

COUNTY OF
RIVERSIDE
STATE OF CALIFORNIA



COUNTY EXECUTIVE OFFICER'S

FY 2009-10
MID YEAR
BUDGET REPORT

February 2, 2010

Presented by

Bill Luna
County Executive Officer



Bill Luna
County Executive Officer

Jay E. Orr
Assistant County Executive Officer

Executive Office, County of Riverside

February 2, 2010

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**

SUBJECT: FY 09/10 Midyear Budget Report

Board members:

At the FY 09/10 midpoint, the county's financial position remains troubling, but for the first time in two years, I have no discretionary revenue losses to report. The reprieve will be short lived, because declining property-tax revenue is projected for FY 10/11. Additional revenue losses are distressing but my larger concern is the ongoing structural deficit. At midyear our structural deficit stands at \$71 million. The past few years of declining revenue now mandate the budget cuts we face in the coming fiscal year. We must address the inevitable and reorganize, funding only the programs our revenue will support. With contingency declining, the reserve for economic uncertainty projected to hit the Board-approved minimum, and with severe cuts planned for next year, we have little flexibility for unforeseen circumstances or emergencies. Therefore, departments must take all necessary steps to balance their budgets before year's end.

In this report you will see requests for contingency support from eight departments totaling \$14 million. In some cases the unexpected expenses are for legally mandated services, so I recommend you fund them. In other cases, revenue losses or increased demand for important services caused shortfalls. These requests for general fund support should be denied and the department directed to absorb the loss.

The largest departmental losses involve declines in Prop. 172 public-safety sales tax revenue. There is a separate item on today's agenda seeking policy direction on this matter.

During the Jan. 26 budget workshop, the Board was presented a plan to eliminate the structural deficit in two years. As a part of that plan, we will exhaust most of our limited general-fund reserves and spread cuts to general-fund departments over the two years.

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, AUDITOR-CONTROLLER

BY Tanya S. Harris 2/3/10
TANYA S. HARRIS

The relative distribution of cuts must be determined. Part of the plan for the FY 10/11 budget is to draw down the reserve for economic uncertainty to the Board-approved 6 percent minimum. Our two-year strategy to correct the structural deficit will succeed only if we: 1) we stop the deficit's growth; 2) enact necessary budget cuts in each of the next two years; and 3) department heads hit their budget targets. The inevitable result will be layoffs and cuts to important services and programs.

A summary of current draws on contingency is on page 9. Budget adjustments are included to draw down contingency but only for legally mandated, unavoidable overruns. All departments must use all means to meet budget targets before the Board considers allocating additional general-fund support. The net effect of recent and recommended activity on contingency is summarized below.

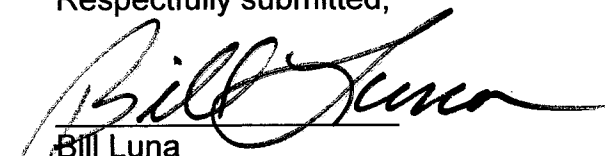
<u>Millions</u>	
\$6.8	Beginning balance
(0)	Second-quarter activity
<u>7.5</u>	Aggregate of actions recommended in this report
\$14.3	Interim balance

Included attachments:

- ATTACHMENT A Recommended budget adjustment summary
- ATTACHMENT B Human Resources' recruitment and vacancy report
- ATTACHMENT C Sales and Use Tax Update

IT IS RECOMMENDED that the Board of Supervisors receive and file this report and all its attachments, and approve the recommendations and associated budget adjustments in Attachment A.

Respectfully submitted,


Bill Luna
County Executive Officer

**COUNTY OF RIVERSIDE
EXECUTIVE OFFICE
FY 09/10
MIDYEAR BUDGET REPORT
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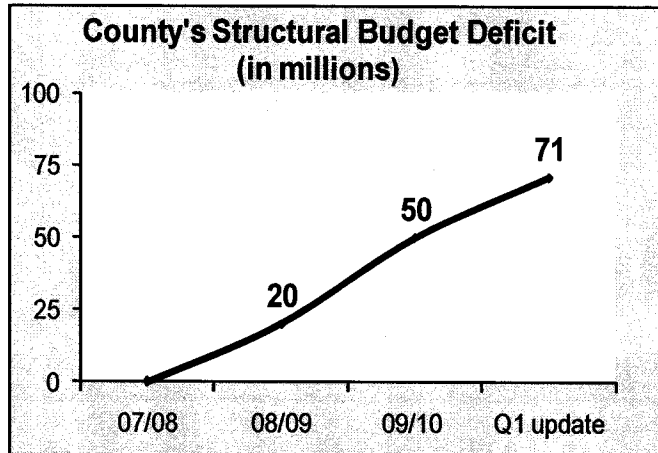
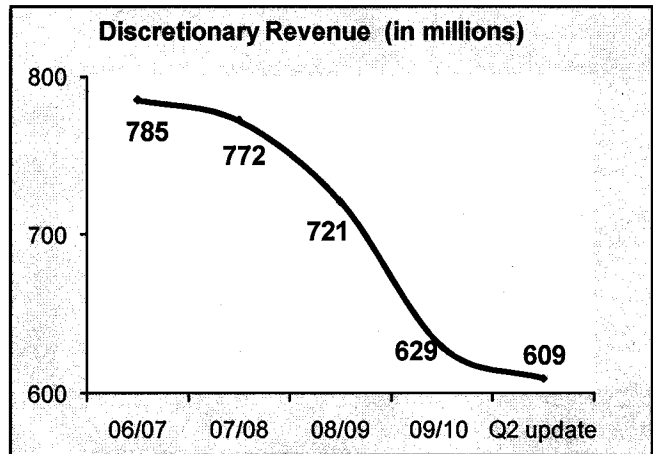
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A. EXECUTIVE HIGHLIGHTS

This quarter, there are no discretionary revenue losses to report. Discretionary general-fund revenue is currently estimated at \$609 million.

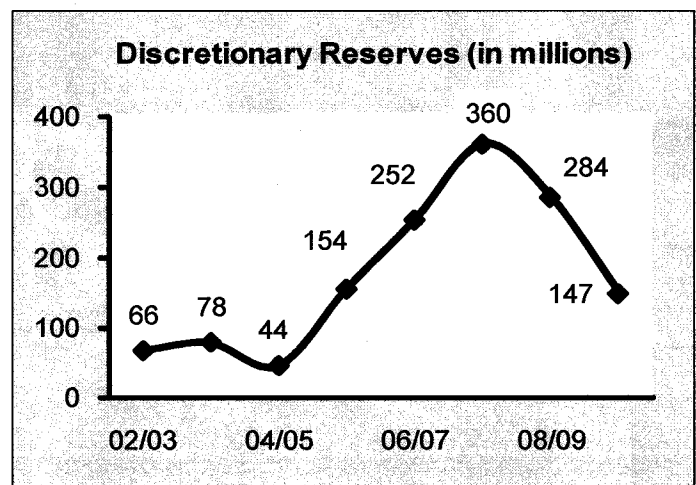
Revenue is not expected to increase significantly over the next couple of years. Since FY 06/07, revenues have declined \$176 million or about 22 percent.

Based on the Assessor's early forecast for next fiscal year's tax roll, revenue will likely decrease another \$20 million.



The county is required by law to approve an annual budget that balances financing sources with expenditures. When expenses exceed revenue, reserves can be used to finance the difference. When reserves are used to finance costs that recur year-over-year, such as employee salaries, the costs represent a structural deficit. In the current year, the county is drawing down about \$71 million in reserves to cover recurring expenses.

Over the past two years, discretionary reserves have been drawn down about \$213 million. As of midyear, discretionary reserves will total \$147 million. The largest component of these reserves is earmarked for economic uncertainty and will be used in coming years to help mitigate budget cuts.

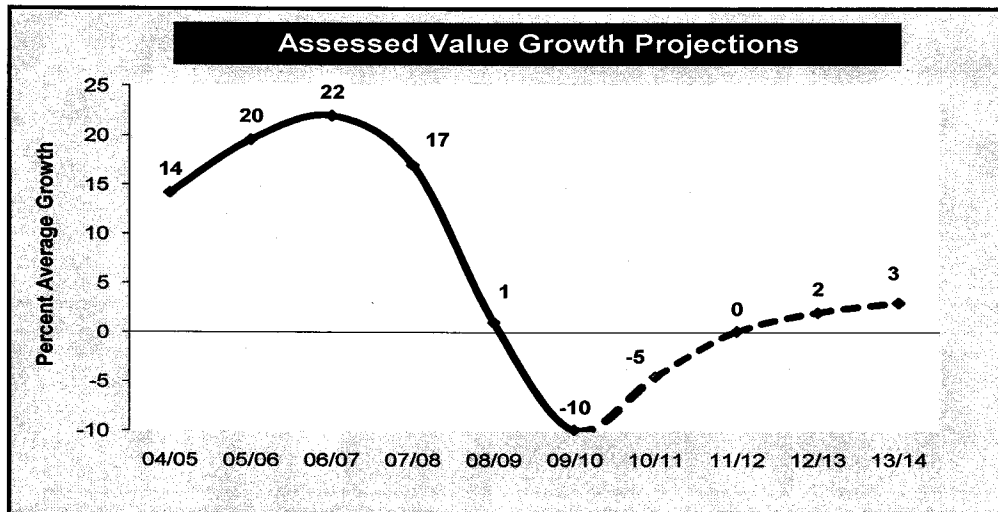


To retain high credit ratings and maintain strong financial controls, the county must develop plans to restore reserve levels and structural balance. Credit concerns already have increased the cost of financing our ongoing need for working capital.

Riverside County's Budget Health Benchmarks					
	Target	06/07	07/08	08/09	Now
REU	15%	15%	15%	14%	18%
Contingency	4%	5%	4%	4%	2%
Deficit	0%	0%	0%	0%	12%
General Ratings	AA+	AA-	AA	AA	AA-

	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
Best Quality	Aaa	AAA	AAA
High Quality	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Upper Medium Grade	A1	A+	A+

The chart below shows the growth in county assessed property values that began before FY 04/05 and the decline that started in FY 07/08. We expect FY 09/10 will be the worst of the downturn, with smaller losses in FY 10/11 and some leveling in FY 11/12 as reductions and growth equalize. Modest growth could resume in FY 12/13. The Assessor's early estimate indicates assessed values will fall another 4.5 to 5 percent in FY 10/11.



B. GREATER ECONOMIC OUTLOOK

The U.S. economy continues to languish on many fronts while slowly recovering on others. National unemployment remains at 10 percent while business investment and other leading economic indicators suggest some improvement. The loss of 7.2 million jobs since the recession began in December 2007 has been the worst since World War II. World financial markets staged an impressive comeback in late 2009, adding some degree of comfort that government fiscal and monetary policy has provided financial stabilization. The unprecedented federal actions led to Standard & Poor's 500 Index gains of 23 percent for the year, versus a 2008 loss of 38 percent, while interest rates remained at or near all time lows. A reversal in interest rates is widely anticipated by market observers as the Federal Reserve moves to deal with inflation. The timeframe for Fed action remains unclear, given the general economic activity to date.

C. STATE BUDGET UPDATE

Governor Schwarzenegger has proposed a budget intended to close a \$19.9 billion gap in FY 09/10 and FY 10/11 while creating a \$1 billion reserve fund. Few disagree that \$19.9 billion is a good starting point but many believe the deficit will be higher. The Legislative Analyst has not challenged administration estimates about the size of the budget problem but believes that Department of Finance predictions for both revenue and expenditures are too rosy. The Legislative Analyst, for example, calls the state's chances of receiving \$6.9 billion in new federal funds and an additional \$1 billion in federal flexibility "almost non-existent."

