

COUNTY OF
RIVERSIDE
STATE OF CALIFORNIA



COUNTY EXECUTIVE OFFICER'S

FY 2010-11
FIRST-QUARTER
BUDGET REPORT

Presented by

Bill Luna
County Executive Officer

Bill Luna
County Executive Officer



Jay E. Orr
Assistant County Executive Officer

Executive Office, County of Riverside

November 3, 2010

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

4/5th Vote

SUBJECT: FY 10/11 First Quarter Budget Report

Board members:

At first quarter we expect budgeted revenues overall to hold for the year, so we must focus on keeping expenditures in check to keep us in position to resolve our structural deficit next year. Most department heads report they will end the fiscal year in balance, but several notable exceptions raise concerns because the expected overages are both significant and ongoing. Further, dipping even deeper into reserves runs contrary to the Board's adopted budget objective for structural balance in two years. While using reserves might be an option, a rating agency recently noted Riverside County's "deteriorating financial position," and warned they may downgrade the county's credit rating if our reserve ratio does not improve (see Attachment C). Notable year-end budget shortfalls foreseen at this time include:

Sheriff	\$17.0M
DPSS	12.8M
DA	9.1M
Fire	6.0M
Registrar of Voters	1.8M
Total	<u>\$46.7M</u>

An option to offset the projected shortfalls with cuts elsewhere would require all other departments to reduce net county cost (NCC) by an additional 17 percent **on top of** the 19 percent reductions taken in the current budget, as well as further cuts planned for next fiscal year. Under such a scenario, current year departmental cuts would reach 36 percent, and continue next year. The result would seriously challenge basic services.

Budget impact reports from all departments are contained in Attachment D to this report, and illustrate the challenges faced. The sheriff indicated he will work very

closely with the Executive Office and the Board "to reduce this deficit by the end of the fiscal year." My staff will get monthly progress updates so that by midyear the Board can take decisive action to ensure balance. The district attorney-elect will be responsible for year-end budget balance after taking office in January 2011.

In conjunction with the Executive Office, Animal Services developed a business plan for future sustainability in light of our new economic reality. The plan is included as Attachment E, and provides recommendations for Board action, including additional layoffs, that will bring the department into structural balance this year and set them on a course to meet NCC reductions anticipated in FY 11/12. The department will continue to closely monitor revenue and expenses, and work with the Executive Office to implement the approved recommendations.

The projected \$6 million ongoing shortfall in the fire department cannot be balanced without reducing programs. Negotiations with Cal Fire saved \$2.2 million with a net \$1.1 million to the county. However, that is not enough to avoid cutbacks, so I requested, and the fire chief provided, criteria on which to base any proposal to close fire stations. I recommend the Board approve these criteria (see Attachment F), after which I will immediately work with the chief and make a recommendation on closing three stations from among the 45 now open in the unincorporated county. Even though a projected \$6 million shortfall would equate financially to closing seven stations, the fire chief committed to find ways to avoid that more drastic cut. The county fire department cost study is scheduled to be brought to the Board on November 30, 2010.

In response to the rating review, our intent is to build reserves. We met our goal of \$20 million in prior-year fund balance to establish a healthy contingency. An additional \$12.8 million was available from year-end cost savings achieved by the Sheriff and Probation to offset their current-year budget reductions, and \$11.2 million excess beginning fund balance is available for designation. In addition, approximately \$4.9 million is available from the current agreement with the LIUNA bargaining unit for furlough contributions, which I also recommend the Board designate. These two additions will increase our designation for economic uncertainty by \$16.1 million to \$145.5 million.

IT IS RECOMMENDED that the Board of Supervisors: 1) receive and file this report and all its attachments; 2) approve the recommendations and associated budget adjustments contained in Attachment A; and, 3) approve Resolution 440-8849 authorizing addition of new positions contained in Attachment B.

Respectfully,

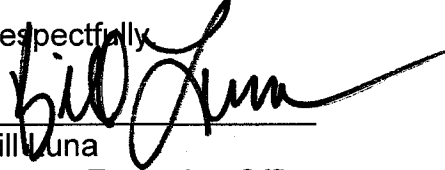

Bill Luna
County Executive Officer

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A. MULTIYEAR BUDGET OUTLOOK**ADAPTING TO THE NEW REALITY**

The county confronts a stark new reality. The county has lost a massive percentage of its tax base, and the most optimistic forecasts project no to slow economic growth over the near term. This optimism is fragile. While outright free fall has slowed, factors such as prolonged high unemployment, a drawn out foreclosure crisis, and recurrence of deflation could further erode economic conditions. Our quarterly forecast from California State, Fullerton, confirms this. At the same time, the economic downturn and recent population growth have increased demand for services. Commitments the Board made in better times are coming due, further straining shrinking resources. In adapting to this new reality, hard decisions must be made.

The county must stay on target to balance its budget next year and, in fact, must rebuild reserves to guard against further economic declines. To achieve these two goals there is no choice but to match all cost increases, and all cost overruns, with commensurate cost reductions.

Animal Services

In conjunction with the Executive Office, Animal Services developed a business plan, included as Attachment E, which addresses the delivery of services based on our new economic reality. Animal Services is also reviewing contract-city rates, and will return to the Board at midyear with a proposed contract fee structure for FY 11/12 contracts. Based on current trends, the department will not meet budget target and will need to implement further layoffs.

During final budget hearings, the Board approved the concept of adding \$200,000 for the department's first quarter expenses while the business plan was formulated. The department requests a budget adjustment to reflect the Board's previous commitment. However, it is unlikely the amount will cover salaries through November, which is the earliest the department could implement layoffs to offset the total amount needed of \$393,000.

Recommendation 1: That the Board of Supervisors approve Animal Services' business plan and recommendations contained in Attachment E and, specifically, that the department:

- 1) Reduce animal services staff for an estimated annual savings of \$551,000;*
- 2) Reduce veterinary staff for an estimated annual savings of \$391,000;*
- 3) Reduce management and administrative staff for an estimated annual savings of \$353,000, and,*
- 4) Delay opening of San Jacinto Valley animal shelter until third party operating proposals have been evaluated and funding is available.*

Recommendation 2: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Animal Services, as follows:

Increase appropriations:		
31540-1100100000-551000	Operating transfers out	\$ 200,000
Use of fund balance:		
31540-1100100000-325100	Unreserved fund balance	200,000
Increase estimated revenue:		
10000-4200600000-720000	County animal license	50,000
10000-4200600000-790500	Operating transfers in	<u>200,000</u>
	Total	250,000
Decrease estimated revenue:		
10000-4200600000-773210	City billings – animal shelter services	1,083,947
10000-4200600000-773220	City billings – field services	280,744
10000-4200600000-781480	Program revenue	<u>300,000</u>
	Total	1,664,691
Decrease appropriations:		
10000-4200600000-510040	Regular salaries	506,774
10000-4200600000-518100	Budgeted benefits	191,442
10000-4200600000-510420	Overtime	39,900
10000-4200600000-510500	Stand-by pay	6,720
10000-4200600000-520115	Uniforms – replacement clothing	10,240
10000-4200600000-520230	Cellular phone	4,750
10000-4200600000-520820	Janitorial services	24,744
10000-4200600000-520830	Laundry service	7,575
10000-4200600000-522860	Medical dental supplies	120,000
10000-4200600000-522890	Pharmaceuticals	85,910
10000-4200600000-523220	License and permits	150
10000-4200600000-521380	Maintenance – copy machines	6,000
10000-4200600000-521540	Maintenance – office equipment	3,500
10000-4200600000-523640	Computer equip non-fixed asset	10,475
10000-4200600000-523680	Office equipment non-fixed asset	6,580
10000-4200600000-523700	Office supplies	18,800
10000-4200600000-523800	Printing & binding	24,600
10000-4200600000-524500	Administrative support direct	50,000
10000-4200600000-525320	Pre-employment services	14,076
10000-4200600000-525440	Professional services	64,256
10000-4200600000-525520	Veterinary services	45,600
10000-4200600000-527780	Special program expense	24,000
10000-4200600000-527840	Training – education/tuition	5,300
10000-4200600000-528140	Conference/registration fees	11,200
10000-4200600000-528920	Car pool expense	116,492
10000-4200600000-528960	Travel lodging	10,000
10000-4200600000-528980	Meals	1,200
10000-4200600000-529040	Private mileage reimbursement	3,050
10000-4200600000-529080	Rental Vehicles	<u>1,357</u>
	Total	1,414,691

Fire

Over the last three years, the Fire Department cut its budget through administrative cost containment and reduction efforts to avoid closing fire stations. This year, the department is faced with a deficit of about \$6 million. The department has seen some savings from negotiations with Cal Fire in the amount of \$2.2 million (net cost savings is \$1.1 million). The department can potentially save an additional \$1 million through operation modifications. The likely year-end deficit would be \$3.9 million, and can only be closed by closing fire stations. If there are significant savings this year from closing three stations, the fire chief believes he could avoid closing additional fire stations in FY 11/12.

Before the Board considers closing stations, the Executive Office recommends the Board formally approve the closure criteria crafted by the fire chief contained in Attachment F. The criteria will be used to identify underutilized stations or those in areas covered by other stations.

Recommendation 3: *That the Board adopt the fire station closure criteria proposed by the fire chief contained in Attachment F.*

Sheriff

The sheriff calculates his budget challenge as an 11 percent cut that totals \$26.2 million and is composed of the mandated 3 percent cut, lost Prop. 172 revenue, LIUNA furloughs, and unfunded salary increases. The sheriff's initial plan is to meet the 3 percent cut through attrition. His primary concern is that he faces the possibility of cutting 250 deputy positions. The sheriff indicates that proposed budget cuts in FY 11/12 will result in similar service reductions.

At the beginning of the fiscal year, the Sheriff's Department budget was increased by \$12.6 million dollars to fund personnel for the Smith Corrections Facility (SCF) expansion. The department reports that some salary savings are possible because SCF will not be fully operational until late in the fiscal year. As the Board directed, the sheriff will soon receive a \$12.4 million appropriations increase from prior-year savings. The sheriff will use a portion for the SCF warehouse and a cellular vehicle project. Despite attrition-related cuts and prior-year funds, the department still faces a potential year-end shortfall of about \$17 million.

In his letter, contained in Attachment D, the sheriff expressed a strong desire to work with the Board of Supervisors and the Executive Office, and has pledged his assistance in developing solutions to these issues.

District Attorney

In its letter, contained in Attachment D, the district attorney's office indicates it can meet the mandated 5 percent budget cut this year and next through attrition, avoiding layoffs. The budget plan for the remainder of the current fiscal year and FY 11/12 is complicated by the fact that a new district attorney will assume office in January 2011.

However, to date, there is no evidence the department has a concrete cost savings plan in place. Absent a plan, the District Attorney's Office faces a year-end shortfall of \$9.1

million dollars. This is comprised of \$3.3 million from the initial 5 percent budget cut, \$2.6 million loss of Prop 172 revenue, \$0.2 million in COLA's, \$2 million potential shortfall in state revenue, and \$1.02 million currently over budget in leave buy down. In addition, the district attorney continues to hire new attorneys, which will further exacerbate this problem. The Executive Office calls on the current district attorney and his successor to reach budget goals during FY 10/11.

Detention Health and Mental Health

Together, Detention Health and Mental Health NCC was reduced \$4 million for FY 10/11. The sheriff reports a preliminary estimate of \$540,000 annual cost for transporting inmates, significantly less than the NCC reduction. Payments for hospital care provided to inmates may be significant. Although first quarter payments are tracking under budget, it is too early to project an overall amount due to quarterly fluctuations. These costs will continue to be monitored and an update will be provided at midyear.

Department of Public Social Services

The FY 10/11 budget identified a need for up to \$12.8 million in NCC support for Categorical Aid, including a court-ordered increase in group home rates estimated at \$6.8 million. The department's FY 10/11 NCC reduction, as well as a projected realignment shortfall, account for the remaining \$6 million. Although the state approved its budget, details regarding the programmatic and fiscal impacts of the cuts have not been thoroughly identified at the county level. The full-year shortfall will likely be within the range of \$6.8-12.8 million. It is expected that details will soon be available and the department will provide an update at midyear.

The department anticipates requesting use of additional designated fund balance for the Homeless special revenue fund to maintain homeless shelter service at prior-year levels. DPSS will continue to monitor and provide an update at midyear. To maintain this service level in FY 11/12, the department reports it will need additional NCC of approximately \$1 million.

ECONOMIC OUTLOOK

General Outlook

Unemployment and foreclosures remain the largest factors creating drag on the economy. In October, the number of unemployed Americans was unmoved at 14.8 million, and the unemployment rate remained unchanged at 9.6 percent. Total nonfarm payroll employment was down in September, driven by a decline in government employment resulting from a drop in census workers, and loss of local government jobs. The number of those jobless for 27 weeks or more was also unchanged in September at 6.1 million, down from a high of 6.8 million in May. The revelation in early October that the foreclosure process might be tainted by widespread mishandling of loan documentation could further delay the real estate market's recovery.

Local Outlook**Unemployment and Jobs**

In California and locally, the economy was hit harder and is recovering more slowly than the nation at large. California's unemployment rate climbed to 12 percent, ranging from 8 percent in Marin County to 15 percent in Riverside County, and up to 30 percent in Imperial County.

Real Estate Market

The financial crisis placed Riverside County in the center of the real estate and construction industry meltdown. Real estate markets show signs the downside may have plateaued, but until issues with foreclosures resolve, further drops in property tax revenue remain possible.

Documentary Transfer Activity

Information from the Assessor-County Clerk-Recorder's Office indicates mixed economic signals during the first quarter. On a positive note, the Recorder reports documentary transfer tax revenue is slightly above target, and notices of default are down over 40 percent from the first quarter last fiscal year. Adversely, commercial property values continue to decline, and new tract map filings decreased over 40 percent during this same period.

Building Permits

Building and Safety reports that building permit volume (single-family, grading, plan check, etc) decreased in September by 15 percent compared to the previous month. This is the first significant drop since February of this year. However, receipts in the first quarter improved by 9 percent compared to the first quarter last fiscal year. The last peak in monthly building permits was 5,423 permits in May 2005. Applications have stayed steady at around 1,150 from March through August 2010.

Planning applications received by the Planning Department during the first quarter remained flat at 246. Last year, permits declined 51 percent in the first quarter compared to the same period in FY 08/09. Minor planning applications in the first quarter increased 26 percent over the same period last year. Major planning applications (tract maps, parcel maps, zoning changes, etc.) fell from 199 in the first quarter of FY 09/10 to 188 this year, a 5.5 percent reduction.

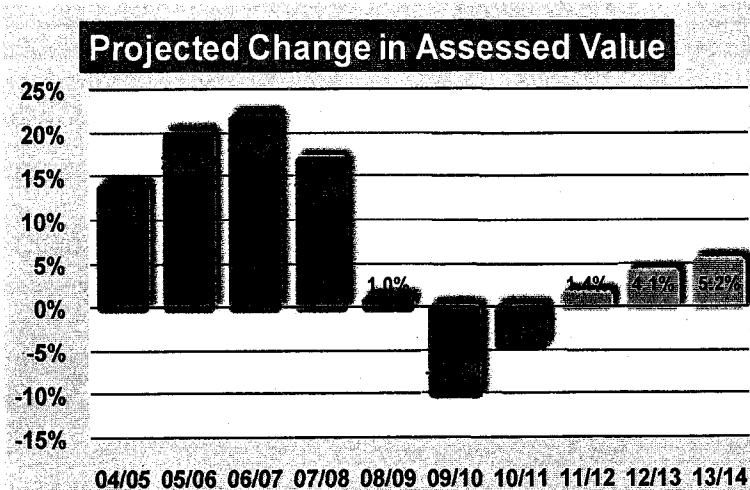
Assessed Value

After the assessed value of the FY 09/10 roll dropped an unprecedented 10.5 percent, in July 2010 the county assessor reduced the roll value for FY 10/11 an additional 4.5 percent. It is worth noting this recent reduction in assessed value was due, in part, to a reduction triggered by deflation in the California consumer price index.

The chart shows the exceptional growth in the county's assessed property value beginning in FY 04/05, and the abrupt decline that started in FY 07/08.

Although assessed value is projected to remain virtually flat through the next fiscal year, California State University, Fullerton, (CSUF) and the Institute for Environmental and Economic Studies (IEES) continue to project modest

growth beginning in FY 11/12. We will work closely with the Assessor, CSUF and IEES to refine future year projections. The Board will be updated in the midyear report. A broader economic update from California State University, Fullerton, is provided in Attachment E.



State Budget Update

California's budget approval process recently ended a three-month stalemate, the longest the state has gone without a budget. California's fiscal health is still unstable, though the state cut expenditures to pass a balanced budget. The September cash report indicates receipts for the month were above the governor's May Revise estimates by \$1.1 billion, or 15 percent. Corporate taxes were up \$378.7 million (46 percent) and sales taxes came in \$60 million (2.9 percent) above estimate. While this sounds positive, the state controller attributes the increases to accelerated collections due to recent changes in tax deadlines, rather than a sign of significant economic upturn.

Since July 1, the state has not paid \$8.3 billion to small businesses, community clinics and local governments because there was no state budget. After accounting for September's cash receipts and expenditures, the state's available cash to make all payments dipped to \$3.5 billion at the end of October, creating a need for at least \$4.8 billion that month alone.

Previously, the state indicated it would delay October payments for CalWORKS and county administration of social services. The state was able to identify federal funds that can be used to fund the bulk of these payments, with only a small portion coming from the state general fund to make up the balance. Counties can expect to receive full payment for October CalWORKS and county administration payments.

Ratings Downgrade

In October 2009, Fitch Ratings downgraded several Riverside County bonds and issued a negative outlook. More recently, in its research report of October 4, 2010, Moody's Investors Service downgraded the outlook on the county's ratings from stable to negative; however, the county's underlying credit rating remains high quality at Aa2. A full downgrade is likely in 18 months or less unless the county shows marked improvement in two areas.

Moody's reported that two main factors led to the downgrade: our structural deficit and deteriorating reserves. As the county has some control over the general fund balance, available resources should be applied to reserves to the extent possible and we should reaffirm commitments to balance the budget.

In the broader sense, Moody's primary question centered on the county's ability to weather "challenges associated with likely state cutbacks." It appears that Moody's rationale extends to negative financial circumstances beyond state budgetary action. Ultimately, the most direct path to regaining a stable outlook is to: 1) continue on the course to a balanced budget within the two-year transition period; and 2) increase reserves wherever reasonable. Any action that calls into question the county's determination on these goals could well spur further downgrades by one or more rating agency.

MULTIPLE YEAR BUDGET PLAN

An effective budget plan will establish a strategy for keeping spending levels consistent with immediate and ongoing changes to the anticipated level of resources available. The county's multi-year budget plan incorporates projected expenditures and revenue four years ahead, and incorporates a two-year budget spending plan this year. As with any plan based on forecasts, revisions should be made as information that is more concrete becomes available. Discretionary revenue is estimated to be \$592 million this fiscal year, a \$190 million decrease from its peak of \$785 million in FY 06/07. The long-range projection for discretionary revenue anticipates modest growth, a trend that is consistent with many economists' forecasts of slow economic recovery.

Department heads provided an early preview of what they face in FY 11/12 should next year's cuts be the same magnitude as this year's. It goes without saying that cuts for a fourth year in a row will create universal and incredible pressure as departments struggle to preserve core services. A number of departments have declared they should be able to absorb new cuts while continuing to provide core services. However, many departments stated they will be unable to sustain similar-sized cuts again next year. These departments – Airport Land Use Commission, Code Enforcement, Cooperative Extension, Department of Child Support Services, DPSS, Fire, Public Defender, Medically Indigent Services Program, National Pollution Discharge Elimination System (NPDES), Public Safety Enterprise Communications (PSEC), Public Health, Probation, Registrar of Voters, and Sheriff – all indicate that they will suffer a loss of mission-critical functionality if they are cut again. Three departments – Detention Health, Mental Health, and the Homeless program – all indicate they will need NCC increases to avoid a loss of mission-critical functionality. We anticipate Beilenson hearings will be necessary.

Should the Board wish to achieve its objective of structural balance in FY 11/12, and should the Board exempt these departments from cuts, cuts to other departments will increase. Under that scenario, cuts to departments could reach 50 percent. These are untenable cuts.

General Fund Multiple-year Projection (in millions)

	BUDGETED	PROJECTED				
	D					
	10/11	10/11	11/12	12/13	13/14	14/15
<u>RESOURCES:</u>						
Beginning fund balance	20	31	20	20	20	20
Ongoing discretionary revenue	592	592	602	623	651	680
Use of reserves (to balance budget)	61	61	13	0	0	0
Other one-time revenue and reserves	0	0	0	0	0	0
	673	684	635	643	671	700
<u>APPROPRIATIONS:</u>						
Ongoing GF Allocations (NCC)	724	724	668	615	615	615
Contingency funding	20	20	20	20	20	20
Added to Reserve Balance	0	16	4	0	0	0
Budget cuts and Labor Savings	(71)	(76)	(57)	0	0	0
Ongoing GF Allocation (net of cuts)	673	684	635	635	635	635
Available for budget needs	0	0	0	8	36	65
<u>Increase to Reserve Detail</u>						
Additional Fund Balance	0	11	0	0	0	0
LIUNA related savings	0	5	4	0	0	0
Reserve for economic uncertainty	128	144	135	135	135	135
Reserve for disaster relief	15	15	15	15	15	15
Total Reserve Balance	143	159	150	150	150	150

Notes: Departments to absorb retirement benefit costs and cost-of-living allowances.

Additional Risk Factors

Discretionary Revenue Reductions for Economist Forecasts

2% Property Tax Variance	(6)	(6)	(6)	(6)	(7)
Teeter Overflow	(3)	(6)	(10)	(14)	(18)

Other Potential Unbudgeted Impacts

Retirement Costs* (7.5% earnings assumption)	0	11	29	64	86
Retirement Costs* (7.75% earnings assumption)	0	0	20	21	21

* Reflects countywide increase over current costs

BEST PRACTICES/BUSINESS PROCESS REVIEW

The county is pursuing various initiatives to improve operational efficiency and cost effectiveness. The following summarizes initiatives in progress.

Labor Savings**Filled Positions, Early Retirements, Layoffs**

We have reduced the county workforce by over 8 percent in the last two years. On September 30, 2010, there were 17,486 filled regular full-time county positions, a decrease of 8.2 percent (1,569 positions) from the 19,055 positions filled on September 30, 2008. The general fund supports 12,791 of the current-year positions and non-general fund positions number 4,695. A table containing data on filled regular full-time positions by department is found in Attachment I.

In conjunction with or following a combined 15 percent budget cut in FY 08/09 and FY 09/10, the Board offered county employees early retirement incentives (detailed results by department are found in Attachment J). Further cost-cutting measures included reducing 401(a) contributions, freezing merit increases for many employees, reducing cash-outs in leave balance and implementing furloughs. Many county facilities closed on Fridays, with the exception of operations that require longer hours or 24-hour coverage.

Discussions in Board meetings focused on having employees share the burden of budget cuts in order to prevent massive layoffs. Overall, salary and benefits cuts likely reduced layoffs, which totaled 200 from September 30, 2008, through September 30, 2010. As we look ahead, these will increase.

Overview: early retirements and layoffs

Summary by Reason	9/30/08-9/30/09	10/1/09-9/30/10	Total
General Fund Early Retirement	514	453	967
Non-General Fund Early Retirement	225	210	435
Total Early Retirements	739	663	1,402
General Fund Layoffs	89	62	151
Non-General Fund Layoffs	27	22	49
Total Layoffs	116	84	200
Grand Total	855	747	1,602

Laborers International Union of North America (LIUNA) Adjustments

The county has negotiated many of its labor agreements to cut costs 10 percent and flatten merit increases. On August 29, 2010, the Board approved a new contract with LIUNA. The agreement froze merit increases from August 12, 2010, through June 30, 2012, and reduced compensation for LIUNA employees by 10 percent over two years.

During the current fiscal year, the Executive Office estimates the county may capture more than 5 percent for cuts negotiated within the contract. The total anticipated savings this fiscal year will be about \$22.9 million, with approximately \$4.9 million credited to net county cost (see Attachment K). The Executive Office recommends reducing appropriations for salaries and wages to capture the LIUNA savings.

Recommendation 4: *That the Board of Supervisors approve and direct the Auditor-Controller to make the adjustments reducing appropriations and increasing general fund designated fund balance as contained in Attachment L.*

Pension Reform

Per the FY 09/10 annual report from the Pension Advisory Review Committee (PARC), county pension rates are expected to increase in FY 11/12 by about 2 percent for both miscellaneous and public safety employees. The primary cause is the substantial investment losses CalPERS and most other public pension plans suffered in 2008 and 2009. We expect pension costs to rise to 18.2 percent of payroll (\$166 million) in 2012 from 16.1 percent of payroll (\$155 million) in 2010.

The increased net county cost is included in the latest multiyear budget forecast. Keep in mind these increases are not yet locked in for years after FY 12/13, the general fund only picks up a portion of the costs, and for years our budgetary approach required most departments to absorb the county's share of such increases.

By approving a request for proposals for a benefits consultant (agenda item no. 3.48 of September 14, 2010), the Board already acted to explore the advantages of implementing a two-tier pension system. When the consultant's report is ready, the Executive Office will return to the Board with recommendations. In addition, the PARC is available and willing to follow these and other developments, analyze alternatives, and bring recommendations forward.

Fleet Reduction

With guidance from two vehicle policies and Board direction, the number of county vehicles is gradually shrinking while still meeting the needs of the county's workforce and mission. County departments saved \$737,056 in mileage and fuel purchases in the first six months of 2010. A total of 182 vehicles were retired since March 2010, for an additional savings of \$462,117. A detailed report summarizing efforts to right size the vehicle fleet is included as Attachment M.

ePayables

The Auditor-Controller, Purchasing and OASIS are collaborating to enhance the county's electronic fund transfer (EFT) system. Known as automated accounts payable technology, or "ePayables," this enhancement could potentially generate \$1 million per year.

In concept, instead of being paid with paper checks, county vendors could elect to be paid electronically through a bankcard payment process. The county would authorize the bank to handle all electronic vendor payments from the accounts payable system.

The bank would charge vendors who use this service a transaction fee. A portion of the transaction fees would be paid to the county at regular intervals.

County Purchasing recently issued a request for proposals to select a bank to administer the automated payments program. Five qualified banks responded and final selection by the evaluation team is expected by the end of November. The ePayables system is expected to go live in May 2011.

B. FIRST QUARTER ACTIVITY

FUND BALANCE

A significant challenge in preparing the county's annual budget is estimating the general fund balance months before the final total is known. Typically, the Executive Office proposes budget policies in the midyear report, and includes a cautious estimate of the general fund balance when it submits the recommended budget. The estimate is updated when the actual fund balance is available during the first quarter of the new fiscal year.

Assumptions

This year's general fund beginning fund balance was estimated at \$20 million. Based on information provided by departments during the third quarter, this balance reflected anticipated departmental savings, discretionary revenue, and draws on contingency for the duration of last fiscal year. This \$20 million was budgeted into current year contingency.

The Auditor-Controller reported in mid-October that the actual unreserved, undesignated general fund beginning balance for FY 10/11 is \$31.2 million, or \$11.2 million more than budgeted due to departments heeding Board direction to cut costs. This \$11.2 million in additional beginning fund balance is available for any purpose; but given this is one-time money and the county's reserves are below average for counties with similar high credit ratings, the Executive Office recommends the additional fund balance be designated in the reserve for economic uncertainty.

Recommendation 5: *That the Board designate \$11.2 million in general fund unreserved, undesignated fund balance in the reserve for economic uncertainty, as follows:*

Decrease unreserved, undesignated fund balance:		
10000-1000100000-325100	Unreserved fund balance	\$11,207,035
Increase designated fund balance:		
10000-1000100000-320110	Designation for economic uncertainty	11,207,035

Reserves and Designations

The county maintains a number of general fund reserves and designations of fund balance. The following table lists the balances of Board-established general fund discretionary reserves and designations effective through the recommendations in this report.

Discretionary Reserves (in millions)					
	FY 09/10 Ending Balances	Draw Downs for Budget Use	FY 10/11 Beginning Balances	First- Quarter Adjustments	Balance Upon Approval
Economic uncertainty	206.7	(78.7)	128.0	16.1	144.1
Disaster Relief	0.0	15.0	15.0		15.0
Property tax system	17.0	0.0	17.0		17.0
SB90 deferred state revenue	1.4	0.0	1.4		1.4
EDA ISF Savings	2.4	0.0	2.4	(2.4)	0.0
Public Safety Savings	12.8	0.0	12.8	(12.8)	0.0
Community improvement	0.9	2.5	3.4		3.4
TOTAL	241.2	(61.2)	180.0	0.9	180.9

Release of Designated Fund Balance for Public Safety

In the FY 09/10 year-end cleanup approved on October 5, 2010 (agenda item no. 3.36), the Board designated \$12,814,643 in year-end unreserved fund balance resulting from saving achieved by the Sheriff, Probation and Fire departments. The Executive Office recommends releasing this designation to these departments at this time.

Recommendation 6: That the Board approve releasing \$12.4 million in general fund designated fund balance and increasing appropriations for the Sheriff, as follows:

Decrease designated fund balance:

10000-1000100000-320146	DFB – Budget savings retention	\$12,412,429
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Increase appropriations:

10000-2500200000-510040	Regular Salaries	228,257
10000-2500200000-518100	Budgeted benefits	97,824
10000-2500300000-510040	Regular Salaries	6,022,922
10000-2500300000-518100	Budgeted benefits	2,581,253
10000-2500400000-510040	Regular Salaries	1,715,324
10000-2500400000-518100	Budgeted benefits	735,139
10000-2500500000-510040	Regular Salaries	354,913
10000-2500500000-518100	Budgeted benefits	152,106
10000-2500600000-510040	Regular Salaries	51,472
10000-2500600000-518100	Budgeted benefits	22,059
10000-2500700000-510040	Regular Salaries	69,674
10000-2500700000-518100	Budgeted benefits	29,861
10000-2501000000-510040	Regular Salaries	62,559
10000-2501000000-518100	Budgeted benefits	26,811

10000-2501100000-510040	Regular Salaries	183,578
10000-2501100000-518100	Budgeted benefits	<u>78,677</u>
	Total	12,412,429

Recommendation 7: That the Board approve releasing \$401,226 in general fund designated fund balance and increasing appropriations for Probation, as follows:

Decrease designated fund balance:		
10000-1000100000-320146	DFB – Budget savings retention	\$401,226

Increase appropriations:		
10000-2600100000-537040	Interfund expense - Maintenance	401,226

Recommendation 8: That the Board approve releasing \$988 in general fund designated fund balance and increasing appropriations for Fire, as follows:

Decrease designated fund balance:		
10000-1000100000-320146	DFB – Budget savings retention	\$988

Increase appropriations:		
10000-2700200000-525440	Professional services	988

Transfer of Designated Fund Balance to Custodial & Maintenance ISFs

On October 5, 2010, (agenda item no. 3.36), the Board approved the general year-end cleanup Form 11 relating to FY 09/10, which included a recommendation to designate savings from EDA's maintenance and custodial divisions to establish working capital reserves for its new internal service funds. Of that, \$500,000 is requested for the Southwest Justice Center cogeneration plant piping redesign to preserve the cogeneration plant asset.

Recommendation 9: That the Board of Supervisors approve 1) releasing \$2,357,261 general fund designated fund balance; and 2) approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue, as follows:

Decrease designated fund balance:		
10000-1000100000-320125	DFB-Plan special projects	\$2,357,261

Increase appropriations:		
10000-1101000000-551100	Contribution to other funds	2,357,261

Increase estimated revenue:		
30100-7200800000-790600	Contribution from other county funds	500,000

Increase appropriations:		
30100-7200800000-542060	Improvements-buildings	500,000

Increase estimated revenue:
 47200-7200200000-790600 Contribution from other county funds 619,087

Increase net assets:
 47200-7200200000-380100 Unrestricted net assets 619,087

Increase estimated revenue:
 47210-7200300000-790600 Contribution from other county funds 1,238,174

Increase net assets:
 47210-7200300000-380100 Unrestricted net assets 1,238,174

DISCRETIONARY REVENUE

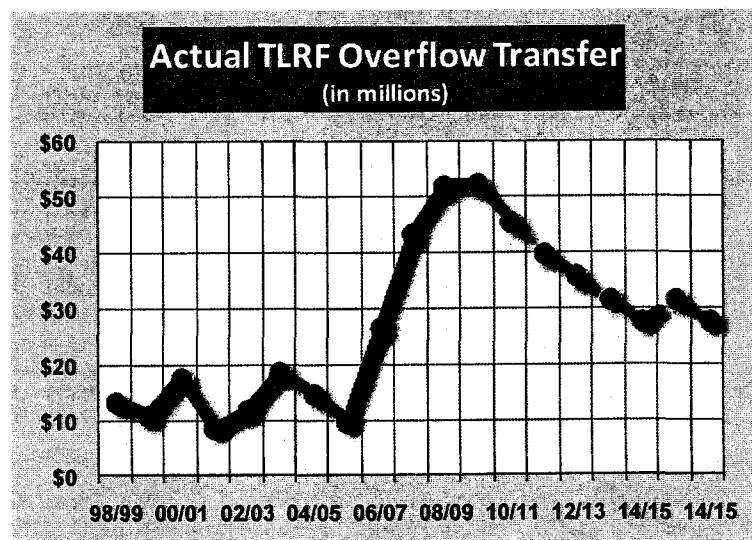
Property Taxes

Property tax revenue was budgeted at \$263.8 million based on a forecasted 4.5 percent drop in assessed values. The Auditor-Controller reports it will need to reduce estimated revenue for redevelopment tax increment by \$2.1 million to be consistent with current-year assessed values.

Supplemental property tax revenue remains difficult to predict due to the uncertainty associated with the sale of residential and commercial property. The Auditor-Controller estimates supplemental property tax revenue collections may increase by \$3 million. However, due to the volatility of this revenue, the Executive Office does not recommend adjusting this revenue at this time. The Executive Office and Auditor-Controller will continue to monitor this revenue closely and make additional recommendations when more data is available.

Teeter Tax Losses Reserve Fund Overflow

Under the California Teeter Plan, the county advances participating local agencies their property tax revenues based on assessed valuation. The county then retains all collected amounts, including penalties and interest for delinquent taxes. The tax losses reserve fund helps to manage revenues and expenditures associated with the program. Revenue that exceeds the cost of financing and tax loss reserves is discretionary revenue and is released to the general fund.

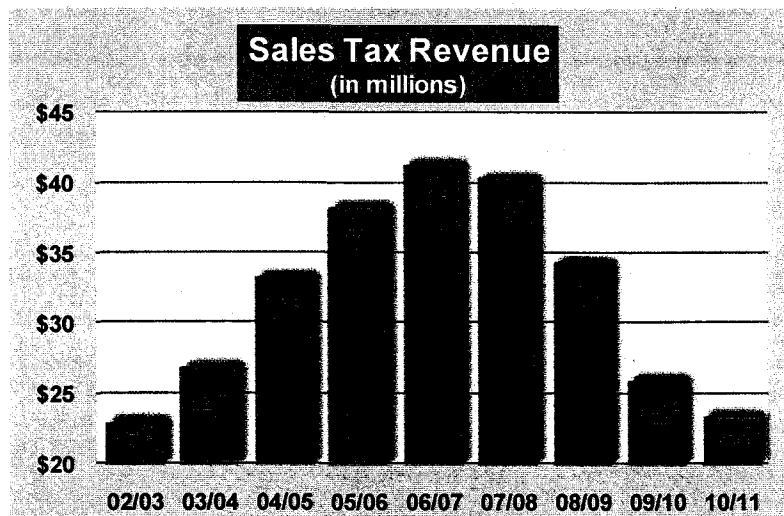


The rise in assessed value together with a spike in property tax delinquency rates significantly increased the Teeter Plan overflow in recent years. The overflow peaked at

more than \$52 million in FY 09/10. However, property tax delinquency rates are declining, and we expect the associated overflow may be about \$43 million this fiscal year. This trend will continue to erode this revenue over future fiscal years. The chart shows both the historical and projected revenue from this source.

Sales and Use Taxes

Hinderliter de Llamas & Associates (HdL), the county's sales tax consultant, reports total quarterly receipts for all jurisdictions in Riverside County from April through June (the most recent quarter available) rose 5.2 percent from the same quarter a year ago.



This is comparable to increases reported for other counties in the region. HdL reports the county's own sales tax receipts were up slightly less, by 4.2 percent over the same quarter a year ago. This is in line with the state overall, which saw a 4.7 percent increase compared to the same quarter a year ago. Increased sales tax receipts in the county's unincorporated area were buoyed by rising fuel prices and pent up

demand for autos and recreational vehicles. Additional detail is provided in HdL's sales tax update contained in Attachment H.

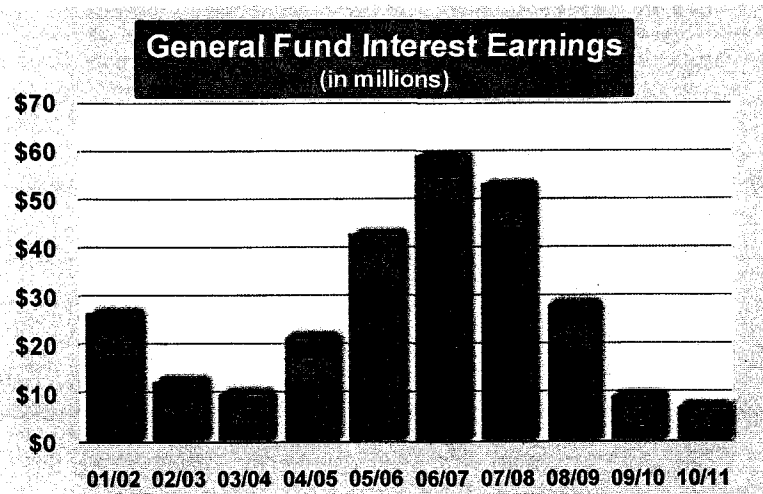
The estimate of sales and use tax revenue in the FY 10/11 final budget was \$23 million, which includes deductions for sales tax revenue picked up by recently incorporated cities. This contributed greatly to declines in the county's sales tax receipts. The Executive Office will continue monitoring this revenue.

Proposition 172 Public Safety Sales Tax

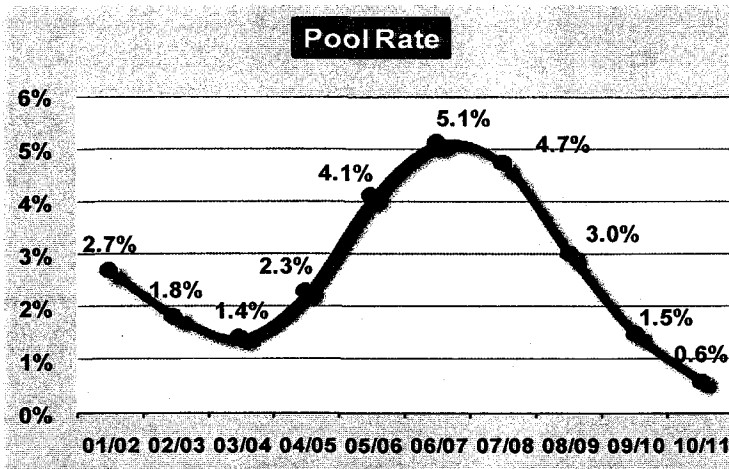
HdL projects statewide public safety sales tax to be up 2 percent in FY 10/11 from last fiscal year, based on recent data from the Board of Equalization. However, the county's pro rata share shrank slightly. In FY 09/10, actual receipts came in at \$110.2 million, just shy of the \$110.6 million budget estimate. Based on that trend, we maintained the FY 10/11 final budget estimate flat. Although HdL projects the county may be allocated \$116.9 million in public safety sales tax this fiscal year, given the ongoing instability of retail sales, and the FY 09/10 actuals, the Executive Office does not recommend increasing this revenue estimate at this time.

Interest Earnings

General fund interest earnings are a product of two factors: cash on hand and the rate at which interest is earned. Both have been significantly reduced in the last few years. As fund balance and interest rates increased, interest earnings grew substantially. However, as general fund reserves were drawn down and interest rates fell, interest earnings fell significantly.



Recent news of the Federal Reserve's intention to address economic concerns with open market purchases of U.S. Treasury securities may keep interest rates low for an extended period. With record low interest rates and the November 3rd announcement of



\$600 billion of Federal Reserve purchases through June 2011, the treasurer is guarded in his FY 10/11 estimate of \$6.3 million for interest earnings and 0.6 percent for the average pool rate. It is likely the treasurer will reduce his interest earnings projections further at midyear due to the recently confirmed and additional monetary stimulus of the Federal Reserve.

Eastvale Incorporation

The city of Eastvale's incorporation will affect several sources of general fund discretionary revenue: fines and penalties, sales and use tax, franchise fees and documentary transfer tax. Based on Eastvale's comprehensive fiscal analysis (CFA), the estimated loss will be \$2.2 million. Historically, the actual effects of incorporation differ significantly from CFA estimates. Consequently, the Executive Office will monitor revenues for an additional quarter and recommend the budget adjustments necessary when more information is available.

Revenue Summary

Current revenue estimates are weakening and might need to be adjusted in the midyear report. The following chart summarizes the cumulative change recommended to date in the county's estimated discretionary revenues:

Summary
General Fund Discretionary Revenue
(in millions)

	Final Budget Estimate	First- Quarter Update	Variance from Budget
Property Taxes	263.8	263.8	0.0
Motor Vehicle In Lieu	188.8	188.8	0.0
Tax Loss Reserve Fund-Overflow	46.0	46.0	0.0
Fines and Penalties	25.7	25.7	0.0
Sales Tax *	23.0	23.0	0.0
Tobacco Tax	10.0	10.0	0.0
Documentary Transfer Tax	9.3	9.3	0.0
Franchise Tax	7.0	7.0	0.0
Interest Earnings	6.3	6.3	0.0
Misc. Federal and State	5.9	5.9	0.0
Other (Prior Year & Miscellaneous)	6.3	6.3	0.0
Total:	\$592.1	\$592.1	\$0.0

* Does not include public safety sales tax revenue

APPROPRIATIONS FOR CONTINGENCY

Appropriations for contingency are intended to cover urgent, unforeseeable events such as discretionary revenue shortfalls, unanticipated expenditures, uncorrectable departmental budget overruns and other mission-critical issues at the Board's discretion. The Executive Office cautioned departments that appropriations from contingency are being minimized. The only adjustment to contingency in this report is tied to a previous Board action.

