



Executive Office
County of Riverside

Larry Parrish
County Executive Officer

November 2, 2004

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**

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, Auditor-Controller
10/28/04

SUBJECT: FY 04/05 First-Quarter Budget Report

Board members:

The first-quarter report updates our financial condition and recommends needed adjustments. Additional adjustments, if warranted, will be discussed in the mid-year budget report.

Given the state's reported \$6 billion budget deficit, caution is in order. Facing potential state cuts that would affect our local budget, we should continue to build reserves as a hedge against an uncertain future. We recently (Item 3.6 of 9/28/04) rebuilt our reserve for economic uncertainty sufficiently to replace \$45 million in one-time funds used to balance this year's budget. Contingency is holding at \$28.9 million, including \$13 million reserved to cover Board-approved program increases in the final budget. Reserves also are being held for the hospital (\$10 million), DPSS (\$8 million), and SB 90 (\$10 million). The \$12 million VLF improvement will be brought into budget at the conclusion of an ongoing review of how the new state budget affects county revenue.

Looking forward, we encourage all departments to review their current rates for service, consistent with Board Policy B-4, to ensure that we have full cost recovery as we enter budget planning for FY 05/06.

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

<u>\$ Millions</u>	
16.5	First-quarter beginning balance (page 24)
16.5	First-quarter activity; majority beginning fund balance (page 24)
<u>(4.1)</u>	Actions recommended in this report (page 24)
\$28.9	New balance

Details on potential added costs totaling \$13 million for the current year and \$13 million ongoing were discussed in the beginning balance Form 11 (3.6 of 9/28/04). Two items in the beginning balance Form 11, the state audit and the Southwest Border Prosecution Initiative technical correction, are adjusted in this report. The remaining items will be monitored and addressed later in the year.

<u>\$ Millions</u>		<u>\$ Millions ongoing</u>
2.0	Detention Health (page 10)	2.0
1.5	Animal Control staffing (Form 11 pending)	1.5
1.5	Public Defender caseload growth (page 13)	1.5
<u>8.0</u>	Sheriff staffing (page 14)	<u>8.0</u>
\$13.0		\$13.0

Other attachments:

- ATTACHMENT A Recommendations and associated budget adjustments
- ATTACHMENT B Resolution No. 440-8570 Adding New Positions
- ATTACHMENT C Copy of DPSS Memo on Realignment Gap

IT IS RECOMMENDED that the Board of Supervisors: 1) receive and file this report; 2) approve the recommendations and associated budget adjustments in Attachment A; and 3) approve Resolution 440-8570 included as Attachment B.

Respectfully submitted,



LARRY PARRISH
County Executive Officer

**COUNTY OF RIVERSIDE EXECUTIVE OFFICE
FISCAL YEAR 04/05
FIRST-QUARTER REPORT**

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A. COUNTY'S FINANCIAL POSITION

1. FIRST QUARTER ACTIVITY

a) Quarterly discretionary revenue update

No change in the amount of budgeted discretionary revenue is recommended at this time. Revenue estimates are periodically reviewed and modified when necessary. Particularly significant this year are the tax-revenue streams modified in recent state budgets. An ongoing analysis of the new state budget's impact on Riverside County's property and motor vehicle taxes will be included in the mid-year budget report.

General Fund Discretionary Revenues		(millions)		
Source	Final Budget Estimate	Current Estimate	Variance from Final Budget	
Property Taxes	168.4	168.4	0.0	
Tax Losses Reserve Fund Overflow	10.0	10.0	0.0	
Sales Tax *	25.3	25.3	0.0	
Motor Vehicle In Lieu	119.0	119.0	0.0	
Federal In-Lieu Taxes	1.0	1.0	0.0	
Documentary Transfer Tax	14.0	14.0	0.0	
Transient Occupancy Tax	1.1	1.1	0.0	
Franchise Tax	4.9	4.9	0.0	
Fines and Penalties	26.5	26.5	0.0	
El Sobrante	2.1	2.1	0.0	
Interest	13.4	13.4	0.0	
Tobacco Settlement	16.7	16.7	0.0	
Other (Prior Year & Miscellaneous)	6.0	6.0	0.0	
TOTALS	408.4	408.4	0.0	

* Does not include Public Safety Sales Tax revenue

The multiple-year projection follows. We have reinstated a five-year format even though the out-year numbers are somewhat speculative; they are based partly on unknown state actions.

GENERAL FUND MULTI-YEAR PROJECTION

	FINAL BUDGET	PROJECTED ACTUAL				
	04/05	(in millions)				
	04/05	04/05	05/06	06/07	07/08	08/09
<u>RESOURCES:</u>						
Adjusted Fund Balance	20	70	20	20	20	20
Ongoing Revenue (5% growth)	392	392	434	471	494	519
Prop 172 Growth to SWJC	24	24	24	26	27	28
Prop 172 Growth to Safety	6	6	20	24	24	24
Tobacco Settlement	17	17	16	16	16	16
State Realignment Reimbursement	11	11	0	0	0	0
Use of Reserves (Including SB90)	33	33	34	0	10	5
Misc. One-Time Revenue	13	13	0	35	0	0
	515	565	548	592	591	612
<u>APPROPRIATIONS:</u>						
Misc. Ongoing NCC	356	356	391	395	413	427
Projected Ongoing FY04/05 Costs	0	0	0	0	0	0
Contingency	17	33	20	20	20	20
Total PERS Safety Costs	31	31	31	38	34	33
SWJC Operations	24	24	25	26	27	28
Sheriff/DA/PD COLAs	18	18	24	30	36	43
Probation Salary Increase	4	4	6	6	6	6
3.0 Fire Staffing and New Stations	10	10	12	15	15	15
Deferred Maintenance	1	1	3	3	3	3
Hospital Subsidy	31	31	31	31	31	31
Healthy Kids Program	3	3	3	3	3	3
SB90 State Deferral of Payments	10	10	0	0	0	0
Added to Reserves	11	45	0	21	0	0
	515	565	548	592	592	613
Available for Budget Needs	0	0	0	0	0	0
<u>NOTATIONS:</u>						
Reserve for Economic Uncertainties	10	44	15	36	26	21

Assumptions:

- 1) Departments to absorb additional miscellaneous PERS costs
- 2) Discretionary revenues assumed to grow at a 5 percent rate
- 3) State covers costs of SB90 and Realignment programs beginning in FY 05/06
- 4) State repays FY 03/04 motor vehicle license fee loan in FY 06/07

B. STATE BUDGET UPDATE AND COUNTY RESPONSE

1. EFFECTS OF STATE ACTIONS

In September 2004, the state Legislative Analyst's Office (LAO) projected a \$6 billion state budget shortfall in FY 05/06 and an additional \$8 billion in FY 06/07. This projection was based on the May 2004 revised budget plan. The \$6 billion shortfall projected for next fiscal year does not reflect the final budget actions of the Legislature and the Governor.

Additionally, some budget savings called for in the May revision will not occur because the figures did not include actual state revenues or any carryover budget deficit. Positive indicators for the state include September year-to-date personal income tax revenues totaling \$42 million above projections. Additionally, September year-to-date corporation tax receipts are \$484 million above estimates. The LAO is scheduled to release its updated state budget projections in November 2004. The Governor will release state budget projections as part of his January proposed budget.

California League of Cities polls indicate Proposition 1A is likely to pass on Nov. 2 and help protect most local funds from state diversion. Even with Proposition 1A, and especially if the state budget deficit worsens, state support might diminish for state-funded activities, including various health and human services programs.

Because the effects cannot be quantified at this time, the county should maintain adequate reserves to counter potential state hits against the county budget. The Board might recall that the FY 03/04 state budget shortfall started out very small but steadily grew to \$20 billion.

Category	2003	2004	2005	2006	2007
State Revenue	100	100	100	100	100
State Expenditure	100	100	100	100	100
State Shortfall	0	0	0	0	0
State Revenue	100	100	100	100	100
State Expenditure	100	100	100	100	100
State Shortfall	0	0	0	0	0
State Revenue	100	100	100	100	100
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State Revenue	100	100	100	100	100

2. HIRING TRENDS

The OASIS Human Resources Management System allows more efficient information reporting. The following chart shows there are about 100 fewer full-time, regular county employees than there were one year ago. Payroll growth slowed markedly during the period when the County Executive Officer directed managers to restrict hiring.

