	Streetlights	\$55,000
24400-913201-529530	Streetlights	\$22,000
24425-913401-529530	Streetlights	\$36,000
24175-911301-529530	Streetlights	\$500
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23225-902201-537120	Inter-fund Prof /Spec	\$1,300
23375-903601-527780	Spec-Program Expense	\$33,000
23825-908401-529530	Streetlights	\$42,000
23825-908401-537120	Inter-Fund Prof/Spec	\$5,000
23950-909101-529530	Streetlights	\$7,000
23950-909101-537120	Inter-Fund Prof/Spec	\$2,500
24225-911701-529530	Streetlights	\$1,500
24225-911701-537120	Inter-Fund Prof/Spec	\$350
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24250-912101-537120	Inter-Fund Prof/Spec	\$3,000
24575-914501-537120	Inter-Fund Prof/Spec	\$17,000
40440-906203-510040	Regular Salaries	\$17,000
40440-906203-535540	Depreciation – Building	\$909
40440-906203-537120	Inter-Fund Prof/Spec	\$2,600
40420-906202-535540	Depreciation - Building	\$2,281

There is available unreserved fund balance to offset these increases.

### Budget Balancing Strategies for Consideration

Continued uncertainty over budget decisions at the State level makes it difficult to recommend a precise FY 03/04 budget strategy at this time. It is not, however, premature to begin outlining potential strategies to help this County address reductions that may be enacted with adoption of the State budget or action on the Vehicle License Fee backfill. In an effort to initiate constructive discussion and creative thought on this topic, this section of the Third Quarter Report includes the following documents:

- Rough estimates of savings that might be achieved by implementing traditional budgeting strategies;
- A list of budget strategies in place and under consideration by other California counties;
- A description of program categories that could be used to determine various levels of reductions, should that become necessary;
- A list of current General Fund programs and the estimated Net County Cost of those programs.

Estimating the nature and magnitude of any State budget decisions is beyond the scope of this report. However, given that discontinuation of the VLF backfill has been discussed repeatedly, the impact of an annual reduction of approximately \$76 million in discretionary County

revenue is worth pondering. A loss of this magnitude would equate to 19% of the unrestricted General Fund budget, and require 20% cuts to those programs not exempt from reductions. A column showing the impact of this, in dollars, has been included on the list of General Fund programs, **for illustration purposes only**. Please note that this is not a recommended course of action.

Individual departments are beginning to consider tactics to employ if revenues diminish significantly. The Purchasing Department, for example, has submitted to the Executive Office a list of proposals that would centralize or consolidate some services and lead to potential efficiencies. While the savings associated with these strategies individually would be relatively small, they will be considered for their potential to streamline operations with little disruption to line departments. Any recommended approaches that involve policy changes will be submitted for Board approval.

The strategies on the following page have been calculated from year-to-date spending and hiring patterns, as well as budgeted revenues and expenditures. While any synergistic effects of implementing several strategies simultaneously are difficult to quantify, it is likely that hiring and spending trends would change during hard times. Continuous monitoring and analysis of such trends is advised.

Approximate **General Fund Savings** of Potential Budget Strategies  
(estimates for FY 2003-04)

Strategy:	Net County Savings, in millions
Freeze purchase of fixed assets (except public safety)	\$0.3
Freeze purchase of replacement vehicles (except public safety)	1.1
Keep patrol cars beyond 85k miles for use in other departments	0.2
Eliminate travel expenses	0.5
Cut training expenses (except public safety)	0.4
Discontinue reimbursement for use of private vehicle	0.3
Furlough full-time employees for 1 day/month or 1 day/pay period	6.2-13.4
Discontinue use of temporary employees	<u>0.6-1.2</u>
<b>SUBTOTAL</b>	<b>Estimated net County savings of above \$9.6 -17.4 million</b>
Implement modified hiring freeze (fire and sheriff exempted)	
Avg monthly cost of position	\$4,954
Avg positions vacated monthly	69
Net County Cost percentage of avg position	29%
First month savings	\$340,000
<b>SUBTOTAL</b>	<b>Potential net County savings of full-year freeze \$7.7 million</b>
<b>Potential net County savings of above strategies &amp; freeze \$17.3-25.1 million</b>	

Assumptions: NCC % for FY04 = NCC % of FY03

Expenditures for FY04 consistent with actual and budgeted costs in FY03

## Budget Strategies of Other Counties as of April 15, 2003

### Counties developing specific budget-reduction plans for FY 03/04:

Los Angeles (2%)  
 Kern (4%)  
 Lake (5% & 10%)  
 El Dorado County (10%)  
 Contra Costa (10%)  
 Imperial (10%)  
 Tehama (10%)  
 Yolo (10%)  
 Siskiyou (12%)  
 Humboldt (15%)  
 Kings (15%)  
 Santa Barbara (15%)  
 Kings (15%)  
 San Mateo (20%)  
 Monterey (up to 25%)  
 San Bernardino (30%)

### Counties that have issued layoff notices this FY:

Ventura (1)  
 Kings (2.6 FTE)  
 Fresno (6)  
 San Joaquin (13 temporary, part-timers)  
 Contra Costa (9 reg., & 26 temporary)