USE OF CONTINGENCY

	Cost Adjustment	Revenue Adjustment	Total Adjustment	Balance Available
Beginning Balance:				\$20,000,000
Adjustments to date:				
09/28/10 Adj cash shortage (Item 3.14)	\$151		(\$151)	\$19,999,849
Actions recommended in this report:				
DA's SPIRIT Program	\$24,750		(\$24,750)	\$19,975,099
Contingency balance upon approval of this report = \$19,975,099				

C. DEPARTMENTAL STATUS**INTERDEPARTMENTAL AND CAPITAL PROJECTS****Capital Improvement Program (CIP)**

In July 2009, the main transfer switch at Indio Juvenile Hall failed. This equipment is necessary for all electrical systems at the facility, so it was immediately replaced with a temporary switch. The temporary switch cost almost \$7,000 per month to rent and was designed as a short-term solution. Since another failure was possible, the Executive Office agreed with EDA's recommendation that permanent replacement be treated as an emergency. EDA replaced the equipment in early 2010 and it is now fully functional. There is adequate cash in the CIP fund reserves to reimburse EDA for this cost.

Recommendation 10: That the Board of Supervisors 1) approve the release of \$180,000 from the CIP fund's reserved fund balance to reimburse EDA; and 2) approve and direct the Auditor-Controller to make adjustments to appropriations, as follows:

Decrease reserved fund balance:

30700-1104200000-309100	Reserve for construction	\$180,000
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Increase appropriations:

30700-1104200000-536780	Interfund expense - capital projects	180,000
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County of Riverside Enterprise Solutions For Property Taxation (CREST)

The property tax system maintains an inventory of all parcels and associated assessments in the county. It also stores assessment values and other pertinent information used for property taxation in accordance with state law. California property tax law mandates an event-driven system, as opposed to the rest of the nation where date-driven systems govern the process.

During the first quarter, the Board approved the implementation strategy and 10-year financial plan to upgrade the county's property tax system. The Board also approved a multiyear license agreement with Manatron, Inc.

RDA Capital Improvement Fund

The RDA Capital Improvement Fund captures certain redevelopment tax increment received from city redevelopment agencies under the terms of various pass-through agreements with stipulated restrictions.

The Board previously approved moving forward on a number of capital projects to be funded with redevelopment tax increment revenue the county receives per agreements with the City of Palm Desert Redevelopment Agency. Budget adjustments totaling \$11.7 million are necessary to pay these project expenses. Of this amount, the Board previously designated \$4.4 million for this purpose. The remaining \$7.3 million will be

paid from available unreserved fund balance. A breakdown of the anticipated project costs requiring funding includes:

Coachella Valley Rescue Mission	2,000,000
Blythe Animal Shelter	500,000
City of Indio land acquisition	335,800
Indio Volunteer Clinic	2,141,210
Desert Hot Springs Family Care Clinic	6,500,431
Total	<u>\$11,677,441</u>

Recommendation 11: *That the Board approve releasing designated fund balance and direct the Auditor-Controller to make budget adjustments increasing appropriations in the RDA Capital Improvement Fund, as follows:*

Decrease designated fund balance:

31540-1100100000-320109	Designated for capital projects	\$4,398,591
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Increase appropriations:

31540-1100100000-551000	Operating transfers out	11,677,441
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Use of fund balance:

31540-1100100000-308158	Reserve for RDA capital improvements	7,278,850
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GENERAL GOVERNMENT

Clerk of the Board

The Board of Supervisors/Clerk of the Board expects to be on target. A projected salary savings will offset \$202,036 in unanticipated one-time costs related to retirements not budgeted in the current fiscal year.

Assessment Appeals

The assessment appeals online system has gone live and is functioning. Ongoing, monthly costs associated with the system were not included in the FY 10/11 budget. As more information becomes available, adjustments may be necessary.

In terms of additional hearings, prior-year assessment appeal applications are being processed on target within the two-year statute of limitations. Currently, 47 percent of the FY 08/09 applications filed have been acted on. More than 90 percent of outstanding assessment appeals for years prior to FY 08/09 have been processed and resolved. Processing of FY 09/10 appeals has been limited so that prior-year applications may be processed on time. Implementing a four-day hearing schedule would increase the processing speed, but funds to increase staffing would be required.

Economic Development Agency/Facilities Management (EDA/FM)**Facilities Management Administration**

Facilities Management requests a budget adjustment to decrease appropriations in response to position vacancies, and to increase estimated revenue to be received from the agency's ISF divisions.

Recommendation 12: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Facilities Management administration, as follows:*

Increase estimated revenue:		
10000-7200100000-777520	Reimbursement for services	\$5,206,814
Decrease appropriations:		
10000-7200100000-572400	Intra-fund internal charges	(5,206,814)

Facilities Maintenance

The department requests a budget adjustment to align staff moving across divisions and departments, and to adjust revenue to reflect the correct ISF reimbursement account.

Recommendation 13: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Facilities Maintenance, as follows:*

Increase estimated revenue:		
47210-7200300000-777540	Reimbursement of salaries	\$923,895
Decrease estimated revenue:		
47210-7200300000-777520	Reimbursement for services	883,758
Increase appropriations:		
47210-7200300000-510040	Regular salaries	37,497
47210-7200300000-518100	Budgeted benefits	2,640
	Total	<u>40,137</u>

Real Estate

FM requests a budget adjustment to reflect revenue in the correct ISF account.

Recommendation 14: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue for Facilities Management's Real Estate division, as follows:*

Increase estimated revenue:		
47220-7200400000-777550	Right-of-way services	\$8,450
Decrease estimated revenue:		
47220-7200400000-778280	Interfund reimbursement for services	8,450

Project Management

FM requests a budget adjustment to align staff moving across divisions and the associated decrease in reimbursement revenue. In addition, an increase in appropriations is needed for an unanticipated retirement payout.

Recommendation 15: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Facilities Management's Project Management division, as follows:

Decrease estimated revenue:

10000-7200500000-778330	Interfund salary reimbursement	\$238,892
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Increase appropriations:

10000-7200500000-510200	Payoff permanent-seasonal	136,460
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Decrease appropriations:

10000-7200500000-510040	Regular salaries	309,444
10000-7200500000-518100	Budgeted benefits	<u>65,908</u>
	Total	375,352

Energy Management

FM requests a budget adjustment to reflect transfer of utility accounts from the majority of county departments to EDA/FM, in accordance with Board Policy H-32. The department will request a budget adjustment at midyear to reflect transfer of the remaining departments' accounts.

Recommendation 16: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Facilities Management's Energy Management division, as follows:

Increase estimated revenue:

10000-7200600000-778350	Interfund utilities	\$584,843
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Increase appropriations:

10000-7200600000-520845	Trash	77,188
10000-7200600000-529500	Electricity	881,078
10000-7200600000-529510	Heating fuel	36,110
10000-7200600000-529520	Sewer	27,922
10000-7200600000-529550	Water	102,735
10000-7200600000-573800	Intra-fund – Utilities	<u>(540,190)</u>
	Total	584,843

EDA Administration

The Economic Development Agency (EDA) requests a budget adjustment to align staff moving across divisions and the associated reimbursement for services.

Recommendation 17: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for EDA Administration, as follows:

Increase estimated revenue:		
21100-1900100000-778330	Interfund salary reimbursement	\$1,102,748
Increase appropriations:		
21100-1900100000-510040	Regular salaries	644,797
21100-1900100000-518100	Budgeted benefits	<u>457,951</u>
	Total	1,102,748

EDA Mitigation Projects

EDA requests a budget adjustment for a kitchen construction project at the Edward Dean Museum. The project will be funded using reserved fund balance.

Recommendation 18: That the Board of Supervisors 1) approve release of \$25,625 of reserved fund balance and 2) approve and direct the Auditor-Controller to make an adjustment increasing appropriations for EDA, as follows:

Release reserved fund balance:		
32710-1900100000-309100	Reserve for construction	\$25,625
Increase appropriations:		
32710-1900100000-536280	Contribution-project improvement costs	25,625

Cal Home Program

EDA requests a budget adjustment to accommodate additional funding received from the California Department of Housing and Community Development. EDA will use this funding to help very low-income farm worker and service worker households replace dilapidated mobile homes.

Recommendation 19: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for EDA's Cal Home Program, as follows:

Increase estimated revenue:		
21270-1900600000-750340	California state revenue	\$1,500,000
Increase appropriations:		
21270-1900600000-530360	Home shelter services	1,500,000

Executive Office CAC Maintenance

A portion of the custodial and maintenance costs for the County Administrative Center (CAC) annex is now paid out of the Executive Office (EO) budget using rent revenue collected through a lease with the Western Riverside Council of Governments and the Riverside County Transportation Commission. This facilitates reimbursement of EDA

for maintaining and cleaning portions of the annex. The recommended budget adjustment allows for the revenue and expenses to be accounted for in the EO budget.

Recommendation 20: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the Executive Office, as follows:*

Increase estimated revenue:

10000-1100100000-741460	Rental of buildings	\$482,000
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Increase appropriations:

10000-1100100000-536860	Interfund expense-custodial	200,000
10000-1100100000-537040	Interfund expense-maintenance	<u>282,000</u>
	Total	482,000

Human Resources (HR)

The general HR budget is on target, although revenue estimates may be overstated if departments opt to reduce HR services in order to meet their own budget targets. Risk Management is utilizing a new claims program and insurance costs and claims are trending somewhat lower. Expenditures for the Exclusive Care Provider option are higher than initially estimated; however, beginning in calendar 2011 a 5.6 percent rate increase will boost revenue.

Fines resulting from an IRS audit are estimated near \$500,000. As of the first quarter, HR is likely to make the payment on the county's behalf, although reimbursement details are being discussed with the Executive Office.

Registrar of Voters (ROV)

The Registrar of Voters expects to exceed net county cost for FY 10/11 by approximately \$1.8 million. Expenditures increased because of enhanced programs implemented for the general election (which the Board authorized on July 13, 2010) and higher than budgeted sample ballot printing costs. The registrar estimates revenue will be \$440,000 less than estimated because some jurisdictions have insufficient nominees to go on the November 2010 ballot.

In addition, at the direction of the Executive Office, EDA/Facilities Management is looking for a larger building for the ROV. The ROV anticipates \$24,950 in associated unbudgeted costs in FY 10/11 for architectural services and EDA/FM service fees. The Executive Office recommends deferring budget adjustments for these costs until midyear when actual expenditures will be available.

Purchasing

The Purchasing Department performs a variety of duties to ensure that the taxpayer receives the best value for the dollars expended together with fair treatment to all vendors. Three years of budget cuts have made it increasingly difficult to provide this core service. Staff number is now inadequate to monitor contracts or to negotiate for favorable terms and renew expiring contracts.

Due to its diminishing capacity to maintain core services to county departments, Purchasing recommends conversion to an internal service fund starting July 1, 2012. Further, it has requested a one-time loan from Fleet Services in the amount of \$230,000 to fund two vacant (2) Procurement Specialists and one vacant (1) Buyer II for FY 10/11. This bold suggestion is worthy of further study, so the Executive Office supports the suggested additional funding and hiring for this fiscal year. The department will return later with the necessary budget adjustment. The department will return with a detailed business plan and a methodology for calculating fair rates before they will be considered for additional funding in FY 11/12.

Recommendation 21: *That the Board of Supervisors approve 1) the loan of \$230,000 from the Fleet Services fund to Purchasing; 2) authorizing addition of 1 Procurement Specialist and 1 Buyer II position; and, 3) that Purchasing report back within 6 months with a business plan and rate methodology for the proposed conversion to an internal service fund.*

PUBLIC PROTECTION

Court Reporter Transcripts

FY 09/10 expenses exceeded \$1.9 million. Although some expected reimbursements were for prior fiscal years, current cost projections put FY 10/11 expenditures at \$2 million. No additional funds are requested at this time; however, there are no cost controls on these court-ordered payments. The Executive Office monitors this budget closely and will provide an update at midyear.

District Attorney's Office

At its regular meeting on July 27, 2010, (agenda item no. 3.4) the Board approved additional funding for the S.P.I.R.I.T. program, which requires a budget adjustment from contingency at this time.

Recommendation 22: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for the SPIRIT program, as follows:*

Decrease appropriations:

10000-1109000000-581000	Appropriation for contingency	\$24,750
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Increase appropriations:

10000-2200100000-523840	Computer Equipment-Software	24,750
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Probation Department

Payoffs for 19 early retirees consumed budgeted payouts. The department froze comparable positions and is moving slowly to fill key positions to ensure a balanced budget. With approval of the state budget, and no indication that vehicle license fees (VLF) and Prop. 172 funds will reach FY 09/10 levels, the department continues to seek outside funding while it reorganizes workloads, consolidates operations and shifts existing personnel to unfilled positions across the department.

The state budget included approval of SB1682, which provides \$15,000 for each Department of Juvenile Justice ward who is placed on probation for up to two years of supervision. SB1682 goes into effect in January 2011 and the department plans to have an update in the midyear report. The state budget also includes an additional \$200 million in lease revenue bond authority to build juvenile facilities. The department anticipates applying for funds to build a 100-bed, secure juvenile treatment facility in the city of Riverside.

HEALTH AND SANITATION

Community Health Agency (CHA)

Public Health

The department reports that realignment revenue from the state – generated from sales tax and vehicle license fees – is tracking similar to last fiscal year's level. The department will continue to monitor this revenue. Several programs received additional funding, including the Women, Infants and Children (WIC) program, public health nursing and disease control. The department requests a budget adjustment to accommodate this increase in revenue and expense.

CHA has not received MediCal and Healthy Families payments since mid-August. However, now that the state budget is approved, the department anticipates distribution of back-due payments.

The department is monitoring discussions with the federal Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) related to a statewide audit of targeted case management claims. The Department of Public Health owes CMS an estimated \$700,000 that was not included in its budget. The department will continue to monitor and report back on developments.

Recommendation 23: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Public Health, as follows:*

Increase estimated revenue:

10000-4200100000-754000	CA-Tobacco tax Prop. 10	\$ 207,968
10000-4200100000-751680	CA-Grant revenue	<u>79,655</u>
	Total	287,623

Increase appropriations:

10000-4200100000-510040	Regular salaries	82,680
10000-4200100000-518100	Budgeted benefits	37,320
10000-4200100000-521380	Maintenance-copier machines	4,600
10000-4200100000-523640	Computer equipment non-fixed asset	2,000
10000-4200100000-523680	Office equipment non-fixed asset	2,600
10000-4200100000-523700	Office supplies	7,244
10000-4200100000-523800	Printing	1,706
10000-4200100000-525340	TAP	135,000
10000-4200100000-525440	Professional services	75,949

10000-4200100000-526420	Advertising	7,000
10000-4200100000-526700	Rent-lease buildings	30,000
10000-4200100000-527780	Special program expense	11,004
10000-4200100000-527840	Training-education/tuition	3,020
10000-4200100000-528140	Conference/registration fees	1,500
10000-4200100000-529540	Utilities	6,000
	Total	407,623

Decrease appropriations

10000-4200100000-573400	Intra-fund salary & benefits reimbursement	(120,000)
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The Public Health Emergency Preparedness division successfully negotiated the rollover of grant funds from prior years and requests budget adjustments for professional services and acquisition of equipment with this one-time funding.

Recommendation 24: That the Board of Supervisors approve acquisition of computer equipment and approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Public Health by \$164,250, as follows:

Increase estimated revenue:

21750-4200100000-767220	Fed-other operating grants	\$ 34,000
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Increase appropriations:

21750-4200100000-546080	Equipment computer	34,000
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Decrease estimated revenue:

21760-4200100000-767220	Fed-other operating grants	63,481
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Increase appropriations:

21760-4200100000-546160	Equipment other	50,919
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Decrease appropriations:

21760-4200100000-525440	Professional services	114,400
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Increase estimated revenue:

21770-4200100000-767220	Fed-other operating grants	164,250
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Increase appropriations:

21770-4200100000-525440	Professional services	114,400
21770-4200100000-546080	Equipment computer	32,000
21770-4200100000-546160	Equipment-other	6,000
21770-4200100000-546280	Capitalized software	11,850
	Total	164,250

Department of Environmental Health

The department received a grant for a food-safety education campaign and requests a budget adjustment to accommodate the increased revenue and expenses.

Recommendation 25: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Environmental Health by \$44,000, as follows:

Increase estimated revenue:

10000-4200400000-767220	Fed-other operating grants	\$44,000
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Increase appropriations:

10000-4200400000-523660	Computer supplies	100
10000-4200400000-523680	Office equipment – non-fixed asset	20
10000-4200400000-523760	Postage mailing	4,700
10000-4200400000-522310	Maintenance-building & improve	1,200
10000-4200400000-523700	Office supplies	3,000
10000-4200400000-523800	Printing/binding	9,755
10000-4200400000-527180	Operational supplies	25
10000-4200400000-526420	Advertising	16,500
10000-4200400000-527780	Special program expense	<u>8,700</u>
	Total	44,000

Riverside County Regional Medical Center Programs

Medically Indigent Services Program (MISP)

Although improved pharmaceutical protocols reduced expenses, increased enrollment more than offset those savings. The department projects expenses will exceed budget by \$1.9 million, but anticipates realignment revenue to cover the shortfall this fiscal year. The department will continue to monitor expenses and provide an update at midyear.

Detention Health Services (DHS)

DHS anticipates needing an additional \$317,000 in general fund support by year-end to cover increased expenses. Although the department attributes the increase to greater reliance on outside hospital care resulting from staff reductions, insufficient data is currently available to project the potential impact through the end of the year. DHS is gathering data to compare current and prior year charges and will provide additional analysis at midyear.

PUBLIC ASSISTANCE

Department of Public Social Services (DPSS)

The department reports that ABX8 5 amended the California Government Code to defer state general fund payments to counties. The deferral affects payments due July 2010, October 2010 and March 2011, which are delayed for no more than 60, 90, and 60 days, respectively. The department estimated the July deferral at \$27 million. Although realignment revenue is slightly higher than anticipated, it is still below base levels. The department will continue to monitor the situation.

As a result of changes in federal funding, there was a decrease in federal revenue and a commensurate increase in the county share of costs for Child Welfare Services

(CWS). DPSS is monitoring funding levels and determining available steps to mitigate the impact on the county, and will report back at midyear. High caseload growth in assistance programs continues, as summarized in the chart below:

Assistance Programs	Aug-09	Aug-10	Change
CalWORKS Eligibility	29,991	33,027	10.12%
CalWORKS Child Care	5,620	4,360	-22.42%
CalWORKS Welfare to Work	15,939	13,785	-13.51%
Food Stamps	66,985	86,685	29.41%
Medi-Cal	113,877	119,949	5.33%
Foster Care	3,172	3,099	-2.30%
Adoption Assistance	5,189	5,596	7.84%
In-Home Supportive Services	17,392	17,875	2.78%
CWS	8,847	9,375	5.97%
APS	1,860	2,169	16.61%

Mandated Client Services

The department projects a slight decline in caseload growth of In-Home Supportive Services individual provider hours as well as in the contracted services component. The caseload decrease and the extension of federal medical assistance percentage – although at a lower participation rate – are expected to reduce the general fund match required to support these mandated services. The department will monitor and provide an update at midyear.

Categorical Aid

Recently approved federal legislation allows states to extend the eligible age of children in foster care from 18 to 21. Subsequently, the state passed AB12 allowing children to remain in placement or transitional housing until age 21. Insufficient information is available to determine the financial impacts to the county. The department will provide additional analysis at midyear.

County Funded Programs

The department projects this mandated program will exceed its FY 10/11 budget target by \$600,000. The department will continue to monitor and provide an update at midyear.

Homeless

The department anticipates requesting the use of additional fund balance for this special revenue fund to maintain homeless shelter service at prior fiscal year levels. DPSS will continue to monitor and provide an update at midyear.

Riverside County Children and Families Commission (RCCFC)

First 5 Riverside continues to spend down its reserves and projects using \$26 million in available fund balance this fiscal year. The Commission approved its budget by resolution on May 27, 2010 and filed it with the Board on July 27, 2010, (agenda item no. 2.17).

Community Action Partnership (CAP)

The department was awarded additional funding for the Low-Income Home Energy Assistance Program and for Department of Energy contracts. CAP requests a budget adjustment to accommodate this increase in revenue and expenses.

Recommendation 26: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Community Action by \$2,339,171, as follows:

Increase estimated revenue:

21050-5200200000-767220	Fed-other operating grants	\$2,019,976
21050-5200200000-767140	Fed-misc reimbursement	319,195
	Total	2,339,171

Increase appropriations:

21050-5200200000-530020	Board – other	2,339,171
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CAP also received additional funding for the Dispute Resolution Program and requests a budget adjustment to accommodate the increased revenue and expense.

Recommendation 27: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenues and appropriations for Community Action by \$397,573, as follows:

Increase estimated revenue:

21050-5200300000-790500	Operating transfer in	\$397,573
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Increase appropriations:

21050-5200300000-510040	Regular salaries	94,151
21050-5200300000-520320	Telephone service	6,000
21050-5200300000-521360	Maintenance-computer equip	10,000
21050-5200300000-523680	Office equip non fixed assets	4,000
21050-5200300000-523100	Memberships	1,225
21050-5200300000-523700	Office supplies	13,000
21050-5200300000-523760	Postage-mailing	5,000
21050-5200300000-523780	Printed forms	16,500
21050-5200300000-523820	Subscriptions	150
21050-5200300000-526420	Advertising	8,500
21050-5200300000-527280	Awards/recognition	4,500
21050-5200300000-527780	Special program expense	174,584
21050-5200300000-527840	Training-education/tuition	38,000
21050-5200300000-528140	Conference/registration fees	4,500
21050-5200300000-529040	Private mileage reimbursement	17,463
	Total	397,573

Office on Aging

The Office on Aging anticipates it will meet current budget targets despite reduced county matching contributions. With adoption of the state budget, the Office on Aging expects to receive its FY 10/11 first quarter expense reimbursement of \$1.7 million.

The department lost federal stimulus funds earmarked for the senior employment and senior meals programs, reducing senior employment placements and meals provided to frail, hungry seniors.

EDUCATION, RECREATION, AND CULTURE

Library

The library requests a budget adjustment to remove the budget entered under the Executive Office prior to the transfer to EDA. Deleting this budget will eliminate over-stated revenues and appropriations.

Recommendation 28: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the library budget unit under the Executive Office, as follows:*

Decrease estimated revenue:

21200-1101500000-700020	Property tax current secured	\$11,556,326
21200-1101500000-701020	Property tax current unsecured	329,062
21200-1101500000-704000	Property tax current supplemental	936,189
21200-1101500000-705000	Property tax prior supplemental	492,169
21200-1101500000-732120	Library fines & fees	39,100
21200-1101500000-740020	Interest-invested funds	4,103
21200-1101500000-741000	Rents	2,403
21200-1101500000-741300	Lease to non-County agency	10,548
21200-1101500000-752200	CA-construction	762,319
21200-1101500000-752800	CA-homeowners tax relief	154,967
21200-1101500000-755680	CA-other operating grants	270,000
21200-1101500000-781000	Contractual revenue	764,615
	Total	15,321,801

Decrease appropriations:

21200-1101500000-510040	Regular salaries	81,106
21200-1101500000-515200	Retiree health insurance	80
21200-1101500000-517000	Workers compensation insurance	372
21200-1101500000-518100	Budgeted benefits	33,254
21200-1101500000-520820	Janitorial services	635,171
21200-1101500000-520945	Insurance - property	131,977
21200-1101500000-521380	Maintenance-copier machines	6,500
21200-1101500000-522310	Maintenance-building & improvements	586,665
21200-1101500000-523100	Memberships	5,300
21200-1101500000-523230	Miscellaneous expense	199,736
21200-1101500000-523680	Office equipment-non-fixed asset	50,400
21200-1101500000-523760	Postage-mailing	205
21200-1101500000-523840	Computer equipment-software	70,000
21200-1101500000-525120	Micrographic services	90
21200-1101500000-525140	Personnel services	924
21200-1101500000-525300	Oasis processing-financials	4,834
21200-1101500000-525310	Oasis processing-HRMS	290
21200-1101500000-527780	Special program expense	610,000

21200-1101500000-528140	Conference/registration fees	600
21200-1101500000-528960	Lodging	600
21200-1101500000-528980	Meals	200
21200-1101500000-529000	Misc travel expense	500
21200-1101500000-529040	Private mileage reimbursement	3,240
21200-1101500000-529060	Public service transportation	700
21200-1101500000-530280	Private care provider	12,600,000
21200-1101500000-536240	Other contract agencies	5,355,540
21200-1101500000-536840	Interfund exp-co support svc	310,500
21200-1101500000-537040	Interfund exp-maintenance	2,002,136
21200-1101500000-537080	Interfund exp-miscellaneous	381,600
21200-1101500000-537240	Interfund exp-utilities	6,000
21200-1101500000-546160	Equipment-other	300,000
21200-1101500000-546300	Vehicles-buses/heavy trucks	20,000
	Total	23,398,520

Increase fund balance available:

21200-1101500000-325100	Unreserved fund balance	8,076,719
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The county library requests a budget adjustment to fund the Palm Desert library renovation project (approved July 13, 2010, agenda item no. 3.30).

Recommendation 29: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to increase appropriations and estimated revenue for the library, as follows:

Increase estimated revenue:

21200-1900700000-769200	Other gov-city governments	\$3,500,000
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Increase appropriations:

21200-1900700000-542040	Buildings-capital projects	3,500,000
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Edward Dean Museum

The Edward Dean Museum requests a budget adjustment to purchase office furniture needed for the museum.

Recommendation 30: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments of appropriations and estimated revenue for the Edward Dean Museum, as follows:

Increase estimated revenue:

10000-1930100000-778200	Interfund miscellaneous	\$20,000
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Increase appropriations:

10000-1930100000-523680	Office equipment - non-fixed asset	20,000
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Cooperative Extension

An MOU with the University of California dictates funding for Cooperative Extension to maintain support staff, office space and utilities, and other miscellaneous program costs. Cooperative Extension reports that expenditures are in line with projections through the first quarter. The department will continue to monitor expenditures and make necessary adjustments to stay within its approved budget.

ENTERPRISE FUNDS**Riverside County Regional Medical Center (RCRMC)**

Primarily due to one-time hospital fee revenue, RCRMC projects it will use less net assets than budgeted for FY 10/11. The department will continue to monitor expenses and revenue, and if necessary will request a budget adjustment.

Waste Management

The Waste Management Department requests a budget adjustment to account for the vehicle allowance for the General Manager-Chief Engineer. This expense was unanticipated due to a policy shift requiring department heads to turn in their county vehicles.

Recommendation 31: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Waste Management, as follows:

Increase appropriations:

40200-4500100000-551000	Operating transfers out	\$9,000
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Use of net assets:

40200-4500100000-380100	Unrestricted net assets	9,000
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Increase estimated revenue:

40250-943001-790500	Operating transfers in	9,000
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Increase appropriations:

40250-943001-529040	Private mileage reimbursement	9,000
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INTERNAL SERVICE FUNDS (ISF)**Online Administrative Services Information System (OASIS)**

OASIS has two employees temporarily assigned to the Information Technology Governance Committee (ITGC). These employees were slated to be laid off but instead have been fully funded through the ITGC. Budget adjustments are necessary to restore appropriations for these two positions and increase estimated revenue.

Recommendation 32: That the Board of Supervisors 1) approve restoring authorization for two positions as reflected in Attachment B; and 2) approve and direct

the Auditor-Controller to make adjustments increasing appropriations and estimated revenue for OASIS, as follows:

Increase appropriations:		
45420-1109200000-510040	Regular salaries	\$107,674
45420-1109200000-518100	Budgeted benefits	<u>48,453</u>
	Total	156,127

Increase estimated revenue:		
45420-1109200000-777100	OASIS services	156,127

Increase appropriations:		
45420-1109300000-510040	Regular salaries	107,674
45420-1109300000-518100	Budgeted benefits	<u>48,453</u>
	Total	156,127

Increase estimated revenue:		
45420-1109300000-777100	OASIS services	156,127

SPECIAL DISTRICTS

Perris Valley Cemetery

EDA requests a budget adjustment for repairs to the cemetery's road and restrooms.

Recommendation 33: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for the Perris Valley Cemetery, as follows:*

Increase appropriations:		
22900-980501-540060	Improvements-land	\$125,000
22900-980501-542020	Buildings	<u>125,000</u>
	Total	250,000

Use of fund balance:		
22900-980501-325100	Unreserved fund balance	250,000

Redevelopment Agency (RDA)

Special Revenue Fund

The RDA requests a budget adjustment for bond administration and capital project expenses of the 2010 housing bonds issued in the amount of \$66,745,000.

Recommendation 34: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the RDA special revenue fund, as follows:*

Increase appropriations:		
25000-934001-536280	Contribution-project improvement cost	\$47,152,353
25000-934001-551000	Operating transfers out	<u>4,281,000</u>

Total	51,433,353
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Increase estimated revenue:

25000-934001-791000	Bond proceeds	51,433,353
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Capital Projects Fund

The RDA requests a budget adjustment for bond administration and capital project expenses of the 2010 non-housing bonds issued in the amount of \$88,580,000.

Recommendation 35: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the RDA capital projects fund, as follows:

Increase appropriations:

32700-934001-536280	Contribution-project improvement cost	\$38,772,513
32700-934001-551000	Operating transfers out	<u>3,998,000</u>
	Total	42,770,513

Increase estimated revenue:

32700-934001-791000	Bond proceeds	42,770,513
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Debt Service Fund

The RDA requests a budget adjustment to enable payment of additional costs of issuance, bond discounts and related expenses for both the 2010 housing and non-housing bond issuances.

Recommendation 36: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the RDA debt service fund, as follows:

Increase estimated revenue:

37100-934001-790500	Operating transfers in	\$8,279,000
37100-934001-791000	Bond proceeds	<u>2,819,350</u>
	Total	11,098,350

Increase appropriations:

37100-934001-533020	Bond interest	8,279,000
37100-934001-532160	Issuance costs	<u>2,819,350</u>
	Total	11,098,350

Flood Control and Water Conservation District

The district recently completed its annual financial audit. The external auditor recommends recognizing certain reimbursements of administrative overhead as an intra-fund transfer, rather than revenue. This will prevent the fund's revenue from being overstated. This change in accounting results in reduced expenditures with the offsetting reduction in revenue.

Recommendation 37: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments in appropriations and estimated revenue for Flood Control Administration, as follows:

Decrease estimated revenue:

15100-947200-772230	Charges for administrative services	\$4,510,290
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Increase appropriations:

15100-947200-574200	Intra-fund transfers-miscellaneous	(4,510,290)
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Regional Parks and Open Space District

Salary and benefit expenditures for the newly created Recreation Bureau and Jurupa Aquatic Center were not included in the final budget and must be added. The district contributed \$500,000 from its operating fund to the recreation fund as start-up capital for the Recreation Bureau and requests that the operating fund be replenished. An additional contribution of \$304,791 to the recreation fund also will be required to sustain operations at the aquatic center.

The restroom at Mayflower Park in Blythe is in extremely poor condition and requires remodeling. The project was not included in the final budget. In addition, the district is developing its strategic plan to direct operations for the next five years. The \$70,000 cost for a consultant to develop the plan was also not included in the final budget.

Recommendation 38: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenues and appropriations for Parks, as follows:

Increase estimated revenues:

25400-931104-781720	Salary reimbursement	\$ 676,849
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Increase appropriations:

25400-931104-510040	Regular salaries	176,244
25400-931104-510340	Seasonal salaries	196,445
25400-931104-518100	Budgeted benefits	304,160
25400-931104-529500	Electricity	284,000
25400-931104-522310	Maintenance-building and improvement	10,980
25400-931104-524660	Consultants	70,000
	Total	1,041,829

Use of fund balance:

25400-931104-325100	Unreserved fund balance	364,980
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Recreation

This new budget was created to cover costs for the new aquatic center. Additional budgets must be established for payroll, recreation and special events. Anticipated revenues need to be adjusted now based on current booking trends. The district requests 2 senior lifeguards and 59 lifeguards for the aquatic center, which is scheduled to open later this fall.

Recommendation 39: That the Board of Supervisors 1) approve hiring 2 senior lifeguards and 59 lifeguards, as noted in Attachment B; and, 2) approve and direct the Auditor Controller to make adjustments to appropriations and estimated revenue for Park's Recreation budget, as follows:

Increase appropriations:		
25400-931104-551100	Contributions to other funds	\$ 304,791
Use of fund balance:		
25400-931104-325100	Unreserved fund balance	304,791
Increase appropriations:		
25420-931180-537180	Interfund expense - salary reimbursement	1,069,185
Increase estimated revenues:		
25420-931180-741000	Rents	\$97,394
25420-931180-776740	Recreation fees	267,000
25420-931180-777520	Reimbursement for services	400,000
25420-931180-790600	Contribution from other funds	<u>304,791</u>
	Total	1,069,185

Park Acquisition and Development

A road construction project at Lake Skinner, which will be paid for using DA/DM funds, was not expected to be completed in the current year due to timing issues. However, the project is ready to move forward so appropriations need to be increased to accommodate project expenditures.

The Jenson-Alvarado Historic Ranch house ceiling failed and the house closed to the public. Restoration costs are higher than projected due to asbestos removal and historic preservation requirements.

Recommendation 40: That the Board of Supervisors 1) approve releasing \$30,337 in designated fund balance; and, 2) direct the Auditor Controller to make adjustments to appropriations and estimated revenue for the Park Acquisition and Development Fund, as follows:

Release designated fund balance:		
33100-931105-320109	DFB – capital projects	\$ 30,337
Increase estimated revenue:		
33100-931105-790600	Contribution from other county funds	217,643
Increase appropriations:		
33100-931105-540060	Improvements – land	217,643
33100-931105-542060	Improvements – building	<u>30,337</u>
	Total	247,980

East County DIF – Parks

Mayflower Park improvements are progressing rapidly. The contract work requires substantial additional infrastructure improvements that were not anticipated, but required by the local sewer purveyor.

Recommendation 41: *That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenues and appropriations for Parks, as follows:*

Increase appropriations:

33120-931123-548200	Infrastructure	\$161,233
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Increase estimated revenue:

33120-931123-790600	Contribution from other county funds	161,233
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Attachment A Summary of Recommendations

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

Recommendation 1: That the Board of Supervisors approve Animal Services' business plan and recommendations contained in Attachment E and, specifically, that the department:

- 1) Reduce animal services staff for an estimated annual savings of \$551,000;
- 2) Reduce veterinary staff for an estimated annual savings of \$391,000;
- 3) Reduce management and administrative staff for an estimated annual savings of \$353,000, and,
- 4) Delay opening of San Jacinto Valley animal shelter until third party operating proposals have been evaluated and funding is available.

Recommendation 2: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Animal Services, as follows:

Increase appropriations:		
31540-1100100000-551000	Operating transfers out	\$ 200,000
Use of fund balance:		
31540-1100100000-325100	Unreserved fund balance	200,000
Increase estimated revenue:		
10000-4200600000-720000	County animal license	50,000
10000-4200600000-790500	Operating transfers in	<u>200,000</u>
	Total	250,000
Decrease estimated revenue:		
10000-4200600000-773210	City billings – animal shelter services	1,083,947
10000-4200600000-773220	City billings – field services	280,744
10000-4200600000-781480	Program revenue	<u>300,000</u>
	Total	1,664,691
Decrease appropriations:		
10000-4200600000-510040	Regular salaries	506,774
10000-4200600000-518100	Budgeted benefits	191,442
10000-4200600000-510420	Overtime	39,900
10000-4200600000-510500	Stand-by pay	6,720
10000-4200600000-520115	Uniforms – replacement clothing	10,240
10000-4200600000-520230	Cellular phone	4,750
10000-4200600000-520820	Janitorial services	24,744
10000-4200600000-520830	Laundry service	7,575
10000-4200600000-522860	Medical dental supplies	120,000

10000-4200600000-522890	Pharmaceuticals	85,910
10000-4200600000-523220	License and permits	150
10000-4200600000-521380	Maintenance – copy machines	6,000
10000-4200600000-521540	Maintenance – office equipment	3,500
10000-4200600000-523640	Computer equip non-fixed asset	10,475
10000-4200600000-523680	Office equipment non-fixed asset	6,580
10000-4200600000-523700	Office supplies	18,800
10000-4200600000-523800	Printing & binding	24,600
10000-4200600000-524500	Administrative support direct	50,000
10000-4200600000-525320	Pre-employment services	14,076
10000-4200600000-525440	Professional services	64,256
10000-4200600000-525520	Veterinary services	45,600
10000-4200600000-527780	Special program expense	24,000
10000-4200600000-527840	Training – education/tuition	5,300
10000-4200600000-528140	Conference/registration fees	11,200
10000-4200600000-528920	Car pool expense	116,492
10000-4200600000-528960	Travel lodging	10,000
10000-4200600000-528980	Meals	1,200
10000-4200600000-529040	Private mileage reimbursement	3,050
10000-4200600000-529080	Rental Vehicles	1,357
	Total	1,414,691

Recommendation 3: That the Board adopt the fire station closure criteria proposed by the fire chief contained in Attachment F.

Recommendation 4: That the Board of Supervisors approve and direct the Auditor-Controller to make the adjustments reducing appropriations and increasing general fund designated fund balance as contained in Attachment L:

Decrease appropriations:

10000-1000100000-510040	Regular Salaries	\$ 945
10000-1200100000-510040	Regular Salaries	145,010
10000-1300100000-510040	Regular Salaries	17,664
10000-1400100000-510040	Regular Salaries	24,393
10000-1700100000-510040	Regular Salaries	22,282
10000-1930100000-510040	Regular Salaries	3,463
10000-2200100000-510040	Regular Salaries	820,829
10000-2300100000-510040	Regular Salaries	20,897
10000-2400100000-510040	Regular Salaries	520,803
10000-2500100000-510040	Regular Salaries	29,445
10000-2500200000-510040	Regular Salaries	205,848
10000-2500300000-510040	Regular Salaries	443,779
10000-2500400000-510040	Regular Salaries	475,268
10000-2500500000-510040	Regular Salaries	22,759
10000-2500700000-510040	Regular Salaries	50,660
10000-2501000000-510040	Regular Salaries	31,374

10000-2501100000-510040	Regular Salaries	24,837
10000-2600100000-510040	Regular Salaries	120,345
10000-2600200000-510040	Regular Salaries	83,781
10000-2600700000-510040	Regular Salaries	69,026
10000-2700200000-510040	Regular Salaries	243,431
10000-2800100000-510040	Regular Salaries	4,844
10000-3120100000-510040	Regular Salaries	22,597
10000-3140100000-510040	Regular Salaries	519,050
10000-4100100000-510040	Regular Salaries	12,738
10000-4100200000-510040	Regular Salaries	38,077
10000-4100300000-510040	Regular Salaries	20,380
10000-4100500000-510040	Regular Salaries	1,531
10000-4200100000-510040	Regular Salaries	222,355
10000-4200200000-510040	Regular Salaries	100,105
10000-4200400000-510040	Regular Salaries	3,267
10000-4200600000-510040	Regular Salaries	293,534
10000-4300200000-510040	Regular Salaries	28,521
10000-4300300000-510040	Regular Salaries	41,667
10000-5100100000-510040	Regular Salaries	209,696
10000-5400100000-510040	Regular Salaries	11,071
10000-6300100000-510040	Regular Salaries	9,574
10000-7300100000-510040	Regular Salaries	2,309
	Total	4,918,155

Increase designated fund balance:

10000-1000100000-320110	DFB-Economic Uncertainty	4,918,155
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Recommendation 5: That the Board designate \$11.2 million in general fund unreserved, undesignated fund balance in the reserve for economic uncertainty, as follows:

Decrease unreserved, undesignated fund balance:

10000-1000100000-325100	Unreserved fund balance	\$11,207,035
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Increase designated fund balance:

10000-1000100000-320110	Designation for economic uncertainty	11,207,035
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Recommendation 6: That the Board approve releasing \$12.4 million in general fund designated fund balance and increasing appropriations for the Sheriff, as follows:

Decrease designated fund balance:

10000-1000100000-320146	DFB – Budget savings retention	\$12,412,429
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Increase appropriations:

10000-2500200000-510040	Regular Salaries	228,257
10000-2500200000-518100	Budgeted benefits	97,824

10000-2500300000-510040	Regular Salaries	6,022,922
10000-2500300000-518100	Budgeted benefits	2,581,253
10000-2500400000-510040	Regular Salaries	1,715,324
10000-2500400000-518100	Budgeted benefits	735,139
10000-2500500000-510040	Regular Salaries	354,913
10000-2500500000-518100	Budgeted benefits	152,106
10000-2500600000-510040	Regular Salaries	51,472
10000-2500600000-518100	Budgeted benefits	22,059
10000-2500700000-510040	Regular Salaries	69,674
10000-2500700000-518100	Budgeted benefits	29,861
10000-2501000000-510040	Regular Salaries	62,559
10000-2501000000-518100	Budgeted benefits	26,811
10000-2501100000-510040	Regular Salaries	183,578
10000-2501100000-518100	Budgeted benefits	78,677
	Total	12,412,429

Recommendation 7: That the Board approve releasing \$401,226 in general fund designated fund balance and increasing appropriations for Probation, as follows:

Decrease designated fund balance:

10000-1000100000-320146	DFB – Budget savings retention	\$401,226
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Increase appropriations:

10000-2600100000-537040	Interfund expense - Maintenance	401,226
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Recommendation 8: That the Board approve releasing \$988 in general fund designated fund balance and increasing appropriations for Fire, as follows:

Decrease designated fund balance:

10000-1000100000-320146	DFB – Budget savings retention	\$988
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Increase appropriations:

10000-2700200000-525440	Professional services	988
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Recommendation 9: That the Board of Supervisors approve 1) releasing \$2,357,261 general fund designated fund balance; and 2) approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue, as follows:

Decrease designated fund balance:

10000-1000100000-320125	DFB-Plan special projects	\$2,357,261
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Increase appropriations:
 10000-1101000000-551100 Contribution to other funds 2,357,261

Increase estimated revenue:
 30100-7200800000-790600 Contribution from other county funds 500,000

Increase appropriations:
 30100-7200800000-542060 Improvements-buildings 500,000

Increase estimated revenue:
 47200-7200200000-790600 Contribution from other county funds 619,087

Increase net assets:
 47200-7200200000-380100 Unrestricted net assets 619,087

Increase estimated revenue:
 47210-7200300000-790600 Contribution from other county funds 1,238,174

Increase net assets:
 47210-7200300000-380100 Unrestricted net assets 1,238,174

Recommendation 10: That the Board of Supervisors 1) approve the release of \$180,000 from the CIP fund's reserved fund balance to reimburse EDA; and 2) approve and direct the Auditor-Controller to make adjustments to appropriations, as follows:

Decrease reserved fund balance:
 30700-1104200000-309100 Reserve for construction \$180,000

Increase appropriations:
 30700-1104200000-536780 Interfund expense - capital projects 180,000

Recommendation 11: That the Board approve releasing designated fund balance and direct the Auditor-Controller to make budget adjustments increasing appropriations in the RDA Capital Improvement Fund, as follows:

Decrease designated fund balance:
 31540-1100100000-320109 Designated for capital projects \$4,398,591

Increase appropriations:
 31540-1100100000-551000 Operating transfers out 11,677,441

Use of fund balance:
 31540-1100100000-308158 Reserve for RDA capital improvements 7,278,850

Recommendation 12: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Facilities Management administration, as follows:

Increase estimated revenue:		
10000-7200100000-777520	Reimbursement for services	\$5,206,814
Decrease appropriations:		
10000-7200100000-572400	Intra-fund internal charges	(5,206,814)

Recommendation 13: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Facilities Maintenance, as follows:

Increase estimated revenue:		
47210-7200300000-777540	Reimbursement of salaries	\$923,895
Decrease estimated revenue:		
47210-7200300000-777520	Reimbursement for services	883,758
Increase appropriations:		
47210-7200300000-510040	Regular salaries	37,497
47210-7200300000-518100	Budgeted benefits	2,640
	Total	40,137

Recommendation 14: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue for Facilities Management's Real Estate division, as follows:

Increase estimated revenue:		
47220-7200400000-777550	Right-of-way services	\$8,450
Decrease estimated revenue:		
47220-7200400000-778280	Interfund reimbursement for services	8,450

Recommendation 15: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Facilities Management's Project Management division, as follows:

Decrease estimated revenue:		
10000-7200500000-778330	Interfund salary reimbursement	\$238,892
Increase appropriations:		
10000-7200500000-510200	Payoff permanent-seasonal	136,460
Decrease appropriations:		
10000-7200500000-510040	Regular salaries	309,444

10000-7200500000-518100	Budgeted benefits	65,908
	Total	375,352

Recommendation 16: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Facilities Management's Energy Management division, as follows:

Increase estimated revenue:		
10000-7200600000-778350	Interfund utilities	\$584,843

Increase appropriations:		
10000-7200600000-520845	Trash	77,188
10000-7200600000-529500	Electricity	881,078
10000-7200600000-529510	Heating fuel	36,110
10000-7200600000-529520	Sewer	27,922
10000-7200600000-529550	Water	102,735
10000-7200600000-573800	Intra-fund – Utilities	<u>(540,190)</u>
	Total	584,843

Recommendation 17: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for EDA Administration, as follows:

Increase estimated revenue:		
21100-1900100000-778330	Interfund salary reimbursement	\$1,102,748

Increase appropriations:		
21100-1900100000-510040	Regular salaries	644,797
21100-1900100000-518100	Budgeted benefits	<u>457,951</u>
	Total	1,102,748

Recommendation 18: That the Board of Supervisors 1) approve release of \$25,625 of reserved fund balance and 2) approve and direct the Auditor-Controller to make an adjustment increasing appropriations for EDA, as follows:

Release reserved fund balance:		
32710-1900100000-309100	Reserve for construction	\$25,625

Increase appropriations:		
32710-1900100000-536280	Contribution-project improvement costs	25,625

Recommendation 19: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for EDA's Cal Home Program, as follows:

Increase estimated revenue:		
21270-1900600000-750340	California state revenue	\$1,500,000

Increase appropriations:

21270-1900600000-530360	Home shelter services	1,500,000
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Recommendation 20: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the Executive Office, as follows:

Increase estimated revenue:

10000-1100100000-741460	Rental of buildings	\$482,000
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Increase appropriations:

10000-1100100000-536860	Interfund expense-custodial	200,000
10000-1100100000-537040	Interfund expense-maintenance	<u>282,000</u>
	Total	482,000

Recommendation 21: That the Board of Supervisors approve 1) the loan of \$230,000 from the Fleet Services fund to Purchasing; 2) authorizing addition of 1 Procurement Specialist and 1 Buyer II position; and, 3) that Purchasing report back within 6 months with a business plan and rate methodology for the proposed conversion to an internal service fund.