Full-time, Regular, Filled Position Analysis
 For the Period of
 December 31, 2001 through October 20, 2003

	31-Dec-01	31-Dec-02	14-Oct-03	21-Oct-04	One Year Change	
As./Clerk Rord	394	405	437	451	3.2%	14
Auditor Contr.	78	88	99	89	-10.1%	(10)
CHA	950	1,072	1,152	1,155	0.3%	3
Child S. Svcs	528	535	495	490	-1.0%	(5)
District Att.	423	441	465	465	0.0%	0
DPSS	2,719	2,748	2,634	2,737	3.9%	103
Econ Devel. Agen.	243	359	347	325	-6.3%	(22)
Exec. Office	35	32	29	30	3.4%	1
Human Res.	218	232	259	271	4.6%	12
Info. Tech.	196	211	223	179	-19.7%	(44)
Mental Health	803	813	786	724	-7.9%	(62)
OASIS	43	43	43	50	16.3%	7
Probation	669	757	776	741	-4.5%	(35)
Public Def.	160	174	180	171	-5.0%	(9)
RCRMC/DHS/MISP	1,503	1,623	1,673	1,659	-0.8%	(14)
Sheriff	2,740	2,825	2,891	2,850	-1.4%	(41)
TLMA	646	674	691	707	2.3%	16
Veterans Svcs	13	13	11	10	-9.1%	(1)
Waste Management	68	88	108	137	26.9%	29
ALL OTHERS	939	977	1,018	973	-4.4%	(45)
TOTAL	13,368	14,110	14,317	14,214	-0.7%	(103)

C. FY 04/05 DEPARTMENTAL STATUS

1. INTER-DEPARTMENTAL

a) Capital Improvement Program Team

The Capital Improvement Program team (CIP) is issuing bonds for projects approved in the FY 04/05 budget. The following is a status report of all funded projects:

- CAC Lemon Lane space allocation – Remodeling work is under way for this space. Auditor-Controller staff will be located in this area.
- Special Enforcement Bureau (Banning) – Facilities Management is in design development for this project. The estimated start date is December 2004.
- Perris Sheriff's Station and Perris Family Care Center – The Economic Development Agency and Facilities Management will manage the construction of the two projects.
- Ben Clark Firing Range (Phase I & II) – A contract has been awarded for the five shooting ranges. Construction will begin in November 2004.
- Ripley Fire Station - Agenda Item 3.14 of 10/19/04 approved design and construction in concept and authorized EDA to take steps necessary for construction to begin.
- Public Safety Radio Sites – Three sites have been identified: Edom Hill, Indio Hill and Pine Cove.
- Southwest County Regional Animal Shelter – Final site selection is pending.
- Fleet Operations Center – Construction will begin in April 2005 with completion expected in December 2005.
- EDA Building Expansion - The project is in the design development phase. Estimated start date for the 12-month project is January 2005.

The annual call for FY 05/06 projects was submitted to all departments and is due on Nov. 8. The CIP team will then evaluate submitted projects and prioritize them according to Board policy.

b) Capital Improvement Program Trust Fund

In Sep. 2003, the Board approved the establishment of a Capital Improvement Program (CIP) trust fund for future capital projects. The following budget adjustments will provide authority for preliminary costs associated with site survey and development of the Perris sheriff station and family care center. There are sufficient reserves in the trust fund.

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

Increase Appropriations:		
10000-1101200000-525440	Professional Services	\$45,000
Increase Estimated Revenue:		
10000-1101200000-790020	Sale of Real Estate	\$45,000

2. GENERAL GOVERNMENT

a) Board of Supervisors

Board and Executive Office staff implemented separate district budgets this year for tracking purposes only. Staff will analyze actual revenues and expenditures monthly, compare them to budget targets, and report the results to the Board regularly

b) EDA Administration – Special Projects Fund

An appropriations increase is needed to allow for expenditures associated with the Perris Valley infrastructure corridor. The U.S. EDA has approved a grant that, combined with CDBG funds, will implement the project. Increased grant revenue and other municipal reimbursements will offset the additional expenditures.

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

Increase Appropriations:		
21100-1900500000-536280	Other Capital Projects	\$3,000,000
Increase Estimated Revenue:		
21100-1900500000-767220	Federal Other Grants	\$1,500,000
21100-1900500000-790010	Other Financial Sources	<u>1,500,000</u>
	Total Estimated Revenue Increase	\$3,000,000

c) EDA Home Program Fund

To maintain a clear audit trail of grant revenue and authorized grant expenditures, an appropriation increase is needed to record the administrative costs that will be transferred to the EDA Administrative Fund. The additional expenditures are offset by increased program revenue.

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

Increase Appropriations:		
21250-1900600000-536920	Interfund Exp. - Office	\$62,933
21250-1900600000-537180	Interfund Exp. - Salary	<u>328,982</u>
	Total Appropriations Increase	\$391,915
Increase Estimated Revenue:		
21250-1900600000-766000	Fed – Comm. Rdv. Home	\$391,915

d) EDA HUD Community Services Grant Fund

To maintain a clear audit trail of grant revenue and authorized grant expenditures, an appropriations increase is needed to record administrative costs that will be transferred to the EDA administrative fund. The additional expenditures are offset by increased program revenue.

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

Increase Appropriations:		
21350-1900200000-536920	Interfund Exp. - Office	\$828,088
21350-1900200000-537180	Interfund Exp. - Salary	<u>1,359,070</u>
	Total Appropriations Increase	\$2,187,158
Increase Estimated Revenue:		
21350-1900200000-767200	Fed – Block Grants	\$2,165,040
21350-1900200000-767300	Fed – Other Govt. Agency	<u>22,118</u>
	Total Estimated Revenue Increase	\$2,187,158

e) Executive Office - NPDES

The Executive Office coordinates the National Pollutant Discharge Elimination System (NPDES) program in the unincorporated county. A budget adjustment is needed to address increased permit requirements resulting from three new regional board permits and increased implementation costs.

The Executive Office, TLMA, Flood Control, Environmental Health and Waste Management will meet to discuss the issues facing the county. A full report will be made to the Board in approximately 180 days.

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

Increase Appropriations:		
10000-1102900000-524660	Consultants (NPDES)	\$120,500
10000-1102900000-527240	NPDES Contributions	<u>133,000</u>
	Total Appropriations Increase	\$253,500
Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$253,500

f) Executive Office – Redevelopment Improvement Trust Fund

A budget must be established to account for pass-through funds primarily from City of Riverside redevelopment project areas. The funds will be used for capital facilities and debt service on facilities in the downtown area or as indicated in pass-through agreements.

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

Increase Appropriations:		
31540-1100100000-532660	Other Capital Leases	\$3,500,000
Increase Estimated Revenue:		
31540-1100100000-700060	Misc. Property Tax	\$700,000

There is available unreserved fund balance to offset this increase.

g) Human Resources

In a December 2003 Board workshop, the Human Resources director presented a strategy for reducing workers' compensation and other "absence costs." Several programs were implemented, including the managed-care workers' compensation health care organization program, the occupational health division, and the trauma release technique program for repetitive motion injuries.

The return-to-work program was implemented this year and has started to reduce costs. In the first quarter of FY 04/05, 27 percent of sheriff's safety employees who filed new workers' compensation injury claims were transitioned back to full duty. Additionally, 33 percent of non-sworn sheriff's employees who filed claims were placed in the modified duty program. Returning these employees to work through the modified duty program reduces workers' compensation costs to the department.

Human Resources' goals and objectives for the next quarter include a 40 percent increase in participation and development of a comprehensive tracking system for the program. The department will provide a savings update in the mid-year report.

h) Purchasing

An appropriations increase is needed to cover the cost of services provided to the Superior Court and for the recent county EXPO. The additional appropriations are offset by increased revenue with no net general-fund impact.

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

Increase Appropriations:

10000-7300100000-523700	Office Supplies	\$5,534
10000-7300100000-526700	Rent Lease- Building	<u>12,646</u>
	Total Appropriations Increase	\$18,180

Increase Estimated Revenue:

10000-7300100000-777520	Reimbursement for Services	\$13,680
10000-7300100000-781360	Other Misc. Revenue	<u>4,500</u>
	Total Estimated Revenue Increase	\$18,180

i) Redevelopment Capital Projects Fund

An appropriations increase is needed to pay vendors that cannot be paid via an interfund account and to accomplish operating transfers out to the redevelopment debt service fund.