### Counties with hiring freezes in effect:

Del Norte  
 Fresno  
 Humboldt  
 Imperial  
 Kern  
 Orange  
 Monterey  
 Placer  
 Sacramento  
 San Bernardino  
 San Joaquin  
 San Mateo  
 Santa Clara  
 Siskiyou  
 Solano  
 Sonoma  
 Stanislaus  
 Tehama  
 Yolo

### Budget strategies under consideration in other Counties:

#### Alameda

Closing hospital cafeteria  
 Closing skilled nursing facility  
 Withholding pay raises  
 Mandating furloughs

#### Contra Costa

Proposing a general utility tax and/or real estate transfer tax  
 Eliminating needle exchange program  
 Increasing library fines for overdue materials by 25-100%  
 Closing libraries for the week between Christmas and New Year's Day  
 Cutting the hours of library telephone reference service  
 Revising workers compensation benefits policy  
 Refinancing pension debt by selling bonds

El Dorado

Increasing marriage license fees

Fresno

Restricting home garaging of County vehicles

Requiring DA investigators to share cars instead of issuing one per investigator

Cutting welfare fraud investigations

Eliminating domestic abuse prosecution unit and child abduction prosecution unit

Humboldt

Delaying road improvements

Freezing employee travel

Reducing park maintenance and library services

Pursuing federal payments for land added to expand national park

Imperial

Program budgeting to pinpoint service level reductions

Inyo

Suspending major purchases and computer replacements

Merced

Canceling vocational training contracts

Monterey

Closing sheriff's substations

Reducing crime prevention and substance abuse prevention programs

Raising land-use planning fees

Imperial

Encouraging industrial development

Investigating use of consultants and attorneys

Kern

Deferring capital purchases

Cutting library hours

Postponing deputy sheriff hiring

Kings

Doubling fees for park usage, and operating for a shorter season

Abandoning parks, subdividing, and selling land to developers

Closing satellite social services offices

Reducing employee training programs

Increasing zoning permit fees to reflect actual processing costs

Increasing fees for hazardous waste collection,

Increasing fees for health inspections of hotels, motels, restaurant operations, and retail markets

Increasing the price of ground squirrel bait

Reducing janitorial services and having employees empty own trash cans

## Increasing rental charges for County facilities

### Los Angeles

Closing botanic gardens, animal shelters, and juvenile probation camp  
 Closing small libraries and jails  
 Reducing beach lifeguard service and hours at public swimming pools  
 Transitioning a county rehabilitation center to private ownership  
 Closing health clinics  
 Eliminating hot breakfasts for inmates  
 Releasing low-risk jail inmates early  
 Greater use of electronic monitoring and supervised work-release for those convicted of misdemeanors  
 Reducing community policing, cargo theft team, traffic investigations, court security personnel, and Asian crime task force  
 Reducing prosecution of domestic violence, hate crimes and sex crimes  
 Consolidating or reducing programs to address environmental crimes, elder abuse, arson and high-tech crimes  
 Reducing sand combing and restroom cleaning at beaches  
 Eliminating trail maintenance crew  
 Reducing programs for employment training and temporary housing  
 Cutting services to indigent children who are not acutely mentally ill  
 Scaling back swift-water rescue team  
 Reducing street construction and maintenance  
 Deferring facility maintenance  
 Freezing employee salaries and benefits

### Madera

Closing libraries  
 Ending 24-hour staffing at 5 fire stations

### Mendocino

Eliminating travel and supplies  
 Instituting employee furloughs and/or retirement incentives  
 Reconsidering salary increases  
 Cutting mental health patients' rights advocate  
 Cutting mental health crisis staffing  
 Pooling with other counties to share health insurance costs  
 Privatizing planning services

### Monterey

Cutting funding that supports tourism  
 Cutting funding for general plan  
 Phasing out temporary workers  
 Cutting capital projects  
 Closing 2 satellite medical clinics  
 Eliminating hospital extended-care unit  
 Laying off janitors  
 Closing training and leadership institute  
 Discontinuing youth boxing program  
 Reducing sheriff's K9 program  
 Proposing half-cent sales tax increase for local health-care services

Increasing fees for marriage licenses, dog licenses, flu shots, land use fees, agricultural export certificates, body removal, fortune-teller permits and concealed weapons permits

#### Nevada

Increasing building fees  
Easing oversight of building projects  
Cutting library's budget for new materials

#### Orange

Creating task force to look at outsourcing, fees, retirement costs & fiscal management  
Delaying child abuse investigations  
Monitoring sea pollution less  
Eliminating Office of Protocol  
Eliminating psychiatric beds and detention health services  
Cutting senior citizen programs  
Cutting efforts to lure tourists and filmmakers  
Financing capital projects (instead of paying cash)  
Suspending drug treatment programs  
Eliminating grants to community non-profit agencies  
Cutting laboratory services  
Closing small health clinics  
Eliminating violence-prevention education  
Phasing out funding for Human Relations Commission  
Reducing services to veterans, the elderly, hate-crime victims and the mentally ill  
Cutting all funding for low-income housing  
Suspending funding for arts programs  
Offering 2 years of extra service credit to those who file intent to retire by March 31, and leaving those positions vacant

#### Placer

Tightening hiring restrictions  
Deferring equipment purchases  
Re-evaluating capital projects