Other risky assumptions in the governor's budget include optimistic revenue forecasts for corporate and estate taxes. The administration also is counting on \$892 million in restored estate tax revenue, which hinges on congressional action that the Legislative Analyst and many others deem unlikely. Losses from proposed tax credits and other concerns could erode \$3.5 billion from estimated budget revenue.

D. COUNTY OUTLOOK

1. LOCAL OPERATIONAL TRENDS

While national financial markets show some improvement, home foreclosures and high unemployment continue throughout our region. Riverside County's unemployment rate for December was 14.3 percent; that equates to 130,000 people without jobs. The state's unemployment rate is 12.4 percent. Though federal intervention has improved the outlook from grim to fragile, bank lending and credit still remains guarded, further limiting the rebound in our local real-estate markets.

A projected 10.5 percent decline in the assessment roll this year and an estimated 4.5 percent to 5 percent decline for next fiscal year continue to put pressure on county operations. Historically high numbers of assessment appeals on commercial and residential property are expected to continue.

Second-quarter data from the Assessor-County Clerk-Recorder reflect mixed economic signals. Approximately four percent more deeds have been recorded than in the first six months of last year. Compared to a year ago, building permits have dropped by 20 percent and tract map recordings have dropped by more than 60 percent.

Riverside County's building-permit volume spiked in December of 2009, as builders rushed to pull permits ahead of a significant change in construction energy standards, which took effect in January. Other than the spike in December, building permits of all types are down 23 percent from the same five-month period last year. The decline is less than fourth-quarter declines in FY 08/09 and the decline reported one year ago. Monthly permit volume has now declined consistently since May 2005. Total planning applications received during the second quarter of FY 09/10 declined 45 percent compared to last year. Major planning applications are down 43 percent for the same period. Those changes compare to a 52 percent decline in total planning applications in the first quarter.

2. REVENUE TRENDS

Property Taxes and Assessed Value

While property-related taxes are fluctuating, there is no net loss in property-tax revenue to report this quarter. Assessed property values drive the majority of the county's discretionary revenue. Approximately 75 percent of the county's discretionary revenue comes, in one form or another, from property taxes. In FY 09/10, the county's assessed value declined approximately 10.5 percent, creating most of the county's \$78 million discretionary-revenue loss.

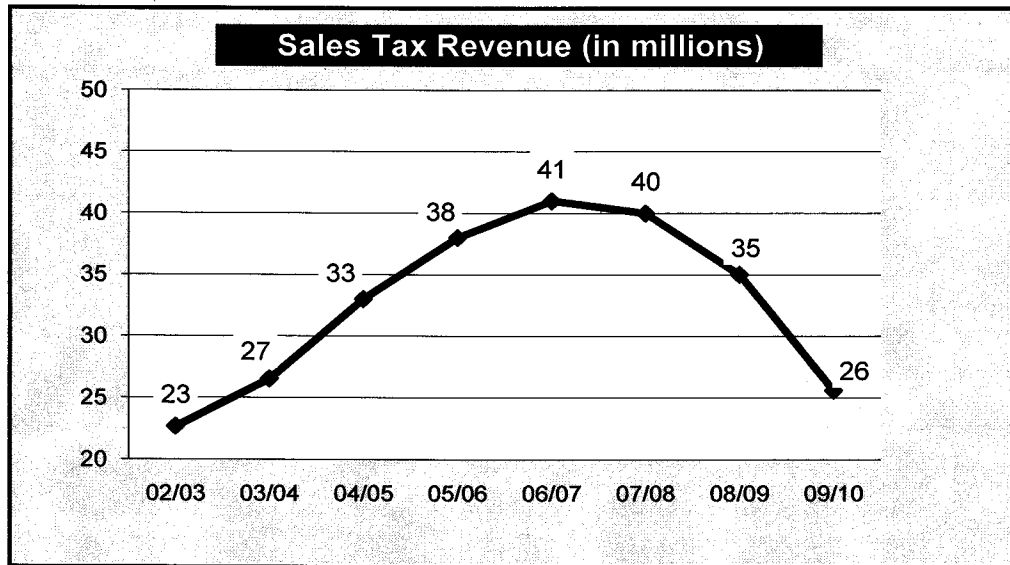
The Assessor's preliminary estimate for FY 10/11 reflects that assessed values countywide will fall another 4.5 percent to 5 percent. Two factors are the primary causes. First, there will be new declines in the value of commercial and industrial properties, and additional declines in value for single family homes, vacant land and other types of real property. Second, the inflationary factor applied to base-year values reflects a 0.237 percent decrease instead of the typical two percent increase. In California, the inflationary factor has never before been negative. All these factors together are expected to reduce discretionary revenue by approximately \$20 million next fiscal year.

Sales and Use Taxes

Hinderliter de Llamas & Associates (HdL) is the county's sales tax consultant. HdL reports that from July through September 2009 (the most recent quarter available), California sales- and use-tax receipts, adjusted for anomalies, declined by 16.4 percent statewide compared to the same period a year ago. Regionally, the Southern California area was down 15.9 percent during the same period. Total sales- and use-tax receipts for all jurisdictions within Riverside County are down 15.1 percent from the same period a year ago. However, HdL reports that sales-tax receipts in unincorporated areas of the county fared worse, down 27.9 percent compared to the same quarter a year ago. HdL anticipates this will be the last quarter of double-digit declines and that declines might slow to single digits and bottom out sometime this summer. HdL expects the evaporation of easy consumer credit will reset sales to a "new normal" in the long term. HdL projects that receipts will remain flat in FY 10/11, with modest increases of two percent to three percent beginning sometime in FY 11/12.

Sales taxes in the FY 09/10 final budget were estimated at \$34.8 million. In the first quarter report, that estimate was reduced by \$9.2 million to \$25.6 million, in line with HdL's projections. We must watch this revenue source until the third quarter and correct estimates as necessary at that time.

The following chart reflects the trend in sales-tax revenue from FY 02/03.

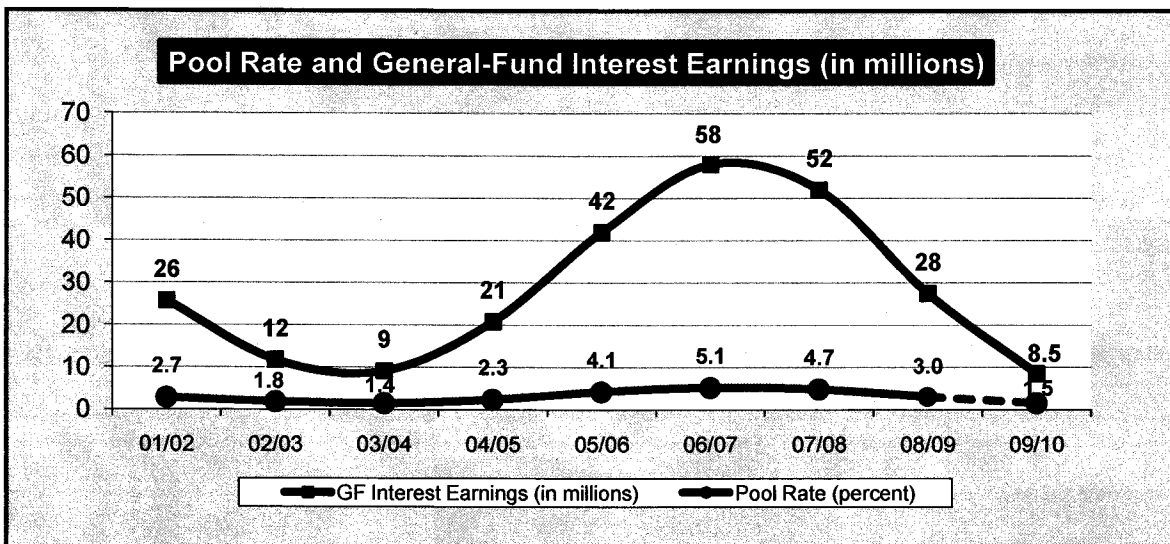


Interest Earnings

The Treasurer expects to meet the current-year general-fund interest earnings target of \$8.5 million. He will continue to coordinate and monitor with the Executive Office and, if necessary, make recommended adjustments. Revisions will result if the Federal Reserve increases rates before the fiscal year ends, though that seems unlikely.

Even with higher interest rates, diminished fund balances caused by slumping sales taxes, property taxes, reserves and state funding could reduce future interest earnings.

The Treasurer-Tax Collector deems capital preservation his top priority in managing the pooled investment fund, as well as providing ample liquidity for a higher degree of uncertainty in depositors' cash flows given the general economic outlook. The following graph illustrates the relationship between the pool rate and interest earnings, and depicts their corresponding decline.



3. MULTIPLE-YEAR BUDGET PLANNING

The county's multiple-year budget plan incorporates projected expenditures and revenue four years ahead. Beginning in FY 10/11, the plan focuses on aggressively reducing expenditures over two years to bring them back in line with current revenue. County discretionary revenue has waned since FY 06/07 and the loss totals over \$176 million. As in the past two years, reserves are being drawn down to minimize the effects on public service. The focus for FY 10/11 is to cut general-fund departments while keeping the county's emergency reserve above the Board-adopted minimum. The multiple-year forecast reflects cuts to general-fund departments ranging from 3 to 10 percent for public safety departments and 10 to 25 percent for general operating departments, in each of the next two years.

FY 10/11 will be the third consecutive year of cuts to most general fund departments, manifested as direct cuts to departments and labor savings from furloughs. For bargaining units where furloughs have been implemented, those furloughs will expire with the new fiscal year. Therefore, labor savings from concessions can't be assumed at this time. Without labor concessions, more severe direct cuts will be required. For FY 10/11, the multi-year plan incorporates direct cuts of \$60 million to \$65 million as well as a \$65 million to \$70 million draw on the emergency reserve fund.

General Fund Multiple-year Projection (in millions)						
	Adopted Budget	PROJECTED ACTUAL				
	09/10	09/10	10/11	11/12	12/13	13/14
<u>RESOURCES:</u>						
Adjusted fund balance	25	66	20	20	20	20
Ongoing discretionary revenue	629	609	614	632	640	657
Use of reserves (to balance budget)	50	71	66	2	0	0
Other one-time revenue and reserves	57	57	0	0	0	0
	761	803	700	654	660	677
<u>APPROPRIATIONS:</u>						
Misc. ongoing NCC	721	718	728	674	632	633
<u>Cost Adjustments</u>						
Contingency funding	30	14	20	20	20	20
Misc. one-time costs	88	108	0	0	0	0
New jail staffing (Sheriff, MH, DH)	0	0	0	0	0	0
Public safety COLA's	10	10	12	0	0	0
800 MHz debt service	0	0	0	7	0	0
Assumed labor savings (furloughs)	(18)	(18)	0	0	0	0
Budget cuts	(74)	(74)	(64)	(51)	0	0
Added to reserves	4	45	4	4	4	4
	761	803	700	654	656	657
Available for budget needs	0	0	0	0	4	20
Reserve for economic uncertainty	75	109	43	41	41	41
Other discretionary reserves	31	31	21	11	0	0
<i>Notes: Departments to absorb retirement benefit costs and cost-of-living allowances. Retirement costs are expected to spike in FY 11/12.</i>						

At this year's third budget workshop, in April, the Board will receive a report showing how general-fund department managers plan to meet reduced budget targets, including program and personnel impacts. The Board will then be asked for further direction or revisions. The Executive Office will incorporate the Board's changes and return on June 8 with the recommended budget for approval. After approval, the budget hearings now scheduled for July 12 can commence. After considering testimony during hearings, the Board will decide what changes are needed to produce the final budget. The Executive Office will make the changes and return with the final budget on July 27 for formal adoption.