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

Increase Appropriations:

32700-934001-525500	EDA/CDBG Salary Reimb	\$60,000
32700-934001-551000	Operating transfers out	<u>1,000,000</u>
	Total Appropriations Increase	\$1,060,000

Increase Estimated Revenue:

32700-934001-781120	Rebates and Refunds	\$60,000
32700-934001-791000	Bond Proceeds	<u>1,000,000</u>
	Total Estimated Revenue Increase	\$1,060,000

j) Redevelopment Special Revenue Fund

An appropriations increase is needed to cover housing-project expenditures that exceed the current budget, and to pay vendors that cannot be paid via an interfund account. Increased bond proceeds from the fiscal agent will offset the additional expenditures.

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

Increase Appropriations:

25000-934001-525500	EDA/CDBG Salary Reimb	\$18,000
25000-934001-536200	ACO and Pass-through	<u>16,000</u>
	Total Appropriations Increase	\$34,000

Increase Estimated Revenue:

25000-934001-781120	Rebates and Refunds	\$34,000
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k) Registrar of Voters

The Secretary of State now requires paper ballots for at least 25 percent of the voters reasonably expected to vote at each polling place in the Nov. 2 general election. The county's MOU with the Secretary of State provides that the cost of paper ballots and other new requirements shall be reimbursed by the state. The Registrar will report final costs to the Board after the election.

3. HEALTH AND SANITATION

a) Community Health Agency – Department of Animal Services

The Board allocated (Item 3.1 of 10/5/04) \$15,000 to the Department of Animal Services for spay and neuter services. The Form 11's budget adjustment increased estimated revenue, but the matching appropriation adjustment was not included. The department requests a correction to establish budgetary authority to spend the \$15,000.

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

Increase Appropriations:

10000-4200600000-525440	Professional Services	\$15,000
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b) Community Health Agency – Public Health

The Riverside County Indian Gaming Local Community Benefit Committee agreed to pay to place an ambulance at Casino Morongo in Cabazon. Public Health has requested a budget adjustment to allow the department to pay American Medical Response for ambulance

services, scheduled to begin on Oct.1, 2004. The current year cost is \$337,500 and will be wholly paid by the committee.

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

Increase Appropriations:		
10000-4200100000-525440	Professional Services	\$337,500
Increase Estimated Revenue:		
10000-4200100000-781360	Other Misc. Revenue	\$337,500

c) Detention Health Services (DHS)

The department projects a \$1.7 million shortfall due to increased prisoner hospital charges, primarily emergency and special medical services not provided at RCRMC. The shortfall was identified as a policy item in budget hearings but was deferred for later consideration. The Board recently budgeted \$2 million in contingency for Detention Health (Item 3.6 of 9/28/04), and the money is available to offset the increased costs. The Executive Office and the department will continue to monitor the impact of prisoner hospital charges and will report back at mid-year with budget adjustments, if needed.

d) Medically Indigent Services Program (MISP)

The department's medical costs are approximately \$600,000 more than they were during the same period in FY 03/04. This increase is attributed to prescriptions filled at pharmacies throughout the county. While prescriptions written at the medical center must be filled at its pharmacy, prescriptions from the county health centers and contracted clinics are often filled at outside, more expensive pharmacies. Pharmacy costs make up the majority of the MISP program's medical costs.

MISP has taken steps to reduce costs. For example, MISP eligibility staff now requires documentation from applicants as to whether they are eligible for insurance through their employers. MISP eligibility population dropped from 16,151 in August 2003 to 14,227 in August 2004.

It would be premature to state that the reduced MISP-eligible population will offset the prescription-cost increases during the fiscal year. The Executive Office and the department will continue to monitor expenditures and report back at mid-year with budget adjustments, if needed.

4. PUBLIC PROTECTION

a) Building & Safety

During budget preparation, four filled code enforcement positions, and the anticipated revenue they would generate, were placed in Building and Safety's budget. During budget hearings, the Board approved a code enforcement request to fund and return these positions to code's budget. A budget adjustment is needed to make the appropriate changes.

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

Decrease Appropriations:		
10000-3110100000-510040	Regular Salaries	\$253,949
10000-3110100000-518100	Budgeted Benefits	106,771
	Total Appropriations Decrease	<u>\$360,720</u>

Decrease Estimated Revenue:		
10000-3110100000-722060	Permit-Building	\$45,186
10000-3110100000-731100	Code Enforcement	200,000
10000-3110100000-771930	Deposit Based Fee Draws	115,534
	Total Estimated Revenue Decrease	<u>\$360,720</u>

b) Code Enforcement

The department's latest estimate indicates that activity and associated revenue and expenses will be higher than expected. A budget adjustment is needed to reflect revenue and expenditure projections. The recommended action reduces net county cost.

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

Increase Appropriations:		
10000-1109000000-581000	Contingency	\$47,440
10000-3110200000-523640	Computer Equip - Non fixed	125,000
10000-3110200000-525440	Professional Services	232,000
10000-3110200000-537000	Interfund Expense - Leases	33,000
	Total Appropriations Increase	<u>\$437,440</u>

Decrease Appropriations:		
10000-3110200000-510040	Regular Salaries	\$50,000

Increase Estimated Revenue:		
10000-3110200000-731100	Code Enforcement	\$187,157
10000-3110200000-770100	Special Assessments	190,000
10000-3110200000-770100	Other Fines	9,387
10000-3110200000-770100	Other Fines & Penalties	896
	Total Estimated Revenue Increase	<u>\$387,440</u>

c) Crossing Guards

The department's revised estimate indicates that activity and associated expenses will be higher than expected. A budget adjustment is needed to reflect current expenditure projections for crossing guards.

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

Increase Appropriations:		
20000-3130300000-518100	Budgeted Benefits	\$22,802
20000-3130300000-536840	Interfund Exp-COWCAP	<u>1,931</u>
	Total Appropriations Increase	\$24,733

Unreserved fund balance is available to offset these increases.

d) District Attorney

As previously reported to the Board, a technical adjustment is needed to reflect the correct budgeted amount for SWBPI. By prior action (3.6 of 9/28/04) the Board budgeted \$2.5 million in contingency for this technical adjustment and a similar one in the Sheriff's budget.

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

Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$1,900,313
Decrease Estimated Revenue:		
10000-2200100000-767380	Fed-Southwest Border	\$1,900,313

The District Attorney projects no insurmountable budget problems at this time. A one-time Southwest Border Prosecution Initiative (SWBPI) reimbursement grant of \$1.5 million was budgeted to offset FY 04/05 costs. The Federal Bureau of Justice Assistance recently informed the county, however, that funding for this grant is nearly exhausted. As a result, the District Attorney's revenue will be less than budgeted. The District Attorney recently received \$965,000 in civil penalties, which will be used to partially offset the reduction of SWBPI funds. Any needed budget adjustments will be recommended in the mid-year report.

e) Fire Department Homeland Security Grant

The Fire Department received funding from a Homeland Security grant. The following budget adjustment has no net general-fund impact and is needed to establish budgetary spending authority.

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

Increase Appropriations:		
10000-2700200000-527780	Special Program Expense	\$190,000
Increase Estimated Revenue:		
10000-2700200000-767200	Fed- Other Grants	\$190,000

f) Fire Department Operations

The department balanced the FY 04/05 fire budget by transferring \$4.3 million from the fire-tax reserve to the general fund. After year-end closing, staff determined that the reserve was only \$3.1 million, leaving a \$1.2 million gap in the department's budget. The department cut

costs and expects to reduce, but not eliminate, the shortfall. Fire projects it may need \$500,000 in additional general-fund support by year's end.

Fire-tax reserves will be depleted this year, so additional general-fund support will be needed next year to maintain existing service levels and complete the 3.0 staffing plan. The state and CDF recently negotiated pay increases and restructured firefighter overtime pay. The added costs are passed on to the county and exacerbate the situation. Fire estimates it will need an additional \$6-8 million in FY 05/06.

The Executive Office is analyzing the potential general-fund impact and will report more fully to the Board at mid-year.

g) Indigent Defense

As the final budget document mentioned, a staff shortage in the Law Offices of the Public Defender (LOPD) last summer increased the use of conflict defense panel attorneys on felony cases. For July and August, one of the contracted attorney groups claimed additional expenses approaching \$300,000. The cost for September and October cost is expected to be about \$150,000. In addition, last year's contract with one of the attorney groups included a provision for payment for certain cases beyond contracted case ranges. The cost of these cases totaled \$188,475.

Even with these additional expenses, the cost of the conflict defense panels is significantly (at least \$1.5 million) less than in the late 1990s. This savings can be attributed to restructuring and closer monitoring of the contracts. The LOPD reports that staffing should be sufficient to retract its declaration of unavailability (overload status) by the end of the second quarter.