#### Sacramento

Setting these spending priorities:

- 1) Must-fund programs
- 2) Non-mandated law enforcement
- 3) Safety-net programs
- 4) Quality of life programs
- 5) General government
- 6) Social prevention programs

Eliminating Sheriff's problem-oriented policing program  
Cutting parks, code enforcement and libraries  
Refinancing jail and pension bonds  
Expanding hiring freeze beyond general fund positions  
Closing 3 neighborhood health clinics  
Cutting mobile immunization program  
Closing a juvenile detention center  
Cutting adult drug court  
Reassigning adult probation officers to juvenile halls

Electronic monitoring of young offenders  
 Raising parking violation and code enforcement fines  
 Raising fees for flu shots  
 Cutting job assistance, skills training, after-school programs, senior centers, homeless shelters  
 Cutting contracts with community-based service agencies  
 Shortening work weeks

#### San Bernardino

Freezing equipment purchases  
 Evaluating capital projects  
 Analyzing leased space for savings  
 Reviewing contract and consulting services  
 Reviewing fleet maintenance and acquisition practices  
 Cutting out-of-state travel  
 Cutting discretionary project funds for use by Supervisors  
 Reducing litigation budget  
 Foregoing management audits  
 Consolidating welfare and employment services departments  
 Eliminating positions that have been vacant more than 120 days

#### San Diego

Postponing improvements to waterfront project

#### San Francisco

Outsourcing hospital laundry service  
 Raising park and recreation fees

#### San Joaquin

Cutting employee travel expenses  
 Suspending salary surveys  
 Cutting cell phone and county car use  
 Reducing work weeks to 4 days  
 Halving contributions to welfare-to-work programs run by non-profit agencies

#### San Mateo

Eliminating all vacant jobs  
 Deferring opening of juvenile hall  
 Cutting salaries across-the-board  
 Increasing fees for environmental health inspections and investigations  
 Cutting funding for cooperative extension programs

#### Santa Clara

Abolishing Domestic Violence task force, Terrorism task force, and Sexual Assault task force  
 Closing 2 community policing centers  
 Renting vacant jail beds to other jurisdictions  
 Offering early retirement incentives  
 Laying off sheriff deputies and cutting specialized task forces  
 Foregoing salary increases for sheriffs deputies

Santa Cruz

Offering 2 years of extra service credit for early retirements

Siskiyou

Cutting half of visitor's bureau and economic development council budgets  
Reducing vehicle maintenance

Sonoma

Cutting mental health outpatient counseling, medication and housing assistance  
Closing satellite mental health outreach facilities  
Cutting helicopter program  
Releasing inmates early  
Cutting gang and drug task forces  
Cutting special sheriff units involving boats, dogs and horses  
Cutting contracts with non-profit groups providing social services  
Reducing the number of Human Services employment counselors and trainers  
Making pay cuts  
Offering early retirement packages  
Mandating time off between Christmas and New Year's Day

Tehama

Eliminating most overtime  
Re-evaluating fee schedules  
Consolidating departments of public works, building, planning and environmental health

Tulare

Closing minimum-security correctional center  
Contracting out detention health care  
Cutting summer work experience program for students  
Increasing fees for nonviolent criminal work program, planning, development, special-use permits, lot-line adjustments, tentative subdivision maps, camping, and restaurant inspections

Ventura

Cutting 75% of travel and training  
Selling sheriff's helicopter  
Increasing budget targets for law enforcement by only the rate of the consumer price index  
Closing a jail and honor farm  
Ending gang violence task force  
Holding public meetings on setting budget priorities

Yolo

Mandating furloughs between Christmas and New Year's Day  
Reducing capital expenditures by half  
Reducing outside contracts by 5%  
Implementing a hotel/motel tax  
Closing one day a week and cutting salaries by 20%

## Criteria for Ranking County Programs and Services funded with General Purpose Revenues

### Category 1: Exempt

- ❖ Characteristics:
  - Mandated by law, or
  - Bound by obligation, such as debt service, or
  - Entirely offset (including overhead) by outside revenue, and requiring no County match, or
  - Supported by a dedicated funding source that cannot be diverted
  
- ❖ Recommendations:
  - Fully fund with available revenue.
  - Analyze for potential to reduce any current General Fund commitment by substituting other revenue.

### Category 2: Highest Priority

- ❖ Characteristics:
  - Necessary for protection of life and property, or
  - Little or no ability to charge users, or
  - Little or no ability to control usage, or
  - Vital to continued County operations, or
  - High priority to general public, or
  - Leverages a high percentage of matching State or Federal funds, or
  - Effective program resulting in a high return on County contribution
  
- ❖ Recommendations:
  - Minimize reductions in support
  - Give first priority for additional funding from new revenues

### Category 3: High Priority

- ❖ Characteristics:
  - Assists in protecting life and property, or
  - Generates revenue, or
  - Necessary for County operations, or
  - Benefits the majority of county residents, or
  - Benefits segments of county residents who have no alternative sources of service, or
  - Supports or enhances generation of General Purpose revenues, or
  - Liability to County is great if function is not performed to standards, or

- Reducing service shifts responsibility to a more expensive provider, or
  - Reducing service results in significant long-term costs
- ❖ Recommendations:
- Maximize revenue
  - Implement charges for services
  - Limit funding reductions
  - Investigate new revenue sources