Recommendation 22: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for the SPIRIT program, as follows:

Decrease appropriations:

10000-1109000000-581000	Appropriation for contingency	\$24,750
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Increase appropriations:

10000-2200100000-523840	Computer Equipment-Software	24,750
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Recommendation 23: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Public Health, as follows:

Increase estimated revenue:

10000-4200100000-754000	CA-Tobacco tax Prop. 10	\$ 207,968
10000-4200100000-751680	CA-Grant revenue	<u>79,655</u>
	Total	287,623

Increase appropriations:

10000-4200100000-510040	Regular salaries	82,680
10000-4200100000-518100	Budgeted benefits	37,320
10000-4200100000-521380	Maintenance-copier machines	4,600
10000-4200100000-523640	Computer equipment non-fixed asset	2,000
10000-4200100000-523680	Office equipment non-fixed asset	2,600
10000-4200100000-523700	Office supplies	7,244
10000-4200100000-523800	Printing	1,706

10000-4200100000-525340	TAP	135,000
10000-4200100000-525440	Professional services	75,949
10000-4200100000-526420	Advertising	7,000
10000-4200100000-526700	Rent-lease buildings	30,000
10000-4200100000-527780	Special program expense	11,004
10000-4200100000-527840	Training-education/tuition	3,020
10000-4200100000-528140	Conference/registration fees	1,500
10000-4200100000-529540	Utilities	6,000
	Total	407,623

Decrease appropriations

10000-4200100000-573400	Intra-fund salary & benefits reimbursement	(120,000)
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Recommendation 24: That the Board of Supervisors approve acquisition of computer equipment and approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Public Health by \$164,250, as follows:

Increase estimated revenue:

21750-4200100000-767220	Fed-other operating grants	\$ 34,000
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Increase appropriations:

21750-4200100000-546080	Equipment computer	34,000
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Decrease estimated revenue:

21760-4200100000-767220	Fed-other operating grants	63,481
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Increase appropriations:

21760-4200100000-546160	Equipment other	50,919
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Decrease appropriations:

21760-4200100000-525440	Professional services	114,400
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Increase estimated revenue:

21770-4200100000-767220	Fed-other operating grants	164,250
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Increase appropriations:

21770-4200100000-525440	Professional services	114,400
21770-4200100000-546080	Equipment computer	32,000
21770-4200100000-546160	Equipment-other	6,000
21770-4200100000-546280	Capitalized software	11,850
	Total	164,250

Recommendation 25: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Environmental Health by \$44,000, as follows:

Increase estimated revenue:

10000-4200400000-767220	Fed-other operating grants	\$44,000
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Increase appropriations:

10000-4200400000-523660	Computer supplies	100
10000-4200400000-523680	Office equipment – non-fixed asset	20
10000-4200400000-523760	Postage mailing	4,700
10000-4200400000-522310	Maintenance-building & improve	1,200
10000-4200400000-523700	Office supplies	3,000
10000-4200400000-523800	Printing/binding	9,755
10000-4200400000-527180	Operational supplies	25
10000-4200400000-526420	Advertising	16,500
10000-4200400000-527780	Special program expense	8,700
	Total	44,000

Recommendation 26: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Community Action by \$2,339,171, as follows:

Increase estimated revenue:

21050-5200200000-767220	Fed-other operating grants	\$2,019,976
21050-5200200000-767140	Fed-misc reimbursement	319,195
	Total	2,339,171

Increase appropriations:

21050-5200200000-530020	Board – other	2,339,171
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Recommendation 27: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenues and appropriations for Community Action by \$397,573, as follows:

Increase estimated revenue:

21050-5200300000-790500	Operating transfer in	\$397,573
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Increase appropriations:

21050-5200300000-510040	Regular salaries	94,151
21050-5200300000-520320	Telephone service	6,000
21050-5200300000-521360	Maintenance-computer equip	10,000
21050-5200300000-523680	Office equip non fixed assets	4,000
21050-5200300000-523100	Memberships	1,225
21050-5200300000-523700	Office supplies	13,000
21050-5200300000-523760	Postage-mailing	5,000
21050-5200300000-523780	Printed forms	16,500
21050-5200300000-523820	Subscriptions	150
21050-5200300000-526420	Advertising	8,500
21050-5200300000-527280	Awards/recognition	4,500
21050-5200300000-527780	Special program expense	174,584

21050-5200300000-527840	Training-education/tuition	38,000
21050-5200300000-528140	Conference/registration fees	4,500
21050-5200300000-529040	Private mileage reimbursement	<u>17,463</u>
	Total	397,573

Recommendation 28: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the library budget unit under the Executive Office, as follows:

Decrease estimated revenue:

21200-1101500000-700020	Property tax current secured	\$11,556,326
21200-1101500000-701020	Property tax current unsecured	329,062
21200-1101500000-704000	Property tax current supplemental	936,189
21200-1101500000-705000	Property tax prior supplemental	492,169
21200-1101500000-732120	Library fines & fees	39,100
21200-1101500000-740020	Interest-invested funds	4,103
21200-1101500000-741000	Rents	2,403
21200-1101500000-741300	Lease to non-County agency	10,548
21200-1101500000-752200	CA-construction	762,319
21200-1101500000-752800	CA-homeowners tax relief	154,967
21200-1101500000-755680	CA-other operating grants	270,000
21200-1101500000-781000	Contractual revenue	<u>764,615</u>
	Total	15,321,801

Decrease appropriations:

21200-1101500000-510040	Regular salaries	81,106
21200-1101500000-515200	Retiree health insurance	80
21200-1101500000-517000	Workers compensation insurance	372
21200-1101500000-518100	Budgeted benefits	33,254
21200-1101500000-520820	Janitorial services	635,171
21200-1101500000-520945	Insurance - property	131,977
21200-1101500000-521380	Maintenance-copier machines	6,500
21200-1101500000-522310	Maintenance-building & improvements	586,665
21200-1101500000-523100	Memberships	5,300
21200-1101500000-523230	Miscellaneous expense	199,736
21200-1101500000-523680	Office equipment-non-fixed asset	50,400
21200-1101500000-523760	Postage-mailing	205
21200-1101500000-523840	Computer equipment-software	70,000
21200-1101500000-525120	Micrographic services	90
21200-1101500000-525140	Personnel services	924
21200-1101500000-525300	Oasis processing-financials	4,834
21200-1101500000-525310	Oasis processing-HRMS	290
21200-1101500000-527780	Special program expense	610,000
21200-1101500000-528140	Conference/registration fees	600
21200-1101500000-528960	Lodging	600
21200-1101500000-528980	Meals	200
21200-1101500000-529000	Misc travel expense	500

21200-1101500000-529040	Private mileage reimbursement	3,240
21200-1101500000-529060	Public service transportation	700
21200-1101500000-530280	Private care provider	12,600,000
21200-1101500000-536240	Other contract agencies	5,355,540
21200-1101500000-536840	Interfund exp-co support svc	310,500
21200-1101500000-537040	Interfund exp-maintenance	2,002,136
21200-1101500000-537080	Interfund exp-miscellaneous	381,600
21200-1101500000-537240	Interfund exp-utilities	6,000
21200-1101500000-546160	Equipment-other	300,000
21200-1101500000-546300	Vehicles-buses/heavy trucks	20,000
	Total	23,398,520

Increase fund balance available:

21200-1101500000-325100	Unreserved fund balance	8,076,719
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Recommendation 29: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to increase appropriations and estimated revenue for the library, as follows:

Increase estimated revenue:

21200-1900700000-769200	Other gov-city governments	\$3,500,000
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Increase appropriations:

21200-1900700000-542040	Buildings-capital projects	3,500,000
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Recommendation 30: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments of appropriations and estimated revenue for the Edward Dean Museum, as follows:

Increase estimated revenue:

10000-1930100000-778200	Interfund miscellaneous	\$20,000
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Increase appropriations:

10000-1930100000-523680	Office equipment - non-fixed asset	20,000
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Recommendation 31: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for Waste Management, as follows:

Increase appropriations:

40200-4500100000-551000	Operating transfers out	\$9,000
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Use of net assets:

40200-4500100000-380100	Unrestricted net assets	9,000
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Increase estimated revenue:

40250-943001-790500	Operating transfers in	9,000
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Increase appropriations:

40250-943001-529040	Private mileage reimbursement	9,000
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Recommendation 32: That the Board of Supervisors 1) approve restoring authorization for two positions as reflected in Attachment B; and 2) approve and direct the Auditor-Controller to make adjustments increasing appropriations and estimated revenue for OASIS, as follows:

Increase appropriations:

45420-1109200000-510040	Regular salaries	\$107,674
45420-1109200000-518100	Budgeted benefits	<u>48,453</u>
	Total	156,127

Increase estimated revenue:

45420-1109200000-777100	OASIS services	156,127
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Increase appropriations:

45420-1109300000-510040	Regular salaries	107,674
45420-1109300000-518100	Budgeted benefits	<u>48,453</u>
	Total	156,127

Increase estimated revenue:

45420-1109300000-777100	OASIS services	156,127
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Recommendation 33: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for the Perris Valley Cemetery, as follows:

Increase appropriations:

22900-980501-540060	Improvements-land	\$125,000
22900-980501-542020	Buildings	<u>125,000</u>
	Total	250,000

Use of fund balance:

22900-980501-325100	Unreserved fund balance	250,000
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Recommendation 34: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the RDA special revenue fund, as follows:

Increase appropriations:

25000-934001-536280	Contribution-project improvement cost	\$47,152,353
25000-934001-551000	Operating transfers out	<u>4,281,000</u>
	Total	51,433,353

Increase estimated revenue:		
25000-934001-791000	Bond proceeds	51,433,353

Recommendation 35: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the RDA capital projects fund, as follows:

Increase appropriations:		
32700-934001-536280	Contribution-project improvement cost	\$38,772,513
32700-934001-551000	Operating transfers out	<u>3,998,000</u>
	Total	42,770,513

Increase estimated revenue:		
32700-934001-791000	Bond proceeds	42,770,513

Recommendation 36: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the RDA debt service fund, as follows:

Increase estimated revenue:		
37100-934001-790500	Operating transfers in	\$8,279,000
37100-934001-791000	Bond proceeds	<u>2,819,350</u>
	Total	11,098,350

Increase appropriations:		
37100-934001-533020	Bond interest	8,279,000
37100-934001-532160	Issuance costs	<u>2,819,350</u>
	Total	11,098,350

Recommendation 37: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments in appropriations and estimated revenue for Flood Control Administration, as follows:

Decrease estimated revenue:		
15100-947200-772230	Charges for administrative services	\$4,510,290

Increase appropriations:		
15100-947200-574200	Intra-fund transfers-miscellaneous	(4,510,290)

Recommendation 38: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenues and appropriations for Parks, as follows:

Increase estimated revenues:		
25400-931104-781720	Salary reimbursement	\$ 676,849

Increase appropriations:

25400-931104-510040	Regular salaries	176,244
25400-931104-510340	Seasonal salaries	196,445
25400-931104-518100	Budgeted benefits	304,160
25400-931104-529500	Electricity	284,000
25400-931104-522310	Maintenance-building and improvement	10,980
25400-931104-524660	Consultants	<u>70,000</u>
	Total	1,041,829

Use of fund balance:

25400-931104-325100	Unreserved fund balance	364,980
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Recommendation 39: That the Board of Supervisors 1) approve hiring 2 senior lifeguards and 59 lifeguards, as noted in Attachment B; and, 2) approve and direct the Auditor Controller to make adjustments to appropriations and estimated revenue for Park's Recreation budget, as follows:

Increase appropriations:

25400-931104-551100	Contributions to other funds	\$ 304,791
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Use of fund balance:

25400-931104-325100	Unreserved fund balance	304,791
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Increase appropriations:

25420-931180-537180	Interfund expense - salary reimbursement	1,069,185
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Increase estimated revenues:

25420-931180-741000	Rents	\$97,394
25420-931180-776740	Recreation fees	267,000
25420-931180-777520	Reimbursement for services	400,000
25420-931180-790600	Contribution from other funds	<u>304,791</u>
	Total	1,069,185

Recommendation 40: That the Board of Supervisors 1) approve releasing \$30,337 in designated fund balance; and, 2) direct the Auditor Controller to make adjustments to appropriations and estimated revenue for the Park Acquisition and Development Fund, as follows:

Release designated fund balance:

33100-931105-320109	DFB – capital projects	\$ 30,337
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Increase estimated revenue:

33100-931105-790600	Contribution from other county funds	217,643
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Increase appropriations:

33100-931105-540060	Improvements – land	217,643
33100-931105-542060	Improvements – building	<u>30,337</u>
	Total	247,980

Recommendation 41: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenues and appropriations for Parks, as follows:

Increase appropriations:

33120-931123-548200	Infrastructure	\$161,233
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Increase estimated revenue:

33120-931123-790600	Contribution from other county funds	161,233
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Attachment B Resolution 440-8849

BE IT RESOLVED by the Board of Supervisors of the County of Riverside, State of California, in regular session assembled on November 2, 2010, that pursuant to Section 5.A. of Ordinance No. 440, the County Executive Officer is authorized to make the following listed change(s), operative on the date of approval, as follows:

<u>Job code</u>	<u>+/-</u>	<u>Title</u>	<u>Department</u>
85048	+2	Senior Lifeguards	931180
85078	+59	Lifeguards	931180
86119	+1	IT Supervising Business Systems Analyst	1109200000
86119	+1	IT Supervising Business Systems Analyst	1109300000
15812	+1	Buyer II	7300111000
15813	+1	Procurement Contract Specialist	7300111000

Attachment C Moody's Investor Service Rating Opinion

MOODY'S INVESTORS SERVICE

New Issue: MOODY'S ASSIGNS MIG 1 TO RIVERSIDE COUNTY (CA) TEETER NOTES; AFFIRMS LONG-TERM RATINGS AND CHANGES OUTLOOK TO NEGATIVE

Global Credit Research - 04 Oct 2010

Approximately \$21.8 Million Of Teeter Notes Affected

County
CA

Moody's Rating

ISSUE	RATING
2010 Teeter Obligation Notes, Series C	MIG 1
Sale Amount	\$21,800,000
Expected Sale Date	10/05/10
Rating Description	Teeter Obligation Notes

Opinion

NEW YORK, Oct 4, 2010 -- Moody's Investors Service has assigned a MIG 1 rating to the Riverside County (CA) 2010 Teeter Obligation Notes, Series C. The Notes are expected to total \$21.8 million. Concurrently, Moody's has affirmed the county's Aa2 Issuer Rating, the Aa3 rating on its Pension Obligation Bonds, and the A1 ratings on its general fund lease financings. The outlook on the county's long-term ratings has been changed to negative from stable.

RATING RATIONALE

The current issue of Notes, together with commercial paper issued as Series B, will fund the cash flow needs of the county's "Teeter Program" discussed below. The Notes are a judicially validated obligation of the county's general fund, but are expected to be repaid from proceeds of the Teeter Program as they become available. It is quite likely that the current Notes will be refunded by subsequent Note issues. The rating is based upon the county's sound long-term credit quality combined with the strong likelihood of timely market access for take-out financing. Also key to the rating is the availability of the county Treasurer's Pooled Investment Fund to purchase refunding Notes if access to the market is disrupted.

The affirmation of the county's long-term ratings reflects its very large tax base, which continues to be challenged by the economic recession but is expected to resume growth in the longer term. The ratings also incorporate the county's manageable debt levels. The county's deteriorating financial position is a notable credit weakness and is the primary driver of the negative outlook.

TAX BASE CHALLENGED BUT LONG-TERM PROSPECTS ARE GOOD; DEBT POSITION SOUND

The county's long-term ratings reflects the its fundamental credit strengths, most notably its large, diversified economy which continues to have strong long-term prospects despite the depth of the economic recession and real estate market decline. With an assessed value (AV) of \$210 billion the county is one of the largest in California. As a result of the residential real estate market collapse AV declined by 11.3% in fiscal 2010, but this year the decrease has moderated to 3.7%. Home prices are showing signs of improvement. Nonetheless, continued, modest declines in AV would not be surprising. Unemployment in the county is quite high at 14.5% as of June 2010, above the statewide 12.2% and nationwide 9.6%. The county's economic growth prospects rely upon its transportation, distribution and warehousing facilities geared towards handling import flows from nearby Los Angeles ports and cargo airports. While improvement may not be imminent, Moody's anticipates that the county is well positioned for economic growth over the longer term.

The county's debt position is sound. The county's direct debt represents just 0.4% of AV, and at \$488 per capita approximates the median for large California counties (populations over 250,000). Its lease payments are affordable at 2.6% of general fund revenue, and 5.2% when combined with pension obligation bond payments. The county's variable rate debt does not pose undue credit risk, particularly given the county's high ratings and satisfactory liquidity. In the event that any bonds are put to its letter of credit banks, term-out provisions allow ample time for the county to take mitigating action. The county's letters of credit are with three separate banks, and the maturity dates of May 2012, December 2012, and December 2013 suggest that rollover risk is manageable. The county has no collateral posting requirements on its single swap, and both regular and termination payments are subordinate to debt service.

COUNTY'S FINANCIAL POSITION WEAKENING

The county's narrowing financial position is the key risk in its credit profile, and the major component of the negative rating outlook. Following upon two years of sizable deficits in fiscal 2008 and 2009, the county plans to continue to draw down its reserves through 2012. This is consistent with its strategy of "transitioning to structural balance." After GAAP-basis operating deficits of \$92.2 million in fiscal 2008 and \$109.7 million in fiscal 2009, unreserved fund balance in the county's general fund represented just 11.5% of revenue. The median for Aa2-rated California counties was 16.5%, more than 40% above the county's figure.

In fiscal 2010 the county was able to identify funds and delay or cancel capital projects, adding about \$100 million to its budget reserve for economic uncertainty. The county made substantial cuts, \$92 million, but also drew down \$71 million in reserves. The latter is particularly noteworthy as the reserve draw was above the original budgeted amount: the county began the year with \$15 million of additional beginning balance and received \$2 million in additional ongoing revenue, all of which it chose to spend rather than save. The county is budgeting approximately \$65 million in budget cuts and a like amount in reserve draws for the current year, and projects \$46 million in cuts and another \$16 million in reserve draws for fiscal 2012. The negative outlook reflects the county's choice to spend rather than set aside unanticipated funds as they came available, combined with the fact that its narrow reserves position it poorly for the challenges associated with likely state cutbacks.

COUNTY'S TEETER FINANCINGS HAVE BEEN JUDICIALLY VALIDATED PROVIDING STRONG NOTEHOLDER SECURITY

The Series C Notes benefits from very strong security. The Notes are being issued pursuant to a Master Teeter Resolution originally adopted in 1997 and supplemented annually to allow for that year's Teeter Program cash flow borrowing. The county's obligations under that Resolution have been judicially validated, providing extremely strong security for a California local government obligation, second only to an unlimited tax general obligation. The county began issuing cash flow financings for its Teeter Program in 1993 on a private placement basis to the Treasurer's Pooled Investment Fund (TPIF) and in 1997 issued publicly offered Notes. Given the limitations on debt issuance in California, the county chose to have its Teeter financings validated by the state Superior Court before issuance. The validation established that the financings issued pursuant to the Master Teeter Resolution are valid, legal and binding, and, importantly, are not open to legal challenge.

DEMONSTRATED MARKET ACCESS; STRAIGHTFORWARD AUTHORIZATION OF TAKE-OUT NOTES

The county has demonstrated market access to both long- and short-term markets. It has regular access to the short-term market as it issues annual Tax and Revenue Anticipation Notes. This is particularly helpful, as the county would tap the short term market to purchase subsequent, refunding Notes. Authorization for any subsequent Teeter Notes derives from the Master Resolution. Given the county's long experience with these Teeter financings, Moody's anticipates that any future supplemental resolutions necessary for Note issuance will be readily and timely adopted.

STRONG BACK-UP PROVIDED BY TREASURER'S INVESTMENT POOL

The county TPIF has indicated its willingness and demonstrated its ability to purchase Teeter Notes as needed. The ability to privately place refunding Notes with the TPIF is a key credit factor, as it provides back-up in the event that the county is unable to access the public markets in a timely manner. TPIF purchase of the Notes is permitted under the California Government Code and under the TPIF's investment policy. All school districts and many special districts in the county are required to invest in the TPIF, as is the county itself. The TPIF is managed as a money market fund and is rated Aaa/MR1; as of August 31, 2010 it had a total market value of \$5.2 billion, 16% of which was invested with a maturity of 30 days or less.

TEETER PROGRAM GENERATES REVENUES FOR THE GENERAL FUND; PROGRAM REVENUES DO NOT SECURE CURRENT ISSUE

The Teeter Program has provided significant revenues for the county's general fund, as it has for other counties throughout the State. Nearly all California counties currently offer the program to local governments within their jurisdiction. Under the program, the county advances to participating local governments the entire amount of property taxes levied regardless of delinquencies. The county assumes the risk and the responsibility for collecting delinquencies, and retains for itself the interest, fees and penalty revenues associated with collections. Between fiscal 1999 and 2006 the Teeter Program generated annual proceeds ranging from \$10 to \$20 million which is available to the general fund for unrestricted use. As the real estate market began to decline precipitously and the economy weakened, delinquencies rose dramatically. Accordingly, beginning in fiscal 2007 the amount generated by the Teeter Program increased substantially. In fiscal 2009 and 2010 the general fund received \$50 million and \$52 million, respectively.

The county's Teeter Program cash flows are as follows. The County Treasurer-Tax Collector bills property owners bi-annually. Payments not made timely by December 10th and April 10th are subject to a 10% delinquency penalty, and unpaid taxes begin accruing a 1 1/2% per month additional charge if unpaid at the end of the June 30th fiscal year. Property owners are subject to foreclosure if delinquent taxes and penalties are not paid within five years, but the vast majority of delinquencies are corrected within one or two years. When the county receives uncollected property taxes, they are deposited into the Teeter Tax Account while the penalties and interest are deposited into a Tax Loss Reserve Fund, both of which are components of the county's general fund. In the event of a foreclosure sale which results in a loss, the Tax Loss Reserve Fund transfers funds in the amount of the loss to the Teeter Tax Account.

The Tax Loss Reserve Fund is required by the state's Revenue and Taxation code to be maintained at either (1) 1% of the total amount of taxes and assessments levied on the secured roll or (2) 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year. The choice between the two calculation methods is left up to the Teeter county, and Riverside has chosen the 1% test as it is a more stable number. Any amounts in the Tax Loss Reserve Fund in excess of the requirement are considered by the county to be Tax Loss Reserve Fund Overflow and may be transferred to the general fund for its unrestricted use.

The county has been funding the Teeter Program's cash flow needs with Series B commercial paper pursuant to the Master Teeter Resolution since 1997. The proceeds of the Teeter Program, as well as the general fund, secure the bank currently providing the Letter of Credit backing the commercial paper. The Series C Note is secured solely by the general fund, not by proceeds of the Teeter Program. Tax Loss Reserve Fund Overflow revenues could be used to repay the Series C Note to the extent that they are not needed for repayment of Series B obligations. Alternatively, the county could choose to direct the Overflow revenues to the general fund. Regardless, the Series C Notes are an unconditional obligation of the general fund.

Outlook

The county's deteriorating financial position is a notable credit weakness and is the primary driver of the negative outlook. The negative outlook also reflects the county's choice to spend rather than set aside unanticipated funds as they came available, combined with the fact that its narrow reserves position the county poorly for the challenges associated with likely state cutbacks.

What Could Move The Long-Term Rating - UP

- sustained positive operating results
- substantially increased general fund reserves (audit basis).
- return to assessed value growth

What Could Move The Long-Term Rating - Down

- general fund reserves (audit basis) remain at or decline from the current levels
- accelerated assessed value declines

- significant increase in size or complexity of debt portfolio

KEY STATISTICS

Population, 2009: 2,107,653

Assessed Value (AV), 2011: \$210.0 billion

% Change in AV, 2011: -5.8%

Net Direct Debt as % of AV, fiscal 2009: 0.4%

Net Lease Payments as % of General Fund Revenues, fiscal 2009: 2.6%

Total Fund Balance, General Fund, fiscal 2009: \$372.1 million (15.3% of General Fund Revenue)

Unreserved Fund Balance, General Fund, fiscal 2009: \$280.9 million (11.5% of General Fund Revenue)

Per Capita Income, 1999: \$18,689 (82.3% of State)

Median Family Income, 1999: \$48,409 (91.3% of State)

The last rating action for Riverside County was May 26, 2010 when a MIG 1 rating was assigned to the county's 2010-11 Tax and Revenue Anticipation Notes, Series A and B.

The principal methodology used in rating Riverside (County of) CA was Bond Anticipation Notes and Other Short-Term Capital Financings rating methodology published in May 2007. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on Moody's website.

REGULATORY DISCLOSURES

Information sources used to prepare the credit rating are the following: parties involved in the ratings, public information.

Moody's Investors Service considers the quality of information available on the credit satisfactory for the purposes of assigning a credit rating.

MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

The date on which some Credit Ratings were first released goes back to a time before Moody's Investors Service's Credit Ratings were fully digitized and accurate data may not be available. Consequently, Moody's Investors Service provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see the Credit Policy page on Moodys.com for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

Analysts

Dari Barzel
Analyst
Public Finance Group
Moody's Investors Service

Kevork Khrimian
Backup Analyst
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service
250 Greenwich Street
New York, NY 10007
USA

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Attachment D Review and Summary of Department Impact Reports

Departments that receive general fund support or charge other departments for services have reported on their budget situation for this year and next. Those reports are attached at the end of this section. Below is a brief summary and analysis of the situation from the point of view of Executive Office analysts. The summaries are grouped so that departments signaling they will exceed this year's budget target come first.

DEPARTMENTS PROJECTING FY 10/11 SHORTFALLS**District Attorney's Office**

The district attorney provided the following information, taken verbatim from his letter:

The District Attorney's Office continues to monitor and evaluate the office's operations and budget expenditures to meet the budgetary challenges for the current fiscal year while maintaining operational effectiveness. Based on one quarter of data and reasonable projections, the District Attorney's Office is under budget for the current fiscal year and will remain under budget for FY 2010/11. The District Attorney's Office anticipates that any labor savings from the LIUNA furloughs would cover any potential shortfalls in State revenues to the Office at no increase to current net county cost.

Actions by the District Attorney's Office for FY 2011/12 based on assumptions by the Executive Office are unknown since a new department head will be responsible for the last six months of the budget for FY 2010/11 and for the budget for FY 2011/12. From the current data and reasonable projections, no layoffs will be necessary in FY 2010/11 or in FY 2011/12. Any reductions needed in staffing can be accomplished through attrition.

As we examine the budget for the department, we must consider the shortfalls in revenue for the prior year of \$6 million and the potential that once again this year the state will not reimburse the department for mandated programs. This alone would result in a budget shortfall of \$2 million. The information above indicates that a shortage in state revenue might be offset by the LIUNA furlough savings. However, departments were notified by the Executive Office that their NCC will be reduced by the amount of the LIUNA savings, and thus there will be no offset of unrealized revenues.

To date, there is no evidence the department has a concrete cost savings plan in place. Absent a plan, the District Attorney's Office faces a year-end shortfall of \$9.1 million dollars. This is comprised of \$3.3 million from the initial 5 percent budget cut, \$2.6 million loss of Prop 172 revenue, \$0.2 million in COLA's, \$2 million potential shortfall in state revenue, and \$1.02 million currently over budget in leave buy down. In addition, the district attorney continues to hire new attorneys, which will further exacerbate this

problem. The Executive Office calls on the current district attorney and the district attorney-elect to seek solutions that will make budget goals possible during FY 10/11.

Fire Department

The Riverside County Fire Department is facing extremely difficult budget reduction decisions for FY 10/11. Over the last three years, the Fire Department has cut its budget through administrative cost containment and reduction efforts to avoid closing fire stations. This year, the department is faced with a deficit of \$6 million. In order to mitigate this deficit, we are faced with the very real possibility of closing fire stations. The department has seen some savings from negotiations with Cal Fire in the amount of \$2.2 million, the net savings to the County from this is \$1.1 million. If the department can save an additional \$1 million, the potential year-end deficit would be \$3.9 million.

Absent additional funding, the need to close fire stations will be the only solution. Should this direction be realized, the Executive Office recommends that the Board of Supervisors approve the criteria contained in Attachment F to determine station closures.

Department of Public Social Services (DPSS)

DPSS continues to manage operations to ensure that budget targets will be met and to position them for further cuts in FY 11/12. Budget adjustments may be necessary based on state budget final allocations. As reported previously, DPSS anticipates an NCC shortfall in mandated, categorical and other aid programs, primarily due to increasing caseloads that increase in the county's mandated share for these programs. Although the state approved a budget, sufficient information is not available to determine the county funding level or the funding level that realistically can be projected for FY 11/12. The homeless program received additional funding in the FY 10/11 final budget which, combined with the use of fund balance, allows the department to maintain current service levels. The department continues to explore options to absorb the FY 11/12 NCC reduction.

Sheriff's Department

The sheriff provided the following information, taken verbatim from his letter:

Per your request dated September 21, 2010, this letter will serve as a guide to how our Department plans to deal with the 11% Net County Cost (NCC) cut of \$24.7 million and the impact of commensurate budget reductions in FY 11/12. As you are fully aware, part of the Sheriff's Department core mission as 24/7 uniformed emergency first-responders is to handle calls for service from the public; respond to disaster and terrorist incidents countywide; operate and maintain the county jail system; maintain the security of the courts and serve all process and notices pursuant to law; and operate the Coroner and Public Administrator responsibilities countywide.

As discussed during our May 4th presentation to the Board of Supervisors, an 11% Net County Cost (NCC) cut would have a profound impact on our operations going forward. The current cut results in approximately 250 filled but unfunded deputy positions throughout the organization. With our Correctional facilities under tremendous strain while under expansion, the only other significant NCC funded area within our organization to achieve savings is the unincorporated areas of patrol. The Board of Supervisors' desired staffing ratio in the unincorporated areas of the County would see severe impact and response times for lower priority calls will increase dramatically. In an effort to reduce overtime costs, staff will necessarily scale back proactive community oriented policing efforts.

As we have indicated to the Board of Supervisors, there is not much NCC savings to be achieved in the area of Corrections. The impact of an 11% NCC cut will negate our Larry Smith Correctional Facility expansion efforts and may result in the closure of one of our facilities. We have already seen an increase in overtime usage as a result of the DHS budget cuts and will continue to monitor any impacts to our budget by other department cuts.

As we work closely with your office, we will continue to make you aware of significant costs that are being deferred to the out-years, to achieve current year savings. We are in an era of "forced choices." The decision to increase the mileage threshold on our vehicle fleet will realize near-term some savings, but there will be a substantial number of vehicles to replace in the future. In January 2001, the State passed AB 1263 which provided for local 911 public safety answering point operations to start receiving 911 cellular phone calls. All cellular 911 calls have been handled by the CHP. Our dispatch operations are not sufficiently equipped or staffed to handle the volume of cellular 911 calls directly and those calls are still received and then transferred to us by CHP. There will be a need to upgrade our dispatch centers. Also, there will be a need to replace one of the helicopters within the next few years.

We view our department as part of the "county family" of departments, and view ourselves as partners in helping Riverside County through the worst economic challenges we have ever faced, while mindful of our various critical uniformed emergency first-responder missions to our communities. Currently we are projecting a \$26.1 million shortfall for the first quarter report which if unchecked will erase our current jail expansion efforts, damage unincorporated patrol efforts, and mothball coroner and jail facilities. Additional NCC cuts to our budget will severely reduce the level of service our Department is able to provide to the public. We plan to work very closely with your office and the Board of Supervisors to reduce this deficit by the end of the fiscal year.

At the beginning of the fiscal year, the sheriff's budget was increased by \$12.6 million dollars to fund personnel for the Smith Corrections Facility (SCF) expansion. Based on information from the Sheriff's Department, SCF will not be fully operational until late in the fiscal year and may produce some salary savings. This savings, if any, will be determined as the year progresses. Per Board direction, the sheriff will soon receive an increase in appropriations of \$12.4 million from prior year savings. The sheriff will use a portion of these funds for the SCF warehouse and a cellular vehicle project. With the plan to reduce costs through attrition and the additional funds from the prior year the Sheriff's Department feels we are still faced with a potential year-end shortfall of \$17 million. With the Board's expressed desire to maintain public safety, these potential budget shortfalls may require cuts elsewhere in the County. With more budget data available at midyear, we will have the ability to analyze more critically budget trends for the balance of the fiscal year.

Registrar of Voters (ROV)

The Registrar of Voters expects to exceed net county cost for FY 10/11 by approximately \$1.8 million due to increased expenditures and reduced revenue. Expenditures increased because of enhanced programs implemented for the general election and higher-than-budgeted costs for printing sample ballots. Revenue is estimated at \$440,000 below budget due to jurisdictions having insufficient nominees to go to election in November 2010. At the direction of the CEO, EDA-FM is looking for a larger building for the ROV. Costs expected to be billed in FY 10/11 include a proposal for architectural services, which is \$24,950, and EDA-FM service fees at \$125.83 per hour.

For FY 11/12 the ROV will conduct three countywide elections, including the 2012 presidential primary. The ROV requests an NCC allocation similar to that of FY 07/08, which was \$6,083,757. A like NCC could be sufficient depending on the Board's desire to continue the enhanced programs implemented for November 2010. Based on a \$6,083,757 NCC a 20 percent cut would be a reduction of \$1,216,755 and anticipated LIUNA savings from MPL is \$33,484.

DEPARTMENTS PROJECTING FY 10/11 ON TARGET

Office on Aging

The department has had many challenges in timeliness of reporting, including difficulties in data reporting and inadequate support from program operations. As a result, unallowable audited costs could require repayment using county funds. Demand has increased for call center staff, who face more complex problems and fewer options for referrals and services. Due to furloughs, the resource specialist has less time to provide detailed responses to critical calls and many callers are not receiving vital information or service linkage. The department also has lost federal stimulus funds earmarked for the senior employment and senior meals programs. As a result, there have been fewer senior employment placements and fewer meals served to frail, hungry seniors.

The department will use increased federal Older American Act and state One Time Only funding to meet their budget; otherwise, they will face some layoffs. The department does not anticipate any layoffs for FY 11/12. However, some critical programs will not continue due to federal funding restrictions in program eligibility and scope of service limitations.

Agricultural Commissioner

The Agricultural Commissioner is responsible for regulatory plant inspection, pesticide management, and collecting and compiling agricultural statistics. The office also is the county's sealer of weights and measures. The Agricultural Commissioner is managing cutbacks in county support principally by implementing new, efficient technologies to compensate for lost positions. An example is the new phytosanitary certificate issuance and tracking system (PCIT), implemented in cooperation with both the U.S. Department of Agriculture (USDA) and the California Department of Food and Agriculture (CDFA). This automation placed greater responsibility on producers to document their products and shifted responsibility for billing to the USDA. This reduced Agricultural Commissioner administrative work and let the limited staff focus on plant inspection. However, there was no choice but to cut service levels in areas such as pest prevention, eliminating inspection of plant products individuals bring into the county.

Looking forward, further cuts in county support will compromise state maintenance-of-effort requirements. Each county dollar cut will reduce state revenue by a dollar, yielding a double hit to the department. Nearing the limits that of efficiency that automation generates, the department is considering further staff reductions and possibly closing a field office, which would affect services in the Coachella and Palo Verde valleys.

Assessor-County Clerk-Recorder

The Assessor-County Clerk-Recorder implemented layoffs, left vacant positions unfilled, reorganized operations and expects to be on target to meet FY 10/11 budget projections. For FY 11/12, the department may release up to 20 employees to meet the expected 25 percent budget cut. Additional cuts will impair the department's ability to complete the assessment roll, process Prop. 8 requests for property reassessment, and defend appeals on assessed values. Reducing these services also will have a negative impact on the county's discretionary revenue.

Auditor-Controller

The Auditor-Controller has reorganized operations, left vacant positions unfilled, reprioritized service tasks and identified additional revenue sources to meet FY 10/11 budget targets. Many of the same steps will be used to meet targets for FY 11/12. The department also may explore temporary/job sharing opportunities vs. hiring permanent positions, offering telecommuting options for internal audit personnel, and explore possibilities for outsourcing core functions such as payroll. The additional cuts will impair its ability to perform core functions. The Auditor-Controller's office must keep pace with changes caused by the Governmental Accounting Standards Board (GASB) releases and updates; property tax lawsuits and legislation; payroll and benefits

legislation; and complex cash management challenges. Additional cost reductions will make it difficult to effectively manage these changes.

BOS/Clerk of the Board and Assessment Appeals

The department anticipates that both BOS/Clerk of the Board and Assessment Appeals Divisions budgets will be on target for FY 10/11. Because of budget reductions, processes and procedures were streamlined to cope with reduced staff, thus, continuing to do more with less. The department reviewed its operating budget line items and is prepared to reduce operating expenses if necessary to achieve the required budget reductions for FY 11/12. Additionally, each Board district is aware of the financial situation and will work together to find options to meet budget targets.

Department of Child Support Services (DCSS)

In FY 10/11, the NCC for Child Support Services is \$559,677, a 27 percent reduction from last fiscal year. The amount reflects only the cost of the county lease agreement for the department's Indio office. Although the department expects to spend the allocation in its entirety, no additional funding will be requested. DCSS would require no FY 11/12 NCC if the entire Indio office staff were moved into 26,000 feet of county-owned space. If a portion of the staff were moved into 6,500 square feet of county-owned space, the department could vacate equal leased space and absorb a 25 percent NCC reduction. NCC is only required because neither federal nor state funds can pay for office space in a building the county does not own.

Community Action Agency

The department was able to absorb the FY 10/11 NCC reduction due to American Recovery and Reinvestment Act funding and anticipates this source will continue to be available in FY 11/12 allowing the department to absorb further reductions.

Community Health Agency

- **Public Health**

By reducing services and restructuring the organization, the department is able to meet the FY 10/11 20 percent NCC reduction. In addition, revenue projections have improved due to additional funding for increased Women, Infant and Children caseload and a high demand for medical care at the family care centers, which has increased revenue. The outlook for FY 11/12 is grim. Additional cuts in general fund support will necessitate drastic service cuts, further reducing state and federal revenue. The department is pursuing opportunities associated with health care reform and is working to align the department to take advantage of the opportunities.

- **Environmental Health**

The department is using fund balance to offset a portion of the FY 10/11 NCC reduction. In addition, some service levels have been reduced and one vacant position will remain unfilled. Further NCC reductions in FY 11/12 will necessitate continued use of fund

balance, eliminating the desert team member for the hazardous-materials emergency response team, and further cuts in vector control services.

- **Animal Services**

The department continues to monitor revenue and expenses. The department has included a business plan elsewhere in this report with recommendations addressing the new economic reality.

Cooperative Extension

Cooperative Extension's focus is to provide research-based training and education to the residents of Riverside County in agriculture, nutrition, consumer sciences, and youth development. The budget for FY 10/11 is on track and there are no known issues that should affect the department at this time. Having one FTE on maternity leave has saved some costs. Minor adjustments can be made if changes occur. Funding for Cooperative Extension is based upon an MOU with the University of California and is essentially a pass-through of funds. Its budget represents the county's cost share with the state, along with some limited financial support from federal resources. Under the terms of the MOU, the county is responsible for providing rented space in Moreno Valley, Indio and Blythe. Also covered are utilities, communications, support personnel (five FTEs), printing, supplies and limited miscellaneous line items such as travel. There is little room for additional cuts in FY 11/12 because most costs are fixed and are based on long-term lease agreements renegotiated by Economic Development Agency/Facilities Management to keep costs reasonable. County personnel have been cut to the bare minimum to support professional staff who are state employees provided by the University of California, Davis, (as negotiated as part of the MOU).