Pension Costs

County pension rates are expected to increase in FY 11/12 by as much as 4.3 percent for miscellaneous employees and 6.6 percent for public-safety employees. The primary cause is the substantial investment losses CalPERS and most other public pension plans suffered. The Pension Advisory Review Committee is assembling and evaluating several options to bring before the Board in March.

Best Practices/Business Process Review

During the past year, ideas for creating a more responsive, cost-efficient operation have been evaluated. Some emerged from the SCRAPE program, some arose during labor negotiations and others grew from public discussion about specific operations. The Executive Office (EO) will continue to explore proposals to improve efficiency and eliminate unnecessary costs. Where appropriate, the EO will bring to the Board initiatives to consider. The EO also will continue to oversee the implementation of new policies and programs that are beginning to bear fruit. These include an early retirement incentive, increased scrutiny of internal service fees and a restructuring of government services.

E. SECOND-QUARTER ACTIVITY

1. QUARTERLY DISCRETIONARY REVENUE SUMMARY

Since the \$20 million loss reported in the first quarter, there are no discretionary-revenue changes to report this quarter. The following chart reflects cumulative changes in county discretionary revenue over the past six months.

Summary of FY 09/10 General-Fund Discretionary Revenue (in millions)			
	Original Budget Estimate	Second- Quarter Update	Variance from Budget
Property Taxes	283.9	274.5	(9.4)
Motor Vehicle In Lieu	199.5	197.9	(1.6)
Tax Loss Reserve Fund-Overflow	46.0	46.0	0.0
Sales Tax *	34.8	25.6	(9.2)
Fines and Penalties	26.1	26.1	0.0
Documentary Transfer Tax	9.2	9.2	0.0
Interest	8.5	8.5	0.0
Franchise Tax	8.0	8.0	0.0
Misc. Federal and State	6.0	6.0	0.0
Other (Prior Year & Miscellaneous)	5.6	5.6	0.0
Transient Occupancy Tax	1.6	1.6	0.0
TOTALS	629.2	609.0	(20.2)

* Does not include public safety sales tax revenue

2. BOARD DISCRETIONARY RESERVES

The following table lists the \$147 million in Board-established general-fund discretionary reserves. About \$109 million resides in the reserve for economic uncertainty (REU) to stabilize general-fund budgets. In September, the Auditor-Controller closed the books on FY 08/09 and reversed an erroneous entry, which increased the REU by \$800,074. In the table below, the adjustment is reflected as an increase to FY 08/09 ending fund balance. Over the next two years this fund will be systematically drawn down near the Board-approved minimum to allow for phased budget cuts as the county strives to balance expenditures and revenue.

Discretionary Reserves (in millions)						
	FY 08/09 Ending Balances	Draw Downs for Budget Use	FY 09/10 Beginning Balances	First- Quarter Adjustments	Second- Quarter Adjustments	Balance
Economic uncertainty	98.5	(23.0)	75.5	33.8		109.3
Capital projects	38.3	(38.3)	0.0	3.2		3.2
PSEC - 800 MHz	27.1	(27.1)	0.0			0.0
Property tax system	9.6		9.6	4.0		13.6
SB90 deferred state revenue	3.6		3.6			3.6
DPSS - CalWorks Incentive	8.2		8.2			8.2
DPSS - realignment growth	6.9		6.9			6.9
Probation	2.3	(2.3)	0.0			0.0
Community Improvement	0.0		3.4	(0.5)	(0.9)	2.0
CAC maintenance	1.2	(1.2)	0.0			0.0
TOTAL	195.7	(91.9)	107.2	40.5	(0.9)	146.8

Of the funds designated by the Board, \$15 million is earmarked for public social services to protect against the state's tendency to fund service increases in these arrears. The Board has set aside \$13.6 million for a new property tax system and \$3 million is earmarked for capital projects. The remaining \$6 million is earmarked for community improvement and to offset state-mandated reimbursements that are not received in the year the expenses occur. These last two reserves will likely be exhausted by year's end.

3. APPROPRIATIONS FOR CONTINGENCY

Funds allocated into contingency are appropriated for unforeseeable events. These funds are at the Board's discretion and historically have been used to backfill discretionary-revenue shortfalls, to finance unforeseen expenditures, and to cover uncorrectable departmental budget overruns. The Board-approved contingency target is four percent of ongoing discretionary revenue, or about \$24 million. Contingency funds were drawn down from \$30 million to \$7 million in the first quarter to cover projected revenue losses and unforeseen court transfer obligations.

Mainly due to slower caseload growth, salary savings associated with furloughs, and increased federal funding, the Department of Public Social Services projects a net-county-cost savings of \$10.3 million. The department recommends and the Executive Office supports the immediate transfer of these funds to contingency.

Department requests to fund legally mandated services are included and recommended in this report. These requests total about \$2.8 million and should be funded out of contingency. Funds remaining in contingency at year-end typically help re-establish contingency in the following year, so it will likely be necessary to draw from our limited reserves to establish adequate contingency levels next fiscal year.

FY 09/10 USE OF CONTINGENCY				
	Cost Adjustment	Revenue Adjustment	Total Adjustment	Contingency Status
Beginning Balance:				\$6,825,211
Second-quarter adjustments:				
None	\$0	\$0	\$0	\$6,825,211
Actions recommended in this report:				
ROV election funding (page 16)	\$688,182	\$0	(\$688,182)	\$6,137,029
Public Guardian (page 20)	\$160,000	\$0	(\$160,000)	\$5,977,029
Public Defender (page 19)	\$2,000,000	\$0	(\$2,000,000)	\$3,977,029
DPSS Administration (page 23)	\$0	\$5,328,000	\$5,328,000	\$9,305,029
DPSS Categorical Aid (page 25)	\$0	\$5,000,000	\$5,000,000	\$14,305,029
Contingency balance upon approval of this report =				\$14,305,029

F. FY 09/10 DEPARTMENTAL STATUS

1. INTERDEPARTMENTAL

RDA Capital Improvement Fund

The RDA Capital Improvement Fund is a special revenue fund the County Executive Office manages. It collects the county's discretionary general-purpose property tax increment from city redevelopment projects under the terms of redevelopment pass-through agreements. This fund should not be confused either with capital improvement funds the county redevelopment agency manages, or the CIP fund that supports general fund construction.

Pass-through agreements restrict the use of some revenues and some proceeds have been earmarked for special capital projects. Given the county's grave financial crisis and the need to retrench, the Executive Office currently recommends reprogramming these discretionary revenues to the greatest extent possible to relieve the debt service burden on the county general fund over the next few years.

Debt service is estimated to be \$17.4 million next year for various county and court facilities such as the County Administrative Center, Family Law Court, South West Justice Center, 800 MHz Upgrade, the Perris Sheriff Station and the Historic Courthouse. Using a portion of the redevelopment pass-through revenue from this fund, as appropriate, to pay debt service on projects such as these will free up other general fund resources.

Of particular concern are debt-service obligations tied to the Palm Desert Finance Authority, which are paid from tax increment received from the Palm Desert Redevelopment Agency. The balance in the escrow fund held by the City of Palm Desert on behalf of the county is sizeable and portions are earmarked for various small capital projects.

However, previous projections indicate that in certain future years, annual tax increment will not sufficiently cover annual debt service. Since those projections were compiled, property taxes have declined dramatically. The assessor's valuation of the county overall is projected to decline 4 percent to 5 percent for FY 10/11. While Board-approved commitments for certain capital projects already in process must be satisfied, the Executive Office recommends freezing any future earmarks while we re-evaluate the projected revenue streams from the Palm Desert project areas.

The county must deal with any projected gap between future Palm Desert Finance Authority debt service obligations and our annual property tax increment from the Palm Desert RDA. Setting aside funds from the existing balance in escrow to cover any projected gap will help guard against a potential burden on the county general fund.

The Executive Office recommends action to reduce the burden on the county general fund. The remaining balance in the Palm Desert escrow account and future tax increment from this source should be used to pay the county general fund's debt service obligations on existing capital projects, such as the Monterey Avenue interchange. Likewise, for the duration of the fiscal crisis, the Executive Office recommends using future tax increment revenue flowing into this fund to pay the general fund's debt-service obligations.

The Executive Office recommends use of the existing balance in the RDA Capital Improvement Fund to self-finance small capital projects that will generate long-term cost savings for general fund departments. Those include modifying landscaping and irrigation at county facilities to minimize water consumption and grounds maintenance.

Recommended Motion: *That the Board of Supervisors direct the County Executive Office to 1) temporarily freeze earmarking of Palm Desert tax increment for capital projects; 2) reassess the long-term projections for the county's portion of the Palm Desert tax increment revenue; 3) provide in the FY 10/11 proposed budget a designation to provide sufficient coverage for Palm Desert Finance Authority debt service obligations; 4) in the FY 10/11 proposed budget apply estimated tax increment revenue from this fund toward paying a portion of the county general fund's debt service obligations.*

On Oct. 20, 2009, (Item 3.22) the Board approved using Riverside County Palm Desert Financing Authority bond proceeds to repay \$90,000 in CDBG funds. The Economic Development Agency used the funds for undisclosed expenses associated with acquiring the North Shore Yacht Club facility. However, this project is not on the list of capital projects for which those bond proceeds can be expended. The Executive Office recommends instead using tax increment revenue the county received from the City of Palm Desert RDA to repay the CDGB funds.

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

Increase estimated revenue:		
31540-1100100000-781000	Contractual revenue	\$90,000
Increase appropriations:		
31540-1100100000-551000	Operating transfers out	\$90,000

Increase estimated revenue:		
21350-1900200000-790500	Operating transfers in	\$90,000
Expected offset:		
21350-1900200000-380100	Unrestricted net assets	\$90,000

On Nov. 3, 2009, in Agenda Item No. 3.16 the Board approved using Riverside County Palm Desert Financing Authority bond proceeds to pay \$275,000 of the Economic Development Agency's costs for constructing phase three of the Americans with Disabilities Act pavement improvement project at the Riverside County fairgrounds. However, this project is not on the list of capital projects for which those bond proceeds can be expended. The Executive Office recommends instead using tax increment received by the county from the City of Palm Desert RDA to pay these costs.

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

Increase estimated revenue:		
31540-1100100000-781000	Contractual revenue	\$275,000
Increase appropriations:		
31540-1100100000-551000	Operating transfers out	\$275,000
Increase estimated revenue:		
22200-1920100000-790500	Operating transfers in	\$275,000
Increase appropriations:		
22200-1920100000-542120	Improvements – infrastructure	\$275,000

On Dec. 22, 2009, (Item 3.20) the Board approved a budget adjustment to the county's general fund. The adjustment received and transferred \$500,000 in property tax increment from the City of Palm Desert to the county Economic Development Agency to construct the Blythe animal shelter. To ensure all revenue from this source can be more readily and consistently tracked, the Executive Office now recommends instead channeling this transfer through the RDA Capital Improvement Fund.

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

Decrease estimated revenue:		
10000-1101000000-781660	Redevelopment pass-through	\$500,000
Decrease appropriations:		
10000-1101000000-551000	Operating transfers out	\$500,000
Increase estimated revenue:		
31540-1100100000-781000	Contractual revenue	\$500,000

Increase appropriations:		
31540-1100100000-551000	Operating transfers out	\$500,000

On Jul. 21, 2009, (Item 3.38), the Board approved using Riverside County Palm Desert Financing Authority bond proceeds to pay 81 percent, or \$2,004,750, of the Economic Development Agency's \$2,475,000 project costs for constructing the Desert Resource Center (previously known as the Coachella Valley Rescue Mission). However, this project is not on the list of capital projects for which those bond proceeds can be expended. The Executive Office recommends instead using tax increment received by the county from the City of Palm Desert RDA to pay these costs. The remaining 19 percent of the project costs are to be paid by DPSS from federal Department of Housing and Urban Development resources.