#### Category 4: Medium Priority

- ❖ Characteristics:
- Discretionary
  - Regulatory function not essential to protection of human life, or
  - Improves quality of life for some residents of county, or
  - Benefits a limited number of residents, or
  - Could be fully offset by charges for services, or
  - Consumption of service can be controlled

- ❖ Recommendations:
- Establish full cost recovery through charges for service
  - Eliminate any General Fund support
  - Consider elimination or suspension of the program

#### Category 5: Low Priority

- ❖ Characteristics:
- Discretionary, or
  - Available outside county government, or
  - Consumption at user's discretion, or
  - High cost per unit of service, or
  - Benefits a small group of residents, or
  - Competes with other public or private providers of the service

- ❖ Recommendations:
- Eliminate program
  - Temporarily suspend program until funding becomes available
  - Work with other public or private providers to improve service delivery or share costs

## General Fund Programs, with FY 02/03 NCC

<u>BUDGET NAME</u>	<u>NCC</u>	<u>APPROP</u>	<u>NCC %</u>	<u>Status</u>	<u>20% cut = VLF backfill</u>
Program					
<u>AGRICULTURAL COMMISSIONER</u>	\$ 816,383	3,426,383	24%		\$ 164,011
Prevention	53,978	1,234,961	4%		
Consumer protection	149,370	508,700	29%		
Environmental protection	393,731	877,418	45%		
Weights & Measures	69,175	449,175	15%		
Administration	150,089	356,089	42%		
<u>ASSESSOR</u>	5,881,270	16,147,011	36%		1,181,547
Secured assessments	2,000,652	8,974,167	22%		
Unsecured assessments	923,928	1,715,928	54%		
Supplemental assessments	1,793,468	3,318,468	54%		
Public service	831,778	1,452,123	57%		
Geographic Information System	331,444	686,325	48%		
<u>CLERK-RECORDER</u>	163,564	12,497,382	1%		32,860
Recorder	-205,563	11,118,255	-2%		
County Clerk	369,127	1,379,127	27%		
<u>AUDITOR-CONTROLLER</u>	5,525,608	8,578,895	64%		1,110,095
General Accounting					
Payroll					
Property tax					
Internal audits					
<u>BOARD OF SUPERVISORS</u>	1,572,824	4,393,006	36%		315,980
Legislation	1,115,172	3,935,354	28%		
Administration	457,652	457,652	100%		
<u>ASSESSMENT APPEALS BOARD</u>	242,902	363,902	67%		48,799
<u>CHA: ANIMAL CONTROL</u>	2,537,462	5,119,260	50%		509,776
Field services					
Shelters					
<u>CHA: CA CHILDRENS SERVICES</u>	3,104,999	9,941,375	31%		623,794
<u>CHA: ENVIRONMENTAL HEALTH</u>	788,264	15,985,195	5%		158,362
Vector control	788,264				
Other	0				
<u>CHA: PUBLIC HEALTH</u>	8,134,833	44,933,104	18%		1,634,288

<u>BUDGET NAME</u>	<u>NCC</u>	<u>APPROP</u>	<u>NCC %</u>	<u>Status</u>	<u>20% cut = VLF backfill</u>
<u>CHILD SUPPORT SERVICES</u>	0	48,872,742	0%	Exempt	
Enforcement	0	26,459,703	0%	Exempt	
Clerical	0	17,608,849	0%	Exempt	
Attorneys	0	1,769,193	0%	Exempt	
Legal Support	0	425,193	0%	Exempt	
Administration/technical	0	2,609,804	0%	Exempt	
<u>COOPERATIVE EXTENSION</u>	348,027	348,027	100%		69,919
Administration	34,244	34,244	100%		
Exec Assistant/Office Mgr	62,757	62,757	100%		
Agriculture	125,512	125,512	100%		
Home economics	62,757	62,757	100%		
4-H youth development	62,757	62,757	100%		
<u>COUNTY COUNSEL</u>	3,069,391	3,580,891	86%		616,641
Real property	1,183,071	1,363,593	87%		
General govt	1,594,669	1,815,307	88%		
Public Works	258,856	319,054	81%		
Administration	32,492	82,637	39%		
<u>COURTS: GRAND JURY</u>	394,950	394,950	100%		79,345
<u>COURTS: REVENUE RECOVERY</u>	0	3,817,776	0%	Exempt	
<u>COURTS: SUPERIOR COURTS - CO</u>	3,416,818	3,476,465	98%		686,439
Pretrial services	2,028,130	2,019,617	100%		
Unallowable costs	788,688	856,848	92%		
Judges benefits	600,000	600,000	100%		
<u>CONFIDENTIAL COURT ORDERS</u>	600,000	600,000	100%		120,540
<u>CONTRIBUTION TO TRIAL COURT</u>	27,574,976	27,574,976	100%		5,539,813
<u>LEASED COURT FACILITIES</u>	0	2,534,945	0%	Exempt	
<u>DISTRICT ATTORNEY: CRIMINAL</u>	22,562,580	43,551,091	52%		4,532,822
Major Crimes	2,791,466	5,191,187	54%		
Writs, Appeals & Asset forfeiture	638,049	1,186,557	54%		
Administration	417,555	716,336	58%		
Victim-Witness Assistance	3,668,785	6,822,704	54%		
Special Prosecutions	1,309,232	2,337,684	56%		
Consolidated courts	2,871,222	5,339,507	54%		
Juvenile Div.	1,116,587	2,076,475	54%		
Desert Div.	7,808,608	14,390,700	54%		
Mid-County Div.	1,941,076	5,489,941	35%		