County Counsel

The Office of County Counsel provides legal support to all county departments. To address cuts in county discretionary support, County Counsel is shifting workloads to functions from which they can recover their costs. This includes an increasing focus on Mental Health IEP, IEHP, First Five, EDA, Transportation Land Management Agency and Riverside County Regional Medical Center, all of which have outside funding sources. Looking forward, County Counsel intends to absorb additional cuts by reducing service levels to county general government departments and shifting further to cases offset by revenue. Departments that can expect reductions in service from County Counsel include the Executive Office, Human Resources, Assessor-County Clerk-Recorder, Treasurer-Tax Collector, Auditor-Controller, Purchasing, Registrar of Voters, Probation, Public Guardian, Code Enforcement, Fire, and Sheriff.

Economic Development Agency

The Economic Development Agency reduced NCC for FY 10/11 totaled \$5,783,856 and affected the divisions of custodial, maintenance, real estate, Edward Dean Museum and deferred maintenance. The custodial, maintenance and real estate budgets were reclassified to internal service funds, and at this time are maintaining productive hours. The Edward Dean Museum will be submitting revised rates this fall to offset the

reduction in NCC. The reduction of NCC to deferred maintenance requires EDA to fund only the most important deferred maintenance projects. Any unexpected mechanical failure in a building or other infrastructure safety issue may result in a subsequent funding request under separate cover. The energy division is the other major division receiving NCC. It is working to transition utilities accounts to EDA with a subsequent charge back to departments. The other EDA divisions do not receive net county cost, so impact is minimal.

For FY 11/12, EDA will work with departments to meet needs for custodial and maintenance services. EDA will continue to foster outreach through the Office of Foreign Trade to encourage foreign investment and bring jobs to Riverside County. The Redevelopment Agency will make the second Supplemental Revenue Augmentation Funds payment of \$5.7 million to the state in May 2010. This amount already has been budgeted within the Redevelopment Agency's budget. Further updates will be included in the midyear budget report.

Executive Office

The Executive Office balanced its FY 10/11 budget and began to position itself for potential FY 11/12 cuts. To achieve these goals, the Executive Office reduced staff size by four through attrition and early retirement, and reviewed and updated all cost recovery for services it provides. Barring unforeseen major disruptions, the department will hit its current-year target. Two recent personnel departures have made it difficult to provide core services, so the Executive Office is recruiting to hire two junior analysts. The FY 11/12 picture is unclear at this time, as the department has not yet finished the reorganization to include the County Information Officer and his staff. It will certainly be difficult to maintain core services should there be an additional 25 percent cut. The department is exploring other options to increase revenue.

Human Resources

Cuts this fiscal year were achieved by reducing staff (25 percent since June 2008), reorganization, drawing-down fund reserves, implementing a new risk management system, revised equipment replacement schedules and renegotiation of rental agreements. The department is on target in all budget units at this time; the final IRS ruling could change this scenario and necessitate a request for additional NCC. The planned FY 11/12 HR rate is anticipated at 7 percent less than the current rate however some budget units are expected to have rate increases. These include but are not limited to general liability, property insurance, unemployment insurance, and employee assistance services. Increases for medical and dental insurance are a possibility but the department will diligently pursue provider negotiations. The temporary assistance program has greatly reduced staffing levels (50 percent) and rates (35 percent); these may remain stable during FY 11/12 or could decrease based upon departments' use of temporary employees.

Riverside County Information Technology (RCIT) – Internal Service Fund (ISF)

For FY 10/11, RCIT had five layoffs occur as a result of decreased services in communications and applications development. Rebates were issued in the first month

of FY 10/11 as a result of SEIU furlough savings achieved in the prior fiscal year. RCIT's budget strategy is to renegotiate contracts and services whenever possible and to prioritize end-of-life replacements for critical systems.

Mental Health

The Department of Mental Health reports budgets are on target at first quarter. However, services for both the Public Guardian and Detention Mental Health have been seriously impacted. The current level of staffing exposes the county to possible surcharges, sanctions and /or claims.

The department anticipates the use of remaining one-time Federal Medical Assistance Percentages (FMAP) funding in FY 11/12 will allow available NCC to be shifted to cover other program needs. However, the department projects that another \$1.4 million in general fund support for 12 hour/seven day coverage, or \$2.9 million for 24 hour/seven day coverage, will be needed to support the Banning Correctional Facility expansion. In addition, NCC cuts to inpatient treatment and emergency treatment services will reduce the department's ability to reimburse RCRMC for services. Finally, the substance abuse program will see further delays in providing services to those in need.

NPDES

TLMA Director George Johnson warns that the "County support for the NPDES (National Pollutant Discharge Elimination System) program is declining in the face of ever increasing regulatory mandates from the regional water boards, perhaps increasing longer term incidental risk to the County as a whole. Some prioritization of NPDES funding may be warranted as a result." The county has a number of obligations with outside agencies for the NPDES program. These implementation agreements, NPDES permits and infrastructure agreements appear to be higher than anticipated. In addition, the state proposed emergency regulations to increase municipal storm water permits by 21 percent. Staff will continue to monitor the situation monthly and provide reports to the CFO on the status of this program. It is anticipated that the program will be on track to meet its NCC target by year-end.

Regional boards have also increased their enforcement stance, and aggressively taken civil and criminal actions against local government for non-compliance of NPDES requirements on capital improvement construction projects. Given these anticipated issues with regulatory compliance, it may be risky to recommend additional cuts to the NPDES program in FY 11/12.

OASIS – Internal Service Fund (ISF)

To start FY 10/11, OASIS cut expenses 10 percent in order to balance its budget. This cut seven positions through attrition, layoffs and early retirements. Two positions originally slated for layoff were saved by temporarily assigning them to Riverside County Information Technology (RCIT)'s Information Technology Governance Committee (ITGC). OASIS is receiving full reimbursement for these two positions from RCIT. By voluntarily establishing a hiring freeze on one vacant position, allowing voluntary furloughs, and instituting additional project deferrals, OASIS projects \$900,000 in

additional cost savings with an ending balance of about \$3 million. Looking ahead to FY 11/12, OASIS projects no further layoffs or additional service reductions contingent on continued reimbursement of two positions funded in ITGC.

Park District

The district is currently on target to meet its budget goal for the year. This includes an NCC reduction from \$609,305 to \$456,978. This has resulted in the loss of two park maintenance positions that handle trail maintenance. A new all-volunteer effort has been implemented in place of the former paid staff. The district will continue to monitor the volunteer program's progress and should have information by the midyear budget report. Revenues from property taxes continue to decline. This decline is partially offset by increases in revenue from user fees from the county parks. The district is initiating a number of volunteer efforts aimed at meeting additional service level requirements, as several large projects will soon be completed. It is anticipated that salaries and benefits will increase in the third quarter as projects come on line, but within budget thresholds. The district has commenced development of a strategic plan that will analyze future trends and evaluate in relation to the districts capabilities. The district will be able to meet the NCC reduction for FY 11/12, but will need to reduce services related to planning and historic functions.

Law Office of the Public Defender

The department met the FY 10/11 5 percent reduction by eliminating 15 paralegal positions, holding positions vacant, and the lack of merit raises for all employees. These actions are especially critical because early retirement payouts were double the anticipated cost.

To achieve a comparable 5 percent reduction in FY 11/12 would necessitate eliminating approximately 19 attorney, investigator and investigative technician positions. The department would also cut services and supplies. It is likely that the Public Defender would be forced to declare overload. Conflict attorneys would need to provide counsel at a rate that historically has exceeded the cost of representation by public defenders.

- ***Alternate Public Defender/Capital Cases***

This budget unit was as established to implement an "ethical wall" within the Public Defender's Office to handle capital cases in which the prosecution is seeking death. Currently the office is experiencing cost savings due to hiring delays. The present workload is manageable within the initial budget; additional funds are not likely to be requested. It may be possible for the unit to absorb a 5 percent cut in FY 11/12 if death penalty filings decrease. If not, the cut could result in additional contracts with private counsel.

Public Safety Enterprise Communications Project (PSEC)

Unforeseen site acquisitions, land leases and associated costs, as well as an unfunded 4.9 MHz circuit maintenance cost, have been challenging for the PSEC budget. As a result, the current budget for operations and site acquisitions is not able to support the

project. At least six additional sites will be purchased or leased for the project this fiscal year. By the end of FY 10/11, PSEC will require reallocation of \$2 million for project support. While there are sufficient funds within the overall project budget, the Executive Office and PSEC will develop a full project timeline and cost accounting for the remaining sites and overall budget.

Probation

The 5 percent cut for FY 10/11 was absorbed primarily in juvenile residential programs: one wing at the Southwest Juvenile Hall detention facility was closed and personnel were shifted to other detention and treatment facilities to reduce vacancies and overtime. The Board's contribution of an additional \$1.978 million kept the 44-bed Van Horn Treatment Facility open for another year. The Board also allowed the department to retain \$401,226 from FY 09/10 savings to partially offset reductions in Prop. 172 and vehicle license fee (VLF) revenue. The department also reorganized workloads, consolidated operations and implemented evidence-based programs, including the SB 678 Evidence Based Probation Supervision Program, risk assessment tools and the kiosk reporting system. LIUNA savings are estimated at \$373,000 and a concomitant reduction in NCC is anticipated. The department is closely watching all four budget units and at this time expects to meet approved targets.

A 5 percent NCC cut for FY 11/12 would amount to \$1.5 million and 20 positions. This reduction would be exacerbated by additional Prop. 172 losses and the elimination of VLF fees that support juvenile and probation camps and the Juvenile Justice Crime Prevention Act program. VLF sunsets in July 2011, and its demise would mean a \$10.9 million revenue decrease and leaving 118 positions unfunded. These losses would be devastating; the department would propose closing facilities and eliminating both programs and services. The grant-supported, evidence-based supervision program ends during next fiscal year and the state has yet to determine the amount of continued support for counties that successfully reduce the number of probationers revoked to state prison.

Purchasing (General Government) and Purchasing ISFs

For FY 10/11, no layoffs were necessary. To manage budget cuts, Central Purchasing had two voluntary departures, one position with secured funding from another department and another position left vacant. As a result, Purchasing is on track to remain within budget for FY 10/11 but is struggling to maintain acceptable service levels.

Central Purchasing is being decentralized as the majority of procurement personnel are currently stationed in and funded by departments that require dedicated handling of their purchases. Currently, these departments are RCIT, DPSS, CHA, Mental Health, Fire, RCRMC and FM. The District Attorney, Sheriff and Transportation have their own buyers outside of Central Purchasing. This leaves few buyers to respond to the purchasing needs of the remaining county departments and agencies. The severe effects on service levels could call for additional general fund support in FY 11/12, to ensure consistent and lawful purchasing practices.

- **Fleet Services – Internal Service Fund (ISF)**

For FY 10/11, Fleet is on track to meet its budget targets and is achieving cost savings without sacrificing services levels by increasing the efficiencies of fleet management and renegotiating contracts and services. As expected, vehicle retirements and decreased vehicle usage has affected the staffing of automotive mechanics. For FY 11/12, additional cost savings will be required to meet budget expectations.

- **Supply Services – Internal Service Fund (ISF)**

Supply Services is currently on track to meet FY 10/11 budget targets. Rebates were issued in FY 10/11 to draw down excess net assets. Supply Services is achieving cost savings through staff retirements and work reorganization.

- **Printing Services – Internal Service Fund (ISF)**

For FY 10/11, Printing Services is on track to meet budget targets. The department is considering extending the life of existing copiers from five to seven years to save costs.

- **Central Mail – Internal Service Fund (ISF)**

Central Mail is currently on track to meet FY 10/11 budget targets. In the first quarter of the year, refunds were issued to draw down excess net assets. Central Mail is achieving cost savings through work reorganization in order to protect customer service levels.

Riverside County Regional Medical Center (RCRMC)

The department reports that one-time revenue will be used in FY 10/11 to meet declining insurance, state prison, and FMAP funding as well as unreimbursed mental health and jail services. To the extent that the Section 1115 hospital waiver and hospital fee program do not backfill the shortfall in future years, the department will develop a strategy to meet ongoing revenue and expense projections.

- **Detention Health Services (DHS)**

Although the department cut staffing and service levels, insufficient financial data is available to measure if other expenses have increased as a result. DHS anticipates that additional NCC will be necessary to support the Banning Correctional Facility expansion. The sheriff submitted a letter regarding emerging trends in detention health services, which is included in this section, along with an analysis by the Executive Office.

- **Medically Indigent Services Program (MISP)**

MISP is projecting that additional NCC will be needed to support growth in the program. Although revised enrollment criteria would decrease costs, this may be shortsighted

given that health care reform will cover this population. It is anticipated that realignment funds will be available to offset the shortfall.

Transportation and Land Management Agency

- **Transportation**

Transportation receives general fund dollars for the pilot litter program. This program has been reduced from a high of \$300,000 per year to the current level of \$170,000, which means that there is only one crew funded for this program. The department has kept the program running by using gas tax to supplement funding losses this year. Discontinuing the program entirely is not suggested by the department; however, any additional loss of funding will increase the use of gas tax, which will in turn lessen the ability to use gas tax for maintenance activities.

Transportation previously received general fund support from Code Enforcement's NCC allocation for the Code Enforcement litter program. This program was unfunded and eliminated in Transportation with the NCC cut to Code Enforcement for this fiscal year. Five personnel were transferred to the Department of Waste Management, which now operates a reduced program.

- **Code Enforcement**

The department has been able to handle the reduction in NCC this fiscal year by eliminating funding to Transportation for the Code Enforcement litter program. The Department of Waste Management now operates a reduced program with five personnel transferred from Transportation. A reduction in 11 staff positions, the closing of two offices and an almost complete reliance on community development block grant funding for abatements has also helped meet the shortfall in NCC funding this fiscal year.

The department reports "severe" impacts to staffing levels and services if an NCC cut equal to the current year is applied to next fiscal year. The department also cautions that additional responsibilities for new or amended ordinance enforcement will require additional funding for implementation.

- **Geographic Information Services (GIS)**

Funding for GIS has been based on the need to fund specific programs and projects. GIS currently receives \$200,000 in general fund support for the redistricting program this fiscal year. The program will continue into next fiscal year, which will require funding in FY 11/12; however, the anticipated level of funding for this project will be below current levels. If another project is proposed, the department will work with the Executive Office to determine the level of funding and priority.

- **Planning**

The Planning Department and Environmental Programs Department (EPD) merged into one agency this fiscal year. EPD is now a division within the Planning Department. This merger allowed for restructuring. The department reports that salary savings from layoffs, and early retirements caused by the restructuring and the NCC reduction, will enable the department to meet NCC targets this fiscal year.

However, the department reports that a reduction in NCC for FY 11/12 will force staff reductions that will delay completion of advanced planning projects and reduce counter services for the public.

- **Airport Land Use Commission (ALUC)**

General fund support to ALUC was reduced by \$66,000. The department reports that it will meet the current fiscal year target; however, it is no longer able to meet all core functions. Any additional funding loss will cause the program to be unsustainable. Discussions will need to occur regarding the appropriate transfer of this responsibility or new funding sources or fees.

Treasurer-Tax Collector

In anticipation of the current budget challenges, the Treasurer-Tax Collector reduced its workforce by 19 percent over the last three years, reduced costs for services and supplies, restructured operations and closed a phone center satellite office. The department expects to meet its current budget targets.

For FY 11/12, the department will continue to restructure operations and cross-train personnel to perform intradepartmental functions to minimize the impact of reduced staffing. The department reports it can sustain the projected cuts with nominal impact provided estimated revenue projections are accurate.

Veterans' Services

The department fulfills the Board's commitment to the men and women of our armed forces and differs from other county programs in that the revenue generated by the department is primarily federal. During FY 08/09, the department generated in excess of \$27 million in new federal entitlements paid directly to local constituents. This revenue stimulates the local economy.

The Board did not reduce NCC for 10/11. The NCC target for FY 10/11 is again \$752,950. One management and two SEIU employees have elected to stay with a 10 percent reduction in their salaries, which should save approximately \$20,511. The projected savings from the four LIUNA employees (5 percent) will be \$10,651. Projected revenue is \$300,000 from the state, but with the current budget situation, these funds are always unpredictable. Absent an unforeseen budget crisis with the state, Veterans' Services will finish within budget again this year.

For FY 11/12 Veterans' Services should still be able to maintain the approximately \$10,000 in salary savings from LIUNA employees. Not knowing the situation with state finances for 11/12, \$250,000-\$300,000 is again projected for state subvention funds.

Veterans' Services was authorized 15 personnel, but because of cost savings and the maximum fill rate restriction, only 12 positions are filled. Any significant cuts to the budget can only be achieved by further cutting personnel, which will result in reduced services and state subvention funds.

RIVERSIDE COUNTY

STANLEY SNIFF, SHERIFF



Sheriff

P.O. BOX 512 • RIVERSIDE, CALIFORNIA 92502 • (951) 955-2400 • FAX (951) 955-2428

October 14, 2010

County Executive Officer Bill Luna
County Administrative Center
4080 Lemon Street, 4th Floor
Riverside, CA 92501


Dear Bill Luna:

Per your request dated September 21, 2010, this letter will serve as a guide to how our Department plans to deal with the 11% Net County Cost (NCC) cut of \$24.7 million and the impact of commensurate budget reductions in FY 11/12. As you are fully aware, part of the Sheriff's Department core mission as 24/7 uniformed emergency first-responders is to handle calls for service from the public; respond to disaster and terrorist incidents countywide; operate and maintain the county jail system; maintain the security of the courts and serve all process and notices pursuant to law; and operate the Coroner and Public Administrator responsibilities countywide.

As discussed during our May 4th presentation to the Board of Supervisors, an 11% Net County Cost (NCC) cut would have a profound impact on our operations going forward. The current cut results in approximately 250 filled but unfunded deputy positions throughout the organization. With our Correctional facilities under tremendous strain while under expansion, the only other significant NCC funded area within our organization to achieve savings is the unincorporated areas of patrol. The Board of Supervisors' desired staffing ratio in the unincorporated areas of the County would see severe impact and response times for lower priority calls will increase dramatically. In an effort to reduce overtime costs, staff will necessarily scale back proactive community oriented policing efforts.

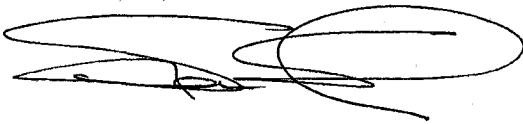
As we have indicated to the Board of Supervisors, there is not much NCC savings to be achieved in the area of Corrections. The impact of an 11% NCC cut will negate our Larry Smith Correctional Facility expansion efforts and may result in the closure of one of our facilities. We have already seen an increase in overtime usage as a result of the DHS budget cuts and will continue to monitor and impacts our budget by other department cuts.

As we work closely with your office, we will continue to make you aware of significant costs that are being deferred to the out-years, to achieve current year savings. We are in an era of "forced choices". The decision to increase the mileage threshold on our vehicle fleet will realize near-term some savings, but there will be a substantial number of vehicles to replace in the future. In January 2001, the State passed AB 1263 which provided for local 911 public safety

answering point operations to start receiving 911 cellular phone calls. All cellular 911 calls have been handled by the CHP. Our dispatch operations are not sufficiently equipped or staffed to handle the volume of cellular 911 calls directly and those calls are still received and then transferred to us by CHP. There will be a need to upgrade our dispatch centers. Also, there will be a need to replace one of the helicopters within the next few years.

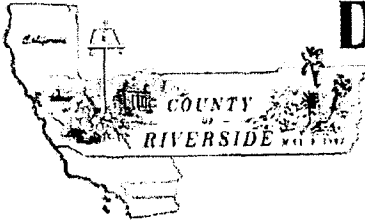
We view our department as part of the "county family" of departments, and view ourselves as partners in helping Riverside County through the worst economic challenges we have ever faced, while mindful of our various critical uniformed emergency first-responder missions to our communities. Currently we are projecting a \$26.1 million shortfall for the first quarter report which if unchecked will erase our current jail expansion efforts, damage unincorporated patrol efforts, and mothball coroner and jail facilities. Additional NCC cuts to our budget will severely reduce the level of service our Department is able to provide to the public. We plan to work very closely with your office and the Board of Supervisors to reduce this deficit by the end of the fiscal year.

Sincerely,

A handwritten signature in black ink, appearing to be "Stan Sniff", with a large, loopy flourish at the end.

Stan Sniff, Sheriff

SS:jg



Department of Public Social Services

Administrative Office: 4060 County Circle Drive, Riverside, CA, 92503
(951) 358-3000 FAX: (951) 358-3036

Susan Loew, Director

October 5, 2010

TO: Bill Luna, CEO

FROM: Susan Loew, Director, DPSS

SUBJECT: FY 11/12 Budget Plan

With the adoption of the FY 10/11 Budget, your office reported that an additional 18% cut in net county cost would be necessary in FY 11/12 in order to achieve a balanced budget. DPSS continues to closely manage our operations to ensure that we stay within the current year budget and position ourselves for the anticipated cuts in FY 11/12.

An 18% cut to our Administrative budget is estimated to be \$3.1 million, but the total cut is over \$5 million dollars due to the loss of matching State and Federal funding. If that entire amount was managed through staffing reductions, we would have to reduce nearly 60 positions, more than half of which would be in Children Services.

For FY 10/11, we have taken the necessary steps to modify our budget plan for the Administration budget unit to ensure that we stay within budget. Our staffing levels and contracted services take into account the reduced county funding. Further changes may be necessary based on the approved State budget. We will provide an update once the State budget is adopted and the State issues allocation letters to counties.

As highlighted during Final Budget presentations, DPSS currently has a county funding shortfall for the mandated assistance budgets. As described in greater detail in our quarterly budget report, we have accounted for the extension of FMAP funding, albeit at a reduced rate, and we continue to monitor our caseloads and spending to determine the amount of funding that will be required before year-end. No budget adjustment is requested at this time. We will continue to provide periodic updates and will work with your office to determine when a budget adjustment should be made.

Since our budget is largely funded with State and Federal funding, the lack of a State budget places us at a disadvantage to plan for the FY 11/12 reduction. While the current year State budget will be no guarantee for what funding levels we may receive in FY 11/12, it should serve as a baseline to help predict what options we may have to manage the county cuts, while also sustaining operations. If necessary, we may also consider shifting staff to minimize the need for possible staffing cuts.

★ ★ ★ ★ ★

INNOVATIONS IN AMERICAN GOVERNMENT AWARD WINNER - 1996

Currently, we continue to restrict hiring. Overall, compared to our budgeted staffing levels in FY 07/08, our current staffing is down 330 positions. At the same time, we have experienced tremendous caseload increases in our assistance programs in particular, but overall we see caseloads growing in all programs.

Following is a summary of the current caseload and percentage growth for our assistance programs:

Program	Persons Receiving Assistance (July 2010)	Percentage Growth (July 2007 – July 2010)
CalWORKs	83,183	56%
Food Stamps	214,079	130%
Medi-Cal	246,982	26%
In Home Supportive Services	17,055	25%

The effects of increased workload and decreased staffing are becoming more apparent as time goes on, especially with regard to how long customers wait to receive services and our timeliness in returning phone calls.

We continue to make it a priority to respond timely to all allegations of abuse and neglect and to assist new customers with receiving benefits. However, we are experiencing some delays in processing new applications and have accumulated backlogs with processing changes to and reassessment of eligibility. As staff is increasingly unable to conduct business within mandated time frames, we run the risk of possible sanctions.

In addition to restricting our hiring, we are evaluating the extent to which contracted services can be reduced and prioritizing what types of services to cut. We also continue to evaluate other operational expenditures to assess whether further reductions can be made without compromising our accessibility and ability to deliver core services. By the mid-year report, I anticipate having a complete list of where and how the reductions would be made and the impacts of those cuts.

With regard to the Homeless Programs, you will recall that a portion of the FY 10/11 funding cut was restored to sustain emergency shelter operations. This budget unit still sustained a \$400,000 cut that was managed through administrative reductions. An additional 18% cut to this budget, which is approximately \$800,000, would result in a 42% cut to emergency shelter operations. In addition, the current year budget includes the use of \$800,000 of one-time funding. We continue to monitor overall spending, but if we have to absorb an 18% cut and manage without a backfill for the one-time funding, it will decimate all emergency shelter services. At this time, we do not have a plan for how to absorb this funding reduction.

We will work closely with your office to keep you apprised of changes in our budget and our plans for preparing for next year's county funding cuts.



ROD PACHECO
DISTRICT ATTORNEY
COUNTY OF RIVERSIDE

October 15, 2010

Supervisor Marion Ashley, Chairman
Board of Supervisors
County Administrative Center
4080 Lemon Street, Fifth Floor
Riverside, CA 92501

Dear ~~Chairman~~ Ashley:

Marion,

I am in receipt of a memorandum from County Executive Officer Bill Luna dated September 21, 2010, wherein he requested a First Quarter Budget Status Report from our office. Please find enclosed the report from our office. Included in our report is an adjustment for the S.P.I.R.T. Program costs in the amount of \$24,750.00.

Should you require any additional information, please do not hesitate to contact me.

Very truly yours,

ROD PACHECO
District Attorney

RP:wsc

Encls

cc: Bill Luna, County Executive Officer

Please note our new address – 3960 Orange Street, Riverside, CA 92501

4075 MAIN STREET • RIVERSIDE, CA 92501
951-955-5400

District Attorney

The District Attorney's Office continues to monitor and evaluate the office's operations and budget expenditures to meet the budgetary challenges for the current fiscal year while maintaining operational effectiveness. Based on one quarter of data and reasonable projections, the District Attorney's Office is under budget for the current fiscal year and will remain under budget for FY 2010/11. The District Attorney's Office anticipates that any labor savings from the LIUNA furloughs would cover any potential shortfalls in State revenues to the Office at no increase to current net county cost.

Actions by the District Attorney's Office for FY 2011/12 based on assumptions by the Executive Office are unknown since a new department head will be responsible for the last six months of the budget for FY 2010/11 and for the budget for FY 2011/12. From the current data and reasonable projections, no layoffs will be necessary in FY 2010/11 or in FY 2011/12. Any reductions needed in staffing can be accomplished through attrition.

The District Attorney requests a budget adjustment in the amount of \$24,750.00 for the added costs of the S.P.I.R.I.T. program authored by Supervisor Stone for the internet tracking of sexual predators.

Budget Adjustment for S.P.I.R.I.T. program:

Increase designation:

100000-2200100000-523840

Computer Equipment-Software

\$ 24,750.00



RIVERSIDE COUNTY FIRE DEPARTMENT
IN COOPERATION WITH
THE CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION

John R. Hawkins ~ Fire Chief
210 West San Jacinto Avenue ~ Perris, CA 92570
(951) 940-6900 ~ www.rvcfire.org

PROUDLY SERVING THE
UNINCORPORATED AREAS
OF RIVERSIDE COUNTY
AND THE CITIES OF:

October 12, 2010

BANNING
BEAUMONT
CALIMESA
CANYON LAKE
COACHELLA
DESERT HOT SPRINGS
INDIAN WELLS
INDIO
LAKE ELSINORE
LA QUINTA
MENIFEE
MORENO VALLEY
PALM DESERT
PERRIS
RANCHO MIRAGE
RUBIDOUX CSD
SAN JACINTO
TEMECULA
WILDOMAR

**BOARD OF
SUPERVISORS:**

BOB BUSTER
DISTRICT 1

JOHN TAVAGLIONE
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DISTRICT 3

JOHN BENOIT
DISTRICT 4

MARION ASHLEY
DISTRICT 5

Bill Luna, CEO
Riverside County Executive Office
4080 Lemon Street
Riverside, CA 92501

Re: First Quarter Budget Status Report

Dear Mr. Luna:

FISCAL YEAR 10-11:

The Riverside County Fire Department faces extremely difficult budget decisions for FY 10-11. Simply stated as you know, revenues don't fund expenditures and public safety expectations don't desire reductions. With that said and with the need to provide information for the First Quarter Budget Report, I am providing the following information and recommendations. I also understand from Board member comments either in session or in private conversations that they generally don't want to close fire stations although each member has also clearly told me how dire is the budget situation.

Over the last three years, the Riverside County Fire Department has cut the budget through administrative cost containment and reduction efforts to avoid closing any fire stations. We have done our best to keep fire stations open.

We have instituted an extremely hard personnel hiring and purchasing freeze. We will attempt to save as much as possible over the course of FY 10-11. Our savings will be directed toward the entire Fire Department budget whether State or County generated costs. To that end as you know, part of the CAL FIRE admin return is based on saving \$0.5 million from what is budgeted vs. what is actually expended and invoiced to Riverside County by CAL FIRE. I hope we can increase that savings to \$1 million.

Fire began the year with a deficit of \$6 million. We currently estimate the budget gap at \$6.0 million. CAL FIRE significantly assisted closing the budget gap by providing \$2.2 million in response to the admin fee issue. Please remember, however, that about 1/2 of the \$2.2 million will go to our partner cities. This means that only \$1.1 million is available to close the County Fire budget gap leaving \$4.9 million unfunded in the current fiscal year budget.

Bill Luna
October 12, 2010
Page Two

If the decision is made to close fire stations as a result of the budget gap, the Fire Department must close approximately seven (7) fire stations (56 fire personnel) on December 1, 2010. As a general rule of thumb, one fire station annually costs about \$1.2 million. The impact to fire station closures worsens as we move deeper into the fiscal year. On July 1, 2010, the gap would have required the closure of 5 fire stations to close the budget gap.

If the decision is made to backfill part or the entire budget gap, fewer fire stations must be closed.

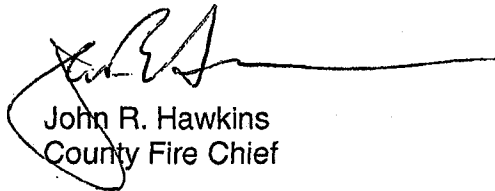
Closure of any fire station will be difficult due to many factors including but not limited to public expectations, extended service from next due fire stations or by volunteer firefighters, impact to contiguous partner cities, emergency incident workloads, etc. With the above chart, we have identified the best budget reduction choices of bad alternatives.

FISCAL YEAR 11-12:

We project for FY 11-12; a 5% cut will amount to \$2.1 million impact to the Fire Department. Because of fire station closures during FY 10-11, we would realize a full fiscal year of savings for FY 11-12 and not need to close any additional fire stations.

CONCLUSION:

Final budget decisions will be hard. The Fire Department stands ready to assist with and implement any necessary changes. Thank you very much.



John R. Hawkins
County Fire Chief



October 12, 2010

TO: Bill Luna, County Executive Officer
FROM: Barbara Dunmore, Registrar of Voters
Subject: FY 2010/11 First Quarter Budget Status Report

FY 2010/11 NCC

The Registrar of Voters expects to exceed net county cost by approximately \$1.8 million – \$1.36 million in expenditures and \$.44 million in reduced revenues. Increased expenditures have incurred from enhanced programs implemented for the General Election and higher than budgeted Sample Ballot printing costs. Reduced revenues are the result of 12 districts having insufficient candidates to go to election. By mid-year I will be able to report the actual cost of the election.

FY 2011/12

The ROV budget fluctuates each fiscal year depending on the number of scheduled elections. In an "odd fiscal year" (second half ending in an odd number) the ROV conducts 1 countywide election. In *even years* 2 elections are conducted, unless the year is divisible by 4 wherein 3 countywide elections are conducted to include the Presidential Primary.

In FY 2011/12, 3 countywide elections are scheduled – the November 2011 UDEL (District) election, the 2012 Presidential Primary and the June 2012 Direct Statewide Primary. The net county cost adopted in the FY 2007/08 Budget was \$6,083,757 and accommodated programs such as early voting at the malls, 30 days of mobile voting (ROVER), Saturday voting at the ROV, midnight registration, and transport vehicles for remote collection centers. A like NCC could be sufficient for FY 2011/12 depending on the Board's desire to continue the enhanced programs implemented for November 2010.

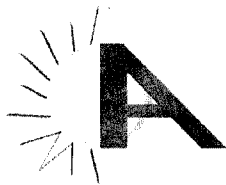
The ROV's FY 2010/11 NCC reduction was 20%. An equal reduction in FY 2011/12 based on a \$6,083,757 NCC would be a reduction of \$121,675. The anticipated LIUNA savings from MPL in our department is \$33,484.

MAJOR CHANGES

You directed EDA-Facilities Management to begin a search for a larger building to accommodate the ROV. The ideal timeframe for a move would be before the November 2011 UDEL election; and certainly before the 2012 Presidential Primary. The date of the Presidential Primary is currently unknown. The Legislature moved the Primary to February in 2008; however, the National Committees have adopted a rule whereby California will need to move its primary to no sooner than the first Tuesday in March.

As always, please let me know if I can provide further information.

cc: Stephanie Persi, Management Analyst



RIVERSIDE COUNTY OFFICE ON AGING



Our Core Value...the right to age with dignity

Date: October 12, 2010
To: Lani Sioson
From: Ed Walsh 
Re: Office On Aging Department Budget Status Report

FY2010-11

With the lay off of key Information and Technology (IT) staff the department has experienced challenges in timeliness of reporting, difficulties in data reporting, and inadequate support for program operations. The impact of these challenges could result in unallowable audited costs requiring repayment with county funds.

Our Call Center, staff are finding increased demand, more complex problems and less options for referrals and services. LIUNA Resource Specialists are currently furloughed leaving less time available to respond in the depth required for these critical calls. As a result callers are experiencing longer wait times and decreased access to the Call Center. Many callers will not get vital information or service linkage resulting in increased risk for nursing home placement, health deterioration, falls and related injuries, emergency room visits and increased hospitalizations.

The department has also experienced the loss of federal stimulus funds earmarked for the Senior Employment and Senior Meals Programs resulting in less senior employment placements and reduced number of meals served to frail hungry seniors.

FY2011-12

Currently, the department expects increases in Older Americans Act funding and along with the state One Time Only (OTO) Policy Chances we expect to offset some of the loss of county funds to the extent that we do not for see staff layoffs at this time. However, although an increase in Older Americans Act funding is included in the President's FY2011 budget, the appropriations require legislative approval and it is difficult to project FY2011-12 federal funding levels at this time. In addition, federal funds are very restrictive and require increased reporting and accountability. Given the restrictions in program eligibility and limitations in scope of service, we will need to reassess how the department targets programs and services that will be dependent on categorical federal funding for FY2011-12.

Edward F. Walsh, Director

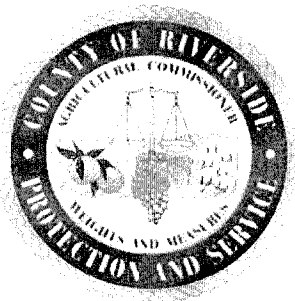
For Information/Assistance, Call:

1-800-510-2020 T.T # (951) 697-4699

◆ **West County Office**
6296 River Crest Drive, #K,
Riverside, CA 92507
(951) 867-3800
(951) 867-3830 – FAX

◆ **Hemet Office**
1075 North State Street, Hemet, CA 92543
(951) 791-3565 (951) 791-3553 – FAX

◆ **East County Office**
73750 Catalina Way
Palm Desert, CA 92260
(760) 341-0401
(760) 340-9585 - FAX



JOHN SNYDER

Agricultural Commissioner
Sealer of Weights & Measures

AGRICULTURAL COMMISSIONER'S OFFICE

4080 LEMON STREET, ROOM 19

P.O. BOX 1089

RIVERSIDE, CA 92502-1089

PHONE (951) 955-3000

FAX (951) 955-3012

www.rivcoag.org

WEIGHTS & MEASURES DIVISION

2950 WASHINGTON STREET

P.O. BOX 1480

RIVERSIDE, CA 92502-1480

PHONE (951) 955-3030

FAX (951) 276-4728

Date: October 4, 2010
To: Mike Shetler, Senior Management Analyst
From: John Snyder, Agricultural Commissioner/Sealer
Re: Budget Reduction Impact Report

Agricultural Commissioner Budget Reduction Impacts

Reductions in our department's FY 2010/11 budget have prompted several changes in the way we are currently doing business. For the most part, increased efficiencies and automation have compensated for decreased net county cost and staff reductions, and most, but not all services remain at pre-reduction levels. The bulk of the improvements in efficiency have come within our Pest Prevention Division.

Inspection and phytosanitary certification (plant cleanliness) are required prior to the movement of agricultural commodities. Our department is responsible for assuring that only plants and plant products meeting the phytosanitary requirements of the destination county, state, or country are shipped from Riverside County. In the past, this "manual" process consisted of an Inspector researching import requirements, inspecting the shipment, preparing and delivering a certificate to the shipper, as well as the labor intensive clerical processes of maintaining deposit based accounts, preparing invoices and collecting fees. The loss of three staff positions due to budget reductions has necessitated a new and streamlined procedure.

In cooperation with the United States Department of Agriculture (USDA) and the California Department of Food and Agriculture (CDFA), our department recently instituted the new Phytosanitary Certificate Issuance and Tracking System (PCIT). The PCIT System shifts much of the pre-inspection leg work to the shipper and USDA handles virtually all of the billing. This frees our Inspectors to focus exclusively on the job they were educated and trained to perform, phytosanitary inspections. The adoption of the PCIT System obviously required buy-in from the agricultural industry. In anticipation of the change, an intensive outreach and education program began in April of this year. Cooperation with industry has been even greater than expected and the reductions in staff time and payroll costs are tangible. If there is a bright side to our department's current budget situation, it is the successful implementation of the PCIT System.

Not all of the news is positive in the Pest Prevention Division, however. The loss of inspection staff has curtailed our ability to inspect all plant shipments coming into Riverside County. Although inspections of commercial shipments from high risk areas are still performed, lower risk shipments are now released without a

visual inspection. Additionally, plants, plant products and outdoor items brought into the county by homeowners are no longer inspected.

Budget reductions also resulted in the loss of an OAIH position assigned in our Weights and Measures Division. As a result, we have reorganized the duties of our remaining clerical staff. The decreased burden of billing and tracking payments in the old phytosanitary certification program allows an existing OAIH to assume the Weights and Measures registration billing responsibilities of the recently departed OAIH.

Other programs that have adjusted to less staff availability are County Ordinance Enforcement and Crop Statistics. Due to the lack of outside funding sources for these programs, cuts to net county cost are especially damaging. In Crop Statistics, a heavier reliance on estimates and computer models has replaced some grower interviews and site visits in compiling production values. Response times for County Ordinance complaints and requests for collaboration with other county departments have suffered some delays.

We are committed to continuing to increase efficiency in all of our programs as we strive to find ways of doing more with less. Additionally, we have rolled out an electronic Pesticide Use Reporting System that eliminates the need for our staff to process and input approximately 400,000 pesticide use reports annually. As a result, the revenue from our contract with the State is increasing. Again, we are actively seeking cooperation from the regulated industry to maximize the potential of this program.

We are close to completing a full-service utility meter testing laboratory in our Indio Weights and Measures office. When up and running, our overall efficiency will be increased as this facility will eliminate the need to transport meters from the desert to our Riverside lab location for testing and approval.

A formal process of soliciting input from staff on cost saving measures was initiated this fiscal year and will continue into next year. These and other proposals will be evaluated, modified, tested, instituted, re-evaluated, tweaked, massaged and fine-tuned as needed. Through trial and error, processes will be revised to provide the maximum service to industry and the public that available resources will support.

Looking to FY 2011/12, we will continue to re-size to fit our new budgetary reality. Further staff reductions and the possibility of closing a remote field office will be under consideration. This would reduce costs but result in longer travel times and fewer inspectors to cover the greater Coachella and Palo Verde Valleys.

I anticipate that there will be a tipping point, when further reductions will significantly result in diminished service. Our State Maintenance of Effort funding (UGT), which represents our largest single state revenue source, is based exclusively on the County's contribution to our annual budget (NCC). Every dollar lost in net county cost translates into a commensurate reduction in State funding. This will affect our ability to maintain our current level of service.



MEMORANDUM

COUNTY OF RIVERSIDE
ASSESSOR-COUNTY CLERK-RECORDER

LARRY W. WARD
Assessor-County Clerk-Recorder

Peter Aldana
Assistant ACR
Assessor Division

Tauna Mallis
Assistant ACR
County Clerk-Recorder Division

Bobbi Schutte
Assistant ACR
Administration Division

TO: Bill Luna, CEO

FROM: Larry Ward, Assessor-County Clerk-Recorder

DATE: October 18, 2010

RE: FY 10/11 First Quarter Budget Status Report

The Assessor-County Clerk-Recorder (ACR) is on target to meet the FY 10/11 budget projections. It has been challenging for the Assessor Division to sustain a 25% budget cut in general fund support at a time when Prop 8 (Owners Request for Reviews) requests and the Assessment Appeals workload has increased substantially. Our office has implemented staff layoffs and reorganized operations. It has been difficult for staff, but they are focused on enrolling and defending assessed property values to the best of their ability.

Additional budget cuts in FY 11/12 will significantly impact my office's ability to complete the Assessment Roll, process Prop 8 requests, and defend Assessment Appeal assessed values. Unfortunately, I tried to obtain additional funding for Appraisers in the FY 10/11 budget, but I was unsuccessful. Additional budget cuts to the Assessor will negatively impact the County's discretionary revenue.

I don't anticipate any major changes in revenue or operational costs for the Assessor Division over the next five years. The additional appropriations needed for the CREST project for the next five years will be covered by the CREST designated fund and the CREST operating revenue account.

The County Clerk-Recorder Division and the Records Management Archives Program do not receive any general fund support.



COUNTY OF RIVERSIDE
AUDITOR-CONTROLLER

Memorandum

Tel (951) 955-3800

Fax (951) 955-3802

To: Bill Luna, County Executive Officer

From: *Robert E. Bryd*
for Robert E. Bryd, Auditor-Controller

Date: October 13, 2010

Re: Impact of Budget Reductions

Coping With New Reality of FY10/11 Budget Reductions:

The Office of the Auditor-Controller continues to achieve service objectives in our core services of accounts payable, payroll, property tax, financial reporting and journal processing. The following actions are being taken by our office:

- √ made a strategic decision to vacate the deputy level of senior management;
- √ prioritized tasks within core functions and shifted staff as needed;
- √ scrutinize and monitor expenditures for cost recovery or cost saving opportunities;
- √ place more emphasis on managing day-to-day productivity as a result of moving to a 4/10 work schedule;
- √ substitute webinar training in lieu of travel;
- √ more emphasis on hands-on management;
- √ utilized temporary assistance through federally funded STEP program;
- √ more proactive in forecasting departmental and non-departmental revenue and general fund cash flow to identify and respond to fluctuations sooner, and
- √ looking for additional revenue opportunities (This fiscal year we are able to increase our departmental revenue by \$150,000 for property tax fixed charge corrections due to implemented program enhancements).