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

Increase estimated revenue:		
31540-1100100000-781000	Contractual revenue	\$2,004,750

Increase appropriations:		
31540-1100100000-551000	Operating transfers out	\$2,004,750

2. GENERAL GOVERNMENT

a) Auditor-Controller

This fiscal year, fees for Auditor-Controller payroll services are being billed directly to departments rather than incorporated into the countywide cost allocation plan (COWCAP). In an effort to minimize current-year impacts on departments, eligible departments will see an equivalent reduction in COWCAP charges. To align charges with budgeted appropriations, the Auditor-Controller's Office will move appropriations for COWCAP into new payroll expenditure accounts. For departments that do not have COWCAP appropriations, zero-budget lines will be set up so that payroll charges can be posted into the financial system. For FY 10/11, payroll rates will be approved through the normal form-11 process. Departments will then be able to incorporate approved payroll costs into their regular budget preparation process.

The Auditor-Controller has reported a possible error in the calculation of COWCAP charges to departments for this year. Correcting the error could potentially result in increased charges to county departments of over \$3 million. The Executive Office was not given the details of the situation in time to work with the Auditor-Controller to include a recommended solution in this report. Therefore, the Board could request that the Auditor-Controller report back within 30 days to provide an explanation together with a recommended solution.

Recommended Motion: *That the Board of Supervisors request that the Auditor-Controller report back within 30 days on the status of FY 09/10 COWCAP charges together with any corrective actions he thinks are necessary.*

b) Economic Development and Facility Management Agency (EDA)

Aviation Administration

The department requests a budget adjustment covering increased costs for the Hemet-Ryan Airshow and office relocation costs. The increased costs will be offset by increased sponsor contributions and unreserved fund balance

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

Increase appropriations:		
22100-1910700000-523270	Special events	\$75,000
22100-1910700000-537080	Interfund – miscellaneous	<u>30,344</u>
	Total	\$105,344
Increase estimated revenue:		
22100-1910700000-778200	Interfund – miscellaneous	\$75,000
Expected offset:		
22100-1910700000-325100	Unreserved fund balance	\$30,344

County Library

The department requests a budget adjustment to cover increased administrative overhead costs, which will be offset by increased fine and fee revenue.

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

Increase appropriations:		
21200-110150000-537180	Interfund – salary reimbursements	\$123,452
Increase estimated revenue:		
21200-110150000-732120	Library fines and fees	\$123,452

Custodial Services

The department requests a budget adjustment to purchase a box truck to transport supplies between Riverside and desert communities. In addition, the department is changing the administrative support cost distribution ratio, resulting in increased costs to this division.

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

Increase appropriations:		
10000-7200200000-524500	Administrative support – direct	\$675,000
10000-7200200000-546380	Vehicles – other	37,000
10000-7200200000-571700	Intrafund – custodial	<u>(438,734)</u>
	Total	\$273,266
Increase estimated revenue:		
10000-7200200000-777150	Custodial	\$247,848

10000-7200200000-778080	Interfund – custodial	25,418
	Total	\$273,266

Deferred Maintenance

EDA requests approval to reprogram unused funds set aside for various emergency maintenance projects to frost windows at the Robert Presley Detention Center.

Recommended Motion: *That the Board of Supervisors approve the reprogramming of \$16,500 from various emergency maintenance projects for window frosting at the Robert Presley Detention Center*

Desert ExpoCenter

The Desert ExpoCenter requests a budget adjustment to increase funding associated with the Americans with Disabilities Act pavement construction project.

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

Increase appropriations:		
22200-1920100000-542120	Improvements – infrastructure	\$172,641
Increase estimated revenue:		
22200-1920100000-778200	Interfund – miscellaneous	\$172,641

Design and Construction

The department requests a budget adjustment to fund the cost of its new lease agreement, including tenant improvements, with Riverside Centre and multiple small construction projects.

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

Increase appropriations:		
10000-7200500000-524520	Administrative support – indirect	\$225,000
10000-7200500000-528500	Project cost expense	128,000
10000-7200500000-537000	Interfund – leases	129,168
10000-7200500000-537320	Interfund – building improvements	109,109
10000-7200500000-573900	Intrafund – payroll distribution	<u>(265,000)</u>
	Total	\$326,277
Increase estimated revenue:		
10000-7200500000-778330	Interfund – salary reimbursement	\$326,277

Energy Management

The department requests a budget adjustment for project expenses and revenue associated with the Energy Efficiency and Conservation Block Grant (EECBG). A one-time EECBG, in the amount of \$6,591,600, was awarded by the Federal Department of Energy (DOE) on March 26, 2009, to fund energy conservation and efficiency projects and create jobs. On 11/24/09 (Item 3.62) the Board approved a list of DOE eligible projects that would also achieve significant energy savings, address deferred maintenance issues and decrease the County's ongoing energy and maintenance costs.

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

Increase appropriations:		
10000-7200600000-542040	Buildings – capital projects	\$1,471,006
10000-7200600000-528500	Project costs	<u>147,506</u>
	Total	\$1,618,512
Increase estimated revenue:		
10000-7200600000-781360	Other miscellaneous revenue	\$1,618,512

c) Executive Office

The California Complete Count Campaign has notified the Executive Office that, as one of the top “hard-to-count” counties, it will receive \$52,500 for 2010 Census outreach and promotion. With the concurrence of Riverside’s Complete Count Steering Committee, the funds will be used to purchase advertising, develop promotional materials, and organize events. The initial funding proposal, subject to change, is available at the county census website, rccensus.org.

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

Increase appropriations:		
10000-1100100000-528500	Project costs	\$52,500
Increase estimated revenue:		
10000-1100100000-755180	CA – from other state agencies	\$52,500

Funds in the County DNA Identification Fund shall be used to reimburse local law enforcement agencies instrumental in collecting DNA specimens, samples and print impressions of juvenile and adult offenders. A budget adjustment is necessary for the transfer of funds.

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

Increase appropriations:		
22820-1100100000-536880	Interfund expense – distributions	\$843,784
Expected offset:		
22820-1100100000-325100	Unreserved fund balance	\$843,784

d) Human Resources

Rideshare

The Human Resources rideshare unit receives revenue from monthly parking-pass fees. Revenue is transferred to the Economic Development Agency, less an administrative fee retained by Human Resources. The department requests a budget adjustment to accommodate additional revenue from an increase in employee parking spaces available in

county parking structures. This increase in revenue will increase the fee collected from employers for administrative overhead.

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

Increase appropriations:

22000-1130300000-527780	Special program expense	\$3,900
22000-1130300000-537300	Interfund parking	<u>130,000</u>
	Total	\$133,900

Increase estimated revenue:

22000-1130300000-726350	Air quality	\$3,900
22000-1130300000-741380	Parking	<u>130,000</u>
	Total	\$133,900

e) Registrar of Voters (ROV)

The Registrar of Voters might end the fiscal year with a budget shortfall. Of the 30 jurisdictions scheduled to go to election in November 2009, 15 (12 districts, two school districts, and one college district seat) had insufficient nominees to proceed with elections, resulting in reduced revenue for the department. The department projects it will end the fiscal year with \$398,698 less than budgeted. The Registrar of Voters might be able to offset this shortfall by maintaining its current cost-savings measures. The department will continue to monitor revenue and expenditures and will request adjustments if needed.

The Registrar of Voters will also conduct three unscheduled elections in FY 09/10. The cost of two of the elections, the Valley Health System special measure and the Lake Elsinore recall, are reimbursable from the jurisdictions. The third election, the 37th senatorial district special primary, is not reimbursable from the state or any other jurisdiction. Because the election was called in November 2009, it was not included in the FY 09/10 budget request. The estimated cost of the election is \$888,182. Savings from the November 2009 UDEL election will allow the department to absorb overtime and seasonal costs for the special primary, estimated at \$200,000. The department requests an additional \$688,182.

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

Increase appropriations:

10000-1700100000-523760	Postage	\$234,000
10000-1700100000-523800	Printing	191,000
10000-1700100000-525340	Temporary help	58,000
10000-1700100000-527380	Elections	118,482
10000-1700100000-529120	Transportation	<u>86,700</u>
	Total	\$688,182

Decrease appropriations:

10000-1109000000-581000	Appropriations for contingency	\$688,182
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3. PUBLIC PROTECTION

a) Animal Services – Community Health Agency

The department projects revenue losses could total \$1.2 million by year's end. In addition, departmental resources are insufficient this year to operate and staff newly expanded animal facilities in Blythe and northwest Riverside, estimated to cost an additional \$2 million. Also, funding has not been identified to operate the new San Jacinto shelter, scheduled to open next fiscal year.

In response to the revenue shortfall, the department will implement additional layoffs and continue to operate under a hiring freeze. Financial contributions are proactively being sought from various foundations. Some contributions have been received, including donated dog food. Even with donations and labor reductions, the department anticipates exceeding its budget target by \$150,000 at year-end. The department will continue to make every effort to reduce expenses and increase revenue in order to lessen this unbudgeted impact on the general fund.

Although construction of the Blythe and northwest animal shelters is nearing completion, there are no departmental resources to pay for additional operations costs associated with these facilities. Expanded operations costs for the Blythe facility are estimated at \$200,000 per year and \$1.8 million for the northwest facility. In addition, beginning in FY 10/11 it is estimated that \$4 million in annual general fund support will be needed to open and operate the new San Jacinto shelter.

With contingency funds obligated, the reserve for economic uncertainty projected to hit the Board-approved minimum, and with severe cuts planned for next year, the Executive Office recommends that the department balance its budget without any unbudgeted impact on the general fund.

b) Alternate Dispute Resolution

On July 14, 2009 (Item 3.5) the Board approved an alternate dispute resolution program to be run by the county instead of the Superior Court. The program is administered through the Executive Office. Projects were authorized for one year; however, in order to pay vendors and support project administration, a budget adjustment is needed.

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

Increase appropriations:		
10000-1100100000-525480	Arbitrations services	\$180,000
Expected offset:		
11149-1100100000-325100	Unreserved fund balance	\$180,000

c) District Attorney's Office

The District Attorney's Office reports that it has been successful in maintaining public safety effectiveness, while navigating the current difficult budget situation. As of mid-year, after assessing outcomes of cost reduction efforts, the department reports that significant budget savings have been achieved. However, with the implementation of a new round of early

retirements, the District Attorney's Office expects to experience additional payouts of leave balances by the end of the fiscal year. Also, the department reports having obtained another \$1 million in revenue from new grant sources since the first quarter.

d) Fire Department

The Fire Department indicates it is seeing greater savings from cost containment measures than originally anticipated. This will keep the department on track to balance its budget. While there is some reduction in tax revenue, it is directly related to the new city incorporations and the department will recover this revenue through contract billing. Estimates are based on the assumption that the department will receive all its safety sales tax revenue (Prop. 172) budgeted this year. In addition, the final balance carried forward in the old fire-mitigation fund is larger than expected. The department requests a budget adjustment in order to spend the excess this fiscal year.

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

Increase appropriations:		
30300-2700100000-536780	Interfund expense – capital projects	\$459,269
Expected offset:		
30300-2700100000-309100	Reserve for construction	\$459,269

e) Probation Department

Probation projects it will be able to hit its budget targets if the county backfills \$2.5 million in Prop 172 funding, their portion of this year's projected \$15 million loss. Other factors that could greatly impact the budget include:

1. Furlough Reductions: Appropriations for the department were reduced by \$2.7 million and of that, \$2.5 million represented furloughs for RSA represented personnel. Final negotiations with their bargaining unit have not occurred therefore the savings could be considerably less than anticipated.
2. Lease Costs: The department is paying for leased space vacated in the Metro building as well as the new space in the Regency Tower. This could impact the budget by more than \$1 million. EDA/FM is looking to lease the vacated space in order to mitigate these costs.
3. Vehicle License Fees (VLF): VLF revenue is used to support the Juvenile Probation and Camps Funding as well as the Juvenile Justice Crime Prevention Act. The department's analysis of the first-quarter allocation concluded that the VLF will be approximately 20 percent less than anticipated when the budget was approved. It is possible that second-quarter funds could be higher. Probation and the Executive Office will closely monitor this revenue source.
4. Early Retirement Payouts: Forty employees accepted early retirement during the first quarter and an additional three sworn employees retired. The payout for the group totaled \$1.8 million; the department budgeted \$300,000. In order to ensure sufficient salary savings to cover the payout, Probation identified 28 positions that will remain vacant at least until June 30, 2010 to cover the projected payout. The department plans on keeping these positions unfilled in FY 10/11, to align costs with resources.