<u>BUDGET NAME</u>	<u>NCC</u>	<u>APPROP</u>	<u>NCC %</u>	<u>Status</u>	<u>20% cut = VLF backfill</u>
<u>DISTRICT ATTORNEY:</u>					
<u>FORENSICS</u>	0	344,000	0%	Exempt	
<u>DPSS: ADMINISTRATION</u>	<u>7,886,719</u>	<u>241,133,550</u>	<u>3%</u>		<u>1,584,442</u>
Child welfare services	1,153,357	45,903,538	3%		
Family preservation	0	834,316	0%	Exempt	
Child abuse prevention	0	419,725	0%	Exempt	
Child care	0	44,843,717	0%	Exempt	
Independent living program	0	2,052,251	0%	Exempt	
Adoptions Program	0	2,971,604	0%	Exempt	
Adoption assistance	0	587,921	0%	Exempt	
Adult protective services	0	7,306,153	0%	Exempt	
In-home supportive services administration	0	4,714,002	0%	Exempt	
Cal WORKS	1,205,173	41,084,252	3%		
Cal WORKS (WTW)	0	35,805,229	0%	Exempt	
Safe & Stable families	0	1,618,171	0%	Exempt	
Foster care	759,853	5,334,925	14%		
Food stamps	2,912,107	23,199,764	13%		
Medi-Cal	0	44,946,678	0%	Exempt	
Cal Learn	0	1,766,533	0%	Exempt	
Non-welfare (Homeless)	0	883,985	0%	Exempt	
OASIS expenses	791,096	1,318,492	60%		
Other	877,105	-24,645,734	-4%	Exempt	
General relief administration	188,028	188,028	100%		
<u>DPSS: CATEGORICAL AID</u>	<u>19,013,717</u>	<u>207,316,068</u>	<u>9%</u>		<u>3,819,856</u>
CalWORKS	2,741,137	109,285,860	3%		
Foster care	15,698,183	85,870,771	18%		
KinGAP	126,990	2,087,723	6%		
Adoptions assistance	447,407	10,035,714	4%		
Refugee resettlement	0	36,000	0%	Exempt	
<u>DPSS: MANDATED CLIENT SERV</u>	<u>12,314,964</u>	<u>40,433,472</u>	<u>30%</u>		<u>2,474,076</u>
In-home supportive services	3,886,223	20,742,807	19%		
Other	8,289,340	13,017,833	64%		
Child welfare services	139,401	6,672,832	2%		
<u>DPSS: OTHER AID</u>	<u>1,687,820</u>	<u>1,873,491</u>	<u>90%</u>		<u>339,083</u>
General relief	1,687,820	1,873,491	90%		
<u>EDWARD DEAN MUSEUM</u>	<u>150,000</u>	<u>199,648</u>	<u>75%</u>		<u>30,135</u>
<u>EXECUTIVE OFFICE</u>	<u>3,284,493</u>	<u>3,686,666</u>	<u>89%</u>		<u>659,855</u>
<u>FACIL-MGT: ADMINISTRATION</u>	<u>0</u>	<u>0</u>	<u>0%</u>		<u>-</u>

<u>BUDGET NAME</u>	<u>NCC</u>	<u>APPROP</u>	<u>NCC %</u>	<u>Status</u>	<u>20% cut = VLF backfill</u>
<u>FACIL-MGT: DESIGN &amp; CONSTRUCT</u>	62,041	797,787	8%		12,464
Design & construction	62,041	401,787	15%		
Construction inspection	0	396,000	0%	Exempt	
<u>FACIL-MGT: ENERGY MANAGEMENT</u>	6,975,937	7,498,193	93%		1,401,466
<u>FACIL-MGT: HOUSEKEEPING</u>	3,066,612	5,645,642	54%		616,082
Custodial/utility services	2,984,555	4,929,985	61%		
CAC annex	82,057	82,057	100%		
24-hour housekeeping	0	633,600	0%	Exempt	
<u>FACIL-MGT: MAINTENANCE</u>	3,456,155	4,433,823	78%		694,342
<u>FACIL-MGT: PARKING</u>	0	654,000	0%	Exempt	
Parking enforcement	0	104,000	0%	Exempt	
Parking structure fees	0	550,000	0%	Exempt	
<u>FACIL-MGT: REAL ESTATE</u>	298,359	8,011,263	4%		59,940
Leasing services	298,359	7,473,829	4%		
Right-of-way services	0	537,434	0%	Exempt	
<u>FIRE PROTECTION: CONTRACTS</u>	0	27,411,063	0%	Exempt	
<u>FIRE PROTECTION: FOREST</u>	14,956,389	46,831,749	32%		3,004,739
Administration & protection	14,246,375	44,727,593	32%		
Emergency services	185,645	542,806	34%		
Planning & Engineering	338,713	1,225,694	28%		
Hazard reduction	185,656	335,656	55%		
<u>HR: HUMAN RESOURCES</u>	200,000	5,597,383	4%	one-time NCC	
Staffing & classification					
Benefits & records					
Training & leadership development					
Administration					
Employee relations					
EEO/ Affirmative Action					
<u>HSA: DETENTION HEALTH SYSTEMS</u>	9,340,712	10,532,076	89%		1,876,549
<u>HSA: MED INDIGENT SERVICES</u>	1,759,026	11,040,026	16%		353,388
<u>INDIGENT DEFENSE</u>	7,900,038	7,965,322	99%		1,587,118