These unbudgeted expenses - expected to be about \$700,000 - can best be addressed at mid-year, when the total cost is clearer. By prior action (3.6 of 9/28/04) the Board budgeted \$1.5 million in contingency for Public Defender caseload growth. This may be used to offset the increased costs.

h) Probation Department

As in the past, the juvenile institutions' census has increased as school started. Reopening 60 beds (one 30-bed unit each in Riverside and Indio) would cost \$1.4 million a year. To minimize general-fund impact, the Probation Department and the Juvenile Court developed the home supervision, or "house arrest" program. Up to 60 minors will be placed in this program in lieu of detention while awaiting disposition. The program's annual cost is estimated at \$404,741, which will be partly offset by federal reimbursement. The general-fund support needed is \$291,959 annually, including \$145,980 for the remainder of this fiscal year. Seven new positions are needed to implement this program. The budget adjustments below provide for implementation.

Recommended Motion: That the Board of Supervisors: 1) amend Ordinance No. 440 pursuant to Resolution No. 440-8570 included in this report as Attachment B; and 2) approve and direct the Auditor-Controller to adjust appropriations and estimated revenue as follows:

Increase Appropriations:

10000-2600200000-510040	Regular Salaries	\$127,093
10000-2600200000-518100	Budgeted Benefits	60,878
10000-2600200000-520230	Cellular Phones	1,400
10000-2600200000-523700	Office Supplies	2,000
10000-2600200000-524800	Drug Testing	2,000
10000-2600200000-528920	Car Pool Expense	9,000
	Total Appropriations Increase	\$202,371

Decrease Appropriations:

10000-1109000000-581000	Contingency	\$145,980
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Increase Estimated Revenue:

10000-2600200000-767020	Fed-Entitlements	\$56,391
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In FY 03/04, the Board was informed that Probation's 14-year-old client management computer system was nearly obsolete and that manufacturer support would end in 2007. Probation, Information Technology and Purchasing developed a replacement strategy that will be presented to the Board in a separate Form 11 in November. The replacement strategy might require general-fund support this year and annually.

Other unplanned expenditures for interpreter services, furniture purchases and copy-machine replacement will be incurred this fiscal year. The Executive Office will closely monitor for unplanned expenditures and will provide an update in the mid-year budget report.

i) Sheriff's Department

A technical adjustment is needed to reflect the correct budgeted amount for SWBPI. By prior action (3.6 of 9/28/04) the Board budgeted \$2.5 million in contingency for this technical adjustment and a similar one in the District Attorney's budget.

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

Decrease Appropriations:

10000-1109000000-581000	Contingency	\$633,438
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Decrease Estimated Revenue:

10000-2500400000-767380	Fed-Southwest Border	\$633,438
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During budget hearings the Sheriff's department said an additional \$8 million was needed to avoid layoffs. The department now projects that need at \$5.1 million. According to the Sheriff, positions left unfilled during last year's hiring freeze yielded significant savings. Corrections require the largest share of new funding because the work-release and electronic-monitoring programs will generate less revenue than expected. A planned change in the sign-up procedure for the work-release program should increase future revenue.

In addition, the amount of overtime in the Sheriff's central dispatch unit has been extraordinary. Turnover in the dispatch classifications is extremely high. The department will closely monitor these activities and update the Board in the mid-year report. The Executive Office recommends delaying budget adjustments until then, when more refined expenditure trends will be available to better project needs.

j) Superior Court – Trial Court Funding

The state Controller's Office audited Riverside County's court revenues for the period of July 1, 1997 through June 30, 2002. The audit disclosed that the county underpaid the state Treasurer by \$1,058,038. A budget adjustment is needed to make the necessary state payment. Additionally, Trial Court Funding revised its current-year revenue estimate and requests a budget adjustment. The contingency impact from the audit is partly mitigated because the county is entitled to part of the additional court revenue.

By prior action (3.6 of 9/28/04) the Board budgeted \$1 million in contingency for this audit.

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

Increase Appropriations:

10000-1100900000-536200	Contrib. to Other non-co Agency	\$1,769,871
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Decrease Appropriations:

10000-1109000000-581000	Contingency	\$763,003
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Increase Estimated Revenue:

10000-1100900000-731200	AB233 Realignment	\$833,600
10000-1100900000-730040	Fine-Traffic VC	101,354
10000-1100900000-731160	Administrative Costs	71,914
	Total Estimated Revenue Increase	\$1,006,868

k) Superior Court – Enhanced Collections

Collection of delinquent fines, fees, penalty assessments and forfeitures is a county responsibility. The county contracts with the Superior Court to perform the collections and all collection costs are paid from collected fines and fees. The court has 68 authorized positions that collect on delinquent accounts. Collections are distributed to the county, state and cities according to state rules.

The state's Court Ordered Debt (COD) program finds debtors and collects delinquent payments. To maximize revenues, the court contracted with the state this year to collect on cases five to seven years old. The state charges 15 percent for collecting this debt, as opposed to from 20-30 percent for private collection agencies.

At the time the FY 04/05 budget was developed, appropriations for the 15 percent were not included, so a budget adjustment is needed. The yearly cost is estimated at \$100,000 but because this is a new program, further adjustments might be requested later in the fiscal year. The adjustment has no net effect on the general fund.

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

Increase Appropriations:		
10000-2100200000-524620	Collection Agency	\$100,000

Increase Estimated Revenue:		
10000-1100900000-777520	Reimbursement for Services	\$100,000

I) Superior Court – Night Court Facilities

The Vehicle Code provides for a fee to support night court facilities. The Superior Court collects the fee and transfers it to a subfund of the general fund. The following budget adjustment reimburses Facilities Management for maintenance costs associated with night court facilities. There are sufficient reserves in the subfund to cover these costs.

Recommended Motion: That the Board of Supervisors: 1) approve the transfer of \$66,500 from fund 11034 to Facilities Management; and 2) approve and direct the Auditor-Controller to adjust appropriations and estimated revenue as follows:

Increase Appropriations:		
10000-1100900000-537040	Interfund Exp-Maintenance	\$66,500

Increase Estimated Revenue:		
10000-7200300000-778170	Interfund -Maintenance	\$66,500

5. PUBLIC ASSISTANCE

a) DPSS-Categorical Aid

Caseload growth for foster care and adoptions assistance through July 31, 2004 is on track with earlier projections and the department anticipates the need for additional funding. The need estimated in the proposed budget was \$17,270,537 with a county match of \$6,539,226. A designation was established in the FY 03/04 third quarter report and increased in the current budget to provide for DPSS program growth costs. The department is unable to provide an update to its assistance programs growth estimate at this time. The department and the Executive Office will monitor growth in these programs and will report back at mid-year with budget adjustments, if necessary.

b) DPSS-Cold Weather Shelter

The department's requested budget identified an unmet cost of operating its emergency shelters, and included a \$720,778 policy item. The department and the Executive Office recommended funding these expenditures with one-time fund balance. An appropriations increase is needed to cover these costs. No additional contribution from the general fund is requested this year.

DPSS is negotiating an ongoing commitment from the City of Riverside for half of the shelter's operating expenses. The preliminary indication is that the city intends to provide \$300,000

towards FY 04/05 shelter operations. DPSS will keep the Executive Office apprized of the status of these discussions.

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

Increase Appropriations:

21050-5200300000-530360	Home/Shelter Services	\$453,815
21050-5200300000-536740	Interfund Exp. Admin. Support	<u>266,963</u>
		\$720,778

Unreserved fund balance is available to offset these increases.

c) DPSS - CalWORKs Single Allocation

Statewide funding was reduced for all three components of the CalWORKs allocation: eligibility, child care and welfare-to-work. For Riverside County, this resulted in a \$12 million reduction, or 12.5 percent. The CalWORKs budget included flexibility to handle a state reduction, but not one of this magnitude. To maintain existing operations, the department faces a projected \$6.5 million budget shortfall. The department will cover the shortfall with one-time funds. The department requested additional state funding to support implementation costs for the new statewide automated welfare system.

d) DPSS - In Home Supportive Services (IHSS)

The In Home Supportive Services (IHSS) budget included the county share of negotiated health benefit costs. However, the department is billed for the entire Exclusive Care premium. At the time the budget was prepared, this billing process had not been finalized, so a budget increase is requested in order to provide for the change. Federal reimbursements cover this cost, so there will be no net general fund effect.