5. Indio Juvenile Hall Security Project: The security project is nearly complete and savings are anticipated at \$350,000. The department plans to ask the Capital Improvement Project Committee to redirect the savings to support juvenile hall security projects in Riverside and to fund a new transfer switch in Indio.
6. Maintenance: The transfer switch at the Indio Juvenile Hall failed. The department did not anticipate switch-replacement costs and will evaluate the impact on the budget once the replacement cost is known.
7. SB678: The application was submitted on December 31, 2009. The department anticipates a \$2.8 million allocation covering three years. Fourteen new positions were requested to implement the grant provisions related to improving local probation supervision via evidence based practices.

In addition, Probation requests the extension of temporary assistance position hours of service. While the positions are intended to be used as part-time backup for unavailable full-time employees, it is necessary to use some temporary employees to staff regular shifts in the detention facilities in order to comply with Title 15. If this replacement continues at the present rate many of the staff will work in excess of 1,000 hours during the current fiscal year. In accordance with Ordinance 440, Section 12C (3), the department requests Board approval to allow the following employees to exceed 1,000 hours worked.

Recommended Motion: *That the Board of Supervisors authorize employment of the temporary employees listed for more than 1,000 hours each, during FY 09/10.*

EID	Position Title	Hire Date	EID	Position Title	Hire Date
186152	Correctional Cook	9/27/2007	203061	PCO I	8/4/2005
219125	CSFSW	5/24/2007	207944	PCO I	3/18/2004
221219	CSFSW	11/8/2007	206001	PCO I	8/4/2005
205206	PCO I	1/9/2003	212291	PCO I	8/3/2006
222606	PCO I	3/27/2008	211099	PCO I	9/29/2005
211257	PCO I	8/4/2005	175036	PCO I	12/26/2001
128944	PCO I	8/4/2005	224841	PCO I	12/4/2008
139586	PCO I	9/23/1999	211569	PCO II	5/22/2008
209404	PCO I	10/28/2004	203493	PCO II	9/13/2007
201710	PCO I	8/5/2004	147923	PCO II	10/9/2008
190696	PCO I	8/5/2004	183401	PCO II	8/18/2005

f) Public Defender

Staffing problems in the Public Defender's Office stem from budget cuts in FY 08/09 with no concurrent decrease in court cases. At the beginning of FY 08/09 the Public Defender had 149 staff attorneys and 45 investigators in addition to support staff. By the beginning of FY 09/10 there were 132 attorneys and 32 investigators. When the Public Defender declared "overload status", cases were then assigned to the conflict panels.

The Public Defender worked to fill critical vacancies during the second quarter. Positions filled included four of the 17 attorney vacancies and six of the 13 investigator vacancies. Although most of the individuals hired for these positions began working October 26, 2009,

the Public Defender was no longer declaring "overload." As reported at the end of the first quarter, salary-related expenditures are expected to exceed the budget by approximately \$2 million. The Public Defender is within the current budget for services and supplies and has severely limited those expenditures. The most cost effective option for indigent defense is to fund salaries over referral to the conflict panel.

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

Increase appropriations:		
10000-2400100000-510040	Regular salaries	\$2,000,000

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$2,000,000

Revenue continues to lag due to state suspension of the Prison Legal Reimbursement fund. Payments for the sexually violent predator program and other provisions of SB 90 are paid in arrears; however, the Public Defender has not been paid for two fiscal years. The projected decline in revenue amounts to a potential loss of approximately \$200,000.

The Indian Gaming Grant award for FY 08/09 was rolled over. The department requests the following adjustment to cover associated second-quarter expenses.

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

Increase appropriations:		
10000-2400100000-510040	Regular salaries	\$16,561
10000-2400100000-518100	Budgeted benefits	<u>6,689</u>
	Total	\$23,250

Expected offset:		
11123-2400100000-308101	Restricted program money	\$23,250

g) Public Guardian

The office of the Public Guardian anticipates the need for \$160,000 in additional general-fund support in order to make up for shortfalls in revenue. Shortfalls in treatment and detention programs will depend on future realignment allocations from the state. The department continues to closely monitor all revenue and will report back by the third-quarter report.

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

Decrease estimated revenue:		
10000-4100100000-750900	CA – Mental Health realignment	\$160,000

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$160,000

h) Sheriff's Department

Second-quarter projections signal an improved budget outlook for the Sheriff's Department. Overall, assuming the Board backfills any Prop. 172 revenue shortfalls, the department is projecting a slight budgetary surplus this year (\$100,000). The department reports that it has made significant progress toward meeting county budget objectives. Staffing efficiencies have resulted in overtime numbers that are dramatically lower than they were at this time last year. Commanders continue to exercise considerable restraint within their discretionary spending allotments and are working closely with county Fleet to maximize patrol vehicle life. In addition, patrol stations and jails are projecting significant salary savings as a result of attrition. Moreover, the fiscal impact of the early retirement program is now materializing in financial ledgers. The department had 102 sworn employees participate in the incentive offering. After allowing for the associated benefit payouts, the department will now realize \$5.5 million in overall salary and benefit savings for FY 09/10.

The department is now operating with 170 fewer positions than at the beginning of the fiscal year. While the hiring freeze has been lifted, the department reports that the possibility of further budget cuts, and the uncertainty surrounding the Board's Prop. 172 policy, has precluded hiring critically needed deputy replacements. In the coming months, the funding issues related to the new Palm Desert and Thermal stations, as well as the cost associated with operating the new Smith Correctional Facility expansion, will need to be addressed. The department will bring those items to the Board.

4. PUBLIC WAYS AND FACILITIES

Nothing to report.

5. HEALTH AND SANITATION

a) Community Health Agency (CHA)

CHA administration requests an appropriation increase to reflect higher-than-expected collections for drunk driving convictions (MADDY funds), which are passed through to hospitals to cover expenses related to uncompensated care.

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

Increase appropriations:

10000-4200300000-525440	Professional services	\$1,000,000
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Increase estimated revenue:

10000-4200300000-774790	Uncomp. emergency medical	\$1,000,000
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Public Health

Realignment revenue, generated from sales-tax and vehicle-license fees, continues to decline; however, the department anticipates meeting budget targets due to salary savings from employee furloughs and other cost savings. Unfortunately, as salary costs decrease so does grant revenue for programs that are reimbursed based on costs.

The family care centers report an increase in use of the medically indigent services program. The department estimates that uncompensated care will cost the county

approximately \$1.64 million more than is reflected in the budget. In addition, the department anticipates clinic revenue could decrease \$1.2 million due to furloughs, physician vacancies and changes in patient billable sources. While an unbudgeted impact on the general fund is likely, the amount depends on actual reimbursements from the state between now and April. The department will analyze the details and report back in the third-quarter report.

With contingency funds obligated, the reserve for economic uncertainty projected to hit the Board-approved minimum, and with severe cuts planned for next year, the Executive Office recommends that the department balance its budget without any unbudgeted impact on the general fund.

California Children's Services (CCS)

The department is monitoring state-driven expenditures, the impact on revenue and federal matching funds, and will report back on any developments next quarter. Also, CCS reports that realignment revenue is projected to be less than last fiscal year, but within budget targets.

b) Detention Health Services (DHS) – RCRMC

As a result of the recent implementation of the 340b program, DHS is beginning to see a decrease in pharmaceutical costs. In addition, payments to private hospitals for the cost of pre-arrestee care were discontinued in January. The department reports that reduced expenditures for pharmaceuticals and private hospital payments will offset half the need for additional general funds reported in the first quarter. The deficit at midyear is now estimated to be \$700,000. The department continues to explore cost savings measures that could further reduce this unbudgeted impact on the general fund.

c) Medically Indigent Services Program (MISP) – RCRMC

Enrollment in MISP continues to increase and drive costs beyond what is funded by the general fund. Costs are now estimated to exceed the budget by \$2.6 million. The department continues to work with the Community Health Agency to implement pharmacy protocols and other cost containment measures. In addition, the department is working with the county hospital to reallocate realignment funds in order to cover unbudgeted impacts on the general fund. The department will continue to monitor and provide an update in the third-quarter report.

d) Mental Health

Revenue from sales-tax and vehicle-license fees, known as realignment, continues to decline. The department reports that various mental health programs receiving realignment funds – including the public guardian, and treatment and detention program – will have trouble meeting current budget targets. Shortfalls in treatment and detention programs will depend on future realignment allocations from the state. The department is expected to cut services as necessary in order to minimize any unbudgeted impacts on the general fund by year-end. The department continues to closely monitor all revenue and will report back by the third-quarter report.

In addition, the department is experiencing delays in implementing the new behavioral health information system and requests approval to purchase two servers. Significant

performance problems have been reported by users of the current system and the department does not anticipate that the new system will be fully operational for two to three years. Therefore, the department requests permission to purchase two servers in order to sustain the current system.

Lastly, the Board of Supervisors approved the use of Community Improvement Designation (CID) funds to support the Secure Continuous Remote Alcohol Monitor (SCRAM) program. A budget adjustment is requested in order to reimburse invoices submitted to the department for payment of services to indigent users.

Recommended Motion: *That the Board of Supervisors approve the purchase of two computer servers, and approve and direct the Auditor-Controller to adjust appropriations and board designations as follows:*

Increase appropriations:		
10000-1000100000-527780	Special program expense	\$50,000
Decrease board designation:		
10000-1000100000-320135	Community improvement	\$50,000
Increase appropriations:		
10000-4100400000-525440	Professional services	\$50,000
10000-4100400000-546160	Equipment – other	15,000
10000-4100400000-572800	Intrafund – miscellaneous	<u>(50,000)</u>
	Total	\$15,000
Increase estimated revenue:		
10000-4100400000-751040	CA Mental Health services	\$15,000

6. PUBLIC ASSISTANCE

a) Department of Community Action Partnership (CAP)

The department reports that revenue and expenses are expected to be within budget. At this time, CAP is requesting a budget adjustment to reflect a contract increase with the Superior Court.

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

Increase appropriations:		
21050-5200300000-529040	Private mileage reimbursement	\$30,000
Increase estimated revenue:		
21050-5200300000-731120	Superior Court	\$30,000

b) Department of Public Social Services (DPSS)

The department does not anticipate any budget shortfalls after reviewing the state's final program allocation letters. In fact, due to slower caseload growth, salary savings associated with furloughs, and increased federal funding, the department projects a net-county-cost savings of \$10.3 million.

As reported in the first quarter, the department challenged the distribution of funding for Child Welfare Services (CWS) and after reconsideration by the state, received an additional allocation of \$1.5 million. Apart from the state's policy changes, components of the TANF Emergency Contingency Funding (ECF) continue to be implemented. In August, the Subsidized Time Limited Employment Program (STEP) was implemented. The program continues to expand and the department requests the associated budget adjustments. The department projects that an average of 312 CalWORKs customers were placed in job assignments in December, which is less than the original goal of 500 projected through January. New targets, as well as lengthening the duration of assignments, are being evaluated to fully maximize available funding. Additional appropriations are requested in order to fully expend the funds and to operate STEP.