<u>BUDGET NAME</u>	<u>NCC</u>	<u>APPROP</u>	<u>NCC %</u>	<u>Status</u>	<u>20% cut = VLF backfill</u>
<u>MENTAL HEALTH:</u>					
<u>ADMINISTRATION</u>	0	2,931,758	0%	Exempt	
Central Administration	0				
Quality Assurance O/P	0				
Patient's rights	0				
Training/legal	0				
Research & evaluation	0				
Quality Assurance I/P	0				
Admin. Managed Care	0				
<u>MENTAL HEALTH:</u>					
<u>DETENTION PROG</u>	338,365	5,180,401	7%		67,978
Court	0	507,415	0%	Exempt	
Riverside	338,365	2,173,860	16%		
Indio	0	171,369	0%	Exempt	
Southwest	0	2,327,757	0%	Exempt	
<u>MENTAL HEALTH: PUBLIC</u>					
<u>GUARDIAN</u>	701,477	3,585,441	20%		140,927
LPS Conservatorships	0	1,519,050	0%	Exempt	
Probate	701,477	1,291,709	54%		
LPS Investigations	0	774,682	0%	Exempt	
<u>MENTAL HEALTH:</u>					
<u>SUBSTANCE ABUSE</u>	288,553	23,572,284	1%		57,970
Contracts	136,312	11,927,546	1%		
San Jacinto	28,364	757,642	4%		
Corona	9,075	546,246	2%		
Riverside	0	525,482	0%	Exempt	
Indio	43,323	2,274,477	2%		
Blythe drug	10,308	613,110	2%		
Substance abuse administration	0	1,129,787	0%	Exempt	
Friday Night Live	0	1,036,478	0%	Exempt	
START	1,535	482,134	0%	Exempt	
Temecula	1,064	141,810	1%		
Riverside drug	43,716	3,018,637	1%		
Indio drug	1,876	367,389	1%		
Cathedral City drug	12,980	751,546	2%		
<u>MENTAL HEALTH:</u>					
<u>TREATMENT PROG</u>	277,640	83,253,344	0%	Exempt	55,778
Children	50,816	11,054,272	0%	Exempt	
Desert	50,321	10,216,615	0%	Exempt	
Mid-County	30,435	9,418,757	0%	Exempt	
Western Children	81,472	8,511,073	1%		
Western Adult	1,480	8,728,053	0%	Exempt	
Adult	63,116	30,758,604	0%	Exempt	
Managed care	0	3,178,428	0%	Exempt	
CAT	0	1,387,542	0%	Exempt	
Cal Works	0	0	0%		

<u>BUDGET NAME</u>	<u>NCC</u>	<u>APPROP</u>	<u>NCC %</u>	<u>Status</u>	<u>20% cut = VLF backfill</u>
<u>PROBATION</u>	<u>4,091,887</u>	<u>23,177,158</u>	<u>18%</u>		822,060
Intake					
Juvenile supervision					
Adult supervision					
Investigations					
<u>PROBATION: ADMIN &amp; SUPPORT</u>	<u>1,794,838</u>	<u>2,778,146</u>	<u>65%</u>		360,583
<u>PROBATION: COURT PLACEMENT</u>	<u>2,707,979</u>	<u>2,707,979</u>	<u>100%</u>		544,033
<u>PROBATION: DIVERSION PROGRAMS</u>	<u>0</u>	<u>0</u>	<u>0%</u>	Exempt	
<u>PROBATION: JUVENILE HALL</u>	<u>9,112,235</u>	<u>27,716,871</u>	<u>33%</u>		1,830,648
<u>PUBLIC DEFENDER</u>	<u>17,506,088</u>	<u>17,698,532</u>	<u>99%</u>		3,516,973
Civil	640,397	648,368	99%		
Juvenile	1,006,338	1,018,864	99%		
Felony operations	10,681,128	10,799,555	99%		
Administration	1,463,763	1,481,983	99%		
SWJC	878,419	878,419	100%		
Misdemeanor	2,836,043	2,871,343	99%		
<u>PURCHASING</u>	<u>1,179,900</u>	<u>1,702,576</u>	<u>69%</u>		237,042
<u>PURCHASING: CENTRAL MAIL</u>	<u>378,828</u>	<u>1,230,772</u>	<u>31%</u>		76,107
USPS/UPS mail	247,473	804,014	31%		
Interdepartmental mail	128,909	418,812	31%		
Folding/Inserting, etc.	2,446	7,946	31%		
<u>REGISTRAR OF VOTERS</u>	<u>3,702,513</u>	<u>6,261,507</u>	<u>59%</u>		743,835
Administration	375,691	375,691	100%		
Election officers/polls	626,150	626,150	100%		
Voter services	1,782,911	4,320,440	41%		
Technology services	917,761	939,226	98%		
<u>SHERIFF: PATROL</u>	<u>42,497,251</u>	<u>132,195,387</u>	<u>32%</u>		8,537,698
Contract law enforcement					
Aviation					
Special Investigations					
Unincorporated patrol & response					
<u>SHERIFF: CORRECTIONS</u>	<u>47,597,846</u>	<u>80,738,874</u>	<u>59%</u>		9,562,407
RCRMC security					
Sentenced adults					
Unsentenced adults					
<u>SHERIFF: ADA GRANT</u>	<u>0</u>	<u>1,244,801</u>	<u>0%</u>	Exempt	
<u>SHERIFF: ADMINISTRATION</u>	<u>2,672,063</u>	<u>3,612,740</u>	<u>74%</u>		536,817
<u>SHERIFF: AUTO THEFT</u>	<u>2,719</u>	<u>649,211</u>	<u>0%</u>	Exempt	