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

Increase Appropriations:

10000-5100200000-530440	60160 (IHSS-IP)	\$5,335,270
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Increase Estimated Revenue:

10000-5100200000-760000	Federal Public AA	\$2,549,556
10000-5100200000-750300	California Public AA	<u>2,785,714</u>
	Total Estimated Revenue Increase	\$5,335,270

The state budget included a new IHSS residual waiver, a rule change that DPSS estimated would yield one-time savings of \$6 million. To date, however, the state has not implemented the IHSS waiver and no savings have been generated. This could cause an unexpected \$6 million budget shortfall. There is no plan in the budget for this loss.

The IHSS residual waiver also contains quality assurance provisions as a new regulatory program requirement. Currently, DPSS estimates the total quality-assurance costs to be \$660,000 with a county share of \$103,200. The department will monitor and report the need for additional funding as the provisions and related expenditures are clarified.

Actual IHSS program growth is consistent with budget-year projections, supporting the department's original policy item requests. The policy items had a total county contribution of \$7,895,381. The department and the Executive Office will continue to monitor the impact of the IHSS residual waiver as well as program growth and will report back at mid-year with budget adjustments, if necessary.

e) DPSS – IHSS Public Authority

The IHSS Public Authority (PA) budget was approved by the PA Board of Directors (Item 7.2 of 5/18/04) but not by the Board of Supervisors. The recommended motion below corrects this oversight.

Recommended Motion: That the Board of Supervisors approve the Public Authority budget that was presented in agenda item 7.2 of 5/18/04 and approved by the PA Board of Directors.

The IHSS Public Authority (PA) budget approved by the PA Board of Directors (Item 7.2 of 5/18/04) included \$733,560 in county match. Public Authority and County Executive Office staff agree that the match should be transferred from the DPSS realignment advance designation. This adjustment allows the transfer to be made.

Recommended Motion: That the Board of Supervisors: 1) approve the transfer of up to \$733,560 from the general fund to fund 22800; and 2) approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:		
10000-1101000000-551100	Contributions to other Funds	\$733,560
Decrease Designation:		
10000-1100100000-320100	DPSS Realignment Advance	\$733,560

f) DPSS-Realignment funding update

The Department of Public Social Services (DPSS) prepared a historical analysis of realignment revenue earned and received. This quantified recent realignment shortfalls and addressed concerns that revenues no longer are able to keep pace with program costs. The analysis covers the period from realignment inception in FY 91/92 through FY 03/04. Cumulatively through FY 03/04, the realignment shortfall totals \$77 million for Riverside County. The county will receive \$34 million in arrears, but the remaining \$43 million is a permanent loss, absent legislative change. Please refer to Attachment C for the complete report.

6. PUBLIC WAYS AND MEANS

a) Facilities Management – Capital Projects

A deferred-maintenance and capital-construction projects review identified a \$243,000 savings from completed and closed projects. Facilities Management proposes reprogramming this balance for projects related to maintaining county-owned facilities.

Recommended Motion: That the Board of Supervisors approves reprogramming a total of \$243,000 for additional maintenance projects as follows:

Completed and Closed jobs

IND Mental Health Roof Replacement	\$45,000
RV Probation Chiller Replacement	49,000
Total savings from completed jobs:	<u>\$94,000</u>

Add refund from CAC Chiller replacement	<u>\$149,000</u>
Total available for reprogramming	<u>\$243,000</u>

Proposed Reprogramming

RV DPSS Arlington Chiller Replacement	\$40,000
RV Toro Animal Shelter Replace HVAC	55,000
Emergency Safety Allocation	49,000
IND Law Library fire Alarm	49,000
RV CAC Chiller Replacement	50,000
Total Reprogrammed	<u>\$243,000</u>

b) Transportation – Garage

The department's revised estimate indicates higher-than-expected activity and associated revenue and expenses. A budget adjustment is needed to reflect garage's current revenue and expenditure estimates.

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

Increase Appropriations:		
20000-3130700000-528080	Labor	\$368,043

Decrease Appropriations:		
20000-3130700000-520820	Janitorial Services	\$2,978
20000-3130700000-525140	Personnel Services	12,792
20000-3130700000-537220	Interfund Exp – Labor	<u>109,900</u>
	Total Appropriations Decrease	<u>\$125,670</u>

Increase Estimated Revenue:		
20000-3130700000-771930	Deposit Based Fee Draws	\$242,373

c) Transportation – Operations

A technical adjustment is needed to correct information included during budget preparation. This action has no net impact on the general fund.

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

Increase Appropriations:		
20000-3130100000-542060	Improvements-Building	\$300,000

Unreserved fund balance is available to offset these increases.

7. INTERNAL SERVICE FUNDS

a) Central Mail

The Board approved (Item 3.24 of 5/27/04) the reclassification of Central Mail from a general-fund department to an Internal Service Fund (ISF). The timing of this change did not allow departments the opportunity to budget for increased service costs. So, the Form 11 authorized a one-time, general-fund supplement to Central Mail operations. Central Mail requests that the supplement be transferred this quarter to maintain a positive cash balance in the fund. Recent analysis supports transferring the maximum allowable amount of \$409,712.

Recommended Motion: That the Board of Supervisors 1) approve the transfer of \$409,712 from the general fund to fund 45620; and 2) approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:		
10000-1101000000-551100	Contribution to Other Funds	\$409,712

Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$409,712

Increase Estimated Revenue:		
45620-7300600000-781540	Contribution from Other Funds	\$409,712

Decrease Estimated Revenue:		
45620-7300600000-781360	Other Misc. Revenue	\$409,712

b) Information Technology

Information Technology identified \$2.1 million in retained earnings that should be transferred to the 800 MHz radio replacement fund. The \$2.1 million resulted from savings achieved by reorganizing the department and restricting expenses within the radio support division. The Sheriff and Information Technology agree that the \$2.1 million should be transferred to the radio replacement fund. The following budget adjustments move \$2.1 million from Information Technology to the radio replacement fund, which is managed by the Executive Office.

Recommended Motion: That the Board of Supervisors: 1) approve the transfer of \$2.1 million from fund 45500 to fund 11069; and 2) approve and direct Auditor-Controller to make the following budget adjustments:

Increase Appropriations:
 45500-7400100000-551000 Operating Transfer out \$2,100,000

Unreserved fund balance is available to offset this increase.

Increase Appropriations:
 10000-1103800000-520200 Communications \$2,100,000

Increase Estimated Revenue:
 10000-1103800000-790500 Operating Transfer in \$2,100,000

c) Supply Services

Supply Services expended 99 percent of its \$1.4 million furniture allotment because of unexpected departmental orders. The following budget adjustments are needed in anticipation of furniture orders over the balance of the fiscal year. This transaction has no direct general-fund impact.

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

Increase Appropriations:
 45700-7300400000-527600 Indirect Materials \$212,500
 45700-7300400000-523680 Office Equipment 12,500
 Total Appropriations Increase \$225,000

Increase Estimated Revenue:
 45700-7300400000-781600 Systems Furniture \$225,000

8. ENTERPRISE FUNDS

a) RCRMC - MOU with Mental Health

RCRMC and Mental Health are in discussions to revise their MOU. The MOU, established in 2000, requires that RCRMC provide a \$4.5 million credit to Mental Health based on the amount of SB 855 Disproportionate Share Hospital (DSH) revenue the hospital receives.

As part of the state's Medi-Cal program redesign, distribution of the DSH funds might be restructured. The final methodology is not yet clear but the redesign should be implemented by July 1, 2005. It is therefore recommended that the departments maintain the current arrangement until the redesign is in place.

b) Riverside County Regional Medical Center (RCRMC)

The budgeted net county contribution to the medical center is \$31 million for FY 04/05. Included in the hospital's budget is \$11.5 million of revenue that was not completely certain at the time the budget was adopted. Additionally, \$10 million was set aside to cover any unanticipated hospital shortfalls. The hospital continues to implement performance improvements. A budget plan based on current projections will be presented at the Board workshop scheduled for Nov. 15.

c) Waste Management Department

Waste Management requests approval and budget adjustments to purchase the following capital assets: one dozer (\$306,000) for operations at the Lamb Canyon landfill during the expansion period; one four-post lift (\$15,000) for the fleet division to lift heavy vehicles for maintenance and to improve safety; one color printer/copier (\$10,000) for preparing regulatory reports; one electric utility vehicle (\$5,700) for grounds maintenance; a tarp system (\$7,000) to protect the public and staff from falling debris and to maintain site cleanliness; and fencing (\$75,000) to control litter generated from the landfills.