DPSS administration cost-containment efforts contributed to significant year-end general fund savings last year. Currently, department furloughs and vacancies are projected to generate salary savings of \$5.3 million, but by year-end the savings could be more. The department requests a budget adjustment to better reflect current revenue and expenditure and to move departmental savings into contingency.

High caseload growth has continued in the department's assistance programs, as summarized in the following table.

Programs	Oct-08	Oct-09	Change
CalWORKS Eligibility	25,848	30,943	19.71%
Child Care Placements	5,670	5,673	0.05%
CalWORKS Welfare to Work	13,508	16,555	22.56%
Food Stamps	48,579	71,713	47.62%
Medi-Cal	105,784	115,675	9.35%
Foster Care	3,556	3,139	-11.73%
Adoption Assistance	4,883	5,221	6.92%
In-Home Supportive Services	16,158	17,093	5.79%
CWS	10,585	9,611	-9.20%
APS	1,484	1,953	31.60%

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

Increase appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$5,328,000
Increase appropriations:		
10000-5100100000-530440	Client services	9,000,000
Decrease appropriations:		
10000-5100100000-510040	Regular salaries	\$9,573,721
10000-5100100000-518100	Budgeted benefits	4,426,279
	Total	\$14,000,000
Increase estimated revenue:		
10000-5100100000-767440	Fed – ARRA subrecipient	\$9,000,000

Decrease estimated revenue:

10000-5100100000-760000	Fed – public assistance admin	\$5,561,000
10000-5100100000-750300	CA – public assistance admin	<u>3,111,000</u>
	Total	\$8,672,000

In-Home Supportive Services (IHSS)

State participation in IHSS individual provider wages was reduced to \$9.50 per hour; however, the reduction is still under legal review. The department currently pays providers \$10.25 per hour, which was the rate in effect at the time the state implemented the rate reduction. Budget adjustments could be necessary, depending on the outcome of the litigation. If this lower wage remains in effect for the full fiscal year, the department estimates it could save the general fund \$1.3 million. In addition, caseload growth is currently tracking lower than anticipated, which could save the general fund \$600,000. The department plans to monitor this issue and request budget adjustments in the third quarter as needed.

Mandated Client Services

The current budget reflects an increase of 11.5 percent in Federal Medical Assistance Percentage (FMAP) funding for IHSS individual providers and contracted service expenditures. This revenue supports \$8.1 million in expenditures that would otherwise need to be funded by the general fund. Legislation has been submitted that would extend the FMAP increase through 2015 rather than the original sunset in 2010. If funding is not extended beyond 2010, the department will ask that the revenue be backfilled by the general fund. The department will continue to monitor the legislation and provide updates as information becomes available.

Categorical Aid

Caseload growth in adoptions assistance is slower than originally projected, resulting in an expected \$200,000 savings in net county cost. In addition, foster care and emergency assistance caseloads continue to decline, but at a slower rate. Their projected general-fund savings, due to caseload declines, is \$5.7 million. During the development of the FY 09/10 budget, the FMAP increases for foster care and adoptions assistance were not confirmed and therefore, not included. Savings of \$1.5 million for the increased FMAP federal participation are anticipated in this budget year. Legislation has been submitted to extend the FMAP increase through 2015 rather than the original sunset in 2010. If funding is not extended beyond 2010, the department will ask that the revenue be backfill by general fund. Also, the group-home and foster-family agency placement rates were reduced in the state budget by 10 percent; however, this reduction was challenged in court and was suspended. Subsequent information from the state has limited the 10 percent rate reduction to non-fed foster care placements in group homes, which will produce \$1 million in net county cost saving. The combined savings to the general fund is projected to be \$8.4 million. The department requests a budget adjustment to return \$5 million of that savings to the general fund. The department will continue to monitor these programs and will request adjustments to transfer additional savings, when better numbers are available.

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

Increase appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$5,000,000
Decrease appropriations:		
10000-5100300000-530480	Categorical assistance	\$11,444,159
Decrease estimated revenue:		
10000-5100300000-761000	Fed – public assistance programs	\$3,036,827
10000-5100300000-750700	CA – public assistance programs	<u>3,407,332</u>
	Total	\$6,444,159

DPSS Other Aid

The department projects county-funded foster care will exceed its approved budget by approximately \$200,000. The department requests a budget adjustment that will allow the department to receive funding from Categorical Aid, preventing any unbudgeted 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:		
10000-5100400000-530520	County funded assistance	\$200,000
Decrease appropriations:		
10000-5100300000-530480	Categorical assistance	\$200,000

Homeless Services

On July 21, 2009 (Item 3.38), the Board approved construction of Roy's Desert Resource Center. Funding was insufficient to complete construction of the kitchen and to acquire all the necessary equipment to operate the facility. The department request that DPSS funds be reallocated to accurately reflect homeless program budget and expenditures to complete the project.

The federal department of Housing and Urban Development (HUD) requires that all sponsors use the Homeless Management Information System (HMIS) to track homeless individuals who receive services. To ensure compliance, the department will use temporary staff to provide technical support and assistance to homeless project sponsors. The department requests a budget adjustment, using available DPSS net county cost funds, to fund this request.

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

Increase appropriations:		
21300-5100600000-525500	Salary benefit reimbursement	\$150,000
21300-5100600000-530360	Homeless shelter services	250,000
21300-5100600000-537040	Inter fund maintenance	<u>500,000</u>
	Total	\$900,000

Increase estimated revenue:		
21300-5100600000-790600	Contributions from other funds	\$900,000
Increase appropriations:		
10000-1101000000-551100	Contributions to other county funds	\$900,000
Decrease appropriations:		
10000-5100100000-522310	Maint. building and improvements	\$900,000

The department's FY 09/10 budget reflects the use of \$753,108 in fund balance to support the program's current operating expenditure level. It is anticipated that fund balance will not be sufficient to support the required county share for FY 10/11. The department anticipates requesting general-fund support to fund this expense next fiscal year.

Riverside County Children and Families Commission (RCCFC)

RCCFC will recommend various budget adjustments to the RCCFC commission during the third quarter. The adjustments are necessary due to the impact of furloughs, changes in indirect overhead costs, reclassification of certain expenditures and contract awards reported in the first quarter. Several new contracts totaling \$7.5 million were awarded in the second quarter. Funding for a majority of the contracts will come from RCCFC reserves.

c) Workforce Development – EDA

Workforce Development requests a budget adjustment to reflect increased Federal Workforce Investment Act revenue, including American Recovery and Reinvestment Act stimulus grants, which will be used to add an additional site and expand services.

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

Increase appropriations:		
21550-1900300000-523300	Moving expenses	\$130,000
21550-1900300000-523680	Office equipment – non-fixed asset	220,000
21550-1900300000-525080	Temporary assistance pool	460,000
21550-1900300000-526420	Advertising	<u>90,000</u>
	Total	\$900,000
Increase estimated revenue:		
21550-1900300000-767440	Fed ARRA sub-recipient	\$900,000

7. EDUCATION, RECREATION, AND CULTURE

Nothing to report.

8. ENTERPRISE FUNDS

a) Riverside County Regional Medical Center (RCRMC)

The approved budget authorized the use of \$64.4 million in reserve funds to cover anticipated hospital operating expenses. However, at this time, RCRMC reports that expenses are projected to be less than budgeted and revenue to be higher, reducing the need for reserve funds by \$37 million. In addition, several pending federal initiatives could significantly enhance hospital revenue.

9. INTERNAL SERVICE FUNDS (ISF)

a) Central Mail Services

Central Mail is updating its billing system to reduce manual billing steps and requests budget adjustments to cover unanticipated costs. Increased appropriations will be offset by net assets.

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

Increase appropriations:		
45620-7300600000-546280	Capitalized software	\$34,000
Expected offset:		
45620-7300600000-380100	Unrestricted net assets	\$34,000

b) Fleet Services

The Board of Supervisors approved the Blythe fuel island project. Estimated project costs have increased since approval in the FY 09/10 budget. The department requests budget adjustments authorizing additional spending. Unrestricted net assets are available to cover additional estimated costs of the Blythe fuel island and car wash project.

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

Increase appropriations:		
45300-7300500000-542040	Buildings – capital projects	\$416,662
Expected offset:		
45300-7300500000-380100	Unrestricted net assets	\$416,662

c) Unemployment Insurance

The Board of Supervisors recently approved an increase to the Unemployment Insurance Fund rate so that Human Resources could pay for anticipated increases in unemployment insurance claims. While a budget adjustment was made to reflect this rate increase, an additional budget adjustment is needed to reflect the anticipated increase in claims.

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

Increase appropriations:		
46080-1131100000-534400	Unemployment claims	\$891,150
Increase estimated revenue:		
46080-1131100000-781220	Contributions and donations	\$891,150

10. SPECIAL DISTRICTS

a) Redevelopment Agency (EDA)

Community Redevelopment

A budget adjustment is requested to incorporate the housing debt service payment.

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

Increase appropriations:		
37100-934001-532600	Capital lease – purchase principal	\$1,440,000
37100-934001-533020	Interest – bond expense	<u>4,279,405</u>
	Total	\$5,719,405
Increase estimated revenue:		
37100-934001-790500	Operating transfer in	\$5,719,405

Capital Projects

A budget adjustment is requested to cover increased sponsorship costs for the Hemet-Ryan Airshow and the new lease agreement, including tenant improvements, with Riverside Centre.

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

Increase appropriations:		
32700-934001-536780	Interfund expense – capital projects	\$1,983,733
32700-934001-537000	Interfund expense – leases	<u>758,664</u>
	Total	\$2,742,397
Increase estimated revenue:		
32700-934001-778150	Interfund – leases	\$676,200
32700-934001-778280	Interfund – reimbursement for svcs.	<u>2,066,197</u>
	Total	\$2,742,397

Community Redevelopment Housing

A budget adjustment is requested to fund the new lease agreement, including tenant improvements, with Riverside Centre.

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

Increase appropriations:		
25000-934001-536780	Interfund expense – capital projects	\$42,900
25000-934001-537000	Interfund expense – leases	<u>38,200</u>
	Total	\$81,100
Increase estimated revenue:		
25000-934001-781120	Rebates and refunds	\$81,100

b) County Services Areas (CSA)

For various County Service Areas, actual operating expenses are expected to exceed previous estimates. This is due to the transition of several CSAs into the cities of Menifee and Wildomar, causing utility costs to increase, and various staff reassignments. In addition, budget adjustments are requested to provide sufficient appropriations to transfer the balances of taxes collected to the cities, pay the increase in utilities and the increase in salaries and benefits. No general-fund impact will result from these budget adjustments, which will be funded from operating reserves.

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

Increase appropriations: 24575-914501-536200	Contrib. to other non-county agency	\$68,000
Increase estimated revenue: 24575-914501-781360	Other miscellaneous revenue	\$68,000
Increase appropriations: 23875-908601-536200	Contrib. to other non-county agency	\$87,000
Increase estimated revenue: 23875-908601-781360	Other miscellaneous revenue	\$87,000
Increase appropriations: 24475-913801-536200	Contrib. to other non-county agency	\$500
Increase estimated revenue: 24475-913801-781360	Other miscellaneous revenue	\$500
Increase appropriations: 23350-903301-536200	Contrib. to other non-county agency	\$5,000
Increase estimated revenue: 23350-903301-781360	Other miscellaneous revenue	\$5,000
Increase appropriations: 24630-915201-536200	Contrib. to other non-county agency	\$12,000
Increase estimated revenue: 24630-915201-781360	Other miscellaneous revenue	\$12,000
Increase appropriations: 23675-906901-529530	Streetlights	\$5,000
Increase estimated revenue: 23675-906901-781360	Other miscellaneous revenue	\$5,000
Increase appropriations: 24425-913401-529530	Streetlights	\$76,250
Increase estimated revenue: 24425-913401-781360	Other miscellaneous revenue	\$76,250
Increase appropriations: 24525-914201-529530	Streetlights	\$2,125
Increase estimated revenue:		

24525-914201-781360	Other miscellaneous revenue	\$2,125
Increase appropriations: 24875-915201-510040	Regular salaries	\$30,000
Increase estimated revenue: 24875-915201-781360	Other miscellaneous revenue	\$30,000

ATTACHMENT A: RECOMMENDATION SUMMARY

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

CEO Cover letter

IT IS RECOMMENDED that the Board of Supervisors receive and file this report and all its attachments, and approve the recommendations and associated budget adjustments in Attachment A.

