

Executive Office
County of Riverside



Larry Parrish
County Executive Officer

June 6, 2005

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

SUBJECT: FY 05/06 Proposed Budget

Board Members:

Attached is my FY 05/06 proposed budget for your consideration and approval. Approval of this budget provides needed spending authority beginning July 1, 2005.

Budget hearings open today, June 6, and will continue on June 7. Departments will present testimony, and any budget changes the Board directs will be incorporated into the final budget after budget hearings close. The final budget is planned for presentation on June 28.

This budget was built on conservative principles, recognizing the current favorable conditions:

- Reserves are strong, with the economic uncertainty reserve at \$114 million (\$10 million went to the capital improvement fund) and contingency at \$20 million.
- In addition, we have set aside \$4.5 million in reserves for Mental Health, \$10 million for the county's hospital, \$5 million for withheld state mandate reimbursements, \$1.7 million for the Registrar of Voters and \$15.5 million for Department of Public Social Services growth.
- Service levels are stable and adjustments were made to support stated Board priorities in public safety, Fire, Code Enforcement, Public Defender, Assessor-Clerk Recorder, Auditor-Controller, Planning, Health, homeless shelters, Veterans, Office on Aging and Purchasing.
- Funding was set aside for the community investment fund (\$5 million) and the capital improvement program fund (\$10 million).

I am pleased to report that local sales taxes are growing so fast that they will generate about \$17 million more in Proposition 172 revenue than is included in this proposed budget. Divided out per Board policy, the District Attorney would receive \$2.9 million, the Sheriff \$10.4 million, Probation \$2.8 million and Fire \$800,000. I recommend that the Board reserve \$7 million of the Sheriff's portion to fund staffing needs at the Smith Correctional Facility. The remainder may be reserved or used to increase safety budgets. Departmental requests for additional funding are listed in the budget-hearings section at the back of this report.

The Governor's May budget revision reports a sizable revenue increase over previous estimates. The revision benefits Riverside County in some areas, notably road-repair and juvenile-justice funding. There is no obvious direct impact on our general fund.

The Governor and Legislature still must deal with a \$5 billion deficit. With the state's final budget still several months away, we cannot yet accurately assess how it will affect our county. It would be prudent to wait until the state budget passes before adjusting our budget.

A summary of the new budget and the significant differences between it and the previous budget follows.

IT IS THEREFORE RECOMMENDED that the Board of Supervisors:

- 1) Approve this FY 05/06 proposed budget effective July 1, 2005 including: 1) appropriations and estimated revenues; 2) releases, reserves and designations; 3) Resolution No. 440-8597 authorizing new position levels (included in this report with Attachment A); and 4) fixed assets and vehicle requests;
- 2) Tentatively schedule adoption of the final budget for Tuesday June 28, 2005; and,
- 3) Open budget hearings.

Respectfully submitted,



LARRY PARRISH
County Executive Officer



MEMORANDUM

RIVERSIDE COUNTY EXECUTIVE OFFICE

Larry Parrish
County Executive Officer

June 2, 2005

TO: Clerk of the Board
FROM: Christopher Hans, Budget Coordinator
RE: FY 2005-06 Budget Hearings

Please provide the following information to the Board of Supervisors for their consideration during budget hearings, scheduled for June 6, 2005.

The Executive Office recommends that several elements of the proposed budget be reviewed, corrected or updated if necessary, and returned to the Board for consideration at the time the final budget is reviewed for adoption.

POLICY CHANGES

- 1) During the May 3, 2005 Capital Improvement Program (CIP) Workshop with the Board, several comments were made by Board members that indicated county reserves should be used for strategic land purchases for future capital projects. The Executive Office recommends that a general fund allocation of \$10 million for strategic land acquisition be provided to the Capital Improvement Fund for FY 05/06. Funding would come from the Reserve for Economic Uncertainty.
- 2) On January 27, 2004 (Item 15.1), the Western Riverside County Regional Conservation Authority (RCA) was established through a joint powers agreement between the County of Riverside and 14 Western Riverside County cities to acquire administer, operate and maintain land and facilities for ecosystem conservation and habitat reserves.