<u>BUDGET NAME</u>	<u>NCC</u>	<u>APPROP</u>	<u>NCC %</u>	<u>Status</u>	<u>20% cut = VLF backfill</u>
<u>SHERIFF: CAC SECURITY</u>	<u>402,563</u>	<u>404,563</u>	<u>100%</u>		80,875
<u>SHERIFF: CORONER</u>	<u>3,504,934</u>	<u>5,558,182</u>	<u>63%</u>		704,141
Investigations					
Forensic medical evaluations					
Morgue operations					
<u>SHERIFF: COURT</u>					
<u>SERVICES</u>	<u>3,847,373</u>	<u>15,444,895</u>	<u>25%</u>		772,937
Court security					
Warrants & enforcement					
Administration & support					
<u>SHERIFF: PUBLIC</u>					
<u>ADMINISTRATOR</u>	<u>595,798</u>	<u>939,177</u>	<u>63%</u>		119,696
<u>SHERIFF: SUPPORT</u>	<u>11,800,940</u>	<u>26,709,490</u>	<u>44%</u>		2,370,809
Accounting & finance					
Technical Services					
Dispatch					
Personnel					
<u>SHERIFF: TRAINING</u>					
<u>CENTER</u>	<u>2,335,789</u>	<u>3,771,627</u>	<u>62%</u>		469,260
<u>TLMA: BUILDING &amp; SAFETY</u>	<u>0</u>	<u>17,068,636</u>	<u>0%</u>	Exempt	
Inspection services	0				
Plan review services	0				
Administration	0				
<u>TLMA: CODE</u>					
<u>ENFORCEMENT</u>	<u>3,839,534</u>	<u>6,012,256</u>	<u>64%</u>		771,362
Land use code enforcement	1,342,905	2,222,656	60%		
Land use abatement	767,374	1,270,089	60%		
Structural abatement	767,374	1,270,089	60%		
Recent addbacks	554,549	575,243	96%		
Administration	407,332	674,179	60%	Exempt	
<u>TLMA: PLANNING</u>	<u>1,328,006</u>	<u>6,109,665</u>	<u>22%</u>		266,796
Development review	0	3,514,659	0%	Exempt	
Administration	0	689,600	0%	Exempt	
Counter services	1,328,006	1,905,406	70%		
<u>TLMA: SURVEYOR</u>	<u>35,441</u>	<u>3,314,019</u>	<u>1%</u>		7,120
Engineering services	0	1,988,411	0%	Exempt	
Land development	0	662,804	0%	Exempt	
Administration	0	94,681	0%	Exempt	
Public information	35,441	568,123	6%		
<u>TREASURER-TAX</u>					
<u>COLLECTOR</u>	<u>1,381,231</u>	<u>9,301,632</u>	<u>15%</u>		277,489
Administration	0	836,798	0%	Exempt	
Tax Sale	0	756,624	0%	Exempt	
Treasurer	0	4,200,549	0%	Exempt	
Tax Collector	1,381,231	3,507,661	39%		