RDA Capital Improvement Fund

Recommended Motion: *That the Board of Supervisors direct the County Executive Office to 1) temporarily freeze earmarking of Palm Desert tax increment for capital projects; 2) reassess the long-term projections for the county's portion of the Palm Desert tax increment revenue; 3) provide in the FY 2010-11 proposed budget a designation to provide sufficient coverage for Palm Desert Finance Authority debt service obligations; 4) in the FY 2010-11 proposed budget apply estimated tax increment revenue from this fund toward paying a portion of the county general fund's debt service obligations.*

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

Increase estimated revenue:		
31540-1100100000-781000	Contractual revenue	\$90,000
Increase appropriations:		
31540-1100100000-551000	Operating transfers out	\$90,000
Increase estimated revenue:		
21350-1900200000-790500	Operating transfers in	\$90,000
Expected offset:		
21350-1900200000-380100	Unrestricted net assets	\$90,000

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

Increase estimated revenue:		
31540-1100100000-781000	Contractual revenue	\$275,000
Increase appropriations:		
31540-1100100000-551000	Operating transfers out	\$275,000
Increase estimated revenue:		
22200-1920100000-790500	Operating transfers in	\$275,000
Increase appropriations:		
22200-1920100000-542120	Improvements – infrastructure	\$275,000

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

Decrease estimated revenue:		
10000-1101000000-781660	Redevelopment pass-thru	\$500,000
Decrease appropriations:		
10000-1101000000-551000	Operating transfers out	\$500,000
Increase estimated revenue:		
31540-1100100000-781000	Contractual revenue	\$500,000
Increase appropriations:		
31540-1100100000-551000	Operating transfers out	\$500,000

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

Increase estimated revenue:		
31540-1100100000-781000	Contractual revenue	\$2,004,750
Increase appropriations:		
31540-1100100000-551000	Operating transfers out	\$2,004,750

Auditor- Controller

Recommended Motion: That the Board of Supervisors request that the Auditor-Controller report back within 30 days on the status of FY 09/10 COWCAP charges together with any corrective actions he thinks are necessary.

Aviation Administration

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

Increase appropriations:		
22100-1910700000-523270	Special events	\$75,000
22100-1910700000-537080	Interfund – miscellaneous	30,344
	Total	\$105,344
Increase estimated revenue:		
22100-1910700000-778200	Interfund – miscellaneous	\$75,000
Expected offset:		
22100-1910700000-325100	Unreserved fund balance	\$30,344

County Library

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

Increase appropriations:		
21200-110150000-537180	Interfund – salary reimbursements	\$123,452

Increase estimated revenue:		
21200-110150000-732120	Library fines and fees	\$123,452

Custodial Services

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

Increase appropriations:		
10000-7200200000-524500	Administrative support – direct	\$675,000
10000-7200200000-546380	Vehicles – other	37,000
10000-7200200000-571700	Intrafund – custodial	<u>(438,734)</u>
	Total	\$273,266

Increase estimated revenue:		
10000-7200200000-777150	Custodial	\$247,848
10000-7200200000-778080	Interfund – custodial	<u>25,418</u>
	Total	\$273,266

Deferred Maintenance

Recommended Motion: That the Board of Supervisors approve the reprogramming of \$16,500 from various emergency maintenance projects for window frosting at the Robert Presley Detention Center

Desert ExpoCenter

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

Increase appropriations:		
22200-1920100000-542120	Improvements – infrastructure	\$172,641

Increase estimated revenue:		
22200-1920100000-778200	Interfund – miscellaneous	\$172,641

Design and Construction

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

Increase appropriations:		
10000-7200500000-524520	Administrative support – indirect	\$225,000
10000-7200500000-528500	Project cost expense	128,000
10000-7200500000-537000	Interfund – leases	129,168
10000-7200500000-537320	Interfund – building improvements	109,109
10000-7200500000-573900	Intrafund – payroll distribution	<u>(265,000)</u>
	Total	\$326,277

Increase estimated revenue:		
10000-7200500000-778330	Interfund – salary reimbursement	\$326,277

Energy Management

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

Increase appropriations:		
10000-7200600000-542040	Buildings – capital projects	\$1,471,006
10000-7200600000-528500	Project costs	<u>147,506</u>
	Total	\$1,618,512
Increase estimated revenue:		
10000-7200600000-781360	Other miscellaneous revenue	\$1,618,512

Executive Office

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

Increase appropriations:		
10000-1100100000-528500	Project costs	\$52,500
Increase estimated revenue:		
10000-1100100000-755180	CA – from other state agencies	\$52,500

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

Increase appropriations:		
22820-1100100000-536880	Interfund expense – distributions	\$843,784
Expected offset:		
22820-1100100000-325100	Unreserved fund balance	\$843,784

Human Resources

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

Increase appropriations:		
22000-1130300000-527780	Special program expense	\$3,900
22000-1130300000-537300	Interfund parking	<u>130,000</u>
	Total	\$133,900
Increase estimated revenue:		
22000-1130300000-726350	Air quality	\$3,900
22000-1130300000-741380	Parking	<u>130,000</u>
	Total	\$133,900

Registrar of Voters (ROV)

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

Increase appropriations:		
10000-1700100000-523760	Postage	\$234,000
10000-1700100000-523800	Printing	191,000
10000-1700100000-525340	Temporary help	58,000
10000-1700100000-527380	Elections	118,482
10000-1700100000-529120	Transportation	<u>86,700</u>
	Total	\$688,182

Decrease appropriations:
 10000-1109000000-581000 Appropriations for contingency \$688,182

Alternate Dispute Resolution

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

Increase appropriations:
 10000-1100100000-525480 Arbitrations services \$180,000

Expected offset:
 11149-1100100000-325100 Unreserved fund balance \$180,000

Fire Department

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

Increase appropriations:
 30300-2700100000-536780 Interfund expense – capital projects \$459,269

Expected offset:
 30300-2700100000-309100 Reserve for construction \$459,269

Probation

Recommended Motion: That the Board of Supervisors authorize employment of the temporary employees listed for more than 1,000 hours each, during FY 09/10.

EID	Position Title	Hire Date	EID	Position Title	Hire Date
186152	Correctional Cook	9/27/2007	203061	PCO I	8/4/2005
219125	CSFSW	5/24/2007	207944	PCO I	3/18/2004
221219	CSFSW	11/8/2007	206001	PCO I	8/4/2005
205206	PCO I	1/9/2003	212291	PCO I	8/3/2006
222606	PCO I	3/27/2008	211099	PCO I	9/29/2005
211257	PCO I	8/4/2005	175036	PCO I	12/26/2001
128944	PCO I	8/4/2005	224841	PCO I	12/4/2008
139586	PCO I	9/23/1999	211569	PCO II	5/22/2008
209404	PCO I	10/28/2004	203493	PCO II	9/13/2007
201710	PCO I	8/5/2004	147923	PCO II	10/9/2008
190696	PCO I	8/5/2004	193401	PCO II	8/18/2005

Public Defender

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

Increase appropriations:
 10000-2400100000-510040 Regular salaries \$2,000,000

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$2,000,000

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

Increase appropriations:		
10000-2400100000-510040	Regular salaries	\$16,561
10000-2400100000-518100	Budgeted benefits	<u>6,689</u>
	Total	\$23,250
Expected offset:		
11123-2400100000-308101	Restricted program money	\$23,250

Office of the Public Guardian (OPG)

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

Decrease estimated revenue:		
10000-4100100000-750900	CA – Mental Health realignment	\$160,000

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$160,000

Community Health Agency (CHA)

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

Increase appropriations:		
10000-4200300000-525440	Professional services	\$1,000,000

Increase estimated revenue:		
10000-4200300000-774790	Uncomp. emergency medical	\$1,000,000

Mental Health

Recommended Motion: That the Board of Supervisors approve the purchase of two computer servers, and approve and direct the Auditor-Controller to adjust appropriations and board designations as follows:

Increase appropriations:		
10000-1000100000-527780	Special program expense	\$50,000
Decrease board designation:		
10000-1000100000-320135	Community improvement	\$50,000

Increase appropriations:		
10000-4100400000-525440	Professional services	\$50,000
10000-4100400000-546160	Equipment – other	15,000
10000-4100400000-572800	Intrafund – miscellaneous	<u>(50,000)</u>
	Total	\$15,000

Increase estimated revenue:		
10000-4100400000-751040	CA Mental Health services	\$15,000

Department of Community Action Partnership (CAP)

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

Increase appropriations:		
21050-5200300000-529040	Private mileage reimbursement	\$30,000

Increase estimated revenue:		
21050-5200300000-731120	Superior Court	\$30,000

Department of Public Social Services (DPSS)

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

Increase appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$5,328,000

Increase appropriations:		
10000-5100100000-530440	Client services	9,000,000

Decrease appropriations:		
10000-5100100000-510040	Regular salaries	\$9,573,721
10000-5100100000-518100	Budgeted benefits	<u>4,426,279</u>
	Total	\$14,000,000

Increase estimated revenue:		
10000-5100100000-767440	Fed – ARRA subrecipient	\$9,000,000

Decrease estimated revenue:		
10000-5100100000-760000	Fed – public assistance admin	\$5,561,000
10000-5100100000-750300	CA – public assistance admin	<u>3,111,000</u>
	Total	\$8,672,000

Categorical Aid

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

Increase appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$5,000,000

Decrease appropriations:		
10000-5100300000-530480	Categorical assistance	\$11,444,159

Decrease estimated revenue:		
10000-5100300000-761000	Fed – public assistance programs	\$3,036,827
10000-5100300000-750700	CA – public assistance programs	<u>3,407,332</u>
	Total	\$6,444,159

DPSS Other Aid

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

Increase appropriations:		
10000-5100400000-530520	County funded assistance	\$200,000
Decrease appropriations:		
10000-5100300000-530480	Categorical assistance	\$200,000

Homeless Services

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

Increase appropriations:		
21300-5100600000-525500	Salary benefit reimbursement	\$150,000
21300-5100600000-530360	Homeless shelter services	250,000
21300-5100600000-537040	Inter fund maintenance	<u>500,000</u>
	Total	\$900,000
Increase estimated revenue:		
21300-5100600000-790600	Contributions from other funds	\$900,000
Increase appropriations:		
10000-1101000000-551100	Contributions to other county funds	\$900,000
Decrease appropriations:		
10000-5100100000-522310	Maint. building and improvements	\$900,000

Workforce Development – EDA

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

Increase appropriations:		
21550-1900300000-523300	Moving expenses	\$130,000
21550-1900300000-523680	Office equipment – non-fixed asset	220,000
21550-1900300000-525080	Temporary assistance pool	460,000
21550-1900300000-526420	Advertising	<u>90,000</u>
	Total	\$900,000
Increase estimated revenue:		
21550-1900300000-767440	Fed ARRA sub-recipient	\$900,000