Regarding our essential function of internal audits, we are/ have:

- √ increased senior management involvement in overseeing audit activities in the absence of an Audit Division Chief;
- √ reprioritized the annual audit plan and
- √ modified audit scope with more emphasis on operational efficiencies and cost recovery.

Plan to Adapt to Commensurate Budget Reductions in FY 11/12:

Our plan is to preserve resources in our major core functions; then evaluate reductions in our non-core functions. In FY11, our office had a 10.3% net county cost reduction in the combined auditor-controller and internal audit budgetary units. The majority of our provided services require subject-matter experts, which in many cases would be lost with workforce reductions. Retaining technical skill-sets will be essential. Our environment is constantly changing due to GASB releases, property tax legislation, pay and benefit legislation, cash management challenges and lawsuits related to the area of property tax. However, in anticipation of reductions, we are preparing ourselves as follows:

- √ will not fill funded vacancies as they occur; only filling positions that are critical to our core functions;
- √ examine additional revenue enhancements and opportunities;
- √ reduce appropriation 2 expenditures where feasible and
- √ consider salaries and benefit cost savings possibilities in the area of:
 - » Temporary employment or job sharing opportunities verses permanent positions
 - » Telecommuting opportunities for selected job functions (primarily internal audits)
 - » Possible outsourcing core functions, such as payroll
 - » Furlough program in lieu of reducing services

Potential Actions Affecting General Fund Discretionary Costs or Revenues in the Next Few Years:

In addition to the above commentary, we would like to advise you of the following pending and potentially significant actions that could impact the County's General Fund in the next few years:

- √ Pending the outcome of litigation involving L A County, the Property Tax Administration Program (SB2557) revenue could be reduced from the cost recovery rate of 50% being reduced to 35%. The FY10 impact to Auditor-Controller department revenue could be a decrease of an estimated \$77,000. Assuming an imposed retroactive adjustment for FY07 through FY10, the General Fund would have to absorb an estimated \$7.2 million negative, county-wide adjustment.

- √ Treasurer-Tax Collector and Auditor-Controller are working together on a cash transfer of approximately \$4.1 million of unclaimed money to be transferred to the County General Fund this fiscal year.
- √ The Government Accounting Standards Board, GASB, is currently seeking public comments prior to releasing an exposure draft on revised pension accounting standards. If this exposure draft is subsequently released as a statement with content intact, actuarial assumptions may change significantly. The result could cause significant changes in the way pension is reported. For example: We might be required to present pension liabilities on the face of our balance sheets. We recommend the County evaluate the potentials and recommend that PARC request our actuaries to calculate our pension costs using assumption changes discussed in GASB's request for comments; namely average service life and ROI (Return on Investment).

We recognize this is a dynamic process and we will continue to evaluate cost recovery and savings as needed



OFFICE OF
CLERK OF THE BOARD OF SUPERVISORS
1ST FLOOR, COUNTY ADMINISTRATIVE CENTER
P.O. BOX 1147, 4080 LEMON STREET
RIVERSIDE, CA 92502-1147
Office: (951) 955-1060 FAX: (951) 955-1071

KECIA HARPER-IHEM
CLERK OF THE BOARD

KIMBERLY RECTOR
ASSISTANT CLERK OF THE BOARD

To: Bill Luna, County Executive Officer

From: Kecia Harper-Ihem *Kecia Harper-Ihem*

Date: September 29, 2010

Re: First Quarter Budget Status Report

In reply to your memo dated September 21, 2010, we are submitting the Board of Supervisors/Clerk of the Board and Assessment Appeals Divisions budgets for the first quarter. We are anticipating that both budgets will be on target. The budget reduction has led to a streamlining of processes and procedures to cope with reduced staff, however, we are doing more with less and will continue to be productive in our efforts.

I have reviewed each service and supply line item of our budget and am prepared to reduce where necessary to achieve the targeted budget reduction for fiscal year 2011/2012 if the same commensurate budget reductions are adapted. Additionally, I have directed my staff to personally sit down with each Chief of Staff and discuss other budget options. Each district is aware of the budget reduction and we will work together to achieve the goals that are set before us.



County of Riverside
DEPARTMENT OF CHILD SUPPORT SERVICES



John Replogle, Director

Office Locations: 2041 Iowa Avenue
Riverside, CA 92507

1370 South State Street, Ste. A
San Jacinto, CA 92583

Website/E-mail Address:
www.riversidechildsupport.com

47-950 Arabia Street
Indio, CA 92201

260 N Broadway
Blythe, CA 92225

IN REPLY REFER TO:

TO: Elizabeth Olson, Sr. Management Analyst

FROM: John Replogle *John Replogle*

Date: October 5, 2010

RE: First Quarter Budget Status Report

FISCAL YEAR 10/11-DCSS has a Board approved NCC of \$559,677 for this fiscal year which reflects a more than 25% reduction in NCC as required. DCSS reduced NCC for this fiscal year by 26% on budget submission which was then further reduced by \$6,797 with the approved budget. DCSS expects to come in right on target for this FY's budgeted NCC. The NCC amount reflects the cost of the County lease agreement for the building the Indio branch office currently occupies. It is a capital lease the cost of which is not claimable as an expenditure for full federal and State funding reimbursement under the federal Title IV-D program.

FISCAL YEAR 11/12-DCSS will only be able to meet the assumed 25% cut to NCC if EDA locates another facility for the DCSS Indio branch office and enters into a lease that is not a capital lease-purchase contract. The entire staff does not need to be moved as long as a partial relocation is accomplished that would allow us to vacate and reduce the space currently leased for DCSS at 47-950 Arabia by 6500 square feet. That would cut this sole remaining source of NCC for the Department by the 25% targeted. If EDA can relocate the entire Indio branch office to a County owned facility that would eliminate Department NCC entirely. Any facility would need to remain open Fridays as DCSS attends court five days a week and therefore has an exemption from the County 4/10 schedule. All of the Department NCC is generated from the current County capital lease agreement in Indio, so there are no other courses of action (staff or salary reduction, cutting supplies or equipment costs, hiring freeze) that will reduce or eliminate the NCC since all other expenditures are fully reimbursed by federal and State funding. We have been working with EDA to try to locate a facility that would not create any NCC for several years, but due to the lack of space and facilities in the area that would accommodate our needs, that has not been possible to this point. EDA is continuing to work towards a solution but any partial or full move would need to be accomplished no later than mid last quarter of FY 10/11.

MULTI-YEAR BUDGETING-DCSS does not foresee any changes to our budget model in the foreseeable future. We do not expect any significant one-time obligations or new commitments within the next five years.

COMMUNITY ACTION PARTNERSHIP OF RIVERSIDE COUNTY

Budget Status Report

CAP Riverside has 39 permanent employees and has not increased staffing for the last five years. CAP's extensive partnerships and volunteers enable us to maintain a small staff.

Total Department Funding FY 2010/11 **\$14,215,050**

CSBG Local Initiative / Other Funds Leveraged **\$9,295,241**

These funds sustain the following programs:

Asset-Building Initiative to End Poverty

- Individual Development Account (IDA) – a matched savings program
- Earned Income Tax Credit (EITC) – free tax preparation
- Project BLISS – a family development initiative

Mentoring - Workplace based, school based and community based mentoring for youth.

Delegate Agencies - Community based sub-contractors.

Community Action Academy - training to build capacity in organizations to service the community.

Community and Court Mediation – includes school-based Peer Mediation.

American Recovery and Reinvestment Act of 2009 **\$4,785,146**

CAP Riverside received two streams of ARRA funding:

- Community Services Block Grant (CSBG) - \$3,394,806 of which \$1,182,350 remains for FY 10/11
This funding ended September 30, 2010.
- Department of Energy (DOE) - \$7,607,496 of which \$3,602,796 remains for FY 10/11 (assuming the funds are made available to the state).
This funding ends March 30, 2012.

County Support **\$134,663**

CAP Riverside receives County General Fund support for a portion of lease costs for our facility. In FY 2010/11 CAP received a 25% reduction from previous year. CAP Riverside has been able to absorb the decrease of support from County General Funds due to receipt of ARRA funding.

CAP Riverside does not anticipate regular services being impacted nor do we anticipate having to implement any lay-offs of permanent staff in FY10/11 or FY 11/12.

Total Department Funding for FY 2011/12 **\$10,880,612**

CSBG Local Initiative/Other Funds Leveraged **\$9,377,741**

It is anticipated that this source of funding will remain at approximately the same level, regular services will not be impacted and we do not anticipate having to lay off any permanent staff.

ARRA Funding **\$1,401,874**

This funding will be reduced to \$1,401,874 representing the balance of the DOE ARRA funding. These services will be reduced as this source of funding ends 3/30/2012. Temporary positions hired specifically for this project will be terminated effective 3/30/2012.

County Support **\$100,997**

CAP Riverside is able to absorb the additional projected decrease in county support of 25% (\$33,666) for lease of facilities due to ongoing DOE ARRA funding.

Thank you for the opportunity to present this report.



Lois J. Carson, CAP
Executive Director

10-4-10
Date



Susan Harrington, M.S., R.D.
Director

October 12, 2010

TO: Debbie Cournoyer, Principle Analyst, County Executive Office

FROM: Susan Harrington, Director of Public Health

RE: First Quarter Budget Status Report FY 2010/2011

Fiscal Year 2010/2011

The Department of Public Health is on course with meeting the FY 2010/11 budget target.

Implementing Service Reductions- The Department met the 20% Net County Cost (NCC) reduction of \$3.84M by ending the community-based childhood and seasonal flu immunization outreach clinics; reducing Infectious Disease and Tuberculosis Control staff available to follow-up on reported cases of disease; reducing a California Children's Services Eligibility and Case Management Team; and reorganizing the Department as 87 staff took advantage of the early retirement incentive offered in 2009 and 2010. In addition, the Department reduced the Health Realignment revenue projection by \$1M, further impacting funding for core public health services.

Improved Revenue Projections- The Federal WIC Nutrition Program grant will increase by \$1.1M to serve an additional 14,000 women, infants and child participants a month for a total caseload of 101,000. Medical care visits at the ten Family Care Centers are in high demand and clinic revenue is expected to surpass budget projections.

Fiscal Year 2011/2012

An additional 20% NCC reduction of \$3.54M for FY 2011/2012 would require drastic reductions in services and would result in the loss of over \$21M in health care and other revenue over the next 3 years. The County has a tremendous opportunity to meet the medical health needs of our County residents and to reduce uncompensated health care costs as more of our residents qualify for and enroll in Medi-Cal Managed Care in 2014 as California implements health care reform.

In December 2010 the Department will submit an application to the Health Resources and Services Administration (HRSA) for a Community Health Center New Access Point grant to convert several or all ten (10) Family Care Centers from Federally Qualified Health Center Look-Alikes to federal 330(e) grantee Community Health Centers. Once approved, the Department would receive up to \$650,000 a year in federal funding and will qualify for other Community Health Center grants.

Department of Public Health
First Quarter Budget Status Report FY 2010/2011
October 12, 2010
Page 2

This year the County will engage in a Strategic Planning process and will conduct a financial and information technology analysis to determine the feasibility and our readiness to participate in the State Health Care Coverage Initiative in 2011, a bridge program for the Medically Indigent Services Program (MISP) patients and other childless adults who will be enrolled in Medi-Cal Managed Care in 2014. This program will provide a 50% federal matching reimbursement for qualifying county uncompensated health care costs.

The HRSA New Access Point Grant and the State Health Care Coverage Initiative opportunities will improve the health care cost reimbursement to NCC ratio in the Family Care Centers for FY 2011/2012 and beyond. The Department will update the Board of Supervisors and Executive Office on the grant application status during the Mid-year FY 2010/2011 report.

Five Year Plan

The Department will continue the careful monitoring of expenditures and revenue and will actively search for additional grant funding and other revenue sources for our core public health and health care services.

Over the next five years the Department will select and implement an Electronic Health Record (EHR) solution and will assess the need and plan for additional public health and medical care service site(s) to meet the WIC Nutrition Program participant and medical care patient demands.

cc: Eric Frykman, Director, Community Health Agency
Carley Linn, CFO, Community Health Agency



County of Riverside
COMMUNITY HEALTH AGENCY
DEPARTMENT OF ENVIRONMENTAL HEALTH

DATE: October 21, 2010

TO: Debbie Cournoyer, Principal Analyst, Executive Office

FROM: Steve Van Stockum, Director

RE: First Quarter Budget Status Report FY 2010/2011

Last Year's Budget

The Department closed out FY 2009/2010 Budget on target. Furloughs resulted in a significant salary savings for the Department. Vacant positions also helped out; and projected revenues came in close to projections. The cost savings generated from furloughs did not result in a Net County Cost savings and provided a one-time opportunity to implement a much needed Information Management System upgrade and enhancement. The Board approved the \$1,400,000 expenditure on April 6, 2010. (Agenda Item 3.30).

Coping with the Reality of FY 2010/2011 Budget Reductions

The Department of Environmental Health generates the majority of its revenue from permit fees. Currently, less than 2.0% of our budget is associated with Net County Cost and goes to support activities in our Hazardous Materials Emergency Response Team and Vector Control Program.

The current year's 25% reduction provided the Department \$461,914 in Net County Cost.

The Hazardous Materials Emergency Response Team receives approximately \$207,861 of this NCC allocation to support the desert based contingent of this team. The 25% reduction caused our Department to use restricted settlement funds and keep vacant another west-end inspector position to maintain this portion of the team.

The Vector Control Program is allocated \$254,053 from the NCC contribution. With continued reductions in funding, and without another source of revenue, the program can only maintain basic service levels. This reduction caused us to further reduce West Nile Virus (WNV) surveillance activities in the eastern area of the County. Plague, Hantavirus, and Lyme disease surveillance activities have also been reduced or suspended in the central area of the County. A limited amount of restricted funds will be used to help offset this latest NCC reduction for a short term solution, but any further erosion of revenue support will severely cripple the program.

The Plan on Adapting to Commensurate Budget Reductions in FY 2011/2012

If another 25% reduction is taken for FY 2011/2012 the Department's NCC will be cut by an additional \$115,497 to \$346,435. The Department plans to utilize restricted funds to support critical participation in the desert area Hazardous Materials Response Team. These restricted funds are only a short term solution. Plans are to move one of these positions originally allocated to the team into an area office under programs supported by permit fees. This would result in the elimination of the desert assigned team member and the one remaining member would cover the entire county. This will create lengthy delays for incident responses. Cal Fire would also be impacted and incur additional costs waiting for our portion of the team to arrive.

The Vector Control Program will once again reduce services roughly proportional to the NCC reductions. The program will be required to scale back disease surveillance activities to become a "reactive" service rather than a "proactive" service. This will have a negative impact on program effectiveness and will greatly increase the risk to the public's health and safety due to an increased risk of vector-borne disease transmission. At least one Technician level position will be eliminated from this program. We believe that a parcel assessment is the only currently viable mechanism to create a revenue stream that would restore and support this critical program. Most vector control programs and districts within the State are funded in this manner.

Current Fiscal Year Budget Status Report

Overall, the Department's revenue collected through August is on target. At this time, we are meeting budget objectives through prudent management of expenses and close monitoring of existing revenue streams.

The Department also secured a grant from the Food and Drug Administration for FY 2010/2011 in the amount of \$100,000 for an educational food safety campaign. This doesn't even partially replace the Illegal Food Vendor Program, but it is the best option we have given the current fiscal situation.

Most of our Department staff is SEIU represented and were impacted by furloughs in the previous fiscal year. We anticipate that the impacts from the LIUNA furloughs will be minimal for the current fiscal year and next.

Environmental Health has been asked to move out of their space at the County Administrative Center in Riverside to provide less expensive space to departments that are more heavily general fund supported. When this happens, we will incur additional costs in the downtown Riverside area. We will submit a proposal to adjust our permit fees to reflect the cost increase as those figures become known.

Franchise Fee revenue to our Department will drop due to the Eastvale incorporation by \$250,000. This reduction was already anticipated and incorporated in this year's budget submittal.

Five Year Plan

Over the next five years, our Department plans to continue the careful monitoring of expenditures and revenue streams; and actively search for additional funding sources as appropriate. While not popular, permit fee increases will be proposed to maintain current mandated programs and service delivery levels. Loss of Franchise Fee revenue, which has been used to offset costs in many permit fee supported programs, is one of the factors which necessitate this action. We will pursue a parcel assessment fee to secure funding for Vector Control that will eliminate any NCC support for this program.

Other anticipated impacts to the budget of the next five years include:

- 1) New office space costs in downtown Riverside. (As discussed previously)
- 2) Potential incorporation of the City of Jurupa; and additional loss of Franchise Fees. Estimated to be between \$400,000 and \$700,000.
- 3) The opening of a new office in the Banning Pass area.

SVS:rz

cc: Eric Frykman, Director Community Health Agency
Keith Jones, Deputy Director, District Environmental Services
John Watkins, Deputy Director, Environmental Protection and Oversight



Department of Animal Services
Robert Miller, Director

October 13, 2010

TO: Bill Luna, County Executive Officer

FROM: Robert Miller, Director of Animal Services *Robert R. Miller*

CC: Dean Deines, Deputy County Executive Officer
Debbie Cournoyer, Executive Office Principal Analyst
Eric Frykman, M.D., CHA Director

RE: First Quarter Status Update – Animal Services

This is written in response to your request of September 21, 2010 for a separate submittal outlining how DAS is coping with the reality of the FY 2010/11 budget reductions and how we plan to adapt to commensurate budget reductions in FY 2011/12.

Coping with FY 2010/11

DAS is coping with three factors as we manage our FY 10/11 budget dollars. These factors include: limited funding increases to offset operational costs of new facilities; loss of city contracts and anticipated revenue in central and southwest areas of the county; and a 12% reduction in NCC. We are keeping a close watch on our revenue and expenditures and may recommend course corrections by mid-year based on line-item performance.

Additionally, DAS is working with Waste Management to assess cost savings to change to landfill use from contract with renderer for disposal of dead animals and is in the process of internalizing the administrative citation program, launching web-based license purchase and renewals and bolstering collection activities. Discussions have begun with EDA to explore the establishment of a County Service Area (CSA) to provide parcel assessments to underwrite county spay and neuter services or public safety and enforcement services. DAS has adopted five strategies to achieve budget goals: These strategies include an enhanced Canine License Program (CLP), Alternatives for sheltering at San Jacinto Valley Animal Campus and the Coachella Valley Animal Campus, partnering with local nonprofits for adoptions, and actively seeking additional contractual relationships with cities.

Adapting to additional reductions in FY 2011/12

DAS is preparing to respond to an additional 12% NCC reduction during FY 2011/12. Course corrections taken during FY 10/11 will net twelve months savings during FY 11/12. Additionally, revenue enhancement strategies related to administrative citations, licensing and collections are projected to provide even greater revenue during FY 11/12. DAS has prepared a business plan that details these strategies, submitted under separate cover.

Riverside County Community Health Agency
DEPARTMENT OF ANIMAL SERVICES – Administrative Offices
5950 Wilderness Avenue, Riverside, California 92504
(951) 358-7387, FAX (951) 358-7300, TDD (951) 358-5124

Cooperative Extension

Cooperative Extensions focus is to provide support services, training and education to the agricultural community in Riverside County. Budget for 10/11 is on track and there are no unforeseen issues that should impact the department at this time. Some cost savings has been realized due to one FTE being on maternity leave. Minor adjustments can be made if changes occur to stay within the approved budget target. Funding for Cooperative Extension is based upon a MOU with the University of California and is essentially a pass through of funds and represents the county cost share with the State, along with some limited financial support from federal resources. Under the terms of the MOU the county is responsible for providing rented space in Moreno Valley, Indio, and Blythe, utilities, communications, support personnel (5 FTEs), printing, supplies and limited miscellaneous line items such as travel. There is little room for additional cuts to the Cooperative Extension budget for 11/12 as most of these costs are fixed and based upon long term lease agreements that have been renegotiated by EDA/Facilities to keep costs at a reasonable rate. County personnel has been cut to the bare minimum to give support for professional staff that are state employees provided by the University of California, Davis (as negotiated as part of the MOU agreement).


Etaferahu Takele
Director, Cooperative Extension



MEMORANDUM

RIVERSIDE COUNTY COUNSEL

DATE: September 27, 2010

TO: Tina Grande, Principal Management Analyst

FROM: Pamela J. Walls, County Counsel

RE: First Quarter Budget Status Report

The Office of County Counsel was proactive in our efforts to cope with the new FY 2010/11 budget reductions and is on course to hit this year's target. We were able to offset the budget reductions by increasing our workload in new areas to derive revenue. The office has taken on new Mental Health IEP cases and also increased work for IEHP and for First Five. The following departments have also provided additional funding, in lieu of retaining outside counsel, to our office for increased service levels: Mental Health-School District IEP cases, Economic Development Agency, Transportation and Land Management Agency and Riverside County Regional Medical Center.

The offering of the early retirement incentive, managing services and supplies, better cost recovery, and the additional funding received from departments was essential in our ability to sustain the budget reductions imposed on our office for FY 2010/11.

For FY 2011-12, we are planning a substantial reduction of services to General Fund departments and agencies and a shift towards revenue generating departments and agencies, both inside and outside of the County. The Office of County Counsel will need to reduce our core legal services to General Fund departments and agencies commensurate with the proposed 15% cuts in FY 2011-12 and the overall 45% cut to Net County Cost. General Fund agencies such as Executive Office, Human Resources, Sheriff, Assessor/Clerk Recorder, Fire, Treasurer/Tax Collector, Probation, Auditor Controller, Purchasing, Public Guardian, Registrar of Voters and Code Enforcement will be impacted. These departments will also have a greater reliance on outside legal counsel services, particularly for litigation at a higher cost to the departments and ultimately the County of Riverside.

Currently we do not receive funds for the legal work we provide for Assessment Appeals and Bail Bonds. Next fiscal year we will be able to receive fees for Bail Bonds and will be aggressive in our cost recovery. We will also be able to recover additional fees for Assessment Appeals (should the Board approve the Assessment Appeals fee) and for responding to Public Records Act requests (should the Board approve the draft ordinance). The Executive Office has received a copy of the draft resolution establishing an assessment appeals fee and ordinance authorizing recover of more than duplication costs for Public Records Act requests.

Our office has the potential to derive further revenue by increasing our intake of Risk Management cases and bringing back services to the School Districts and other outside non-county entities. In order to accomplish this, however, work for General Fund departments will need to be shifted to outside counsel commensurate with the overall 45% reduction in general fund revenue. Our shift away from General Fund departments to outside and internal revenue generating agencies and departments will assist in our ability to cope with the proposed FY 2011-12 budget reductions. Note: Our office does not have any employees within LIUNA, and therefore no furlough savings will be realized for FY 2011-12.

PJW:nwh



October 13, 2010

TO: Jennifer Sargent
Principal Management Analyst
Executive Office

FROM: Rob Field
Assistant CEO/EDA

RE: FY 10/11 Budget Reduction Impact to EDA

The Economic Development Agency's reduced net county cost for FY 10/11 totaled \$5,783,856 and affected the divisions of Custodial, Maintenance, Real Estate, Edward Dean Museum and Deferred Maintenance. The Custodial, Maintenance and Real Estate budgets were classified to internal service funds and at this time are maintaining productive hours.

The Edward Dean Museum will be submitting revised rates this fall to offset the reduction in net county cost. The reduction of net county cost to Deferred Maintenance requires EDA to fund only the most important deferred maintenance projects. Any unexpected mechanical failure to a building or other infrastructure safety issue may result in a subsequent funding request under separate cover. The other major division receiving NCC is Energy, and is working towards transitioning utility accounts to EDA with subsequent charge back to departments. The other divisions of EDA do not receive net county cost, so impact is minimal.

For FY 11/12, EDA will work with departments to meet their service needs in the areas of custodial and maintenance services. EDA will continue to foster outreach through the Office of Foreign Trade to encourage foreign investment and bring jobs to Riverside County. The Redevelopment Agency will make the second SERAF payment in the amount of \$5.7M to the State in May 2010. This amount has already been budgeted within the Redevelopment Agency's budget. Further updates will be forthcoming within the Mid-Year Quarterly Budget Report.

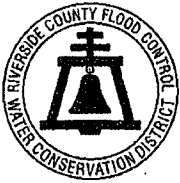
www.rivcoeda.org

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Parking
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Purchasing Group
Real Property
Redevelopment Agency
Workforce Development



M E M O R A N D U M
RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

DATE: October 13, 2010

TO: Mike Shetler, County Executive Office

FROM: Warren D. Williams, General Manager-Chief Engineer *W.D. Williams*

RE: 1st Quarter Budget Report FY 2010-2011

The Riverside County Flood Control and Water Conservation District has realized a 12% reduction in the collection of Property Taxes. Since the District has subscribed to the Pay-As-You-Go practice, projects have been adjusted accordingly. Due to the adjustment in projects, the District has mitigated the budget cuts for FY 10/11 and FY 11/12. The District is on course to hit this year's target (budget) and is not making any changes to the current budget. We are not anticipating any cuts in our services for current year or next year other than an adjustment of some long term construction projects. The District does not foresee any layoffs in FY 10/11 or FY 11/12.

SJ:DW:seb

P8\133721



MEMORANDUM

Human Resources Department
Barbara A. Olivier
Assistant County Executive Officer/
Human Resources Director

Date: October 13, 2010

To: Bill Luna
County Executive Officer

FROM: Barbara A. Olivier
Asst. County Executive Officer/
Human Resources Director

RE: Budget Status Report

The Human Resources Department has led the way in reducing budgets as much as possible during these difficult economic times. Since June of 2008, we have reduced staffing across all HR business units from 452 positions to 340 positions today (a 25% reduction). These reductions came from a combination of attrition, early retirements, release of probationary employees, and layoffs. As a result of these reductions, the Classification/Compensation and Job Match (resume processing) units were eliminated, the Education Support Program was reduced to maintenance levels, the Assessment/Testing Center was closed, and special Executive Recruiting and Sheriff Recruiting teams were cut back and blended into other service teams.

To allow for some of the staff reductions, efforts were made to upgrade and enhance electronic systems, so that we could do more with less staff. A major example of this was the implementation of a new risk management system (iVOS) this fiscal year. The rollout of this system will continue to reduce costs for all County departments as we pilot and then implement paperless claims and tracking, and departmental access to this system, during 2011. Upgrades to PeopleSoft systems that are being implemented during this fiscal year will also enhance our recruitment and hiring processes. As with iVOS, we will work toward more paperless processes and greater departmental access.

Similarly, we have reduced Supplies and Services Appropriations in the various funds as well. Careful evaluation of equipment needs, revision of equipment replacement schedules, consolidation of staff, and renegotiation of rental spaces are the primary sources of those reductions.

Some of our budgets are based on actuarial valuations, claims experience, and insurance trends. In these cases, we went out to bid for a number of our insured products to ensure the best possible rates. We also took significant budget reductions where possible in the last two fiscal years, but used most of the fund reserves to

make those reductions, so we do expect increased rate recommendations for FY 2011-12. These issues are more fully outlined below.

In short, Human Resources has reduced its budgets in the last two fiscal years to the maximum targets requested of us by your office. Although these actions did require elimination and reduction of some programming and staff, we have minimized the impact to other County departments by careful evaluation of alternative methods of meeting the County's needs.

FUTURE DIRECTIONS

In our projections for 2011-12, we plan to reduce our Human Resources rate again by approximately 7%, even though the direction was to hold the rate constant. Beyond fiscal year 2012, the Human Resources rate will continue to be determined by the growth in the number of employees, and is expected to increase as the increased population continues to place demands on County services.

In our risk and insurance Internal Service Funds, we will not be likely to hold the FY2012 rates to this year's amounts, due to a combination of claims experience and prior maximum utilization of reserves. Actuarial valuations have not yet been completed, but preliminary data reviews suggest that General Liability, Property Insurance, Unemployment Insurance, and Workers Compensation funds will require increased funding for the next fiscal year. After 2012, Unemployment Insurance and Workers Compensation claims are expected to decrease somewhat. General Liability is also projected to decrease, a reflection of the longer term effects of our risk mitigation activities. Property Insurance will increase with the completion of new jail facilities and other County growth trends.

As for our benefit funds, we succeeded in bringing the medical and dental rates for 2011 at an increase that is significantly below this year's health care trends. With continued monitoring and wellness activities, those rates should continue to beat the medical inflation rate over the next three years. Disability rates are projected to increase, however, as our employees' average age continues to rise.

There follows an outline of the status and future projections for each of the Human Resources Funds:

Fund 10000-11301 Human Resources

- This budget is in good shape and in line with our budgetary projections. If other departments are required to take cuts we will be able to react with corresponding staffing cuts and cost reductions as needed.
- Recently the Flexible Spending Account administrative services were outsourced to ASIFlex, thereby reducing staff and improving services to county employees for this benefit.
- Planned FY 11-12 HR rate is 7% below current level charged to departments.

- Because this rate is per capita, the rate for the next three years is expected to remain at current levels.

Fund 22000-11303 Rideshare

- This fund depends primarily on air quality funds, and we continue to meet or exceed the AQMD requirements in Riverside County. No impact on the County General Fund is forecast.

Fund 45800-11320 Exclusive Care

- Several of the EPO health care offerings are being discontinued for plan year 2011. Non-cost-effective plans were eliminated.
- A 5.6% premium increase for 2011 will boost revenue needed to recover operational plan costs. This increase is significantly lower than medical trends.
- Open enrollment may bring additional participants to this plan as it offers high value for lower cost to our employees.
- This fund depends wholly on employee premiums, which are primarily based on claims experience and medical inflation. In the next three years we anticipate increases somewhat lower than general medical inflation, but there will be no direct impact on the General Fund.

Fund 45840-11324 United Concordia Preferred Dental

Fund 45870 -11328 Freedom Dental

- These plans and their associated funds are being discontinued for 2011. They will be replaced with plans through Delta Dental.

Fund 45900-11326 Local Advantage Dental Plus

Fund 45920-11325 Local Advantage Dental Blythe

- These funds continue to be funded by employee premiums, and are sufficient to meet plan costs. While in the next three years we anticipate increases, there will be no direct impact to the County General Fund.

Fund 45960 11310 General Liability Insurance

- This program is in line with budget targets for this fiscal year.
- Annual insurance coverage was 16% lower than last fiscal year, due to the use of available reserves.
- Claims system was converted to iVOS for cost reduction and much improved claims processing, documentation flow, and reporting functions
- Leased space was consolidated this year for overall cost reduction.
- Increased costs are expected for 2011-12, but any options for reducing costs will be explored.
- Future costs will depend on claims experience and an actuarial determination of appropriate reserve requirements.

Fund 46000-11309 Malpractice Insurance

- Claims system was converted to iVOS for cost reduction and improved claims processing, documentation flow, and reporting functions
- Consolidate leased space for overall cost reduction
- Future costs will depend on successful efforts to mitigate medical errors and avoid malpractice claims.

Fund 46020 -11307 Property Insurance

- The annual insurance premium for covering county property is expected to increase per CSAC. There is very limited fund reserve and it is unlikely we could reduce the actual cost charged to departments for the new fiscal year rate.
- Growth in the number and size of County properties, leased and owned, will continue to impact the total premium. Most notably, the future jail and other new County buildings will result in increases over the next three years.

Fund 46040-11313 Safety Loss Control

- This fund has continued to reduce costs, which are primarily staffing costs, by streamlining inspection procedures.
- No significant increases are projected, but any new OSHA or CalOSHA regulations will impact this fund.

Fund 46060-11312 Unemployment Insurance

- Quarterly claims are down by 30-40%; it still too early to determine if this is a trend in unemployment claims or if the last lay-off group has run out of benefits.
- An actuarial valuation is planned for this fiscal year, including an evaluation of rate methodology. Any proposed modification of this rate is expected to be presented to the Board in January of 2011.
- Until last year, this rate was very stable, as the County employee base was growing significantly. It is expected that stability will again be achieved by the end of 2012.

Fund 46100-11308 Workers' Compensation

- Converted the claims system to iVOS for cost reduction and improved claims processing, documentation flow, and reporting functions.
- Consolidated leased space with other risk management programs for overall cost savings.
- Claims have increased somewhat this year, which is typical when reductions in force take place. Because rates are based on seven years of experience, only small increases are expected for the next three years.

Fund 46100-11322 Employee Assistance Services

- We are adding additional therapists to address the needs of the workforce during the lay-offs and downturn in the local economy
- Larger facilities are required to better meet demands of the program

- New program director is providing innovative and effective strategic planning for services needed in today's work environment
- Funds are provided by Exclusive Care and Workers Compensation ISFs.
- Ongoing costs of this program are projected to rise by about 25%, but services will result in more productive employees and fewer workers compensation claims, thereby offsetting the higher costs.

Fund 46120-11329 Occupational Health and Wellness

- Occupational Health and Wellness has been able to keep up with the pre-employment physicals needed for the Sheriff Department's jail staffing, RCRMC's continual recruitments, and EDA's expanding workforce.
- Staff has been right-sized to meet the continuing service needs of departments. Savings have been achieved by increased use of per-diem medical help when needed.
- Future employment activity will determine staffing needs and budget levels. In recent years the budget has decreased 23%, from approximately \$3.9 million in 2008-09 to \$3 million in 2010-11.

Fund 47000-11318 Temporary Assistance Program

- Over the last three years TAP utilization by departments has significantly declined. We anticipate that usage in the next several years will stabilize.
- A federal grant funded the Subsidized Time-Limited Employment Program (STEP) providing funding for 444 employees during 2010. This program came to an end in September 2010 and did not renew.
- Procedures, such as timesheets have been modified to increase efficiencies.
- The fund has appropriately reduced staffing levels by 50% compared to peak levels several years ago; also, for 2010-11 the fund reduced the overhead rate charged to departments by 35%. For the future, both staffing and the rate charged to departments will depend on continued TAP usage levels.



We help make Riverside County run.

Matthew W. Frymire
Chief Information Officer

Memorandum

To: Bill Luna, Chief Executive Officer

Date: October 13, 2010

From: Greg Stoddard, Chief Technology Officer *Greg Stoddard*

Subject: RCIT and PSEC First Quarter Reports

CC: Serena Chow

Like all county departments, RCIT has felt the effects of the fiscal challenges facing Riverside County. For FY10/11, RCIT had five layoffs occur as a result of decreased services in communications and applications development. Rebates were issued the first month of FY10/11 as a result of SEIU furlough savings achieved in the prior fiscal year. Although we have seen decreases in certain service areas, we are also receiving new request for services as departments address staffing reductions and look to RCIT to help augment certain operations. Additionally, departments are utilizing RCIT's project management and business processes to look to develop more efficient processes and services within their departments.

We anticipate only one further layoff in FY 11/12 as a result of a completed assignment with RCRMC; there are no other special projects for this position to assume at this time. No other layoffs are planned for FY11/12 as a result of a significant response to the early retirement program. We anticipate a rebate for the LIUNA furloughs will be passed onto departments at the end of the fiscal year.

Our managers have done an outstanding job in seeking opportunities to renegotiate contracts and services to decrease costs to our customers. Our budget strategy maintains core services and includes only end-of-life replacement costs for critical systems.

The first phase of the Public Safety Enterprise Communications (PSEC) project will be implemented in FY11/12. This phase will provide wireless data capabilities between facilities and vehicles using the 4.9 MHz frequencies. Additional RCIT staff may be needed to support 4.9 MHz at the 101 fire stations and 30 sheriff stations. We will monitor operations closely for this new line of business and identify what level of staff support is needed in support of Fire and Sheriff.

I have been meeting with EO staff to review the needed funding support for the overall PSEC project. As a result of the additional time needed to acquire all necessary sites, project work will continue into FY11/12 as well as a portion of FY12/13. There are sufficient funds available within the overall project budget, and the \$5.6 million rebanding credit due from Sprint/Nextel, as well as funds available in the Radio Replacement Fund to pay for the extension of the PSEC timeline.

Please let me know if you have any questions.



RIVERSIDE COUNTY DEPARTMENT OF MENTAL HEALTH

Jerry A. Wengerd, Director

M E M O R A N D U M

TO: Bill Luna, CEO
FROM: Jerry Wengerd, Mental Health Director
DATE: October 4, 2010
SUBJECT: First Quarter Budget Status Report Summary

FY 2010/2011 Budget Reductions Status

As of 1st Quarter, the department maintains a balanced budget status in Mental Health Treatment, Administration and Substance Abuse Programs. While the Public Guardian's Probate Program is operating at a balanced budget as of 1st Quarter, current staffing level exposes the County to possible surcharges by the court or claims against the County by private entities.

Mental Health Detention services in the jails remain a critical issue. Currently, detention inmates are being transported to RCRMC for evaluation; wait time for intake and follow-up with a psychiatrist is up to 2 weeks, and up to 4 weeks for clinicians and nurses; safety cell checks are done only when staff are available; and discharge planning is delayed. The staff and supervisors are prioritizing workload and moving staff among various jails to adjust to this crisis situation. The expanded Banning Correctional Facility without new MH staffing adds more to this crisis. Analyses were provided to the Budget Analyst on two budget scenarios: one that meets Title 15 regulations providing 24-hour MH services (\$2.9M); and another based on budgetary constraints limiting mental health services to 12-hour coverage for the expanded Banning jail (\$1.4M).

LIUNA Furlough Net County Cost Impact

The impact of LIUNA furlough is calculated at \$28,861 for FY 10/11 and \$21,165 for FY 11/12, for county-funded and county-operated programs, i.e. Probate and MH Detention.

FY 2011/2012 NCC Reduction Impact

Assuming NCC is reduced by another 20% in FY 11/12 at a total of \$2,568,638, the department plans to utilize one-time revenue increase from ARRA funding on Medi-Cal, pending legislation that would extend the funds through June 30, 2011. We anticipate this one-time source in MH Treatment will be sufficient to shift NCC to cover the portion for Probate, Emergency Services in Indio, and Detention MH services, for a total of \$1,936,822, avoiding layoff. Substance Abuse program NCC cut of \$54,691 will be absorbed through contract provider reductions of 4 treatment slots and additional wait list of 44 residents needing treatment. The department will continue to pass on 20% reduction (\$577,125) to NCC allocated to RCRMC Arlington Campus operation of Inpatient Treatment Facility, through its payment agreement.

5-Year Budget Outlook

The department foresees the following major changes which may impact general fund operations:

- MSHA (Prop 63) decline in revenues; significant drop in FY 12/13 by 41%;
- Health care reform: no relief until 2014;
- New electronic health record implementation negative impact on productivity and revenues during the transition years in FY 12 and FY 13;
- Structural deficit from one-time use of funds;
- Expansion of county jails impact on mental health services reduction;
- State decisions that will shift new costs to counties from Medi-Cal Managed Care and State funds;
- Planned expansions of residential facilities to help solve increasing hospitalizations are curtailed by negative community reactions.



Serena Chow, OASIS Budget Analyst
County of Riverside Executive Office
Robert T. Andersen Administrative Center
4080 Lemon Street, 4th Floor
Riverside, California 92501

Subject: OASIS First Quarter Budget Status Report

As requested by Bill Luna, CEO on September 21, 2010 the following is the OASIS First Quarter Budget status report.

Background

In previous years, OASIS kept its rates flat or reduced them, while drawing down our unrestricted net asset balance as several large one-time projects were finalized and funded. Some of these multi-year projects included upgrades of PeopleSoft, replacement and upgrade of the main system hardware and a new office build and relocation, which included building a new data center. By 2009, this process was complete. After several years of no rate increases, OASIS requested a rate increase for FY 2010/11. This was denied on the basis of the overall county's fiscal emergency and cost-cutting measures – included a Board mandate for all ISF departments to freeze rates.

Cost-cutting To start FY 2010/11, OASIS undertook a 10% reduction in expenses to balance our budget. This necessitated a staffing reduction of seven positions through attrition, layoffs and early retirements (2 through attrition, 3 layoffs and 2 retirements for a reduction of 15% from appropriation 1 budget line items). Other cost-cutting efforts included reductions in customer services and deferrals of most major project initiatives requested by user departments.

One-time Revenue In July, 2010 two positions were temporarily assigned to RCIT – ITGC instead of being laid off. OASIS is receiving full reimbursement for these positions from RCIT – ITGC. However, these positions will be terminated from OASIS when the ITGC project is concluded and the reimbursement funding ceases.

First Quarter Status

With these cuts now in place, the projected effects on customer service and project deferrals have materialized. For example, some helpdesk response times have increased. Some projects that would have leveraged PeopleSoft's system automation capabilities, and thus reduced manual processes and improved user acceptance, have been delayed or put on hold indefinitely.

However, projects that were mandated by the OASIS Governance Committee and SCRAPE in FY2009/10 have been sustained. In addition, all core system maintenance patches, updates and security operations have continued. Lastly, user support functions of critical county functions – such as payroll, benefits administration, human resources, procurement, accounts payable, accounts receivable, asset management, inventory and reporting – have been maintained, albeit in a diminished capacity.

Looking Ahead to Year-end

In addition to the budget reductions described above, we are currently undertaking further cost-cutting actions for FY2010/11. We have voluntarily established a hiring freeze on one vacant position, allowed voluntary furloughs and instituted additional project deferrals and system upgrades. If carried through to year-end, we project these initiatives to net an additional \$900,000 in cost savings with an ending cash balance of about \$3M.

Looking Ahead to FY2011/12

No further layoffs or additional service reductions will be necessary to start FY2011/12, assuming the following conditions:

- The current projection for year-end cash balance holds forth, with no unexpected one-time expenses
- ITGC continues to fund the 2 OASIS positions as currently assigned.
- OASIS is permitted to draw down reserves below the required 60-day cash balance during FY2011/12

Progress reports will be provided to you on a regular basis and as directed to keep you up to date on our cost-cutting initiatives and operations.

Respectfully Submitted,



Mike Dearman
OASIS Director

RIVERSIDE COUNTY REGIONAL PARK & OPEN-SPACE DISTRICT

4600 Crestmore Road • Riverside, CA 92509-6858 • (951) 955-4310 • Fax (951) 955-4305



SCOTT BANGLE
GENERAL MANAGER/PARKS DIRECTOR

MEMORANDUM

TO: Alex Gann, Senior Management Analyst, Executive Office
FROM: Scott Bangle, General Manager
DATE: October 4, 2010
RE: 2010-11 Budget Status

FY 2010-11 (On Course)

The 2010-11 budget reductions have been implemented, reducing the net county contribution amount from \$609,305 to \$456,978 (25%). The effective result of the reduction was the elimination of two park maintenance positions assigned to trail maintenance. In reducing the number of staff assigned to the trail maintenance program, the District took the opportunity to take a new approach and make it a volunteer-based initiative now identified as Adopt-A-Trail. Full implementation of the Adopt-A-Trail Program is scheduled to begin October 1, 2010. Currently, several partners have expressed interest in participating in the program; however, real data on the success of the program will not be available until mid-year.