<u>BUDGET NAME</u>	<u>NCC</u>	<u>APPROP</u>	<u>NCC %</u>	<u>Status</u>	<u>20% cut = VLF backfill</u>
<u>VETERANS SERVICES</u>	571,918	795,218	72%		114,898
Administration	288,141	319,341	90%		
Service representatives	85,306	277,406	31%		
Support Staff	198,471	198,471	100%		
<u>CORAL: EQUIPMENT</u>	0	0	0%	Exempt	
<u>CORAL: PUBLIC FACILITY</u>	5,298,422	38,129,506	14%	Exempt	
<u>APPROPRIATION FOR</u>					
<u>CONTINGENCY</u>	19,494,501	19,494,501	100%		3,916,445
<u>COWCAP</u>					
<u>REIMBURSEMENT</u>	-13,592,225	-9,492,919	143%		(2,730,678)
<u>INTEREST ON TRANS</u>	3,378,118	5,607,618	60%	Exempt	
<u>LEASE-PURCHASE - LONG</u>					
<u>TERM</u>	2,192,641	3,441,671	64%	Exempt	
<u>LEGISLATIVE / ADMIN</u>					
<u>SERVICES</u>	1,705,000	1,737,000	98%		342,535
<u>CONT TO HEALTH/MENTAL</u>					
<u>HEALTH</u>	8,878,794	139,223,523	6%	Exempt	
<u>CONTRIBUTION TO</u>					
<u>COMMUNITY</u>	76,707	76,707	100%		15,410
Volunteer Center	11,275				
Riverside Arts Council	10,000				
Court Appointed Special					
Advocates	14,998				
Central County United Way					
RSVP	7,725				
Rape Crisis Center	8,000				
Shelter from the Storm	18,854				
Central Co. United Way Sr.					
Companion	5,855				
<u>CONTRIBUTION TO OTHER</u>					
<u>FUNDS</u>	28,651,926	28,651,926	100%		5,756,172
<u>ANNEX: INTERNAL</u>					
<u>UPGRADE</u>	250,000	250,000	100%		
<u>BOARD HEALTH PROGRAM</u>	2,500,000	2,500,000	100%		
<u>CAL-ID</u>	305,064	305,064	100%		
<u>COMMUNITY ACTION</u>	800,000	800,000	100%		
<u>DEFERRED MAINTENANCE</u>	3,000,000	3,000,000	100%		
<u>EDA</u>	1,642,340	1,642,340	100%		
Memberships	295,000				
Youth Intervention Program	547,340				
Kiosk project	150,000				
OASIS Assistance	500,000				
Senior Centers	150,000				
<u>HOSPITAL DEBT SERVICE</u>	5,384,000	5,384,000	100%	Exempt	
<u>HOSPITAL RESERVE</u>	9,800,000	9,800,000	100%		
<u>LAFCO</u>	187,964	187,964	100%		

<u>BUDGET NAME</u>	<u>NCC</u>	<u>APPROP</u>	<u>NCC %</u>	<u>Status</u>	<u>20% cut = VLF backfill</u>
OFFICE ON AGING	767,876	767,876	100%	grant matches	
Senior contracts					
Senior nutrition					
Senior employment					
Administration					
Community care					
PARKS	799,682	799,682	100%		
RCIP	2,000,000	2,000,000	100%		
TAX AGREEMENTS					
City of Banning	225,000	225,000	100%		
Desert Hills	535,000	535,000	100%		
San Savaine	350,000	350,000	100%		
Settlements	105,000	105,000	100%		
<b>TOTALS</b>	<b>\$ 399,665,426</b>	<b>1,715,239,911</b>	<b>23.30%</b>		<b>\$ 76,284,690 20.17%</b>

"Exempt" indicates programs that are mandated by law, bound by obligation (such as debt service), or entirely offset by outside revenue

Department of Public Social Services

Dennis Boyle  
Director

April 10, 2003

**TO:** Ed Corser, Finance Director

**FROM:** Richard "Dick" Tornero, Assistant Director DPSS

**Subject:** **CalWORKs Performance Incentives**

Due to State Budget constraints, DPSS is at risk of losing federal funding that has been earned by successfully assisting CalWORKs clients to become self-sufficient. This funding is referred to as CalWORKs Performance Incentives, a program that was established in conjunction with federal Welfare Reform in 1996. The premise for the Performance Incentives is that through County efforts to enable their CalWORKs clients to achieve self-sufficiency through employment, in part to fulfill federal 'Work Participation' requirements, savings would be achieved through overall household grant reductions. Grant reductions are achieved when a client's earned income, through employment, increases sufficient enough to either reduce their monthly grant amount or to enable the client to leave CalWORKs assistance altogether. Based on each county's success, the "savings" was redistributed to counties in the form of CalWORKs Performance Incentives.

Counties use of the Performance Incentives must fulfill one of the following four goals established under Welfare Reform:

1. Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.
2. End the dependence of needy parents on government benefits by promoting job preparation, work and marriage.
3. Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies.
4. Encourage the formation and maintenance of two-parent families.

In addition, the State has further defined 'Needy Family' and has established guidelines for what qualifies under each of the goals. Riverside DPSS has the responsibility to insure that any use of the County's Performance Incentives is spent on qualifying activities and is supported with sufficient documentation.

Through the County Expense Claim that is submitted to the State, the County is able to access the CalWORKs Performance Incentives. Prior to receipt of funding, the State must audit the claim. Typically the audit is completed within a month following the submission of the claim, and if approved, funding is distributed to the County within another 4 to 6 weeks thereafter. The State and/or Federal government may also audit these expenditures in more detail within the next five years.

The State permits counties to revise their claims within 9 months of their original submission. Recently, DPSS revised the fourth quarter claim of FY 01/02 to reflect additional eligible costs for Probation and Indigent Defense that could be reimbursed from Performance Incentives funding. This resulted in a shift in costs from the County General Fund of approximately \$4.2 million.

DPSS intends to include similar program expenditures in the claims submitted for this fiscal year to the extent that Performance Incentive Funding is available. DPSS will also have the ability to revise the FY 02/03 claims as needed to adjust any qualifying county costs to the Performance Incentive funds. It is expected that CalWORKs Performance Incentives will no longer be available after this fiscal year, but we may anticipate another \$4 Million shift of costs for Probation and Indigent Defense for FY 02/03, after we meet our current obligations and the State approves our claims.

I hope this information is helpful. Please feel free to contact me or Susan Loew, if you have any questions.