Central Mail Services

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

Increase appropriations:		
45620-7300600000-546280	Capitalized software	\$34,000

Expected offset:		
45620-7300600000-380100	Unrestricted net assets	\$34,000

Fleet Services

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

Increase appropriations:		
45300-7300500000-542040	Buildings – capital projects	\$416,662

Expected offset:		
45300-7300500000-380100	Unrestricted net assets	\$416,662

Unemployment Insurance

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

Increase appropriations:		
46080-1131100000-534400	Unemployment claims	\$891,150

Increase estimated revenue:		
46080-1131100000-781220	Contributions and donations	\$891,150

Community Redevelopment

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

Increase appropriations:		
37100-934001-532600	Capital lease – purchase principal	\$1,440,000
37100-934001-533020	Interest – bond expense	<u>4,279,405</u>
	Total	\$5,719,405

Increase estimated revenue:		
37100-934001-790500	Operating transfer in	\$5,719,405

Capital Projects

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

Increase appropriations:		
32700-934001-536780	Interfund expense – capital projects	\$1,983,733
32700-934001-537000	Interfund expense – leases	<u>758,664</u>
	Total	\$2,742,397

Increase estimated revenue:		
32700-934001-778150	Interfund – leases	\$676,200
32700-934001-778280	Interfund – reimbursement for svcs.	<u>2,066,197</u>
	Total	\$2,742,397

Community Redevelopment Housing

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

Increase appropriations:		
25000-934001-536780	Interfund expense – capital projects	\$42,900
25000-934001-537000	Interfund expense – leases	38,200
	Total	\$81,100
Increase estimated revenue:		
25000-934001-781120	Rebates and refunds	\$81,100

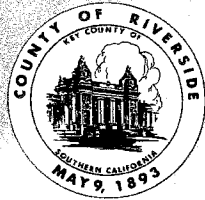
County Services Areas (CSA)

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

Increase appropriations:		
24575-914501-536200	Contrib. to other non-county agency	\$68,000
Increase estimated revenue:		
24575-914501-781360	Other miscellaneous revenue	\$68,000
Increase appropriations:		
23875-908601-536200	Contrib. to other non-county agency	\$87,000
Increase estimated revenue:		
23875-908601-781360	Other miscellaneous revenue	\$87,000
Increase appropriations:		
24475-913801-536200	Contrib. to other non-county agency	\$500
Increase estimated revenue:		
24475-913801-781360	Other miscellaneous revenue	\$500
Increase appropriations:		
23350-903301-536200	Contrib. to other non-county agency	\$5,000
Increase estimated revenue:		
23350-903301-781360	Other miscellaneous revenue	\$5,000
Increase appropriations:		
24630-915201-536200	Contrib. to other non-county agency	\$12,000
Increase estimated revenue:		
24630-915201-781360	Other miscellaneous revenue	\$12,000
Increase appropriations:		
23675-906901-529530	Street lights	\$5,000

Increase estimated revenue: 23675-906901-781360	Other miscellaneous revenue	\$5,000
Increase appropriations: 24425-913401-529530	Street lights	\$76,250
Increase estimated revenue: 24425-913401-781360	Other miscellaneous revenue	\$76,250
Increase appropriations: 24525-914201-529530	Street lights	\$2,125
Increase estimated revenue: 24525-914201-781360	Other miscellaneous revenue	\$2,125
Increase appropriations: 24875-915201-510040	Regular salaries	\$30,000
Increase estimated revenue: 24875-915201-781360	Other miscellaneous revenue	\$30,000

Q3



Riverside County Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2009)

Riverside County In Brief

Receipts for the unincorporated area's third quarter sales were 27.9% lower than the same quarter one year ago.

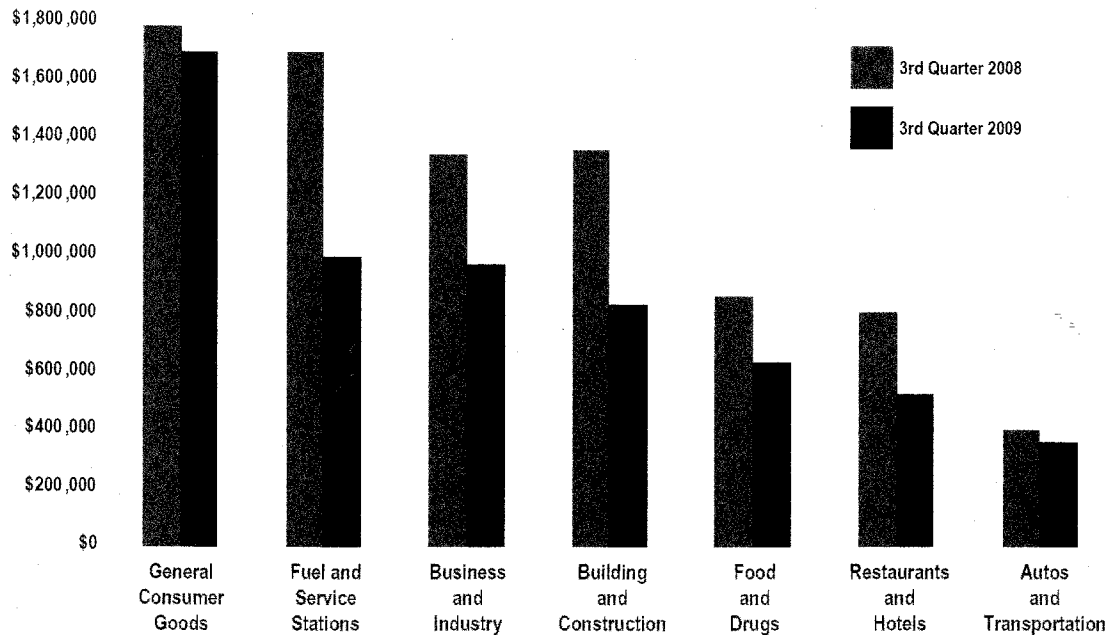
The shift of revenues to the newly incorporated cities of Menifee and Wildomar accounted for 49% of the current decrease. Business close-outs reduced revenues from contractor supplies.

Payment deviations that inflated last year's allocation caused the drop in restaurants with no alcohol. The unincorporated area experienced a decline in sales from farm/construction equipment and several categories of general consumer goods.

The losses were partially offset by a onetime negative accounting adjustment that temporarily depressed year-ago returns exaggerating home furnishings results.

Adjusted for reporting aberrations, taxable sales for all of Riverside County declined 15.1% over the comparable time period while the Southern California area, as a whole, was down 15.9%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Lowes
Arco Travel Zone Center	Mecca Travel Center Subway
Best Buy	Mobile Modular Management Corp
Circle K	Morongo Shell
Coach	Orco Block
Convenience Retail	Pedder Nissan
Costco E-Commerce Sales	Polo Ralph Lauren
Direct Buy Palm Springs	Ralphs
Edward Don & Company	Stater Bros
Eldorado National	Target
G & M Oil	Vons
Gucci America	Wal Mart DVD Rentals
Home Depot	

REVENUE COMPARISON

Two Quarters - Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$17,077,174	\$12,201,557
County Pool	1,966,851	1,298,061
State Pool	4,818	12,055
Gross Receipts	\$19,048,843	\$13,511,673
Less Triple Flip*	\$(4,762,211)	\$(3,377,918)

*Reimbursed from county compensation fund

Slower Sales Declines

With aberrations factored out, state-wide sales tax receipts for July through September declined 16.4% from the same quarter of 2008. It is anticipated that this will be the last quarter of comparative double digit decreases as the recession begins to bottom out.

This quarter's declines were led by a 32.6% fall from last year's spike in fuel prices and another 25.2% drop in tax receipts from building and construction materials.

The 9.9% decline in new car receipts was the smallest decrease in this category in seven consecutive quarters. The "cash for clunkers" program was partially responsible for the lower contraction although the tax benefits were muted as exempt federal rebates reduced the taxable values of cars purchased under the program by an average of \$4,200.

Edmunds.com estimates that 72% of the purchases would have occurred without the rebate which, if true, means that the program accomplished its goal of accelerating the clearing of inventories to get auto workers back to work but partially borrowed from future sales.

A 10.1% drop in tax revenues from general consumer goods was attributed to falling prices and continuing weak sales in home furnishings, appliances and electronics, as well as disappointing back to school purchases which normally constitute the second largest retail season of the year.

But Slow Recovery

Prognostications are for overall smaller sales tax declines in the next two quarters with revenues flattening out by fiscal year 2010/2011. However, tight credit, high unemployment, price pressures and the end of federal stimulus funding are expected to stall significant recovery until the year after.

Triple Flip Woes

The state's attempts to borrow its way out of its budget problems continued to create havoc with local government fiscal planning with this year's 27.6% average cutback in triple flip backfill payments.

In order to get around the state's flagging bond rating, the borrowing approved by voters in 2004 to close that year's deficit pledged a portion of local sales tax revenues to guarantee the bonds. The complex scheme to backfill the confiscated local sales tax with property tax revenues is referred to as the "triple flip."

Although the deduction occurs in real time, the estimated backfill is set by the state Department of Finance before the fiscal year begins. Last year's overly optimistic revenue projections resulted in overpayments to most local agencies thereby resulting in substantially lower estimates and negative adjustments in this year's backfills to individual agencies.

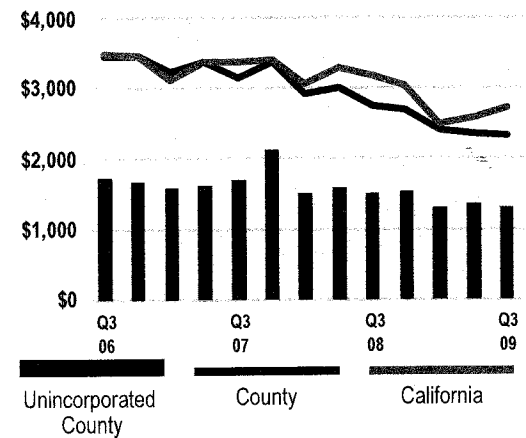
The 2004 bonds are currently estimated to be paid and the triple flip ended by April of 2016.

Stimulus Update

Approximately two thirds of the estimated \$85 billion in federal stimulus flowing to California is expected to have been spent by the end of this fiscal year with the bulk filling state budget gaps in education, health and human services, as well as providing tax relief to individuals and businesses.

The \$20.5 billion portion available for public capital improvement projects is half committed with actual expenditures expected to begin later in 2010.

SALES PER CAPITA



RIVERSIDE COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q3 '09*	Change	Change	Change
Service Stations	\$989.0	-41.4%	-26.2%	-28.6%
Family Apparel	592.7	-1.0%	5.8%	1.3%
Contractors	474.6	-43.4%	-30.8%	-35.5%
Restaurants No Alcohol	340.4	-41.2%	-15.2%	-10.1%
Discount Dept Stores	320.2	-29.4%	-5.7%	-4.4%
Grocery Stores Liquor	294.6	-21.0%	-0.6%	-1.3%
Lumber/Building Materials	249.6	-27.3%	-2.3%	-9.8%
Specialty Stores	213.6	-6.1%	-3.5%	-10.1%
Trailers/RVs	132.5	-23.0%	-25.7%	-29.3%
Women's Apparel	131.2	-2.8%	-0.9%	-11.1%
Grocery Stores Beer/Wine	120.9	-23.4%	-12.0%	-13.4%
Grocery-No Alcohol	108.5	-33.9%	-16.9%	2.5%
Wineries	108.4	-3.7%	-3.7%	-4.6%
Light Industrial/Printers	102.1	-25.1%	-9.3%	-19.1%
Heavy Industrial	100.9	-41.6%	-15.4%	-32.0%
Total All Accounts	\$6,024.7	-27.0%	-14.4%	-13.9%
County & State Pool Allocation	678.4	-35.0%		
Gross Receipts	\$6,703.1	-27.9%		

*In thousands