Overall, trending continues to demonstrate that people are recreating closer to home. Revenues from user fees continue to increase over budget targets, thus, partially closing gaps created by reductions in property tax receipts. Significant effort has been expended in strengthening the volunteer program to offset increased service level requirements brought about through increased park attendance and new amenities. However, with several large projects soon to be completed (Lake Skinner, Rancho Jurupa, Jurupa Valley Aquatic Center), it is anticipated that an increase in salaries and benefits will occur in the third quarter of 2010-11 within budget limitations. The District will complete a strategic planning process in June 2011. This planning process will analyze future trends and evaluate in relation to District capabilities. Business strategies to deal with the future from this effort will be developed, and a 5-year strategic plan will be produced to give guidance to staff and inform the public.

FY 2011-12 (Suggested Actions)

The first of many future work plans will coincide with the adoption of the 2011-12 operating budget, and will include a 25% reduction (approx \$115,000) in net county cost. The impact of the 2011-12 reduction will result in fewer services to planning and historic functions. These reductions may result in layoffs.

In summary, the District continues to deal with the current challenges with an entrepreneurial spirit while also planning for the future. Repositioning will continue to be a major focus as we continually control resources to effectively carry out our mission and *live within our means*.

LAW OFFICES OF THE
Public Defender
COUNTY OF RIVERSIDE

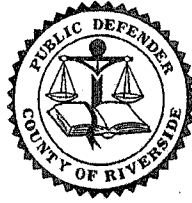
GARY WINDOM
PUBLIC DEFENDER

BRIAN L. BOLES
ASSISTANT PUBLIC DEFENDER

CHRISTOPHER P. OLIVER
ASSISTANT PUBLIC DEFENDER

CHRISTINE M. VOSS
ASSISTANT PUBLIC DEFENDER

LUCY M. WILLIAMS
ASSISTANT PUBLIC DEFENDER



RIVERSIDE MAIN OFFICE
4200 Orange Street
Riverside, CA 92501
Telephone: (951) 955-6000
Facsimile: (951) 955-6025

October 27, 2010

Bill Luna, County Executive Officer
Riverside County Executive Office
4080 Lemon Street, 4th Floor
Riverside, CA 92501

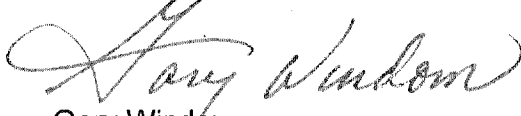
Dear Bill:

Pursuant to your memorandum dated September 21, 2010, please find attached the budget status report of the Law Offices of the Public Defender.

Should you have any inquiries, please do not hesitate to call me at (951) 955-6015.

Thank you.

Very Truly Yours,


Gary Windom
Public Defender

Budget Status Report

In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the State and district wherein the crime shall have been committed, which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the Assistance of Counsel for his defence (defense). Constitution of the United States of America, Amendment 6 - Right to Speedy Trial, Confrontation of Witnesses. Ratified 12/15/1791. (Emphasis added)

The Law Offices of the Public Defender serves as the County of Riverside's first line of commitment to individuals in need of counsel but who do not have the resources to secure assistance from the private bar. By providing funding for this office, the Board of Supervisors recognizes the right of every person accused of a crime to have a fair, impartial trial. Towards this end, the Law Offices of the Public Defender, headed by the appointed Public Defender, ensures that counsels who represent indigent defendants in courtrooms across Riverside County are the best prepared attorneys available. They have the necessary education, professional preparation and resources to competently defend the accused.

Provision of defense for indigents charged with criminal offenses is not an area of public safety that engenders public commitments to innovative programs neither does it inspire legislators to adequately fund best practices or innovative ideas. Although the state sets guidelines for the practice of law, defending indigent clients rarely inspires recognition or gratitude by those who hold state purse-strings. Instead, the practice of indigent defense is often provided no resources beyond local ones. Many in the public do not recognize the need for "those people" to be afforded constitutional protections. In Riverside County however, the Board of Supervisors, during a time of the most severe budget crisis in this generation, cut the Law Offices of the Public Defender by 5%, the identical cut given to the District Attorney, Probation and Fire, all public safety agencies. This 5% cut speaks volumes about this Board's commitment to justice and fairness.

In FY 10/11 the Law Offices of the Public Defender's budget is \$33,936,001, an amount that includes only \$300,000 from other revenue sources. The current budget is \$5.2 million less than the department's FY 08/09 budget. At the end of FY 08/09 and through the first four months of FY 09/10, the department was in an overload status which forced the Public Defender to forward cases to conflict counsel. Although the defendants were provided competent defense, the County eventually spent more than it saved by cutting the Public Defender's budget. Some of the cases from last fiscal year's overload are still trailing. Defendants remain in county jail beds at county expense.

The department is meeting the FY 10/11 5% reduction and is on target to meet budget goals. The first step taken was the layoff of 15 paralegal positions. Other positions are being held vacant, positions were frozen as a result of early retirements, there are few merit raises based upon the classifications within the department, and new hires have, due to the experience, been paid less than those individuals they replaced.

At the end of the first quarter salaries and benefits are at approximately 18% rather than the 25% generally expected. Early retirements brought major changes to the management structure. Three new assistant public defenders were selected to head the Indio, Southwest and Administrative Units. These individuals are highly capable of providing leadership in their respective areas as well as being key players in achieving the Public Defender's leadership initiative goals. However, the three do not

presently possess the same level of professional expertise as the three assistant public defenders who departed and as such their salaries are significantly less, a benefit to the department at this time. The department has also held the Administrative Services Manager position open as well as other positions and is recognizing significant savings in Appropriation 1. This decision has been critical in achieving budget solvency since early retirements included payoffs, annual leave buy downs and post employment benefit contributions that were more than double budget estimates.

Employees in each of the department's offices are also committed to carefully monitoring service and supply expenditures. Some costs however are critical to the success of indigent defense and must remain fully funded. These include legal education, arbitration services, professional services, and legal services for death penalty cases. Other areas of Appropriation 2 are being severely cut in order to meet the necessary defense requirements.

I am fully committed to achieving a balanced budget for FY 10/11 and deeply appreciate the Board's commitment to indigent defense in Riverside County.

To achieve 5% reduction in the FY 11/12 would most likely necessitate eliminating core positions such as approximately 19 attorneys, investigators and investigative technician positions. The department would also continue to cut services and supplies. It is highly likely that indigent defense provided through this office would be greatly impaired. There could be a serious impact on those services essential for providing adequate defense. I anticipate that I would be forced to declare overload. Conflict attorneys would have to be secured to provide counsel at a rate which has historically exceeded the cost of representation by public defenders. The return on investment, even if pension benefits are included, is not sufficient to warrant sending those most in need to outside counsel. While this service is critical when this office declares a conflict, budget management via this route leads to case trailing, greater expenditure of funds for investigation, expert testimony and custody of defendants by the Sheriff. At a time when the county remains under federal order to closely monitor jail bed usage, trailing cases lead to greater jail bed use and therefore additional cost to the County of Riverside. Filled beds also can mean that some of those arrested will be cited and released for lack of custody options. This type of releases causes angst among the county's citizens. This trial timeliness is a hallmark of my administration and a trend this office is committed to continuing.

Alternate Public Defender for Capital Cases

The Board of Supervisors created an Alternate Public Defender for Capital Cases on February 23, 2010 (item 3.57a). This unit is totally separated from the Law Offices of the Public Defender by a glass wall or ethical wall, but remains my responsibility. Daily management is provided by an Assistant Public Defender who left private defense practice to facilitate implementation of this critical operation. The FY 10/11 budget is \$3,619,476, the full amount requested.

Judicious resource management has led to expenditures far less than estimated for the first quarter. This is due to some delays in hiring as well as furniture and other collateral expenses. However, capital cases are costly. A study released by the Federal Courts in June of 2008 showed that attorneys spent more than 3,500 hours from assignment through jury trial and the penalty phase of each case. Minimum standards require that two attorneys are assigned to each case. Representation at this level also requires a designated investigator as well as an individual trained in discovering and developing mitigation issues. The present budget will allow the capital unit to meet anticipated defense costs. It is also important to note that providing this assistance internally is anticipated to lead to reduced use of County-provided funds under Penal Code 987.9. These funds, as well as funds for other court-ordered investigators and experts are managed by the Superior Courts and paid directly by the Executive Office from Indigent Defense funds.

The present workload appears to be manageable within the initial budget. I do not anticipate asking for any additional funds. It may be possible for the unit to absorb a 5% cut in FY 11/12 if death penalty filings decrease. If not, the cut could result in additional contracts with private counsel. Capital defense provided by private counsel in this county has historically proven more costly due to case continuances. One recent case, for which the County provided assistance, took seven years from arrest through conviction.

Although mitigating circumstances can occur, having counsel prepared for trial tends to limit continuances and trailing trials lessen court clogging and defendant stays in local jails. My office has implemented a system to move death penalty cases forward and to reduce the likelihood of such cases trailing because counsel is not ready to proceed. The net result will be both direct and indirect savings to the criminal justice system as a whole. Our management team is committed to providing well-trained, prepared attorneys at costs reasonable to the taxpayers of Riverside County.



MEMORANDUM

RIVERSIDE COUNTY PROBATION DEPARTMENT

ALAN M. CROGAN
CHIEF PROBATION OFFICER

TO: Bill Luna, County Executive Officer
Riverside County Executive Office

FROM: Alan M. Crogan, Chief Probation Officer
Riverside County Probation Department

DATE: October 13, 2010

RE: Probation Department FY 2010/11 First Quarter Budget Status Reports
(Updated – State Budget Approval)

A handwritten signature in black ink, appearing to read "A. Crogan", is written over the "FROM:" line.

Due to approval of the State Budget on Friday, October 8, 2010 we have provided additional information to the First Quarter Budget Status Report incorporating the State budget impacts to Public Safety and the Probation Department for this and next fiscal year. Additionally, the FY 2010/11 First Quarter Budget Report narrative has been submitted including the anticipated effects from the recently approved State budget.

Specifically, the areas of Vehicle License Fee (VLF) revenue, Department of Juvenile Justice (DJJ) wards paroled to local probation supervision, and funding for local juvenile facility construction will have an effect on this year and next year's Probation Department budget. The Department will continue to monitor budget communications at the State and local levels, and report any concerns to your office.

If there are any questions regarding this first budget status report, please have staff contact Chief Deputy Probation Administrator Rosario Rull at 955-3486.

Cc: Rosario Rull, Chief Deputy Probation Administrator
Doug Moreno, Administrative Services Manager III
Elizabeth Olson, Senior Management Analyst, Executive Office

**RIVERSIDE COUNTY PROBATION DEPARTMENT
FY 2010/11 FIRST QUARTER BUDGET STATUS REPORT (UPDATED)
October 13, 2010**

FY 2010/11 BUDGET

The State budget was approved on Friday, October 8, 2010. Included in the language are key items that will have an impact on Public Safety and the Probation Department budget this fiscal year and next.

Vehicle License Fees (VLF) - The programs funded by Vehicle License Fees (VLF) include Juvenile and Probation Camp Funding (JPCF) and the Juvenile Justice Crime Prevention Act (JJCPA). The current budget leaves the funding levels for the current fiscal year unchanged. However, the funding is still scheduled to sunset June 30, 2011. It is anticipated that the Legislature will sponsor an urgency measure during the first part of 2011 to preserve funding. The Probation Department's current year budgeted amounts are based on prior year actual receipts, which are approximately 12% less than State provided figures. The Department will continue to track actual quarterly receipts and update the EO.

Juvenile Realignment Issues - Senate Bill 1628, prospectively places DJJ wards on local probation supervision upon their release on parole. There is a \$15,000 provision per ward for up to two years based on actual length of supervision and \$115,000 per ward for revocations to juvenile facilities. The Bill is scheduled to go into effect January 2011. The Probation Department anticipates an impact to both Field Services operations and Juvenile Detention facilities and continues to review the language in the Bill.

SB 81 - An additional \$200 million has been approved in lease revenue bond authority for juvenile facilities construction under Senate Bill 81. The Probation Department will again participate in seeking this funding in an effort to build a 100-bed secure juvenile treatment facility within the city of Riverside.

The reduction associated with the first half of the LIUNA furloughs is estimated to be nearly \$400,000. The Department realizes that there will be a NCC budget adjustment to recover the savings.

FY 2011/12 Budget

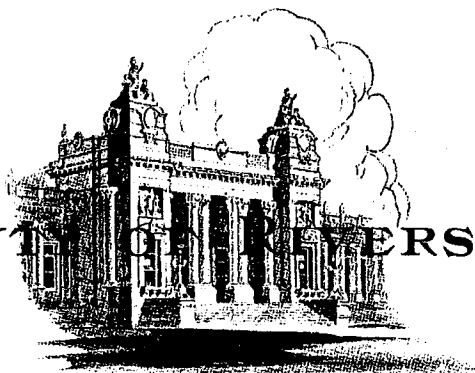
For the purposes of planning for FY 2011/12, a 5% NCC reduction is approximately \$1.5 M and 20 FTEs. This potential reduction will be exacerbated by additional Prop 172 funding reductions and the potential elimination of VLF funding after it sunsets in FY 2010/11. The potential elimination of VLF funding is approximately \$10.9 M and 118 FTEs. These significant reductions will be devastating to Department programs and services and, once again, place the Department in the unfortunate position of proposing to eliminate programs, reduce services, close down facilities or lay off positions to balance the budget.

The Chief Probation Officers of CA has been working closely with other organizations to urge the Legislature to sponsor an urgency measure in January 2011 to continue the funding for juvenile camp and community programs. To mitigate the impact of any NCC reduction and revenue shortfall, the Department will continue to monitor all funding streams, pursue grant opportunities, consolidate functions and "scrub down" costs to maximize revenue and realize savings. The Department continues to monitor the service delivery impact given the current year's reductions that will continue into the FY 2011/12. The full implementation of evidence based supervision programs and the expansion of the kiosk reporting system, among other initiatives, will help mitigate the service delivery impact.

The Department anticipates the full implementation of SB 1628 during the fiscal year. Additionally, the last half of the FY 2011/12, should bring to close the SB 678 evidenced based Probation supervision program grant award. The grant award of \$2,827,057 from Recovery Act funding started in FY 2009/10 and is scheduled to terminate during FY 2011/12. The State is determining the amount of continued funding based on each County's ability to reduce the number of probationers revoked to State prison.

The reduction associated with the second half of the LIUNA furloughs is estimated to be nearly \$350,000. Again, the department realizes that there will be a NCC budget adjustment to recover the savings.

COUNTY OF RIVERSIDE

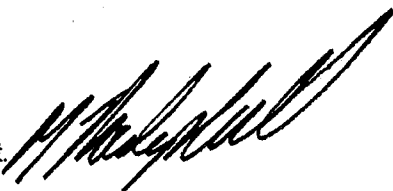


PURCHASING AND FLEET SERVICES

ROBERT J. HOWDYSHHELL
DIRECTOR

PURCHASING
SUPPLY
CENTRAL MAIL
PRINTING
FLEET

MEMORANDUM

TO: Bill Luna, County Executive Officer
FROM: Robert J. Howdyshehl, Director, Purchasing and Fleet Services Dept. 
DATE: October 13, 2010

SUBJECT: Impact Report as of September 30, 2010

Purchasing

Purchasing is on track to remain within budget for FY2011. Purchasing has always remained a team player and taken the cuts required to stay within the approved budget. However, I must make it very clear the cuts sustained so far are causing the purchasing function to become ineffective. As indicated in the Budget Briefing to the Board in June 2010, we are experiencing severe service level impacts due to a reduced number of procurement personnel. Since the start of FY2011, there are four fewer buying staff (44% reduction) to accomplish the general purchasing requirements for the County (a decrease from nine to five, which includes the Purchasing Manager) than there were in FY2010. Procurement Lead Time for solicitations has increased from 125.25 days to 175.5 days and the full effect of the latest procurement personnel departures has not been fully felt. This is occurring while the workload is continuing to increase. Comparing the first quarter of FY2010 with the first quarter of FY2011, the number of PO lines has increased from 43,623 to 49,483 and the dollars increased from \$216,428,107 to \$254,884,634 respectively.

The department is struggling trying to maintain any level of acceptable service with the cuts experienced over the last few years. Looking ahead, a similar proposed cut for FY2012 would mean an additional erosion of procurement personnel. Because there are no assets or other non-fixed cost expenses in the Purchasing Division's budget, an additional 25% cut would have to be absorbed almost exclusively by reduction in salaries. This will result in another three to four positions lost and this would have a devastating impact on our ability to meet the County's needs. Some of the risks associated with the devastating cuts are as follows:

- **Riverside Countywide contracts:** These contracts are used by multiple county departments and other government agencies. At the end of FY2010 there were 538 contracts that needed to be renewed but there was no staff to work on these. It is projected that by the end of FY2011 there will be over 1,024 countywide contracts expiring with no one to work on them. This is a death spiral. The reason we do these countywide contracts is to obtain volume discounts, standardize the products/services used within the county, and reduce the workload and time to obtain these products/services. As more of these contracts continue to expire, the savings we have enjoyed in the past, in time and cost, will be lost.

- The concept of a central purchasing department is being eroded. As more and more purchasing resources are being cut, more departments are seeing the value and absolute need for their own procurement personnel. The number of procurement personnel in the departments continues to grow in order to meet their needs. This is beneficial in that it requires the departments with the need to budget and pay for their procurement staff. However, this approach reduces the effectiveness of having a central purchasing function. Some of the less desirable consequences of this approach are:
 - It minimizes adherence to the standardized purchasing policies and procedures;
 - It generally is less productive and efficient, thereby costing the County more for its products and services;
 - It hides the true cost of the purchasing function and,
 - It puts the County at extreme risk for ethical and insurance violations, thus increasing the need for Purchasing Audits.

We currently have nine procurement personnel stationed in departments and only five in the Central Purchasing Department.

The Purchasing staffing level is at a point now that without additional general fund support, the County should consider one of two options:

1. Either restructuring the purchasing function to place purchasing authority in departments and then attempt to control purchasing decisions from the Executive Office or
2. Convert Purchasing from a general fund department to an internal service fund (ISF). The ISF approach would allow balancing staffing with workload and reduce the dependence on direct general fund support.

We believe our current situation is in extremis. We believe a central purchasing function saves money through fair and open vendor negotiations, consolidations of requirements, and providing the skills of a professional procurement staff. For example, Purchasing saved the District Attorney more than two million dollars on the furniture acquisition for their new building. Purchasing has been a key member of many of our recent negotiations such as the PSEC Project, CREST, Mental Health's Behavior Health Information System, and the Hospital's HIS Project, etc. A disciplined purchasing function routinely saves the County millions of dollars on a wide range of services and products, including lease financing, fuel, paper, office supplies, furniture, cleaning supplies, etc. A central purchasing function also provides supplier mentoring, a single face for dealing with the County, and a process for arbitrating differences. Loss of a central purchasing function could result in a net loss rather than savings for the County. We fervently believe an adequately staffed central purchasing operation is a core function of the County.

Fleet Services

Fleet Services is on track to meet its budget targets for FY2011.

Over the past two years, six Fleet Services employees have retired and one left to take a position in the private sector. Staffing of mechanic positions is now so thin that any additional loss of a mechanics could result in closure of a remote garage location. The financial impact of such a closure would be felt by the departments dependent on the use of the remote garage locations rather than by Fleet Services, as additional staff time would be needed to take vehicles to the next closest garage for service or repair.

Fleet Services continues to review vehicle utilization with a goal of reducing the cost of fleet services. Vehicle purchases decreased sharply in FY2010 with Fleet Services placing orders for 41 new vehicles compared to more than 500 in FY2009. In addition, overall mileage for non patrol vehicles moved down sharply in fiscal year 2010. Trends for the foreseeable future include continued minimal orders for non patrol vehicles, a reduction in the non patrol fleet vehicle count, a continued decrease in non patrol mileage, an increase in maintenance costs as the average age of a fleet vehicle rises, and

statistics showing more favorable vehicle utilization. These trends will help the County reduce overall fleet costs.

The tables below provide analysis of how Fleet Services is achieving lower costs. The data illustrates the trend over four FYs.

PATROL										
	6/30/2007	6/30/2008	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2009	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2010	VEHICLE # CHANGE	PERCENT CHANGE
TOTAL # OF VEHICLES	904	1081	177	19.58%	1089	8	0.74%	993	-96	-8.82%
MILES DRIVEN	11 913 310	13 331 781		11.91%	14 767 071		10.77%	14 539 819		-1.54%
MAINTENANCE	\$2 166 393	\$2 861 786		32.10%	\$3 176 398		10.99%	\$2 808 819		-11.57%
GALLONS	695 413	849 177		22.11%	1 199 499		41.25%	1 210 049		0.88%
FUEL USED	\$2 653 773	\$3 449 745		29.99%	\$3 191 663		-7.48%	\$3 230 708		1.22%
LEASE PAYMENT	\$3 379 621	\$4 789 782		41.73%	\$5 488 722		14.59%	\$5 871 866		6.98%
TOTAL BILLING	\$8 199 787	\$11 101 375		35.39%	\$11 856 783		6.80%	\$11 911 393		0.46%

NON-PATROL										
	6/30/2007	6/30/2008	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2009	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2010	VEHICLE # CHANGE	PERCENT CHANGE
TOTAL # OF VEHICLES	3232	3462	230	7.12%	3367	-65	-2.74%	3256	-111	-3.30%
MILES DRIVEN	28 943 582	34 189 565		18.12%	33 420 046		-2.25%	29 354 682		-12.16%
MAINTENANCE	\$4 088 451	\$5 639 717		37.94%	\$5 557 405		-1.46%	\$4 619 754		-16.87%
GALLONS	1 339 365	1 723 923		29.70%	1 821 799		5.69%	1 651 885		-9.33%
FUEL USED	\$4 249 658	\$5 922 249		39.36%	\$4 968 926		-16.10%	\$4 527 077		-8.89%
LEASE PAYMENT	\$9 433 468	\$9 114 712		-3.38%	\$10 301 113		13.02%	\$7 799 129		-24.29%
TOTAL BILLING	\$17 771 578	\$20 676 678		16.35%	\$20 828 249		0.73%	\$16 952 398		-18.61%

TOTAL										
	6/30/2007	6/30/2008	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2009	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2010	VEHICLE # CHANGE	PERCENT CHANGE
TOTAL # OF VEHICLES	1136	1443	407	9.84%	1456	-87	-1.92%	1249	-207	-14.65%
MILES DRIVEN	40 856 892	47 521 346		16.31%	48 187 117		1.40%	43 894 481		-8.91%
MAINTENANCE	\$6 264 845	\$8 501 503		35.92%	\$8 733 803		2.73%	\$7 428 573		-14.94%
GALLONS	2 034 778	2 672 999		26.45%	3 021 298		17.42%	2 861 916		-5.29%
FUEL USED	\$6 903 431	\$9 371 994		35.76%	\$8 164 950		-12.88%	\$7 757 785		-4.99%
LEASE PAYMENT	\$12 813 089	\$13 904 494		8.52%	\$15 792 166		13.58%	\$13 670 995		-13.43%
TOTAL BILLING	\$25 971 365	\$31 778 053		22.36%	\$32 685 032		2.85%	\$28 863 791		-11.69%

SAVINGS PATROL		
	Change	% Change
TOTAL # OF VEHICLES	\$ (96.00)	-8.82%
MILES DRIVEN	\$ (227,252.00)	-1.54%
MAINTENANCE	\$ (367,579.00)	-11.57%
GALLONS	\$ 10,550.00	0.88%
FUEL USED \$	\$ 39,045.00	1.22%
LEASE PAYMENT	\$ 383,144.00	6.98%
TOTAL BILLING	\$ 54,610.00	0.46%

SAVINGS NON PATROL		
	Change	% Change
TOTAL # OF VEHICLES	\$ (111.00)	-3.30%
MILES DRIVEN	\$ (4,065,384.00)	-12.16%
MAINTENANCE	\$ (937,651.00)	-16.87%
GALLONS	\$ (169,934.00)	-9.33%
FUEL USED \$	\$ (441,849.00)	-8.89%
LEASE PAYMENT	\$ (2,501,984.00)	-24.29%
TOTAL BILLING	\$ (3,875,851.00)	-18.61%

Some of the specific measures taken by Fleet Services to achieve cost savings without sacrificing service levels are outlined below:

- Stripping Cars: Reusing good parts.
- Centralize Parts purchasing: Wait time reduced by implementation of new master parts contract etc. In addition, transportation cost reduced by utilizing new contract.
- Evaluating parts: Extensive effort in evaluating life cycle and failure rate of high use parts. Example - New brake pads being used on patrol vehicles obtain twice the mileage as the OEM brake pads.
- Extending the life of Patrol units.
- Extending preventive maintenance service mileage where feasible.
- Setting higher mileage standards when purchasing new cars.
- Purchasing Hybrid heavy trucks – significant mileage improvement and thereby cost savings.
- Rebuilding major vehicle components in house (engines, transmissions).
- Replacing high cost, high mileage vehicles with lower mileage, lower cost vehicles currently in the Fleet.
- Reassigning low utilization vehicles in place of purchasing new vehicles.
- Reduced Fleet by tightening up overnight retention.
- Tracking tire durability to give us the lowest life cycle cost, buying the best tire for the use.
- Reducing capital outlays.
- Bring towing in house to reduce contract towing costs.
- Specifying the right vehicle for the job. Tightened up the review process. (D-2)

Regarding FY2012 rates, Fleet Services rates for FY2011 were set at the FY2009 rate level less 10%. This rate level, matched with current volumes, is projected to generate an operating loss for fiscal year 2011. Where possible, Fleet Services has reduced staff and cost levels, but it is not enough. Additional personnel savings or cost savings will be required to meet budget.

Finally, a few thoughts on fuel prices, Fleet Services anticipates fuel prices to remain around the \$3/gallon mark for the first half of FY2011. Prices could move higher in the second half of FY2011 and in FY2012. Prices will react to economic recovery, to available supply, to new demand from Asia and other developing regions, and to political stability. As the economy recovers, fuel prices will go higher. There is adequate supply to hold prices down for the next one to two years – created, in part, by the current recession. Looking out past FY2012, we read that supply will diminish due to available reserves and due to decreased production capacity in Iraq, Nigeria, and Venezuela. Diminished supply along with growing global demand will push prices higher as we move to FY2013 and beyond.

Riverside County should anticipate higher fuel prices beginning in FY2012. Replacement of existing vehicles with hybrid technology is desirable for both fuel savings and lower emissions. All-electric vehicles are making positive moves and are worthy of consideration in coming years. Use of alternative fuels does not appear to be gaining critical mass for either production or wide-scale delivery of such products. Fleet Services will continue to provide flex fuel products, but alternative fuels may be more of an illusion than a solution. Hydrogen fuel cell technology is virtually dead and there is no anticipation this technology will impact the fleet in the foreseeable future.

Supply Services

Supply Services is currently on track to meet FY2011 budget targets. It is likely that additional appropriation 2 budget will be requested at a future quarterly report to handle system furniture orders. Additional appropriation will be based on additional revenue.

In the first quarter Supply Services refunded \$247,455 to customers for prior year delivery charges and plans to not recover delivery charges (approximately \$240,000) for FY2011. This was done to work down what was deemed to be excessive net assets. We are not comfortable with the direction this action is taking and are concerned that corrective actions requested by the Executive Office during the FY2011 budget process may prove to be too severe. Driving cash balances too low could result in lost prompt payment discounts and additional work to accommodate pre-payment for large orders.

Supply Services had one staff member retire in August and LIUNA furloughs are being taken by the majority of staff in this ISF. The overall staffing level is minimal and work reorganization has been required to protect customer service levels.

We will continually monitor our cash position. A budget adjustment and a request to charge delivery rates may be required in a future quarterly update to remain solvent.

Printing Services

Printing Services is currently on track to meet FY2011 budget targets. In fact, as the budget tightens, Printing Services sales have increased as county department recognize our printing operation as the low cost provider in Riverside County and move back from outsourcing to county provided services.

Printing Services had one staff member retire last year and two staff members retire in August. In addition, LIUNA furloughs are being taken by the majority of staff in this ISF. The overall staffing level is critically low and filling an available Customer Service Representative position is being pursued to avoid a negative impact to our service level.

To remain competitive, Purchasing is planning equipment replacement which will be funded through a reduction of net assets. Critical equipment needs are a new cutter (\$80,000), an envelope press (\$150,000), and a creaser (\$40,000). To save costs, extending the life of existing copiers from five to seven years is being considered.

Central Mail

Central Mail is currently on track to meet FY2011 budget targets.

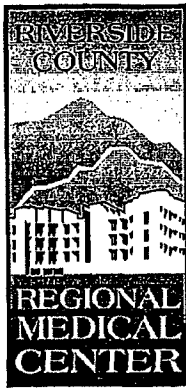
In the first quarter Central Mail refunded \$101,855 to customers for prior year delivery charges and plans to not recover delivery charges (approximately \$700,000) for fiscal year 2011. This was done to work down what was deemed to be excessive net assets. As with Supply Services, we are not comfortable with the direction this action is taking and are concerned that corrective actions requested

by the Executive Office during the FY2011 budget process may prove to be too severe. Driving cash balances too low could result in a loss of the capability to pre-pay postage, which runs well into the six figures.

We will continually monitor our cash position. A budget adjustment and a request to charge delivery rates may be required in a future quarterly update to remain solvent.

Central Mail did not have any staff members retire but long-term staff absences and LIUNA furloughs have required that two TAP employees be retained. The overall staffing level is minimal and work reorganization has been required to protect customer service levels.

RJH:ll



Memorandum

DATE: October 12, 2010
TO: Bill Luna, County Executive Officer
FROM: Doug Bagley, Hospital Director *DB*
SUBJECT: First Quarter Budget Status

RCRMC

The first quarter forecast for RCRMC shows a positive impact to fund balance of \$3.9 million. However, the capital asset expenditures (HIS plus our ongoing capital projects) of \$34 million will require financing or a working capital loan this year. We are working with the Executive Office on this issue.

Yet to be resolved is the final outcome of the replacement Section 1115 Hospital Financing Waiver. The current waiver expired on August 31, 2010, and has been extended to October 31, 2010. It appears likely that CMS and the State of California will reach agreement on the replacement waiver by that date. The State is trying to extract \$500 million in waiver funds to use in resolving its budget deficit. We are reflecting the budgeted amount (\$147 million) in the first quarter forecast. In fiscal 2009/10 we received \$135 million. Although we are hopeful that we will receive more than the budgeted amount, it is not yet known how much we might receive. By the end of the second quarter, we should have a good idea of the likely waiver receipts. At the same time we are working closely with the Executive Office, Office on Aging, DPSS, Mental Health, CHA, and IEHP to ensure Riverside County is appropriately prepared to implement the terms of the waiver as we prepare for Health Reform in 2014.

We are using significant one-time revenues this year to replace declining insurance, State prison, and FMAP funding received year and unreimbursed cost for mental health and jail services. A strategy will need to be developed to the extent that the replacement waiver and the new Hospital Fee program do not backfill this shortfall.

DHS

We are projecting a deficit in DHS of \$316,000. This deficit is due to referrals of inmates to private hospitals for care because of the cutbacks in services available in the jails. Attached is a letter prepared by the Sheriff's Department on how they are trying to cope with these curtailments. If additional beds are opened in the jails this year, additional medical resources

will be required to provide services to the inmates. We have been working closely with the Sheriff's Department and the Executive Office to quantify this potential cost.

We continue to support transferring this budget unit to the Sheriff's Department to aid in controlling these costs.

MISP

We project a deficit of \$1.94 million in this budget unit. The program has grown from 8,000 to more than 19,000 enrollees over the last three years. Although much has been done over the last year to control the pharmaceutical costs for this budget unit, the more than tripling of the numbers has made it impossible to manage with diminished resources.

The only option to reducing the cost of this program is to change the enrollment criteria from 200% of the Federal Poverty Level (FPL) to 100% FPL. Given that this group will have coverage under Health Reform concept for the undocumented, it may not be wise for the longer term to eliminate them now. Many of these patients would just come to the ER and receive treatment anyway.

We will work with the Executive Office on the best strategy to deal with this patient population.

DB:DR:rjm

Attachment



**COUNTY OF RIVERSIDE
TRANSPORTATION AND LAND MANAGEMENT AGENCY**

George A. Johnson
Agency Director



Carolyn Syms Luna
Director
Planning Department

Juan C. Perez
Director
Transportation Department

Mike Lara
Director
Building & Safety Department

Glenn Baude
Director
Code Enforcement Department

To: Bill Luna
County Executive Officer

From: George A. Johnson *George A. Johnson*
Director, Transportation and Land Management Agency

Date: 13 October 2010

Regarding: Impact of Fiscal Year 2011 and 2012 NCC reductions

In response to your request of September 21, 2010, the Transportation and Land Management Agency (TLMA) has reviewed current and next fiscal year impacts associated with current and anticipated NCC cuts. The prognosis for current year TLMA operations is good overall.

Fiscal Year 2011-12 cuts could be severe for the Code and Planning Departments and may require the reassignment of duties or suspension of the Airport Land Use Commission. In addition to further NCC reductions, TLMA departments will also be impacted by the incorporation of Eastvale and possible incorporation of Jurupa.

Transportation

Transportation will be able to manage the required cuts in the current year and next year. Its main revenue stream, Gas Tax, has remained stable and protected so far in State budget discussions. Receiving approximately \$970,000 from General Funds for special Board programs, it has been able to shift five (5) personnel to Waste Management for the Code Litter Program, operate the Pilot-Litter at a reduced capacity, and has shifted some administrative NPDES costs to its Capital Improvement Program. This latter solution does reduce funding toward actual facilities. Transportation has taken a larger share of NPDES funding cuts to preserve NPDES funding levels for Building and Safety.

I believe we should take note, and some caution however. County support for the NPDES program is declining in the face of ever *increasing* regulatory mandates from the Regional Water Boards, perhaps increasing longer term incidental risk to the County as a whole. Some prioritization of NPDES funding may be warranted as a result.

Building and Safety

Building and Safety will be able to manage the required cuts this current year. A non-general fund department, B&S does have about \$220,000 in general funding budgeted through the NPDES program for FY11. The current year reduction was made whole through a shift in Transportation's allocation of FY11 NPDES funding. Further reductions in NCC support for Building and Safety NPDES Compliance Measures will reduce program services and potentially the County's ability to remain in compliance with NPDES regulatory mandates.

Planning/EPD

The Planning Department has faced real challenges in meeting the current year NCC cuts. TLMA pro-actively merged Planning and EPD into one departmental entity and reduced staffing through layoffs and early retirements. The Planning Director, Assistant Director, Deputy Director and two (2) Principal Planners were among the senior staff electing early retirements. In large part due to the reduction in salaried positions, along with the modest increase in DBF Fee rates, we are projecting a year end picture for FY11 where the department will be able to operate within the mandated 25% NCC cut.

Fiscal Year 2011-12 will prove more difficult. The department is down to a skeleton staff of 44 to cover all of its core responsibilities in Planning, Environmental Programs and RCHCA. Additional staffing cuts will be necessary to meet reduced NCC funding. The department has restructured itself so that salary savings from the current year actions will carry forward and help offset further NCC loss. Some Advanced Planning projects, such as the General Plan Update, that rely heavily on NCC, may have to be delayed or completion time extended due to reduced annual budgets, while other grant or reimbursable funded projects absorb staff labor. Reductions in counter service funding through NCC will reduce service levels at our public counter. The department continues to evaluate DBF revenue and activity reductions associated with city incorporations.

Code Enforcement

Code will meet its FY11 cost targets. It has reduced staff by 11 positions, closed its Hemet and Lake Elsinore offices and eliminated the use of TAPs. More serious impacts are involved with the reduction of its annual abatement budget from \$1.56 million down to \$0.86 million, or CDBG funded (only) efforts. Some abatement requests will have to remain unanswered unless additional funding or budget savings are found as FY11 progresses. The integration of the Special Enforcement Team (SET) into the Neighborhood Enforcement Team (NET) will negatively impact the department's ability to conduct illegal dumping and vending operations. FY11 actions have focused on reducing all variable costs while preserving staff to carry out enforcement operations.

To meet NCC expectations in FY12, the impact to the department and operations will be "severe". Large staff reductions in the area of 30-35 positions will be necessary. Impacts will be that response times will be lengthened, case processing within required timeframes may not be met and some complaints may not be investigated. Only Priority 1 abatements that are an imminent threat to public safety will be performed. Additional offices associated with reduced staffing will close. Additional anticipated costs of over \$500,000 to enforce the pending Parole/Probationer and Marijuana Dispensary Ordinances need to be evaluated against funding levels.

TLMA Administration

While not receiving General Funds, the administrative function/department of TLMA has continued to reduce costs passing through to its member departments in ratio with the level of NCC cuts they are sustaining. Current year cuts have been more than met by targeted layoff and high salaried position's use of the early retirement incentive back in August. To meet the

expectation of future cuts, much of the resulting salary savings will be made permanent rolling forward, and TLMA continues to evaluate cost efficiencies. TLMA will also be focused on improving Agency departmental revenue collection to better strengthen the financial position of those departments and enable them to handle NCC cuts. Administrative Services has reached a minimum core threshold in several areas where further staff cuts may not be possible in the exact ratio of further departmental NCC cuts.

Note: TLMA's GIS unit is receiving \$200,000 of General Fund support specifically for the Redistricting Project this year, which will require additional funding in FY 11/12 to complete the redistricting effort.

Airport Land Use Commission (ALUC)

ALUC will meet reduced FY11 NCC targets, but is no longer Core Mission capable in doing so. ALUC has reduced staff to just two (2) full time employees – a Principal Planner and Commission Secretary, a one day a week contract Planner and an Executive Director provided from TLMA Transportation at minimal cost.

Current funding is now barely adequate to allow ALUC to intake, review, and process current development cases within its Airport Influence Areas. ALUC is unable to fund new work on any revised airport land use compatibility plans – even though many are seriously out of date and old plans may have a detrimental impact on new development – March Air Reserve Base being a notable case in point. There are fourteen (14) public permitted airports in Riverside County dependent on ALUC for compatible land use planning.

The proposed FY12 cuts, another \$66,000, will likely reduce ALUC below the ability to sustain salaries for one (1) Planner and one (1) Commission Secretary, and minimal support costs for an appointed Commission of seven (7) members. Decisions will have to be made regarding possible reassignment of mandated functions to other entities to act as an ALUC, within the guidelines established by the State.



October 4, 2010

To: Bill Luna, County Executive Officer

From: Don Kent, Treasurer-Tax Collector

A handwritten signature, likely "DK", enclosed in an oval.

Re: FY 2010/11 & FY 2011/12 Budget Reductions

In anticipation of the looming budget crisis, and our continuing loss of supplemental revenue, we have made aggressive budget reductions since fiscal year 2008-2009 in staffing, services and supplies, as well as the closure of our phone center satellite office. Moreover, we have embraced new IVR/IWR system technology, which has enabled our public service staff to service and direct incoming taxpayer concerns in an expeditious manner.

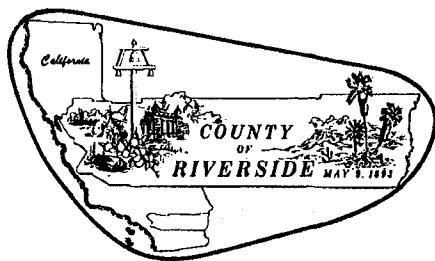
Suffering from the loss of 21 positions, or 19%, of our workforce over the last 3 years has created service impacts in most areas of the department specifically:

- Public Service coverage
- Process timeframes extended due to manual processes and lack of personnel, i.e. longer time to process refunds, payments, etc.
- Continued drawdown of resources will slow up processing of County issues our office is handling, such as bankruptcy and unclaimed money

We are continuing to restructure operations to augment our ability to function at optimum levels in these austere budget conditions. Cross-training and utilizing staff in intra-departmental functions has reduced the need for higher staffing numbers.

Although early in the game, our 2010-11 year end budget outlook is good, staying within our 25% cut. If our estimated revenue comes in as predicted, the impact of the change will not affect our NCC.

Our prediction for the 2011-12 fiscal year, keeping expenditures down, filling 107 of our 109 positions, and providing our revenue comes in as estimated based on our history, we should be able to sustain your projected cuts for 2011-12.



COUNTY OF RIVERSIDE
DEPARTMENT OF VETERANS' SERVICES
WILLIAM J. EARL, DIRECTOR

MAIN OFFICE:
1153A SPRUCE STREET
RIVERSIDE, CALIFORNIA 92507-2428
TELEPHONE: (951) 955-6050
FAX: (951) 955-6061
TTY: (951) 955-3098
TOLL FREE: 1-800-481-2101

BRANCH OFFICE:
1075 N. STATE STREET
HEMET, CA 92543
TELEPHONE: (951) 766-2566
FAX: (951) 766-2567
TTY: (951) 955-3098
TOLL FREE: 1-800-481-2101

BRANCH OFFICE:
44-199B MONROE STREET
INDIO, CA 92201
TELEPHONE: (760) 863-8266
FAX: (760) 863-8478
TTY: (951) 955-3098
TOLL FREE: 1-800-481-2101

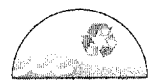
M E M O R A N D U M

TO: Bill Luna, Chief Executive Officer
FROM: William J. Earl, Director Veterans' Services
DATE: September 30, 2010
SUBJ: Requested Budget Status Report

2010/2011 BUDGET: The Board graciously did not reduce our NCC for 2010/11. The NCC target for FY 10/11 is again \$752,950. One management and two of our SEIU employees have elected to stay with 10% reductions in their salaries which should result in salary and benefits savings of approximately \$20,511. The projected savings from the four LIUNA employees (5%) will be \$10,651; this should result in a combined savings of approximately \$31,162. I have again projected \$300,000 in revenue from the state but with the current budget situation these funds are always unpredictable. The state is currently withholding the last subvention payment of \$50,000 from FY09/10. We are hoping to receive the funds when the state solves its budget problem. Prohibiting some unforeseen budget crisis with the state we will finish within our budget again this year.

2011/2012 BUDGET: We are a service driven department with little overhead. With the exception of line items over which we have little or no control such as rent, salaries and benefits we have trimmed our budget to the point where there is no more to trim. We should still be able to save the approximately \$10,000 in salary savings from our LIUNA employees. At the present time I don't know if the management and SEIU employees will continue on their voluntary furloughs. Not knowing the situation with state finances for 2011/12, I will again stick with a \$250,000-\$300,000 projection on state subvention funds but with the unpredictable budget situation in the state this is only a guess.

SUMMARY: The Department fulfills the Board's commitment to the men and women of our Armed Forces and differs from other county programs in that the revenue generated by the department is entirely federal. During FY 08/09 the department generated in excess of \$27 million in new federal entitlements paid directly to local constituents. The revenue generated by this department stimulates the local economy and much of it finds its way into the general fund via various taxing streams and through offsetting the general fund contribution to mandated local needs based programs. We were authorized 15 personnel but because of cost savings and the Maximum Fill Rate (MFR) restriction we currently only have 12 positions filled. Any significant cuts to our budget can only be achieved by further cutting personnel. Any further cuts in personnel will result in a reduction in services and state subvention funds which for us will be an untenable position in the middle of two wars.