Waste is an enterprise operation supported by user fees and can fund these requests from its fund balance. This budget adjustment does not require general-fund support.

Recommended Motion: That the Board of Supervisors: 1) approve the purchase of a dozer, a four-post lift, a color printer/copier, an electric utility vehicle, a tarp system, and fencing; and 2) approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:

40200-4500100000-546360	Vehicles-Heavy Equipment	\$306,000
40200-4500100000-546200	Equipment-Shop and Yard	15,000
40200-4500100000-546140	Equipment-Office	10,000
40200-4500100000-546380	Vehicles Other	5,700
40200-4500100000-546300	Vehicles-Buses/Heavy Truck	7,000
40200-4500100000-546160	Equipment-Other	75,000
	Total Appropriations Increase	\$418,700

Unrestricted net assets are available to offset these increases.

9. SPECIAL DISTRICTS

a) County Service Area 145

County Service Area 145 will construct La Ladera Park on La Ladera Road in Menifee. An appropriation increase is needed for unanticipated construction expenditures. The additional expenditures are offset by available fund balance. This budget adjustment does not require general-fund support.

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

Increase Appropriations:		
31555-914501-540060	Land Improvements	\$1,500,000
31555-914501-542100	Parks Buildings	<u>500,000</u>
		\$2,000,000

Unreserved fund balance is available to offset these increases.

b) Parks District - Regional Parks District Operating Fund

The Regional Parks district requests approval and budget adjustments to purchase several pieces of equipment. The current \$12,000 lawnmower appropriation for Mayflower Park should be increased by \$8,000 to cover a specialized vehicle suited to the high heat and rough terrain. Jensen Ranch operations require an all-terrain utility vehicle (\$15,000) and a lawnmower (\$12,000). The district has enough unreserved fund balance to cover the appropriations increases. None of these budget adjustments requires general-fund support.

Recommended Motion: That the Board of Supervisors: 1) approve the purchase of a specialized lawnmower, an all-terrain utility vehicle, and a lawnmower; and 2) approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:		
51540-931104-546160	Equipment Other	\$8,000
51540-931104-546200	Equip Shop/Yard	12,000
51540-931104-546320	Vehicles-Cars/Light Truck	<u>15,000</u>
	Total Appropriations Increase	\$35,000

Unreserved fund balance is available to offset these increases.

D. DETAIL OF IMPACT ON GENERAL FUND

FY 04/05 USE OF CONTINGENCY

		Cost Adjust.	Revenue Adjust.	Total Adjust.	Contingency
Final Budget Balance:					\$16,484,733
First-Quarter Adjustments:					
3.88 of 8/10/04	Cash Shortage Fund	\$1,737		(\$1,737)	\$16,482,996
3.86 of 8/24/04	Cash Shortage Fund	\$336		(\$336)	\$16,482,660
3.6 of 9/28/04	FY 04/05 Beginning Balance	\$0	\$16,500,000	\$16,500,000	\$32,982,660
Recommended Actions (in this report) Affecting Contingency:					
	Central Mail support	\$409,712		(\$409,712)	\$32,572,948
	DA SWBPI revenue	\$1,900,313		(\$1,900,313)	\$30,672,635
	NPDES expansion	\$253,500		(\$253,500)	\$30,419,135
	Probation new program	\$145,980		(\$145,980)	\$30,273,155
	Sheriff SWBPI revenue	\$633,438		(\$633,438)	\$29,639,717
	Superior Court audit	\$763,006		(\$763,006)	\$28,876,711
Contingency at end of First Qtr. =					\$28,876,711
Pending Actions That May Affect Contingency					
3.43 of 10/19/04	Auditor Controller positions	\$259,869		(\$259,869)	\$28,616,842
	Animal Control	\$1,500,000		(\$1,500,000)	\$27,116,842
	Detention Health	\$2,000,000		(\$2,000,000)	\$25,116,842
	Public Defender	\$1,500,000		(\$1,500,000)	\$23,616,842
	Sheriff Staffing	\$8,000,000		(\$8,000,000)	\$15,616,842
Projected Second Qtr. Contingency =					\$15,616,842

ATTACHMENT A: RECOMMENDATIONS

For convenience, this section repeats the recommendations contained in the main document. There is no new information in Attachment A.

• **Capital Improvement Program Trust Fund**

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

Increase Appropriations:

10000-1101200000-525440	Professional Services	\$45,000
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Increase Estimated Revenue:

10000-1101200000-790020	Sale of Real Estate	\$45,000
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• **EDA Administration – Special Projects Fund**

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

Increase Appropriations:

21100-1900500000-536280	Other Capital Projects	\$3,000,000
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Increase Estimated Revenue:

21100-1900500000-767220	Federal Other Grants	\$1,500,000
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21100-1900500000-790010	Other Financial Sources	<u>1,500,000</u>
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	Total Estimated Revenue Increase	\$3,000,000
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• **EDA Home Program Fund**

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

Increase Appropriations:

21250-1900600000-536920	Interfund Exp. - Office	\$62,933
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21250-1900600000-537180	Interfund Exp. - Salary	<u>328,982</u>
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	Total Appropriations Increase	\$391,915
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Increase Estimated Revenue:

21250-1900600000-766000	Fed – Comm. Rdv. Home	\$391,915
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• **EDA HUD Community Services Grant Fund**

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

Increase Appropriations:

21350-1900200000-536920	Interfund Exp. - Office	\$828,088
21350-1900200000-537180	Interfund Exp. - Salary	<u>1,359,070</u>
	Total Appropriations Increase	\$2,187,158

Increase Estimated Revenue:

21350-1900200000-767200	Fed – Block Grants	\$2,165,040
21350-1900200000-767300	Fed – Other Govt. Agency	<u>22,118</u>
	Total Estimated Revenue Increase	\$2,187,158

• **Executive Office – NPDES**

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

Increase Appropriations:

10000-1102900000-524660	Consultants (NPDES)	\$120,500
10000-1102900000-527240	NPDES Contributions	<u>133,000</u>
	Total Appropriations Increase	\$253,500

Decrease Appropriations:

10000-1109000000-581000	Contingency	\$253,500
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• **Executive Office – Redevelopment Improvement Trust Fund**

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

Increase Appropriations:

31540-1100100000-532660	Other Capital Leases	\$3,500,000
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Increase Estimated Revenue:

31540-1100100000-700060	Misc. Property Tax	\$700,000
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There is available unreserved fund balance to offset this increase.

• **Purchasing**

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

Increase Appropriations:

10000-7300100000-523700	Office Supplies	\$5,534
10000-7300100000-526700	Rent Lease- Building	<u>12,646</u>
	Total Appropriations Increase	\$18,180

Increase Estimated Revenue:

10000-7300100000-777520	Reimbursement for Services	\$13,680
10000-7300100000-781360	Other Misc. Revenue	<u>4,500</u>
	Total Estimated Revenue Increase	\$18,180

• **Redevelopment Capital Projects Fund**

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

Increase Appropriations:		
32700-934001-525500	EDA/CDBG Salary Reimb	\$60,000
32700-934001-551000	Operating transfers out	<u>1,000,000</u>
	Total Appropriations Increase	\$1,060,000

Increase Estimated Revenue:		
32700-934001-781120	Rebates and Refunds	\$60,000
32700-934001-791000	Bond Proceeds	<u>1,000,000</u>
	Total Estimated Revenue Increase	\$1,060,000

• **Redevelopment Special Revenue Fund**

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

Increase Appropriations:		
25000-934001-525500	EDA/CDBG Salary Reimb	\$18,000
25000-934001-536200	ACO and Pass through	<u>16,000</u>
	Total Appropriations Increase	\$34,000

Increase Estimated Revenue:		
25000-934001-781120	Rebates and Refunds	\$34,000

• **Community Health Agency – Department of Animal Services**

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

Increase Appropriation:		
10000-4200600000-525440	Professional Services	\$15,000

• **Community Health Agency – Public Health**

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

Increase Appropriations:		
10000-4200100000-525440	Professional Services	\$337,500

Increase Estimated Revenue:		
10000-4200100000-781360	Other Misc. Revenue	\$337,500

• **Building & Safety**

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

Decrease Appropriations:		
10000-3110100000-510040	Regular Salaries	\$253,949
10000-3110100000-518100	Budgeted Benefits	<u>106,771</u>
	Total Appropriations Decrease	\$360,720