The County is responsible for professional and support services for the first three years of the Multi-Species Habitat Conservation Plan (MSHCP) implementation. TLMA recommends that six RCA-designated positions be moved into a budget unit established for the RCA. Funding plus the request for 12 additional RCA positions will be included in the final budget package for Board approval. There is no general-fund impact associated with this request.

- 3) The yearly financing of the TRANS will be complete in time to report to the Board with the final budget. Any needed budget adjustments will be presented at that time.

MINOR CHANGES

- 1) An appropriations increase is needed in the Executive Office budget to provide for additional staffing costs. The Executive Office, through the Capital Improvement Program, will initiate various master plan developments and feasibility studies for capital projects throughout the county. A management analyst position will support the analysis and development of these complex documents. The position will be supported by funding related to the capital projects. There is no increase to net county cost.
- 2) Forms 11 are not reflected in the proposed budget if they are approved by the Board after the proposed budget goes to print; they will be incorporated into the FY 05/06 final budget.
- 3) County position reclassifications occur regularly. The Executive Office will review the position report (Attachment A to the proposed budget), and if it needs to be updated, this new information will be returned to the Board with the final budget.
- 4) Attached is the calculation of GANN Limit, required by law and provided by the Auditor-Controller. This will be made a part of the final budget document.
- 5) It is typical of budget hearings that several departments submit written requests for budget adjustments that require no additional NCC. These routine adjustments will be returned to the Board for approval with the final budget.
- 6) The Executive Office routinely reviews the proposed budget document for misprints and other minor errors that may require correction. Any necessary adjustments will be brought to the Board with the final budget for approval.
- 7) The IHSS Public Authority submitted a policy item requesting funding for additional positions. Funding for these positions has been included in the proposed budget as part of the realignment reserve. The positions will be added in the final budget to begin the recruitment process. The budget adjustment will be made at mid-year or at third quarter, if needed, when a more accurate budget projection can be made.

**RIVERSIDE COUNTY OFFICE OF AUDITOR-CONTROLLER
GANN LIMIT CALCULATION
FY 2005-06**

COUNTY ITEM	FY 2005-06
Base Year as adjusted for growth	1,441,384,528
Growth Factors:	
Cost of Living:	
1. Per. Cap.Pers. Inc. %	5.26
2. Loc. Ass'd. Val. Non-Res. Constr. %	0.00
Population:	
1. Total County Pop. Change %	3.87
2. Contiguous County Pop. Change % *	2.16
3. Incorporated Areas Change %	3.83
Factor Options:	
1. Per. Cap. Inc.& Tot. Cnty. Pop. Change	1.0933
2. Per. Cap. Inc.& Cont. Cnty. Pop. Change	1.0753
3. Per. Cap. Inc.& Incorp. Area Change	1.0929
4. Loc. Val. Non-Res.& Tot. Cnty. Pop. Change	N/A
5. Loc. Val. Non-Res.& Cont. Cnty. Pop. Change	N/A
6. Loc. Val. Non-Res.& Incorp. Area Change	N/A
Optimum Factor	<u>1.0933</u>
Gross Appropriation limit	1,575,865,704
Adjust - Transfer of Responsibility	<u>0.00</u>
GANN LIMIT ADJ. FOR TRANSFER OF RESPONSIBILITIES	<u><u>1,575,865,704</u></u>
APPROPRIATIONS OF TAXES SUBJECT TO LIMITATION	
Total Appropriations:	
County Operating Funds	2,620,686,719
County Service Areas	8,611,733
	<u>2,629,298,452</u>
Less: Non-Proceeds of Taxes	
Statutory Exclusions	1,813,657,515
Qualified Capital Outlay	10,469,954
CSA Operating funds	6,073,250
Appropriation Subject to Limit	<u>799,097,733</u>
APPROPRIATION OVER (UNDER) LIMIT	<u><u>(776,767,971)</u></u>
LIMIT OVERRIDE ELECTION	<u><u>N/A</u></u>

Note * - Calculation based on average of Riverside County and five contiguous counties per cent change in total county population.

*** The optimum factors are used for the Appropriation Limit calculation.