Riverside County
Waste Management Department

Hans W. Kernkamp, General Manager-Chief Engineer

Budget Report Narrative
1st Quarter Fiscal Year 10/11 & Fiscal Year 11/12

The Waste Management Department (WMD) has been diligently working to reduce its operational budget since Fiscal Year 07/08. We have reduced our budget annually on average by 10% since Fiscal Year 07/08. In Fiscal Year 10/11 WMD anticipates that it is not only on track to meet revenue goals, but anticipates an additional reduction of 15% in our overall operational expenses. Operational expenses are expected to decline due to the implementation of cost cutting measures in the purchase of supplies and services as well as workforce reductions. The reduction in staffing is attributed to attrition (early retirements, termination, transfers) coupled with very limited replacement hiring. In addition, two employees have been laid off and we anticipate a small number of additional layoffs in FY 10/11 due to improved efficiencies, while providing the Department with more flexibility to meet core functions. Current staffing level is 222 employees, compared to the November 2008 MFR of 277.

As an Enterprise Fund, WMD is not directly dependent on the General Fund for daily operations, but is affected by increased internal service costs. WMD has, however, reduced other operational costs to minimize the overall effect on the budget this fiscal year. In fact, WMD was able to prevent the layoff of four employees from TLMA by incorporating them into the newly expanded Countywide illegal dumping program (IMPACT) which was formerly implemented by the Code Enforcement and Transportation Departments.

WMD's envisions that Fiscal Year 11/12 will be on par with Fiscal Year 10/11 with tonnage continuing to stabilize and an ongoing effort to streamline our operational expenditures to meet a 5%-10% reduction in costs. In Fiscal Year 11/12 we will see an increase in our capital improvement and asset spending due to compliance requirements related to CARB regulations and expansion projects that were postponed to later years but are now necessary. We are anticipating that our personnel expenses will not increase substantially due to freezes on step increases and minimal new employee hiring. Additional layoffs are not planned at this time for Fiscal Year 11/12.

We are anticipating a significant, but not yet defined, increase in remediation liability expense due to regulatory changes made by CalRecycle.

The current reductions and anticipated Fiscal year 11/12 reductions are challenging, however, WMD anticipates that it will be able to provide the core functions needed for the landfill system, continue providing important programs such as Illegal Dumping retrieval (IMPACT), free Household Hazardous Waste collection events and Composting classes, and provide revenue support to other Departments such as Code Enforcement, Environmental Health, as well as the RCA, WRCOG and CVAG.

Hans Kernkamp
General Manager-Chief Engineer

Attachment E Animal Services Business Plan

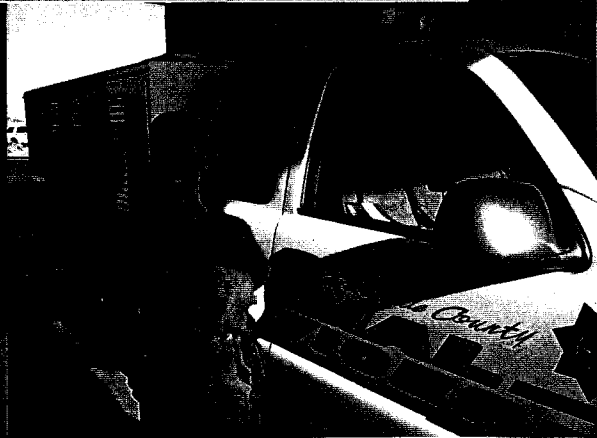
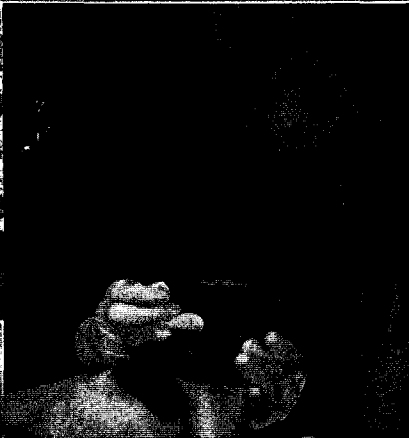
2010

Business Plan for Future Sustainability



DEPARTMENT OF
ANIMAL SERVICES

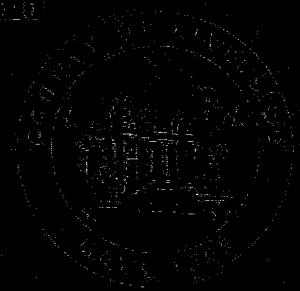
Riverside County Community Health Agency



Prepared by: [Name]

For: [Name]

11/09/2010



Executive Summary

The Department of Animal Services (DAS) **Business Plan for Future Sustainability** illuminates the path DAS has set forth as it treads into an uncertain future. It describes the organization and business as a whole and considers alternate courses. The high-level financial summary predicts continued declines in operational revenue and Net County Cost and establishes the method by which the organization will accomplish its goals while absorbing these funding losses.

This plan provides a look into our past, a picture of where we stand today, and a model for moving into the future. As the economy and department revenues change from year to year, it has become imperative for DAS to have strategies for maintaining financial balance. This business plan contains seven sections. These sections include a department history, services overview, business drivers, organizational goals, a financial outlook, budget goals, and strategic initiatives.

Organizational goals include: reduced euthanasia; leveraging strategic relationships; maintaining relationships with supporting foundations; obtaining grant funds; increasing spay and neuter resources; exploring the viability of establishing a County Service Area; maintaining department professionalism; maintaining public safety and enforcement; capitalizing on available resources; focusing on city contract retention and new contract acquisition; and, maintaining the health and safety of people and animals.

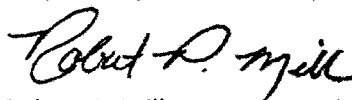
Short-term budget goals submitted in this plan lay out the current budget structural deficit, along with recommendations to achieve financial balance. For the current and next fiscal years, the Board of Supervisors has the option to continue to provide two hundred thousand dollars quarterly in contributions to help the department offset the inequitable contracts for shelter services at the Coachella Valley Animal Campus (CVAC) until those contracts expire in **January 2012**. As provided on the following page (*Department Recommendations*), the Department does not recommend this continued funding. Rather, the Department recommends making strategic reductions for business solvency and implementing business actions and initiatives to meet organizational goals as outlined in this plan. These reductions will result in the termination or reduction of certain services for the unincorporated county as detailed in the *Recommendations to Achieve Budget Goals* section of the plan.

The strategies to meet budget targets include enhancing the department's canine licensing program, reductions in management, reductions in veterinary services, a reduction in public safety and enforcement, and a delay in the opening of the new San Jacinto Valley Animal Shelter for animal shelter services. These reductions will allow DAS to meet current fiscal year budget targets and bring the department in line with the anticipated Net County Cost for **Fiscal Year 11/12**. Each of these reductions has been carefully identified so as to avoid any interruptions or reductions in city contracts currently held by DAS. Additional **Fiscal Year 11/12** strategies include renegotiating contracts or establishing a different business model for CVAC and the use of new partnerships with local nonprofits to ensure business service continuity.

Strategic initiatives contained within this plan are long-term tactics to support the DAS vision of creating community change that will ultimately result in a Riverside County where pet homelessness, overpopulation and euthanasia of healthy pets are all merely constructs of the past.

As Director, it is my intention to lead the department through this difficult time, keeping these objectives in mind, while minimizing the impact on the already over-burdened General Fund.

Respectfully Submitted,



Robert P. Miller
Director of Animal Services

Department Recommendations

To achieve a balanced budget for **Fiscal Year 10/11**, each of the reductions will need to be made.

Recommendation 1: Reduce Unincorporated Officers (*Public Safety and Enforcement*)

Annual savings for this recommendation is \$551K and affects seven FTEs. If this option is deployed for **FY 10/11**, the net partial year savings is estimated to be \$328K.

This will result in slower response times, lack of service to lower priority calls, termination of services for owner requested surrenders or euthanasia in the field, and reduced ability to support large-scale events, such as natural disasters.

Recommendation 2: Reduce Veterinary Staff (*Spay and Neuter Program*)

Annual savings for this recommendation is \$391K and affects three FTEs. If deployed for **FY 10/11**, the net partial year savings is estimated to be \$296K.

This will result in fewer spay and neuter surgeries performed adding to the population of unwanted pets being born, animal aggression and public safety, and an increased demand from the public for such services.

Recommendation 3: Reduce Management and Administration

Annual savings for this recommendation is \$529K. If deployed for **FY 10/11**, the net partial year savings is estimated to be \$353K.

There will be an impact to operational oversight, administrative responsibilities, and overall organizational leadership.

Recommendation 4: Delay Opening of San Jacinto Valley Animal Shelter for Sheltering Animals until third party operating proposals have been analyzed and funding is available.

Expense Reduction Recommendations

Recommendation	FY 10/11	FY 11/12 (Annual)
Officer Reductions (7 FTEs)	\$328,000	\$551,000
Veterinary Staff Reductions (3 FTEs)	\$296,000	\$391,000
Management/Administrations Reductions (5 FTEs)	\$353,000	\$529,000
Overall Budget Impact	\$977,000	\$1,471,000

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Business History

In December, 2003, The Grand Jury of the County of Riverside submitted reports critical of the Animal Services Department. Unflattering stories and opinion letters were printed in local newspapers and citizens and employees addressed the Board of Supervisors alleging inhumane conditions at county shelters. The existing Director was perceived to be unapproachable by staff, the public and community organizations. The county contracted the Humane Society of the United States (HSUS) to conduct an audit and to provide an assessment of operations. This audit was conducted in April 2004 and the Director resigned the following month. A Task Force was established to prioritize and weigh each HSUS recommendation against available resources. The public was invited to comment and provide input during the process. An interim leadership team began to make recommended changes immediately and Robert Miller began with the organization as Director in February 2005. With participation of the new Director, the Task Force identified five priority areas that required special attention: adoption/fostering programs; animal care and field services; customer service; community outreach, education and volunteer programs, and administrative systems.

Robert Miller submitted a report to the Board of Supervisors (BOS) in 2005 setting forth the goals for the organization. He reported that "the public perception of the Department of Animal Services is that it provides poor customer service, lacks attention to detail, operates with staffing shortages, uses antiquated standards of care, has inadequate housing facilities, lacks veterinary and management oversight, provides minimal spay and neuter programs and has the most basic of adoption outreach." The goals identified for the department were: Increase healthy animal adoptions within the county; Decrease euthanasia county-wide; Improve the quality of health for the animals in the county's care; Develop strategic relations with agencies of all sizes and scopes of operation, private groups and donors, media contacts, political advocates, and the public in general; Expand spay and neuter services; Improve field services; Fully develop and employ the Chameleon™ software application through staff training and report development (*Chameleon™ is a business application software that is integrated into all aspects of DAS operations*); Develop a non-profit auxiliary to support Animal Services to augment the effectiveness of general fund support.

The Board provided the department with increased general fund support to reorganize and fill the positions required to ultimately achieve these goals. Each of these goals was successfully met by the department through a variety of activities. The euthanasia of healthy animals was officially ended before the close of 2005.

On July 12, 2006, Curt Ransom, Regional Program Manager, West Coast Regional Manager of The Humane Society of the United States conducted a field visit of the County of Riverside Department of Animal Services. He commended Riverside County for "providing a more appropriate animal services budget and a progressive staff to support implementing new programs and policies and procedures that have and are addressing most of the 2004 HSUS recommendations." He stated that, "RCDAS has made a transformation in management style, county support, policies and procedures and services to the community."

Economic Decline

During Fiscal Year 08/09 as the department monitored its revenue, it began to experience concrete evidence of the changing economic times. At the same time an ongoing increase in impounds (*both stray and owned animals*) was identified. Recognizing revenue targets would fall short by \$3 million, the department responded by increasing certain fees and reducing expenditures and programs. In addition to reducing programs, management and oversight was decreased, probationary staff was released, temporary personnel was released, unfilled positions were defunded, some staff members fell back to previous positions and others were laid off. Specific focuses for decreasing expenditures included: layoffs, voluntary demotions, overtime reductions, a freeze on purchasing equipment, a freeze on purchasing capital assets, and a reduction in travel and outside training. Revenue boosting strategies included fee increases,

increased use of donations to offset operational costs (*rather than to supplement operational costs*) and a focus on grant acquisition.

Programs and activities that were cut included: Adoptions, Behavior Assessment, Foster Care, Shelter Animal Life Enrichment, dog training classes, community event partnerships, Homeless Assistance, Humane Education, Offsite Adoptions, Senior Assistance Programs, events, promotional activities. Programs and activities reduced included: Rescue Partnering, dog license inspection, Customer Service, Public Safety and Enforcement in unincorporated areas, spay and neuter promotions, public access to spay and neuter, and the BOS-funded spay and neuter voucher program as the funding was not renewed.

During FYs 09/10 and 10/11, the Department received less Net County Cost (NCC) support as shown in *Table 1*.

Table 1

DAS Net County Cost FY06/07 to FY11/12

Fiscal Year	DAS Net County Cost
FY 06/07	\$13,465,117
FY 07/08	\$14,291,706
FY 08/09 w/5% Reduction	\$13,591,982
FY 09/10 w/ 10% Reduction (includes 303,927 labor concession)	\$12,002,955
FY 10/11 w/ 12% Reduction	$\$9,680,952 + \$1,015M\ OTI = \$10,695,952$ Less IUNA concession (\$293,534) = \$10,402,418
FY 11/12 w/ 12% Reduction	$\$10,695,952 - 12\% = \$9,412,438$ Less IUNA concession (\$175,875) = \$9,236,563
TOTAL DECREASE: (FY 07/08 compared to FY 11/12)	\$4,875,268

(*OTI = Operating Transfers In)

On January 20, 2010, the department closed the Banning shelter operation due to safety concerns after flooding was experienced from storm weather. Cities in the San Geronio Pass area concerned about the projected rates for sheltering and field services sought other organizations to provide contract services. The San Jacinto Valley Animal Campus, well under construction and projected to open in the Fall, was perceived to be a too expensive alternative for contract sheltering services for local cities. Ramona Humane Society elected to abandon the MOU that would have allowed them to become a closed-door admission facility partnering with the municipal arm, the County of Riverside, to provide care to community animals and chose instead to compete for municipal animal control contracts.

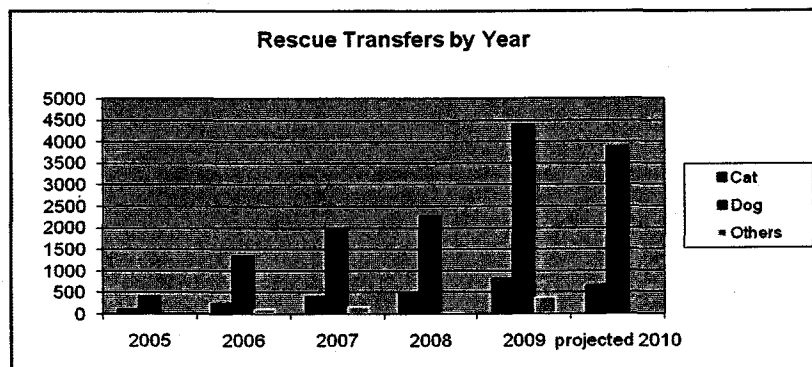
Impact of Revenue Shortfall on Organizational Goals

- Reductions to DAS were made strategically and in combination with reorganization to allow the department to continue to forge forward to maintain reduced levels of euthanasia, to provide management and staff with necessary training, to support animal adoptions and foster care, to promote volunteerism, and to improve administrative systems.
- The "award winning" Healthy Pet Zones™ program (CSAC Merit Award) resulted in a strong recognition that providing spay and neuter resources to underserved and low-income communities was the key to creating a

future Riverside County with fewer unwanted pets requiring sheltering. As a result, resources for spay and neuter efforts became the primary focus for seeking grants.

- Successful programs that were developed in response to the HSUS recommendations were imbedded into operational areas. Volunteers were trained and prepared to supplement those high-impact programs.
- Administrative functions were reorganized and improved to shift the greatest revenue to operational areas and more efficiently manage available resources. Specific outcomes have included:
 - integration of billing processes and overview with Community Health Agency;
 - shift of clerical contract activities to Community Health Agency and escalation of contract negotiations to department deputy directors;
 - development of monthly budget monitoring tool and regular communications both upward and downward of budget compared to actual expenditures;
 - segregation of duties as it relates to cash handling activities and implementation of random internal audits;
 - review and update of policies and formalization of standard operating procedures;
 - improved statistical reporting with footnotes and descriptors;
 - regular web-based reporting of intake and outcome data;
 - shifting of payroll, purchasing and personnel matters to managerial personnel in operational areas; and,
 - overall reduction in administrative personnel.
- A key initiative for this group is to revise the department fee structure to ensure proper reimbursement for contracted services. A DAS fee study was submitted to the County Auditor and the Executive Office in **March 2010**, with the intention of establishing contract rates by county ordinance. The Department is currently revisiting recommended fees using the Sheriff's methodology as a model.
- Recognizing the general economy's negative impact on adoption numbers, the department has improved its animal rescue partner relationships and, in spite of staff reductions, has actually increased the rescue rate as shown in *Chart 1*. In fact, the number of pets conveyed to rescue groups exceeded those adopted in **2009**.

Chart 1 (Additional department data charts may be found in Exhibit A)



Business/Service Description

Animal Sheltering

Animal shelters provide a safe haven for animals and function as the center of the community's animal care and control programs. Animals sheltered at the facilities include dogs, cats, horses and other livestock, rabbits, "pocket pets" including guinea pigs, hamsters, and reptiles. In addition to caring for the animals, DAS shelters provide education programs, spay and neuter, adoption, licensing and euthanasia services.

The County of Riverside currently operates three animal shelters in the cities of Blythe, Thousand Palms and Riverside.

- A replacement project in the City of Blythe is expected to be completed in **early November 2010**.
- A fourth facility in the City of San Jacinto is expected to be completed by the **end of October 2010**.
- The Coachella Valley Animal Campus in Thousand Palms **opened in January 2006**.
- The Western Riverside County/City Animal Shelter **opened in April 2010**. This shelter replaced the older facility on Wilderness Avenue.
- The new animal shelters improve the department's ability to provide quality care to homeless animals in Riverside County, but also increase department expense and overhead.

Animal sheltering services consist of:

- Impoundment, admittance, receiving, care, custody and feeding of any and all stray domestic animals or livestock.
- Impoundment of wildlife as may be delivered and/or received at the shelter until an appropriate wildlife agency can be contacted and the wildlife then transferred into their custody.
- "Care" includes, but is not limited, to providing a safe, temporary refuge for any animal impounded, and providing needed medical services for injured/sick animals before sale or transfer of animal to the appropriate agency.
- Sheltering also includes: redemption, treatment, sale, adoption, and/or disposal of any and all animals; counseling and advising animal owners; identification of animals and posting on shelter website; humane euthanasia of animals as lawful and necessary; care and maintenance of the shelter facility, including land and buildings.

Currently, there are 165 employees in DAS including 30 who provide direct care to animals sheltered in Blythe, Coachella Valley, and Western Riverside. There is one direct care position dedicated to Blythe; eight positions are dedicated to CVAC; and 17 are dedicated to the shelter in Riverside. There are four supervisors who oversee this staff.

In FY 2008/09, impounds from the unincorporated areas totaled 23,745 animals and 32,714 animals impounded from contract cities were sheltered in Riverside County animal shelters, totaling 56,459 impounds.

Policy and guidelines developed by the Humane Society of the United States (HSUS) provide suggested shelter staffing levels based on the average holding period and the animal population.

- Kennel caretaker duties, according to HSUS, include but are not limited to, feeding, cleaning animal cages, and routine maintenance tasks such as laundry, dishes, and lost and found animal checks.
- In Riverside County this scope of work is increased to include the additional tasks of overseeing animal adoptions by volunteers, owner reclamation, and providing customer service.
- Based on HSUS methodology, approximately 52 kennel caretakers, 22 for County and 30 for City animals, was the suggested staffing level for FY 2008/09.
- However, due to fewer contract cities in FY 2010/11, it is estimated that only 18 kennel caretakers are needed for city animals. Therefore, a total of 40 kennel caretakers would meet the HSUS suggested staffing level.
- Currently there are 26 kennel caretakers (*animal care technicians*) and four supervisors (*supervising animal care technicians*), showing a deficit of 10-14 staff members, if supervisors are included as suggested by the HSUS standards as shown in Table 2.

This program or area is not recommended for any reductions.

Table 2

Shelter Positions			
	DAS Current	HSUS Recommendation	Deficit
Staff	26	40	14
Supervisors	4	not specified	-4
Total	30	40	10-14

Public Safety and Enforcement Services

Public safety and enforcement services are necessary to pick up and impound dogs and other animals running at large, and contribute to the education of the community, cultivate public support and compliance with state and local animal laws. Riverside County animal control officers responded to 57,750 calls in FY 2008/09 and covered 7,000 square miles.

Public safety and enforcement services are provided to contract cities and unincorporated areas of the County in accordance with provisions prescribed by State and local law, including:

- conducting animal welfare investigations surrounding animal cruelty and failure to provide care;
- enforcement of all California State Laws, Riverside County Ordinances, and City Municipal Codes (*under contract*) including the issuance of warning notices or citations, as necessary, for violations pertaining to animals or animal-related activities;
- response to all calls for field service assistance and impound animals found at large;

- provide care and treatment to any stray or abandoned animal;
- investigation of reported bites by animals and the quarantine of all animals suspected to have bitten a person or other animal;
- respond to and process all stray and barking animal complaints and removal of dead animals from the public right-of-way;
- assist residents in removal of domestic or wild animals from privately owned traps;
- return of any lost or stray animals to their rightful owner; and,
- issuance of dog licenses and verification of dog license status when responding to requests for service and inspection and issuance of licenses to operate dog kennels and catteries.

Currently, 33 employees provide direct public safety and enforcement services to contract cities and the unincorporated area of the County. The cities pay for 11.6 animal control officers under contracts, while the additional 21.4 officers serve the unincorporated County. Officers designated to cities are not always available due to time off, injury or other and those lapses in staffing require unincorporated officers to fill in and ensure operational continuity for the city contracts.

An additional 11 personnel make up the command and management structure of the DAS Public Safety and Enforcement Division. Those command positions include five sergeants, three lieutenants, two captains, and one field commander.

Table 3

Animal Control Officer Positions						
	Human Population by Jurisdiction	DAS Current ACOs	DAS Population per ACO	ACOs per NACA Standard	NACA Population per ACO	Deficit of DAS ACOs per NACA
Contract Cities	477031	11.6	41123:1	26.5	18000:1	14.9
Unincorporated County	617000	21.4	28832:1	34.3	18000:1	12.9
Unincorporated County using City Ratio	617000	15.0	41123:1	34.3	18000:1	19.3

Although, there is no universally accepted methodology for determining the number of animal control officers for a jurisdiction, review of the HSUS standard and National Animal Control Association (NACA) standard recommend the ratio of officers to residents as a range from 1:18,000 to 1:25,000 and takes into consideration population density, square miles served and enforcement responsibilities.

- The National Animal Control Association (NACA) recommends one officer per 18,000 residents, as based on a national average. (See Table 3)
- The Humane Society of the United States (HSUS) recommends one officer per 25,000 residents, as based on a national average. (See Table 3)

- Currently, the population of unincorporated Riverside County is estimated to be 617,000 residents. The 21.4 animal control officers dedicated to unincorporated Riverside County equate to a ratio of one officer to 28,832 residents. Based on the lowest number of officers recommended by all the national standards, public safety and enforcement has a potential deficit of 12.9 officers, not including the command staff. (See Table 3)
- Contract cities have determined their individual needs and contracted for a total of 11.6 animal control officers to meet their demand. The contract cities have roughly 477,031 residents and using the current city contract service level equates to a ratio of one officer to 41,123 residents. (See Table 3)

In response to budget reductions, DAS plans to reduce staffing of animal control officers in the unincorporated areas. This decision considers the following:

- Should the county move to the same city ratio for unincorporated areas, this would result in the reduction of six officers. Both the current county and cities' ratios are significantly below the NACA recommendations. Moving the county to the cities ratio would require restructuring the priorities of officers and limitations placed on after-hours service.
- The overall size and geography of the county will place a further strain on providing basic public safety and animal control enforcement services with further officer reductions. For comparison, the total square miles for the unincorporated county are just over 6,000 square miles, while the incorporated cities are just less than 1,000 square miles.
- The impact of reductions in unincorporated officers will be significant. Low priority responses and even some medium priority responses may not receive service or service may be delayed for an extended period of time until an officer is available. Examples of low priority calls would include dead animal removal, non-aggressive confined strays, and field owner surrenders and euthanasia.
- Attempting to manage each of these concerns, DAS will restructure the public safety and enforcement division by re-establishing officer patrol areas, call priorities, standby and on-call officer hours and response types, and response times.
- When the county is in a position to allocate additional funding, refunding these positions would be an important consideration for maintaining health and safety in unincorporated Riverside County and meeting community expectations for service.

Veterinary Services

Veterinary Services includes spay and neuter surgery, shelter medicine, and public pet wellness services. The veterinary services team plays an integral role in community public health encompassing: rabies control efforts including animal bite reporting and prevention; zoonotic disease surveillance activities; and reporting of suspected disease outbreaks in impounded poultry and livestock.

California Food and Agriculture Code 30503 states in part, that no shelter shall sell or give away any dog or cat that has not been spayed or neutered.

- To meet this requirement, spay and neuter services are provided at the Riverside shelter by county staff and a non-profit is contracted to provide these services in the Coachella Valley and Blythe.
- Furthermore, in 1977, the residents of Riverside County voted in favor of an initiative that requires the County to provide low-cost spay and neuter services to the public.

California law also requires "prompt and necessary veterinary care" in addition to sterilization surgeries.

- These veterinary services include: examinations upon impound, vaccinations for contagious diseases, deworming and ectoparasite control, care for sick and injured animals and, unfortunately, euthanasia.
- Adoption-based and public health services include rabies vaccination and micro-chipping of individual dogs and cats, as well as public low-cost vaccination clinics.

Of primary legal necessity are requirements to investigate, impound, quarantine and report animal bites to the human population of the County. Dog licensing and rabies vaccination verification are integral to the State mandate.

In FY 2008/09: DAS veterinary teams performed 4,100 dog and 723 cat spay and neuter procedures and vaccinations were given to 3,041 animals.

Currently, 22 staff provides direct veterinary services at the three animal shelters.

- Based on the number of animals served in FY 2008/09, it was estimated that DAS required two veterinary surgical teams consisting of a veterinary surgeon, a registered veterinary technician, and an unlicensed veterinary technician with two or more volunteer staff members to sufficiently meet the minimal requirements for the Pat Merritt Pet Wellness Center located at the Riverside Shelter.
- Additionally, one veterinarian and the Chief Veterinarian were required to provide care and oversight of the impound population at the three animal shelters.
- It was also estimated that direct medical care, which is a 70-hour per week activity, as well as the euthanasia service team, required an additional nine licensed and unlicensed veterinary technicians for the three shelters, along with four supervisors and a program chief.

The DAS veterinary services division remains an integral part of the Community Health Agency (CHA) public health program. As such, animal disease surveillance and identification within the One Health concept of human, animal, and environmental health, remains a fundamental business priority. Cooperative relationships with the United States Department of Agriculture, California Department of Food and Agriculture, the University of California Davis, Western University, and local vector control districts depend upon the department for field observations and first-line diagnoses.

In response to budget reductions, DAS plans to reduce staffing of the veterinary surgical team. This decision considers the following:

- The reduction of one veterinary surgical team will decrease DAS's ability to respond to the public's current spay and neuter demands. There are very few resources in Riverside County for public low-cost spay and neuter services.
- Access to and promotion of spay and neuter is the best way to reduce pet overpopulation and in-turn, animal impounds. **Spay and neuter is a key long-term strategy** and an organizational goal for reducing the demand for municipal animal service programs.
- Attempting to manage this service gap, DAS will look to new private partnerships.
- When the county is in a position to allocate additional funding, refunding these positions would be an important consideration to keep moving in the direction of long-term solutions for pet overpopulation and homelessness.

Management

Currently nine percent of all employees are considered management. DAS has reduced management commensurate with other staff layoffs and continues to strive for a flat, lean organizational structure that emphasizes direct customer

and operational support. While DAS considers management to be lean, a proposal to decrease management will be discussed later in the plan as a further cost-savings measure to meet budget goals.

Specialized Qualifications

State and local laws require a number of specialized qualifications for certain positions within DAS. These include:

- Licensed veterinary medical doctors (DVM) who perform spay and neuter surgeries, in addition to other surgical procedures as required.
- DVMs are also necessary to diagnose illnesses and prescribe medications for injured or sick animals.
- Licensed, registered veterinary technicians (RVT) cannot perform these critical functions, but can work under direct and indirect supervision of a Veterinarian to provide care and treatment.
- RVTs are permitted to perform some diagnostic activities, administer medications and anesthesia, radiograph, vaccinate, and euthanize animals. Many of the DAS RVTs hold a Drug Enforcement Agency (DEA) issued controlled substance license, just like the veterinarians.
- Both DVMs and RVTs are licensed by the State of California Department of Consumer Affairs (CDCA). It is the veterinarian who holds the ultimate responsibility for all of the controlled substances used by the department as licensed by the DEA. California state law also restricts the use of controlled substances and personnel approved to administer controlled substances. (*Business and Professions § 4827 and Penal Code § 597v*)
- The chief veterinarian and the division manager train all staff members who perform euthanasia, saving external training costs. Similarly, most post-mortem examinations, investigative medical forensics, or disease surveillance are performed by DAS veterinarians.

Other specialized qualifications include:

- All staff performing euthanasia must be certified by a licensed veterinarian or state certified instructor in euthanasia with an eight hour certification course,
- All staff performing euthanasia must receive training on compassion fatigue,
- All animal control officers must attend *Penal Code 832* training (*POST 40 hour certification*) and POST firearms certification to write/issue criminal citations and shoot any type of weapon including a tranquilizer gun,
- Animal control officers require eight-hour certifications in both pepper/OC spray and baton/asp use,
- Animal control officers are required to attend the State Humane Academy (*80 hour certification*) for animal abuse investigations,
- All staff must be trained in all county required trainings and certifications such as Federal Emergency Management Agency (FEMA) related disaster response and incident command system courses/certifications.

Specialists/Contractors

DAS contracts with private veterinarians to provide additional services to augment activities in the in-house spay and neuter and the Animal Sterilization Assistance Program (ASAP) voucher program, as well as for public vaccination clinics. The department contracts with hearing officers to provide an independent appeal process responding to ordinance

violations (*barking dog, kennel violations, post seizures*) in addition to restraining orders resulting from animal control investigations.

Licenses/applicable laws

California state laws require:

- Animal control officers to take possession of stray or abandoned animals and that care and treatment are to be provided, the cost of which are to be paid by the owner. (*Penal Code § 597.1 & Food and Agriculture § 31752*)
- That no adoptable animal should be euthanized if it can be adopted; and, that no treatable animal shall be euthanized if it could become adoptable with reasonable efforts. (*Food and Agriculture § 31752, 31108*)
- Municipal shelters to be open during hours that permit working pet owners the opportunity to redeem pets during non-working hours. *Senate Bill 1785 (The Hayden Bill)*
- Aggressive promotion of spay and neuter programs to reduce pet overpopulation and to spay and neuter all animals adopted. *Senate Bill 1785 (The Hayden Bill)*
- Municipal shelters are encouraged to work with humane animal adoption organizations to the fullest extent possible to promote the adoption of animals and to reduce the rate of killing. *Senate Bill 1785 (The Hayden Bill)*
- Any location where veterinary medicine is practiced, including mobile facilities and animal shelters, be licensed and subject to inspection. Only a California licensed veterinarian may obtain this premise license from the Department of Consumer Affairs. (*Business and Professions § 4809.5, 4809.7, 4853-4853.6, 4854, 4856, 4875.3 & California Code of Regulations Title 17 § 2030, 2030.1, 2030.2*)
- All x-ray equipment must be registered and is subject to an inspection/compliance/safety process review by the Radiation Safety Division of the California Department of Health. (*Business and Professions § 4840.7*)

Prior to 1998, State law provided for a minimal holding period of 72 hours for stray dogs and cats impounded by a municipal animal shelter.

- With the passage of *Senate Bill 1785 (The Hayden Bill)*, the minimum impound time was increased to four or six days from impound, and other requirements were imposed on shelters.
- *Hayden Bill* mandates were unfunded and subject to SB 90 claims by the County. However, due to State budget constraints the Governor suspended the requirements for increased holding periods, which would trigger SB 90 reimbursements for **FY 2009/10** and will likely suspend again in **FY 2010/11**.

Senate Bill 1785 further requires the following provisions which were not redacted:

- Animals, prior to being euthanized, be released, if requested, to non-profit animal rescue or adoption organizations.
- In addition, shelters are to provide a lost and found list and keep accurate records on animals taken into possession.
- Shelters are entitled to collect, from the owner, the cost of caring for and treating any animal properly seized and the animal shall not be returned until the charges are paid.
- Shelters shall provide animals with necessary and prompt veterinary care, nutrition, shelter, and treat them kindly.

United States federal provision:

- A veterinarian retains complete responsibility for controlled substance ordering, storage, application, and reporting requirements through licensure with the DEA.

Currently animals are held as long as possible for adoption at Riverside County shelters.

DAS eliminated the previous system of allowing public holds on unavailable animals when the new euthanasia policy of "not euthanizing healthy adoptable animals" was implemented. The majority of adoptions occur within 72 hours from the time the animals state mandated holding period has ended. Additionally, pets that are ultimately redeemed by their owners follow the same trend.

Each day an animal stays at DAS shelters has some associated cost for caring for that animal. Establishing a limitation on the length of stay for animals impounded at DAS shelters would allow for some cost savings as it relates to boarding, husbandry care, feeding, and/or treatment of illnesses.

The impact of such a change would be far-reaching as it would have a dramatic change on the perception of the department that may negatively impact donations, volunteerism, potential granting opportunities, and possibly even city contracts.

A decision to change this must be weighed carefully and would require support from the Board of Supervisors.

Business Drivers

This section describes product/service marketing and how that is driven by the business environment. Additionally, the following business drivers are examined: growth potential, threats, and opportunities.

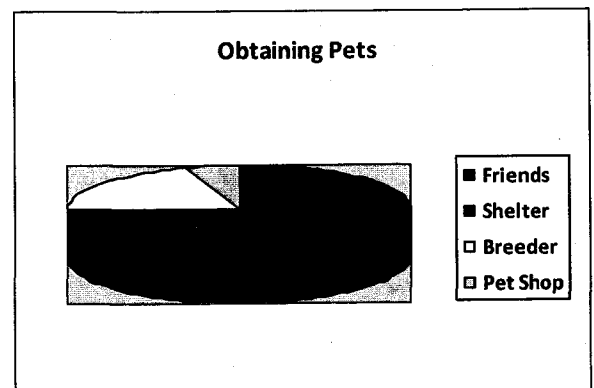
Product/Service Marketing

DAS is a service-based organization and is unique from many county departments because part of its operations is a retail business. When considering marketing, the various areas of focus are: Adoptions, Contract Services, Charitable Giving, Licensing and Social Marketing. Ongoing public relations activity is another form of marketing that is key to reinforcing a positive image of a department that the community is willing to embrace and support.

Adoptions: Retail marketing of dogs, cats, and other animals to the general public is the most direct marketing by the department.

- The product is a homeless animal that has been assessed for temperament and health to meet the organizational standards for "adoptable". Animals range from eight weeks of age, to those in their senior years. Before adoption each animal is vaccinated, micro-chipped and sterilized.
- Although some traditional marketing approaches do apply, price setting is done in accordance with social marketing concepts. Setting the price too low or as "free" lends to the perception that the animals are of little value; too high and the market share can be lost. The department has responded to this by setting a flat rate for adoptions. Additional flat rates are established to allow for promotions, with a short-term drop in prices. The overarching goal is to obtain the greatest number of live outcomes for shelter animals. Revenue obtained is secondary to the goal of placing animals in homes.
- The Board of Supervisors has invested in facilities designed to help customers overcome their trepidation of visiting "the pound". Clean modern designs, efficient air cycling, welcoming colors and materials are combined with a focus on displaying available animals to create maximum exposure. For example, puppy kennels are raised to provide for better viewing, dog kennels are staggered to confine viewing to a smaller selection of animals at a time, special display areas highlight specific animals, cat condos are raised to viewing levels and some cats are housed together to show their social behavior, "pocket pets" i.e., rabbits, rodents, and reptiles are placed in environments similar to pet store displays of these types of animals.
- The market for animal adoptions is people living in Riverside County and nearby communities; both homeowners and renters, families of all types, and frequently current pet-owners. The facilities tend to be visited by those who live nearby, or who pass by on a regular basis. However, marketing, especially web-based marketing broadens the market to those looking for specific pets.
- When seeking to adopt a dog, people have the options of going to humane societies, animal rescues, breeders, and pet stores and to adopt from private parties. According to a study by *Ralston Purina and National Council on Pet Population Study & Policy*, only 10-20 % of pet dogs and cats are obtained via adoption from animal shelters and rescues. The most common way for a pet owner to obtain a pet is from an acquaintance or family member. 15-20% are purchased from breeders and only 2-10% are purchased from pet shops. Given that the primary way families come to own their pets

Chart 2



are through acquaintances and family members, DAS recognizes that the more people who become part of our expanding family of community partners, the greater our opportunity to be the acquaintances and family members that connect others with shelter animals. (See Chart 2)

- The primary competitors for shelter animal adoptions are other animal shelters. The department's response to this is to collaborate with shelters to provide maximum possible adoption opportunities for homeless pets. The department has entered into relationships to provide local humane societies with desirable pets for placement through their organizations. A partnership currently in the discussion stages with the Mary S. Roberts Pet Adoption Center takes this relationship a step further and seeks to allow for direct infusion of humane society volunteers and staff to perform adoptions at the county facility.
- The 10-20 % of families who are seeking a new pet from a shelter or rescue is welcomed by the County Animal Shelters and has the ability to obtain a spayed or neutered pet that is vaccinated for a moderate price. That moderate price combined with the savings of not having that first expensive visit to a vet for shots and surgery coupled with the positive reward of "saving" an animal are the primary draws to the County Animal Shelter. Adoption prices set by non-profit animal shelters and rescue groups are higher than County adoption prices and tend to vary by each animal's desirability or special needs of an animal.
- The prices at Riverside County non-profits range from \$25 (*which does not include surgery cost*) to \$400 to adopt a dog or puppy and from \$25 (*which does not include surgery cost*) to \$150 to adopt a cat or kitten. DAS regular flat rate adoption is \$105 for dogs and \$85 for cats. A flat rate adoption was developed to take cost out of the equation when pet selection is made; to better match families with the right pets.
- Advertising and promotions are focused on creating and sustaining demand for shelter animals. To help create that demand, activities that center on bringing new segments of the population into County animal shelters are of primary import. These activities are often both fund-raising and awareness raising activities. To create a demand for an individual shelter animal, internet and media are used. In the Coachella Valley, Desert Paws, a non-profit group has been placing photographs of shelter animals in the local newspaper since the opening of the Coachella Valley Animal Campus. The success rate for adoption of these animals is high. In a more subtle way, our Public Information Specialist works closely with media to broadcast the stories of animals that come to the department with unique stories. Adoption of these animals has been significant.
- The Department has worked collaboratively with other community organizations to increase adoptions. A recent example was collaboration with the YMCA of Riverside that offered pet adoption coupons with new memberships during Homeless Pet Awareness Month this year. The City of Riverside collaborates with DAS to produce a weekly short video highlighting a pet of the week on their local cable access channel. To date all highlighted pets on the city access channel have been adopted.

Contract Services: Service marketing - provision of municipal services by contract to municipal entities, with the objective of leveraging common resources to help reduce cost and increase consistency between communities for greater overall health and safety.

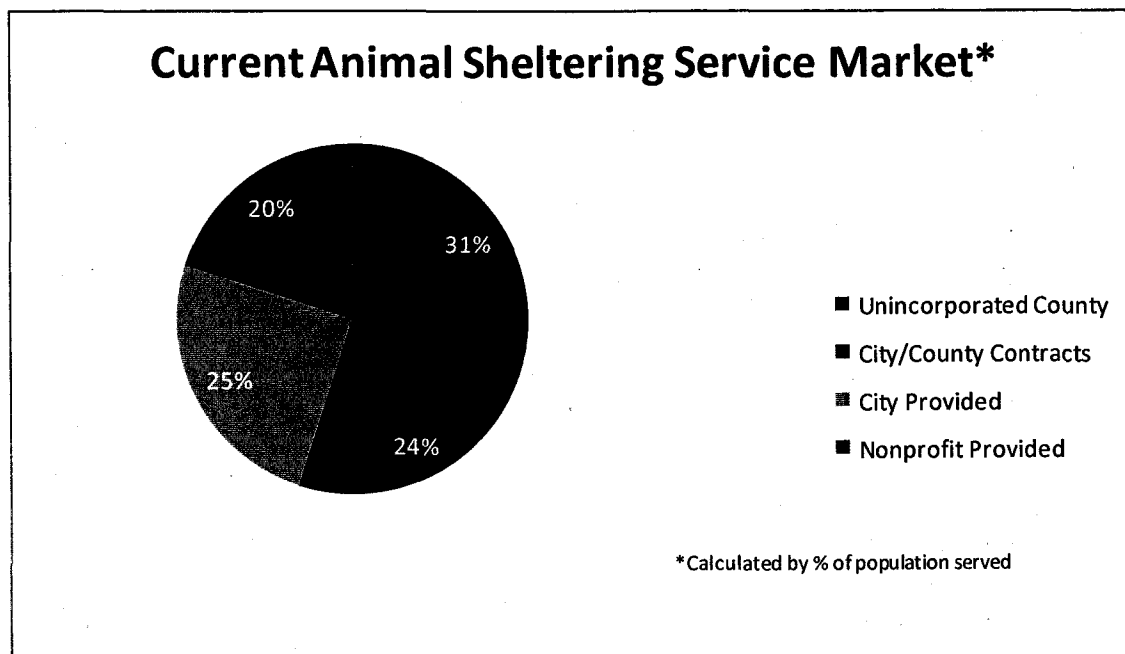
The two primary services offered are public safety and animal enforcement services and animal sheltering services:

- Public safety and enforcement services are fully described in the business/service description. These services are provided to contract cities in accordance with provisions prescribed by State and local laws.
- Animal sheltering services are fully described in the business/service description. When contracting for shelter services there has to be an agreement amongst the participants regarding the level of service provided at an individual shelter. Additional services include processing dog license sales, license inspection field teams,

community-based vaccination days, and spay and neuter bus activation. These services can be purchased as contract add-ons.