Decrease Estimated Revenue:		
10000-3110100000-722060	Permit-Building	\$45,186
10000-3110100000-731100	Code Enforcement	200,000
10000-3110100000-771930	Deposit Based Fee Draws	<u>115,534</u>
	Total Estimated Revenue Decrease	\$360,720

• **Code Enforcement**

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

Increase Appropriations:		
10000-1109000000-581000	Contingency	\$47,440
10000-3110200000-523640	Computer Equip - Non fixed	125,000
10000-3110200000-525440	Professional Services	232,000
10000-3110200000-537000	Interfund Expense – Leases	<u>33,000</u>
	Total Appropriations Increase	\$437,440

Decrease Appropriations:		
10000-3110200000-510040	Regular Salaries	\$50,000

Increase Estimated Revenue:		
10000-3110200000-731100	Code Enforcement	\$187,157
10000-3110200000-770100	Special Assessments	190,000
10000-3110200000-770100	Other Fines	9,387
10000-3110200000-770100	Other Fines & Penalties	<u>896</u>
	Total Estimated Revenue Increase	\$387,440

• **Crossing Guards**

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

Increase Appropriations:		
20000-3130300000-518100	Budgeted Benefits	\$22,802
20000-3130300000-536840	Interfund Exp-COWCAP	<u>1,931</u>
	Total Appropriations Increase	\$24,733

Unreserved fund balance is available to offset these increases.

• **District Attorney**

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

Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$1,900,313

Decrease Estimated Revenue:		
10000-2200100000-767380	Fed-Southwest Border	\$1,900,313

• **Fire Department Homeland Security Grant**

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

Increase Appropriations:		
10000-2700200000-527780	Special Program Expense	\$190,000

Increase Estimated Revenue:		
10000-2700200000-767200	Fed- Other Grants	\$190,000

• **Probation Department**

Recommended Motion: That the Board of Supervisors: 1) amend Ordinance No. 440 pursuant to Resolution No. 440-8570 included in this report as Attachment B; and 2) approve and direct the Auditor-Controller to adjust appropriations and estimated revenue as follows:

Increase Appropriations:		
10000-2600200000-510040	Regular Salaries	\$127,093
10000-2600200000-518100	Budgeted Benefits	60,878
10000-2600200000-520230	Cellular Phones	1,400
10000-2600200000-523700	Office Supplies	2,000
10000-2600200000-524800	Drug Testing	2,000
10000-2600200000-528920	Car Pool Expense	9,000
	Total Appropriations Increase	\$202,371

Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$145,980

Increase Estimated Revenue:		
10000-2600200000-767020	Fed-Entitlements	\$56,391

• **Sheriff's Department**

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

Decrease Appropriations:		
10000-1109000000-581000	Contingency	\$633,438

Decrease Estimated Revenue:
 10000-2500400000-767380 Fed-Southwest Border \$633,438

• **Superior Court – Trial Court Funding**

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

Increase Appropriations:
 10000-1100900000-536200 Contrib. to Other non-co Agency \$1,769,871

Decrease Appropriations:
 10000-1109000000-581000 Contingency \$763,003

Increase Estimated Revenue:
 10000-1100900000-731200 AB233 Realignment \$833,600
 10000-1100900000-730040 Fine-Traffic VC 101,354
 10000-1100900000-731160 Administrative Costs 71,914
 Total Estimated Revenue Increase \$1,006,868

• **Superior Court – Enhanced Collections**

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

Increase Appropriations:
 10000-2100200000-524620 Collection Agency \$100,000

Increase Estimated Revenue:
 10000-1100900000-777520 Reimbursement for Services \$100,000

• **Superior Court – Night Court Facilities**

Recommended Motion: That the Board of Supervisors: 1) approve the transfer of \$66,500 from fund 11034 to Facilities Management; and 2) approve and direct the Auditor-Controller to adjust appropriations and estimated revenue as follows:

Increase Appropriations:
 10000-1100900000-537040 Interfund Exp-Maintenance \$66,500

Increase Estimated Revenue:
 10000-7200300000-778170 Interfund -Maintenance \$66,500

• **DPSS-Cold Weather Shelter**

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

Increase Appropriations:
 21050-5200300000-530360 Home/Shelter Services \$453,815

21050-5200300000-536740	Interfund Exp. Admin. Support	<u>266,963</u>
		\$720,778

Unreserved fund balance is available to offset these increases.

• **DPSS - In Home Supportive Services (IHSS)**

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

Increase Appropriations:		
10000-5100200000-530440	60160 (IHSS-IP)	\$5,335,270
Increase Estimated Revenue:		
10000-5100200000-760000	Federal PAA	\$2,549,556
10000-5100200000-750300	California PAA	<u>2,785,714</u>
	Total Estimated Revenue Increase	\$5,335,270

• **DPSS - IHSS Public Authority**

Recommended Motion: That the Board of Supervisors approve the Public Authority budget that was presented in agenda item 7.2 of 5/18/04 and approved by the PA Board of Directors.

Recommended Motion: That the Board of Supervisors: 1) approve the transfer of up to \$733,560 from the general fund to fund 22800; and 2) approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:		
10000-1101000000-551100	Contributions to other Funds	\$733,560
Decrease Designation:		
10000-1100100000-320100	DPSS Realignment Advance	\$733,560

• **Facilities Management – Capital Projects**

Recommended Motion: That the Board of Supervisors approve reprogramming a total of \$243,000 for additional maintenance projects as follows:

Completed and Closed jobs

IND Mental Health Roof Replacement	\$45,000
RV Probation Chiller Replacement	<u>49,000</u>
Total savings from completed jobs:	\$94,000

Add refund from CAC Chiller replacement	<u>\$149,000</u>
Total available for reprogramming	\$243,000

Proposed Reprogramming

RV DPSS Arlington Chiller Replacement	\$40,000
RV Toro Animal Shelter Replace HVAC	55,000
Emergency Safety Allocation	49,000

IND Law Library fire Alarm	49,000
RV CAC Chiller Replacement	<u>50,000</u>
Total Reprogrammed	\$243,000

• **Transportation – Garage**

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

Increase Appropriations:

20000-3130700000-528080	Labor	\$368,043
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Decrease Appropriations:

20000-3130700000-520820	Janitorial Services	\$2,978
20000-3130700000-525140	Personnel Services	12,792
20000-3130700000-537220	Interfund Exp – Labor	<u>109,900</u>
	Total Appropriations Decrease	\$125,670

Increase Estimated Revenue:

20000-3130700000-771930	Deposit Based Fee Draws	\$242,373
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• **Transportation – Operations**

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

Increase Appropriations:

20000-3130100000-542060	Improvements-Building	\$300,000
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Unreserved fund balance is available to offset these increases.

• **Central Mail**

Recommended Motion: That the Board of Supervisors 1) approve the transfer of \$409,712 from the general fund to fund 45620; and 2) approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:

10000-1101000000-551100	Contribution to Other Funds	\$409,712
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Decrease Appropriations

10000-1109000000-581000	Contingency	\$409,712
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Increase Estimated Revenue:

45620-7300600000-781540	Contribution from Other Funds	\$409,712
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Decrease Estimated Revenue:

45620-7300600000-781360	Other Misc. Revenue	\$409,712
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• **Information Technology**

Recommended Motion: That the Board of Supervisors: 1) approve the transfer of \$2.1 million from fund 45500 to fund 11069; and 2) approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:		
45500-7400100000-551000	Operating Transfer out	\$2,100,000

Unreserved fund balance is available to offset this increase.

Increase Appropriations:		
10000-1103800000-520200	Communications	\$2,100,000

Increase Estimated Revenue:		
10000-1103800000-790500	Operating Transfer in	\$2,100,000

• **Supply Services**

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

Increase Appropriations:		
45700-7300400000-527600	Indirect Materials	\$212,500
45700-7300400000-523680	Office Equipment	<u>12,500</u>
	Total Appropriations Increase	\$225,000

Increase Estimated Revenue:		
45700-7300400000-781600	Systems Furniture	\$225,000

• **Waste Management Department**

Recommended Motion: That the Board of Supervisors: 1) approve the purchase of a dozer, a 4-post lift, a color printer/copier, an electric utility vehicle, a tarp system, and fencing; and 2) approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:		
40200-4500100000-546360	Vehicles-Heavy Equipment	\$306,000
40200-4500100000-546200	Equipment-Shop and Yard	15,000
40200-4500100000-546140	Equipment-Office	10,000
40200-4500100000-546380	Vehicles Other	5,700
40200-4500100000-546300	Vehicles-Buses/Heavy Truck	7,000
40200-4500100000-546160	Equipment-Other	<u>75,000</u>
	Total Appropriations Increase	\$418,700

Unrestricted net assets are available to offset these increases.

• **County Service Area 145**

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

Increase Appropriations:

31555-914501-540060	Land Improvements	\$1,500,000
31555-914501-542100	Parks Buildings	500,000
		<u>\$2,000,000</u>

Unreserved fund balance is available to offset these increases.

• **Parks District - Regional Parks District Operating Fund**

Recommended Motion: That the Board of Supervisors: 1) approve the purchase of a specialized lawnmower, an all-terrain utility vehicle, and a lawnmower; and 2) approve and direct the Auditor-Controller to make the following budget adjustments:

Increase Appropriations:

51540-931104-546160	Equipment Other	\$8,000
51540-931104-546200	Equip Shop/Yard	12,000
51540-931104-546320	Vehicles-Cars/Light Truck	<u>15,000</u>
	Total Appropriations Increase	\$35,000

Unreserved fund balance is available to offset these increases.

ATTACHMENT B: RESOLUTION 440-8570

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BE IT RESOLVED by the Board of Supervisors of the County of Riverside, State of California, in regular session assembled on November 2, 2004, that pursuant to Section 5.A. of Ordinance No. 440, the County Executive Officer of Ordinance No. 440, is authorized to make the following listed change(s), operative on the date of approval, as follows:

<u>Job Code</u>	<u>+/-</u>	<u>Department ID</u>	<u>Class Title</u>
79532	+ 3	2600200000	Deputy Probation Officer II
13865	+ 1	2600200000	Office Assistant II
57794	+ 3	2600200000	Probation Assistant

ATTACHMENT C: DPSS MEMO

Department of Public Social Services

Administrative Office: 4060 County Circle Drive, Riverside, CA. 92503

• (951) 358-3000 • FAX: (951) 358-3036

Dennis J. Bovle, Director



October 12, 2004

SHARRELL BLAKELEY, MSW
Assistant Director
Children's Services

TO: William Luna, Finance Director

FROM: Susan Loew, Assistant Director DPSS

LOIS CARSON
Executive Director
Community Action

SUBJECT: Realignment Funding

SUSAN LOEW
Assistant Director
Administrative Services

In an effort to identify and quantify recent Realignment shortfall trends, DPSS in coordination with your office has prepared a historical analysis of Realignment revenue earned and received. The analysis covers the period from Realignment inception in FY 1991/92 through the most recent completed fiscal year. This effort was initiated to confirm ongoing concerns that Realignment revenues were no longer able to keep pace with program growth.

JO WEBER
Assistant Director
Self-Sufficiency

The department confirmed that up to FY 2001/02, the existing Realignment formula generated sufficient revenue to keep pace with the growth in program expenditures. However, from that point forward, the program growth has significantly exceeded available Realignment revenues resulting in a significant and permanent funding shortfall impacting the County General Fund. The attached chart displays the increasing funding gap since FY 2001/02.

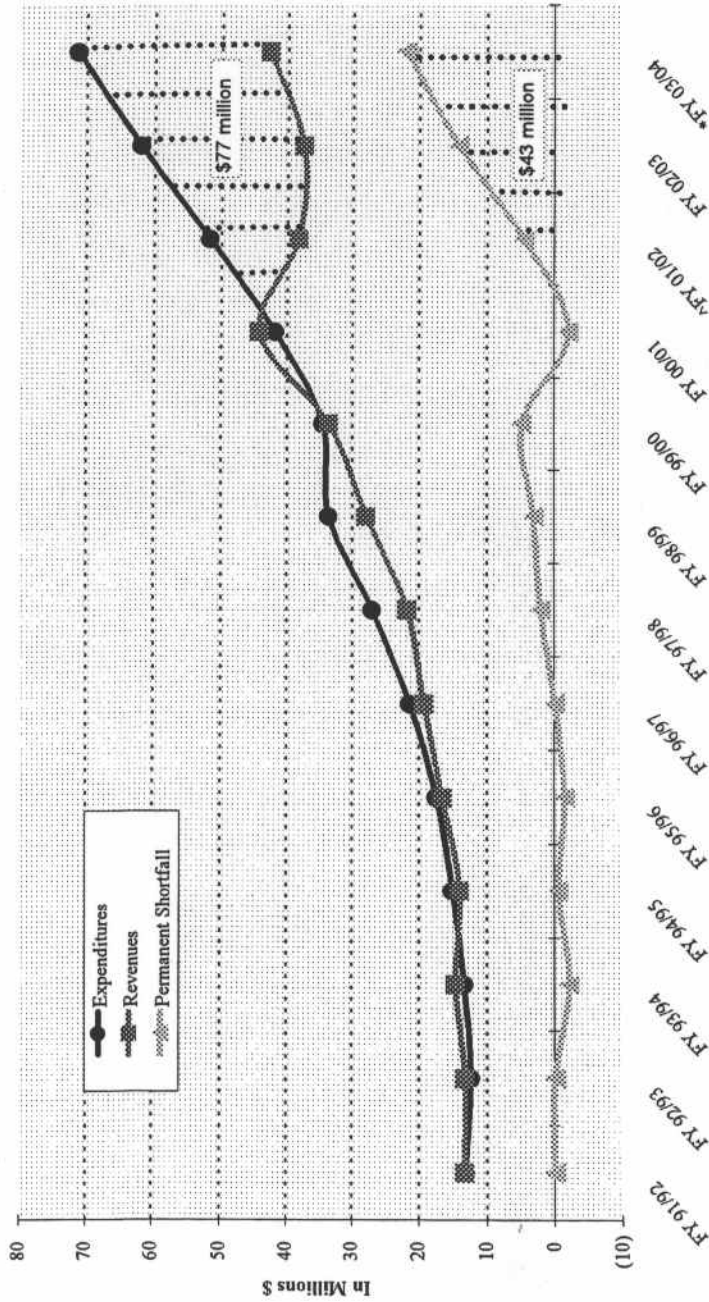
Cumulatively through FY 2003/04, the Realignment shortfall totals \$77 million for Riverside County. Based on current state statutes, the County can anticipate receiving \$34 million in arrears with the remaining \$43 million being a permanent shortfall absent a legislative remedy.

This permanent shortfall is caused by two deficiencies in the Realignment funding methodology. The first relates to a structural flaw in which the Realignment revenue received two years in arrears only covers two of the three years of incurred expenditures. The second deficiency has become more evident in recent years. The Realignment base is only adjusted as Realignment revenue is available to fund growth. For each year that the State does not fully adjust the base the County incurs a shortfall of revenue that the State does not recognize as an ongoing outstanding debt to be reimbursed to the County.

The department included a policy issue on Realignment in the 2004 Legislative Platform. In addition, the department and the CEO have actively raised this issue through the California Welfare Directors Association (CWDA), California State Association of Counties (CSAC), and our State lobbyist in an effort to increase awareness and gain support of this significant fiscal issue. Unfortunately, given the State's budget deficit, there has been limited legislative interest to pursue a resolution to this issue to date.

We plan to again include this policy issue in the upcoming 2005 Legislative Platform. More recent discussions with the State indicate that Realignment programs will be under consideration in the 2005 legislative session. One proposal that has surfaced is having the State assume 100 percent of the non-federal share of the IHSS program in exchange for the County assuming 100 percent of the non-federal share of the Child Welfare Services program. The IHSS program is a significant contributor to the overall Realignment expenditure growth and merits further consideration in these discussions. Realignment was also highlighted in the California Performance Review recently released, which is another indicator that this issue may be ripe for discussion. The Department will continue to monitor this issue closely and will provide regular updates to the Executive Office.

DPSS Realignment Trends Expenditures & Revenues



Reasons for variance:

- * Timing Shortfall, as revenues are paid at least two years in arrears.
- * Structural flaws in State allocation model create permanent shortfall.

Notes:

- * FY Estimates
- ^ Shortfall identified by DPSS

Cumulative Totals	
FY's '92 - '04	Total Dollars
Expenditures	\$414,628,982
Revenues	\$336,920,544

Total Shortfall \$77,708,438

Realignment Shortfalls	
Base Shortfalls (Permanent)	\$23,868,098
Structural Flaws (Permanent)	\$19,513,990
Total Permanent	\$43,382,088
Timing (Growth)	\$34,326,350

Total Shortfall \$77,708,438