- As a public health organization tasked with controlling rabies in Riverside County, sales and marketing of state-required dog licenses provide a revenue source for the department and contract cities. This is one example of a contract add-on marketed to cities.
- The DAS fee study submitted to the County Auditor and the Executive Office in **March 2010**, recommended fixed rates for public safety and enforcement services and sheltering services.
 - Rates for enforcement services were based on the annual cost per animal control officer during regular working hours, with an hourly charge for overtime hours.
 - Animal sheltering costs are based on the shared cost of sheltering animals at the various county shelters with various city participants. Greater collaboration results in overall reduced costs based on cost sharing.
 - In keeping with the Riverside County Sheriff's model, DAS will recommend shelter specific sheltering rates when the recommendation is brought forward to the BOS.
- Two non-profit organizations in the County of Riverside offer contract sheltering services. Those two organizations are Animal Friends of the Valleys and Ramona Humane Society.
 - In **FY 09/10**, DAS contracted with Ramona Humane Society for sheltering services. The sheltering/impound rate was \$35 per dog or cat.
 - Animal Friends of the Valleys recently entered into a Joint Powers Authority (JPA) to provide animal sheltering. The sheltering cost established by the JPA is based upon actual cost, not to exceed \$1 million divided by the percentage of animals impounded equally allocated among JPA members. Based upon prior year impounds as reported to the California State Veterinarian in the Annual Rabies Report, this cost is equivalent to a rate of \$106 per animal.
- There are 26 cities in the County of Riverside.
 - The cities of Palm Springs, Indio, Moreno Valley, Perris, Corona and Norco have city animal shelters and provide city animal control field services. (*See Chart 3*)
 - The cities of Banning, Beaumont, Blythe, Calimesa, Canyon Lake, Hemet, Lake Elsinore, La Quinta, Menifee, Murrieta, San Jacinto, Wildomar and Temecula provide their own animal control field services but shelter their animals at County or non-profit shelters. (*See Chart 3*)
 - The cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, La Quinta, Palm Desert, Rancho Mirage and City of Riverside shelter their animals with Riverside County Animal Services. (*See Chart 3*)
 - The cities of Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Palm Desert, Rancho Mirage and Riverside contract with DAS to provide some or all of their animal control field services. (*See Chart 3*)

Chart 3



Charitable Giving: Charitable marketing: marketing the organization's work to donors, foundations, and grantors.

- As an organization dedicated to animal welfare, DAS is working to leverage these activities to attract financial contributions from foundations, corporations and private donors. According to Giving USA (2010) \$6.6 billion was given to animal welfare and environmental issues in the US in **2009**. Being a government municipal agency, Riverside County Animal Services is not usually eligible for foundation grant funding. In order to overcome this barrier, supporters of Riverside County shelters have organized to create non-profit 501 (c) 3 corporations to benefit shelter programs.
- These foundations include the Animal Solutions Konnection Foundation (ASK), Keeping Animals Safe Every Day (KASE), Friends of the Coachella Valley Animal Campus (FRIENDS), Death Row Dogz (DRD) and others based on the objectives of the projects in need of support. For example, a collaborative is in the works with Operation SafeHouse, a transitional shelter for runaway and at-risk teens. The SafeHouse program will provide teens with volunteer opportunities at the shelter and allow them to foster shelter animals at their facility that are too young for adoption. Through this program, the teens will be able to engage in positive activities to build life skills and self esteem, while helping shelter animals find loving homes. In turn, the program creates an opportunity for the Department of Animal Services and Operation SafeHouse to apply for funding to offset operational costs.
- In addition to seeking grant funding, our partner foundations are working with the Department to raise awareness, cultivate local community involvement and solicit contributions. In the US, contributions from individual donors rank highest, at 75% in **2009**, when compared to other contribution sources (*foundations, bequests, corporations*) as cited by Giving USA (2010). Therefore, it is imperative that individual donors not be

overlooked as a revenue source. The Department aims to garner the support from local community members through public awareness campaigns, hosting community events, and networking with community members, businesses and local organizations to position DAS for greater charitable revenue opportunities.

- Potential donors want to know exactly what their contributions will cover and what the visible outcome/impact of their contribution will be. To better define our actions, the services marketed to funders are structured as programs with measurable results. The product the Department is selling is the program, affiliation with the program and resulting visibility in the community through association. The price of the program has to be worth the value of the outcome in positive impact and publicity.
- A case in point is animal control; one would be hard pressed to find a funder willing to give for general operating support of animal control officers. It is generally assumed that the Board of Supervisors will gauge the need for animal control based on what is voiced from the constituency. However, programs can be created to involve aspects of animal control of interest to the public and funders. The development of the *Animal Emergency Response Team (AERT)* highlights the fact that animal control officers are called upon to rescue animals in need, respond to cruelty cases and take action in times of disaster, functions above and beyond seemingly normal day to day activities that require additional support. The donor/funder can feel good about the animals saved through these efforts and the high profile cases they had a hand in aiding, while the Department can offset the response expense.

Social Marketing: The greatest expense incurred by DAS is related to the high volume of animals entering our shelters every year and activities surrounding animal impounds and care.

- Once an animal enters our facility, that cost is fixed and incurred by the department. Subsequent adoption or redemption by the owner partially offset this expense, but does not recover the full cost. The best approach for reducing the expense to the Department is to focus on pre-impound strategies, preventing the animals from coming into the shelter in the first place.
- Communication of ideas to promote responsible pet ownership is key in preventing animal impounds by raising awareness of the benefits of spay and neuter, vaccination, identification, etc. As responsible pet ownership increases, the number of animals requiring a response by DAS decreases, along with the associated costs. Education should be conducted in all strata of the community and include children and adults taking into consideration ethnic and sociological demographic circumstances.

Another product is humane education programs to schools, volunteer opportunities for teens and adults at the shelter and in the community.

- Currently, character and violence prevention education have become mainstream topics in schools. Many states, including California, have mandated some form of humane education in K-12 classes. The *California Education Code* states, "Each teacher shall endeavor to impress upon the minds of the pupils ... kindness toward domestic pets and the humane treatment of living creatures ..." (*California Education Code § 51540.233-233.5*). Humane education programs can be developed that are readily available to fill the needs for schools to satisfy these requirements. These programs can be delivered by shelter staff or volunteers. Children's interest in animals makes the programs fun and in high demand.
- Humane education oriented lessons can take place at the shelter as well. Children can come and participate in a variety of programs from special tours and presentations, to youth "day" or "summer" camps revolving around the animals.

- The shelter conference rooms can be reserved for animal-themed birthday parties or other events that include humane education lessons, tours of the shelter and animal interaction. *A charge can easily be set for special events and camps to offset the cost to the Department and even raise funds.*

Individuals of all ages are attracted to animal welfare issues and many have the desire to make a difference. By offering volunteer opportunities for youth and adults, we can fulfill these desires while benefiting the shelter and our communities.

- Volunteers can assist in countless ways, from helping with daily shelter tasks, to working off site and special events. Volunteers can choose from opportunities that highlight their talents and interests, from interacting directly with the animals to clerical work or using people skills and engaging in artistic endeavors. Some examples of volunteer activities include animal enrichment and socialization or participation in the Annual Art for the Animals fundraiser.
- Many youth are required to volunteer or do some form of community service as a graduation requirement from high school. In addition, college students are often looking for community service or internship opportunities. By offering volunteer opportunities at the shelters, we can help fill their needs. Moreover, these volunteer activities can be leveraged to bring more resources into Riverside County shelters.

Constituents need to have access to services in order to comply with state and local laws and need to know where they can obtain those services. These services should be readily available at an affordable price. The topics of most crucial importance for preventing impounds are:

- **Promotion of spay and neuter** is the best way to reduce pet overpopulation and in-turn, animal impounds.
- **Licensing of dogs** assists with enforcement of animal-related laws, identification, rabies control and re-homing lost pets.
- **Vaccination**, in addition to general pet disease control, aids with pet identification and rabies reporting and licensing enforcement.
- **Leash law enforcement** promotes responsible pet ownership, reduces strays, and reduces potential animal/human and animal/animal conflict.

Growth Potential

DAS strategic revenue growth potential is focused on three areas outside Net County Cost; new city contracts, grant opportunities, and private donations through the public or foundations.

- **City contracts** consist of expanded service that adds expense to DAS operations, but through mutual partnership, DAS is able to leverage greater resources to meet the service demands of all jurisdictions, county and cities.
- **Grant opportunities** are few for municipal animal control agencies and most will only grant funds to non-profits. For this reason, DAS is collaborating with the ASK Foundation. This collaboration allows access to 80% more grants than available directly to a municipal organization. ASK Board of Directors has been granted access to the Economic Development Agency's eCivis database, which houses a plethora of available grants including all related grant information required for application. DAS and ASK currently have \$449K in grant requests out for consideration.

- *The third growth potential is two-pronged. The first prong is **direct donations** to DAS. An example of this occurred last fiscal year when the Department received a direct donation of more than \$100K from an estate. Marketing that potential to residents performing estate planning is a prime example of this growth. The other prong involves the financial support from **DAS foundations**. Currently DAS has four primary foundations that support programs and operations. These four foundations fund general operational needs, program needs, events, and capital improvements.*

Opportunities

Opportunities exist within the current economic climate. The largest opportunity is bringing cities into partnership with the county. While this may be in the form of a JPA or services provided by a third party provider or simply through contract collaboration, the opportunity of combining resources for greater leverage will have some attraction to non-contract cities and can result in lower service cost for the cities and the county. Other opportunities include cost neutral partnerships with nonprofits, partnerships with local veterinarians; grant funding that directly offsets budgeted operational cost.

Threats

Loss of City Contracts: Facing an uncertain fiscal future, most cities are looking at program reductions to bring their budgets into balance. Unfortunately, animal care and control is often one of the first programs to suffer under these conditions when municipalities face reductions in other vital public safety programs. The longer the economy takes to recover, the greater the potential losses for animal service programs. This cycle of cities breaking off from the county to an alternate provider is not uncommon and in many cases the cycle continues with cities returning to the county. The current recession, unfortunately, was so severe that DAS saw a greater break off than most county organizations see in a normal cycle. This has resulted in a greater loss of DAS staff connected to city contracts and, more critically, loss of economies of scale resulting in a higher sheltering cost for the county and the remaining contract cities.

Managing through tough economic times requires a proactive approach to preventing losses in existing city contracts or establishing new city contracts. DAS needs to place a special focus on the added value associated with its expertise, its proven abilities to address issues the jurisdictions face, a focus on operational revenues and the utilization of special services. DAS features such special services as highly trained professional animal control officers, established relationships with fire and sheriff for emergency response collaboration, state-of-the-art shelter facilities, strong relationships with the District Attorney's office for successful prosecution of animal neglect and cruelty cases, modernized fleet and support equipment, high-end database management system, web-based dog licensing, interactive website for pet adoptions and searching for lost pets, highly educated and licensed veterinary services team for onsite medicine and surgery, and a host of other benefits.

Competition from nonprofit organizations: The downturn in the economy affects non-profits as well. Donations, grants and endowments decrease. As a result, some of these organizations may seek to earn additional revenue by offering municipal services to cities or counties. These organizations employ a labor pool that is poorly compensated and greatly supplemented by volunteers. With resulting lower personnel costs, these organizations attempt to underbid municipal competition. In most cases, the services of non-profits are not a direct comparison to those of municipal providers. Unfortunately, some cities are enticed to contract these services to non-profits. This scenario is not limited to Riverside County, but other communities across the country have experienced similar transitions that have ultimately resulted to a return to counties for services.

Decreased ability to meet long-term strategic and organizational goals: Continued staff reductions coupled with funding reductions related to animal care and population control will delay or impede the department's ability to meet its primary organizational goal: Reducing the unwanted pet population, thereby ending unnecessary pet euthanasia and reducing demand for animal care and control. Strategies for dealing with this threat are contained within this plan.

SB 90 Audit: The State has launched an audit of all municipal animal care organizations who submit SB 90 claims. Early pre-audit results of DAS identify a potential impact to county SB 90 claims stemming from pre-2007 claims. DAS is working closely with state auditors to mitigate the impact. *It's possible the impact could be one million dollars or more.* As DAS is not the direct recipient of SB 90 dollars the impact will not occur at the department level, however it would affect the county SB 90 claims as a whole.

Organizational Goals

The Primary Long-term Organizational Goals is to reduce the unwanted pet population, thereby ending unnecessary pet euthanasia and reducing demand for animal care and control.

The following are **ten short-term organizational goals** to achieve sustainability during **Fiscal Years 10/11-14/15**:

- Maintain decreased euthanasia rate of 50-60% of animals impounded county-wide.
- Leverage strategic relationships with agencies of all sizes and scopes of operation, private groups and donors, media contacts, political advocates, and the public in general to offset program gaps and related costs.
- Maintain relationships of non-profit foundations support of DAS to augment county general fund support.
- Obtain funding awards for a minimum of 30% of grant submittals.
- Increase spay and neuter resources county-wide for residents.
- Work with EDA to establish a CSA to fund expanded spay and neuter services county-wide or to provide public safety and enforcement services.
- Maintain professionalism of staff through in-house training programs and collaborations with other local law enforcement agencies.
- Maintain health and safety of people and animals in Riverside County, in accordance with State and local mandates for animal control.
- Manage reduced resources to meet operational goals. (*See Budget Goals*)
- Retain 100% of existing city contracts and acquire new contracts to gain economies of scale.

Financial Outlook

Revenue

The Department budget has \$9,680,952 in NCC this fiscal year. An additional \$1,015,000 one-time NCC contribution was provided in the final BOS approved budget for FY 10/11 as an Operating Transfer In. The BOS has indicated that they will contribute \$200K for ongoing operations to recognize the county subsidy to the CVAC shelter operations for the first quarter of the fiscal year and consider further contributions.

Although license revenue is projected to increase as a result of the license fee increase, other income areas are falling short of budget projections. These areas are:

- Revenue - City Contracts (*\$1.4 million shortfall projected*)

The Department is correcting its projected earnings for contracts as part of the first quarter report. \$1.4 million in budgeted revenue is not projected to materialize. This is directly related to the loss of city service contracts.

- Revenue – Program Revenue (*\$300K shortfall projected*)

The Department is keeping a close eye on Program Revenue **during FY 10/11**. Early indicators are not positive. The Program Revenue which is tied closely to the Administrative Citation Program was budgeted to net \$400K. During the first quarter only *one percent* of the annual projection has been received. While it is recognized that the greatest revenue impact should be in the late Spring, monthly income is still short of expectations. Currently DAS has over *\$1.2 million in unpaid citation revenue*. Some portion of these revenues will be realized over time in response to the newly implemented Canine Licensing Program (CLP) described in this document.

- Revenue – Contributions and Donations (*\$100K shortfall projected*)

This line item includes contributions from individual donors, contributions from Foundations and grants received by the department to offset operational cost. The Department budgeted \$346K for this line item.

Donations from individual donors are on track to provide \$14K this year. Currently pending proposals and letters of interest for grants total \$449K. If DAS is successful in funding 30% of these grants, it will receive approximately \$135K.

DAS is projecting \$50K from each of the two largest supporting foundations.

By tracking donations and grant submittals, DAS will be able to ascertain if this budget item requires reassessment. At this time it is estimated to fall \$100K short of budget. This shortfall is being monitored and may be adjusted at mid-year.

- Revenue – County Animal Licenses

The department expects to exceed budgeted revenue for County Animal Licenses (*\$400K surplus projected due to fee ordinance increases*) This revenue line item was increased **on August 10, 2010** and the department has this noted in the first quarter report.

Expense

DAS is projecting expenses for **FY 10/11** as \$18,200,522, leaving a projected surplus of \$731,496. This surplus will be applied to shortfalls in department revenue.

FY 10/11 Budget Revenue vs. Expense Projection

The revenue vs. expense summary highlights for FY 10/11 shows a department shortfall of \$1.7 million primarily due to city contract revenue loss. Expenditures are being closely controlled by DAS. The department projects the total expenditures to be \$18.2 million. This projection shows a DAS savings of \$731,496 in expenditures, leaving a balance of \$933,204 in projected budget deficit for the current fiscal year. See table below:

Table 4

FY 10/11 Budget Projections			
	Budget	Projected	Variance
Revenue	\$18,932,018	\$17,267,318	(\$1,664,700)
Expense	(\$18,932,018)	(\$18,200,522)	\$731,496
Totals	\$0	(\$933,204)	(\$933,204)

Due to revenue shortfalls, the department must reduce expenditures to meet reduced revenue. The following section of this document, Budget Goals, details how the department plans to achieve budget structural balance.

Recommendations to Achieve Budget Goals

Budget Goals

- Bring **FY 10/11** Budget into Structural Balance
- Align DAS to respond to projected 12% NCC decrease in **FY 11/12**
- Operate San Jacinto Valley Animal Shelter and Coachella Valley Animal Campus at no additional cost to DAS
- Maintain current staffing levels in animal care and sheltering

DAS Actions

DAS has launched an enhanced, department-integrated canine licensing and citation compliance program to increase rabies vaccination and license compliance. Currently DAS has over \$1.2 million in unpaid citation revenue. Some portion of this revenue will be realized over time as the collections program continues. The anticipated increase in **FY 10/11** revenue is \$50K, but significant gains are projected for the coming years. Anticipated increased revenues are projected to be \$450K in **FY 11/12** (\$90K savings from bringing the citation program in house, \$260K revenue increase for additional new dog licenses, and \$100K for utilization of the Interagency Intercept Program).

DAS currently spends \$120K annually for rendering services. Changing from a vendor to utilizing county landfills is being explored by DAS. This change would require a one-time purchase of a transport truck and other ongoing expenses related to using the county landfill. This would place a new responsibility on current staffing levels and operational/employee relation issues still need to be vetted out. Discussions with Waste Management have begun. No savings are projected for the current fiscal year due to vehicle purchase and landfill costs, but \$80K in savings is projected for **FY 11/12**.

Continued NCC Support

One option available to the BOS is continued short-term NCC support until new contracts can be established at CVAC. Currently the County/DAS is subsidizing the shelter operation by \$800K annually and the existing contracts do not expire **until January 2012**. The BOS has committed to a one-time \$200K additional general fund contribution in the **FY 10/11 first quarter**. Continued NCC support for the remaining fiscal year would eliminate an estimated \$600K budget shortfall.

A continued commitment by the BOS to subsidize the CVAC **through January 2012** would aid in meeting budget reduction targets for **FY 11/12**. By then, new contracts or a new staffing model can be negotiated to eliminate the \$800K annual subsidy by the county and net a \$400K savings. DAS recognizes that, due to the county's overall financial state, this option may not be viable and cost reductions may be required as described below.

BOS subsidies for the current fiscal year would reduce, but not prevent layoffs to help bring the current year budget into structural balance. This option is not recommended.

Expense Reduction Recommendations

The following expense reduction recommendations are *short-term strategies* to achieve budget goals. To achieve budget structural balance, each of the reductions will need to be made this fiscal year.

Recommendation 1: Reduce Unincorporated Officers

If DAS moved to the ratio of officers to population that our contract cities maintain, the unincorporated unit could be reduced by six officers and therefore incur both salary savings and associated Appropriation 2 savings. This staff reduction would enable the reduction of one sergeant, further increasing savings. Although savings netted by this reduction are considerable, these lower ratios of officers to population are significantly below the NACA standard, as described in Business/Service Description. Additionally, unlike most cities, the overall size and geography of the county unincorporated areas will place a further strain on providing basic public safety and enforcement services, increase response times and result in responses to only high priority calls.

The impact of reductions in unincorporated officers will be significant. Low priority responses and even some medium priority responses may not receive service or service may be delayed for an extended period of time until an officer is available. Examples of low priority calls would include dead animal removal, non-aggressive confined strays, and field owner surrenders and euthanasia. Furthermore, officers are utilized to augment the staffing in euthanasia and animal care when these programs are short-staffed. The department will terminate the following services in the field:

- Owner surrenders in the field
- Owner requested euthanasia in the field
- Transportation of out-of-jurisdiction animals to the proper jurisdiction
- Assisting county residents with wildlife removal/relocation (*except in cases of public safety*)

Annual savings for this recommendation is \$551K and affects seven FTEs. If this option is implemented for FY 10/11, the net partial year savings is estimated to be \$328K.

Recommendation 2: Reduce Veterinary Staff

The reduction in one surgical team would allow the defunding of one veterinary surgeon and one veterinary technician. An additional RVT supervisor will also be defunded, resulting in salary savings and associated appropriation 2 savings. While the savings are considerable in meeting budget goals, the end result will be fewer spay and neuter surgeries performed and an increased demand from the public for such services. This reduction will have a negative impact on controlling the unwanted pet population of Riverside County and public safety. The department will restrict the following service:

- DAS will no longer provide spay and neuter surgeries, except to qualified low-income residents.

Annual savings for this recommendation is \$391K and affects three FTEs. If implemented for FY 10/11, the net partial year savings is estimated to be \$296K.

Recommendation 3: Reduce Management

The current management structure of DAS represents 9% of total staffing; it was 11% prior to previous reductions and reorganization. Continued redistribution of management responsibilities will provide another two percent overall reduction in management, creating savings. DAS management has been reduced significantly over the past two years and further reductions will impact operational oversight, administrative responsibilities, and overall organizational leadership.

- DAS management includes staff in the decision-making process via policy and procedure committee participation. These committees will provide staff with direct input into organizational decisions.
- Existing leadership will be redistributed to better respond to organizational needs and will bear greater responsibility, share of organization oversight, and accountability.

Annual savings for this option is \$529K. If implemented for FY 10/11, the net partial year savings is estimated to be \$353K.

Recommendation 4: San Jacinto Valley Animal Shelter

Delay Opening of San Jacinto Valley Animal Shelter for Sheltering Animals until third party operating proposals have been analyzed and funding is available. (See *Strategic Initiatives: Strategy Two*)

Table 5

DAS Actions and Expense Reduction Recommendations

Strategy	FY 10/11	FY 11/12 (Annual)
Dog License (CLP) Increase	\$50,000	\$450,000
Animal Disposal Cost Reduction	\$0	\$80,000
ACO Staff Reductions	\$328,000	\$551,000
Veterinary Staff Reductions	\$296,000	\$391,000
Management Reductions	\$353,000	\$529,000
Overall Budget Impact	\$1,021,000	\$2,001,000
BOS CVAC Contract Subsidy (Not Recommended)	\$800,000	\$400,000
Budget impact with BOS subsidy of CVAC Contracts	\$1,827,000	\$2,401,000

Five Year Plan

Current year reductions and new program revenue will allow DAS to meet the FY 11/12 reductions of 12%. The above action steps achieve the 12% reduction, assuming no additional BOS NCC support, and would establish budget structural balance moving forward. As County General Fund recovers and as funding becomes available, DAS will recommend refunding the following programs/areas over the remaining three Fiscal Years of the Five Year Business Plan (as prioritized):

- Public safety and enforcement officers
- Animal care staff
- Veterinary spay and neuter service personnel
- Management commensurate with the above priorities

Layoffs and expenditure reductions have had a powerful impact on departmental staff and management. Survivor guilt, insecurity, emotional distress, and anger are some of the emotions experienced by the dedicated, hard-working team that is depended upon to maintain the organization. Leading the department through the year of greatest reduction and into the anticipated recovery is a critical focus. The department is currently working with Human Resources (HR) and the Center for Government Excellence to implement various actions to help staff and managers during this difficult time.

- A classification study for animal care technicians is under development and will be recommended when funding becomes available for reclassification of staff under this new series.
- Performance management has been stressed to supervisors and managers with an emphasis on consistent employee feedback and evaluation.
- A policy committee made up of line staff and led by the Director gives employees an opportunity to express ideas and provide direct input into policy.
- A process committee made up of line staff and led by a Deputy Director gives a different group of employees the opportunity to refine and improve departmental processes, leverage resources and eliminate redundancy.
- The HR Center for Government Excellence is preparing to initiate discussions with DAS staff to identify what they need to help them through this period.
- The Department will continue to hold its annual meeting and awards ceremony to honor employees' achievements and provide a vision for the department's future.
- An intranet site for staff has been kicked off. The site includes necessary resources, self-help tools, and information of interest to employees as well as a direct line to management to verify rumors and make suggestions.

Other resources are critical to the department's success. These include: volunteers, partner organizations, foundations and donors. Some examples of activities that are currently underway that will be expanded upon in the coming years are: establishment of a volunteer leadership program to support volunteer functions; collaboration with the Mary S. Roberts Pet Adoption Center for animal adoptions, to augment current available public spay and neuter services, and to seek grant funding; internships for local college students have begun; and, foundations have implemented "adopt-a-cage" programs to provide direct operational support.

Emphasis is placed on building new and maintaining existing relationships with these individuals and organizations. DAS will continue to leverage internal county relationships with other departments such as Waste Management, Public Health, Social Services, Code Enforcement, Auditor-Controller, and others to meet business goals with limited resources.

Strategic Initiatives

The business plan for DAS consists of six *long-term strategies* to achieve budget and organizational goals. These strategies are:

- Canine License Program (CLP)
- Alternatives for sheltering at San Jacinto Valley Animal Campus
- A new model for the Coachella Valley Animal Campus or contracts renegotiated to eliminate County subsidy
- Establishment of a County Service Area for a spay/neuter or public safety and enforcement parcel assessment
- Partnering with local nonprofits for on-site adoption services
- Actively updating contract fee rates, maintaining current and seeking additional contractual relationships

Strategy One: Canine License Program (CLP)

Strategy one is already being implemented because it is a primary activity to achieve budget goals during the current fiscal year. However, this new approach to licensing has potential cumulative results that make the CLP a key initiative. The CLP includes: bringing the administrative citation program in-house, launching a web-based license purchase/renewal program; increased field license canvassing activity; utilizing the Interagency Intercept Program (IIP) to collect outstanding or unpaid citation fees; and gain further compliance by community veterinarians to provide rabies vaccination certificates.

The revenue impact **during FY 10/11** is identified to be a \$50K increase. Year two of the established integrated licensing and citation compliance program includes increased revenues projected at \$450K for the program **for FY 11/12** (\$90K savings from bringing it in-house, \$260K revenue increase for new dog licenses, and \$100K for utilization of the IIP).

Future fiscal years will see compounded revenues with each additional animal added to the DAS database, as well as greater increases in incomes obtained through the intercept program. Department compliance is currently at 21% and the short-term goal for CLP is to achieve a 35% compliance rate by **end of FY 11/12**. This goal would provide an additional \$350K annually in new dog license revenues. This compliance goal is similar to the compliance currently seen in Orange County and the City of Los Angeles. *(This goal does not include late fees or citation fees.)*

Strategy Two: San Jacinto Valley Animal Shelter Staffing Alternatives

DAS does not currently have funding available to open the new San Jacinto Valley Animal Shelter. DAS is working with County Purchasing to solicit bids from third-party providers through a Request for Qualifications (RFQ) process to assess the cost associated with utilizing a vendor to provide the shelter services at the San Jacinto Valley Animal Shelter. DAS will present a cost comparison to the BOS outlining the staffing options and related costs between county provided services versus a third-party alternative after proposals are received. Selection of any provider for this service will require funding. The department recommends delaying the opening of the new facility for animal sheltering until third party operating proposals have been analyzed and funding becomes available.

DAS does recommend a partial opening of the facility after construction is completed limited to the relocation of the department's animal control officer substation from leased space in the City of Hemet. This move will allow the department to test the facility's critical power and HVAC infrastructure during the warranty period and provide a cost savings to DAS through the termination of the lease agreement for office space. The department has been allocated funding to operate the facility in this limited capacity.

If the County elects to use a third-party provider, for-profit or nonprofit, this may require a meet and confer with each of the collective bargaining units which have members in DAS (LIUNA and SEIU).

Strategy Three: Coachella Valley Animal Campus Sheltering Alternatives

Current contracts for CVAC will expire **on January 16, 2012**. This facility is governed by a Commission established through the Coachella Valley Association of Governments and overseen by DAS. Options available to the Commission members include: maintaining current service levels with equally shared costs resulting in contract increases to cities; hire a shelter manager and staff to operate and manage shelter independent of the county with equally shared costs; solicit bids through an RFQ process for a third party provider and equally share cost among participants. All three options would provide service continuity to residents and end all current county subsidies being provided to contract cities. The department will bring these options forward to the Commission in the near future.

If the JPA elects to use a third-party provider, for-profit or nonprofit, this may require the County to meet and confer with each of the collective bargaining units which have members in DAS (LIUNA and SEIU).

Strategy Four: County Service Area

Work with Economic Development Agency (EDA) to explore a County Service Area (CSA) to provide parcel assessments to offset county spay and neuter or public safety and enforcement services. Based on \$2 per parcel assessment, it is estimated to net \$2 million annually starting in **FY 12/13**.

This strategy is complicated and requires a ballot initiative and voter approval. This will also require the hiring of a consultant to help gauge anticipated initiative success. An advertising campaign would be required to gain voter support. These costs may potentially be subsidized by other funding sources. DAS will continue to explore this opportunity with EDA and the Executive Office.

Strategy Five: Nonprofit Partnerships for On-site Adoption Services

DAS is discussing a partnership with the Mary S. Roberts Pet Adoption Center (*Formerly Riverside Humane*) to staff and operate the adoption portion of the new Western Riverside County/ City Animal Shelter. This partnership would allow DAS the ability to bring back a dynamic and proactive approach to animal adoptions; all previous county adoption staff have been laid off.

This pilot effort, if successful, will provide a model for the Coachella Valley Animal Campus. This partnership will not reduce any expenses and will result in adoption revenue losses, but would increase service levels to constituents and help maintain or increase the DAS organizational goal of lowering animal euthanasia. If pilot effort is launched, it may provide a new model for provision of adoption services at all county operated facilities, successfully partnering with private organizations at county facilities.

This type of partnership is not limited to animal adoption services and in fact, DAS currently utilizes a for-profit business to provide state-mandated public low-cost vaccination clinics at the Western Riverside County/City Animal Shelter. DAS will continue to explore other areas of opportunity for such partnerships, both nonprofit and for-profit.

Strategy Six: Contract Fees, Retention, and Acquisition

City contract retention and new contract acquisitions are important to gain economies of scale. A key strategic initiative for DAS is becoming more competitive or attractive in the market to add new city contracts to leverage greater resources for all involved. Our strategy is to meet with cities regionally to strive for agreement on service level and cost, with an emphasis on affordability. The greater number of cities that come on board, the more fixed costs can be

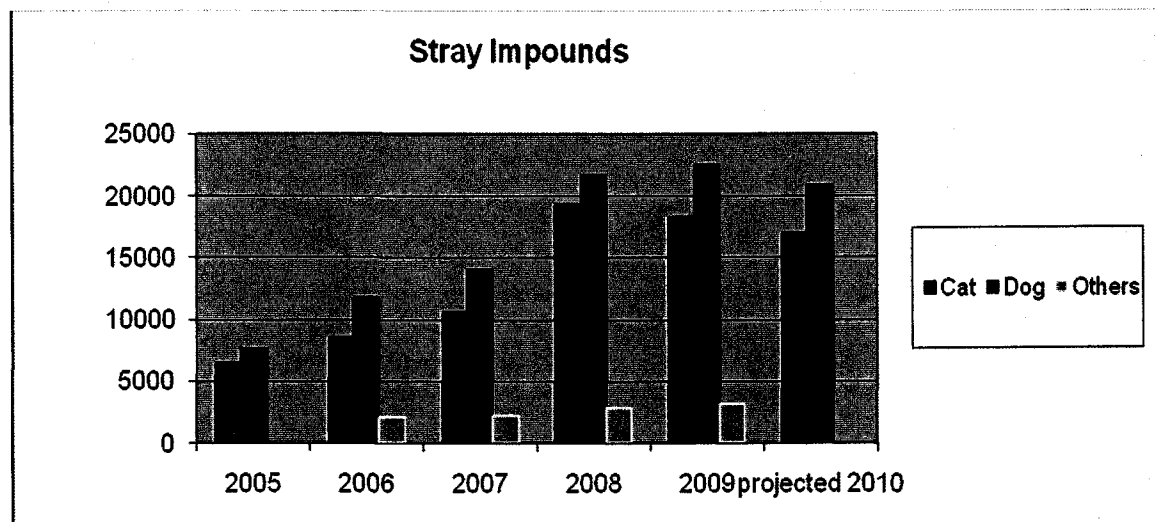
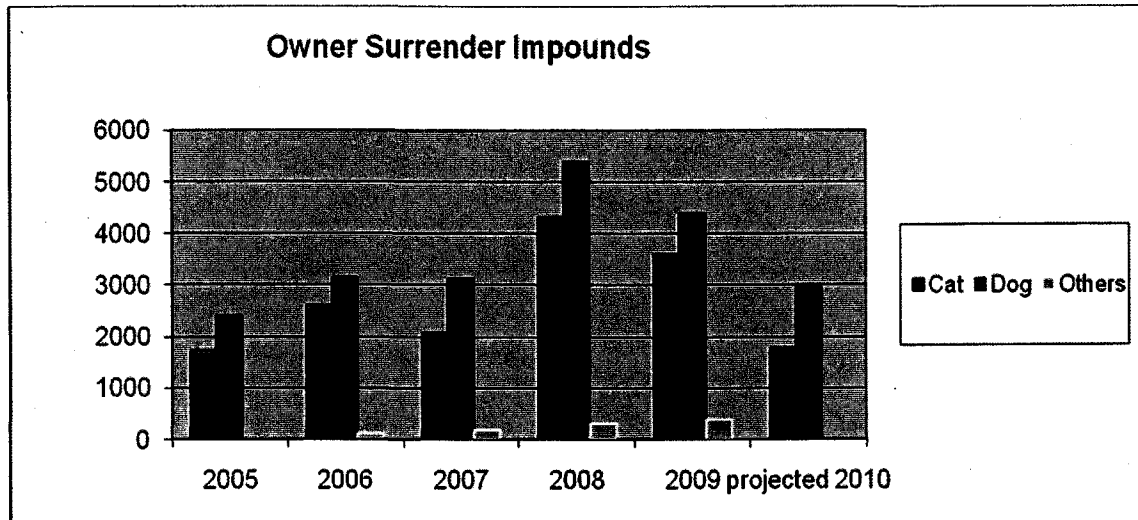
distributed. This will reduce costs per unit and therefore rates. This may be accomplished through JPAs or contractual relationships. New BOS approved contract rates will also be key to this initiative.

While DAS cannot compete at the salary and benefits levels of non-profits, DAS can promote greater public safety and other attributes that make its service more desirable based on professionalism and training, ability to fill in staffing gaps due to its organizational size, modernized shelters and emergency response equipment, diversity of programs, modern database system, and a myriad of other positive benefits.

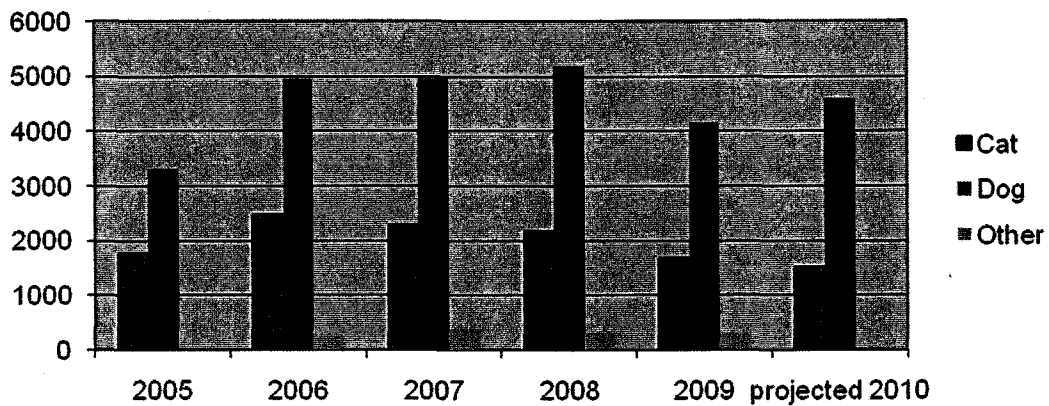
EXHIBITS

Exhibit A

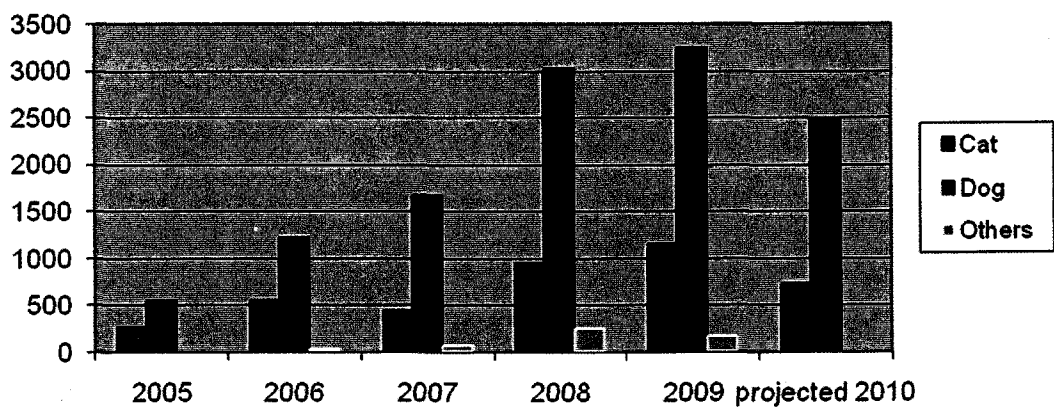
Department Data



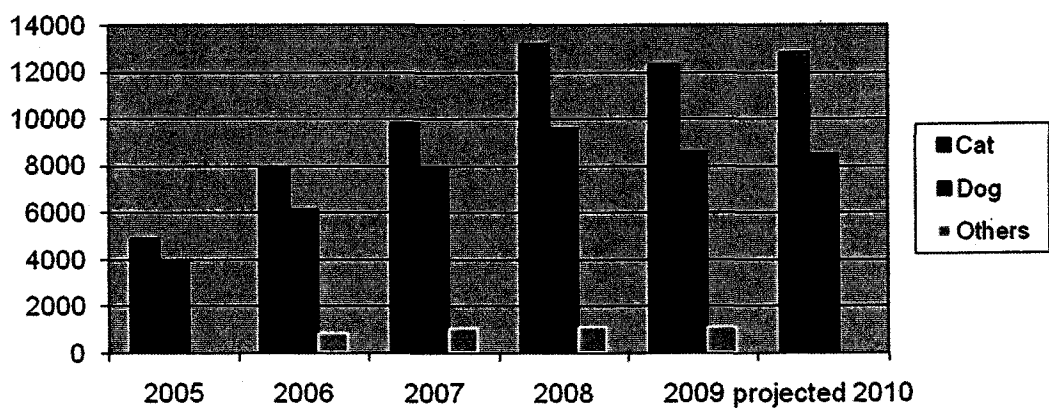
Adoptions by Year



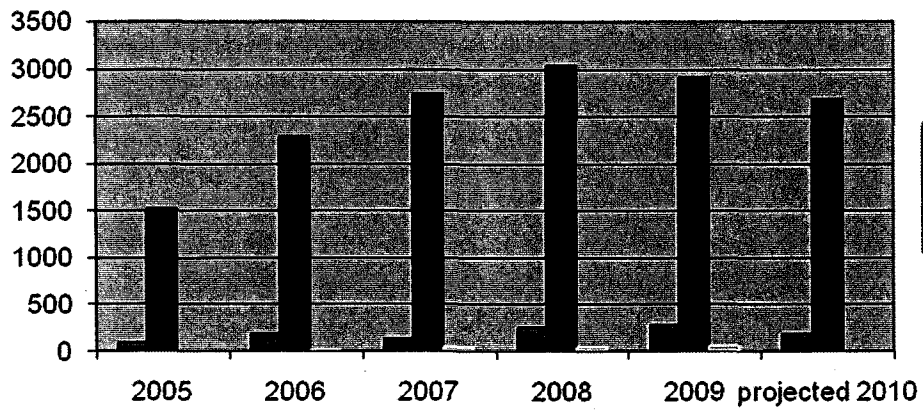
Euth Requests by Year



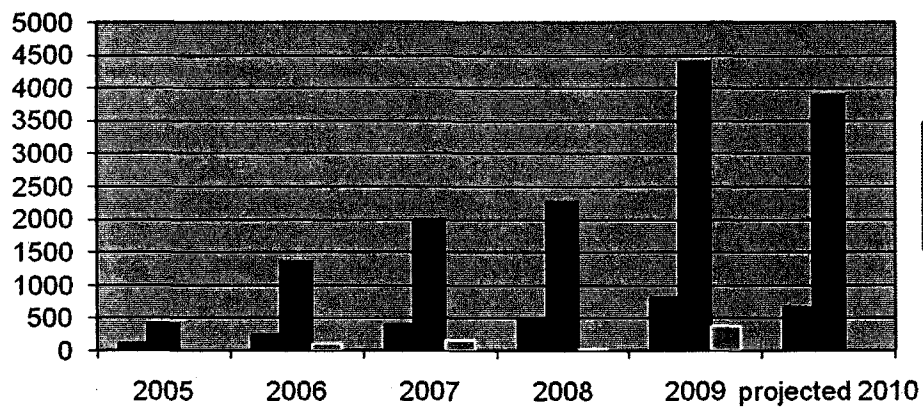
Euthanasia by Year



Pets Returned to Owner by Year



Rescue Transfers by Year



Attachment F Criteria for Closing Fire Stations

The Fire Chief proposes the following criteria to determine station closures:

- Emergency incident workload both within the first due area of the fire station and in nearby backup response areas however just because a fire station runs fewer alarms doesn't mean it will have less impact on the regional delivery of services.
- Proximity to other system fire stations using the existing Fire Department criteria for response based on community population density and land use. Current density response criteria:
 - 5 minutes for Heavy Urban (large commercial industrial zone & 8-20 dwelling units/acre)
 - 7 minutes for Urban (Light industrial zones & 2-8 single family dwelling units/acre)
 - 11 minutes for Rural (Very low density & 1 dwelling unit/acre)
 - 17 minutes for Outlying (Rural mountain & desert, agricultural & 1 dwelling unit/5 acres)
- Redundancy of services at a fire station:
 - Ability of available Volunteer Firefighters or other, non-system fire departments to fill the void under contract.
 - Status of fire station infrastructure.
 - Not excessively passing County responsibility to city partner fire stations beyond their normal cooperative, integrated response areas.

Attachment G CSUF Quarterly Economic Update

CSUF RIVERSIDE COUNTY QUARTERLY UPDATE

21 October 2010

Adrian R. Fleissig, Ph.D. and Mira Farka, Ph.D.

Riverside County Overview

Riverside County's economy continues to evolve broadly in line with our previous forecasts as the sluggish recovery lags the Southern California and the national economy. The recovery is expected to remain slow for the balance of this year and in 2011. A few positive signs have materialized: the sharp decline in employment levels appears to have stopped, housing prices have leveled off, and housing affordability is at its highest in over one decade. However, these changes are trend reversals from previous large declines and they do not indicate an imminent improvement in economic activity. The county's economy will experience a slow and protracted recovery with the unemployment rate expected to remain in double digits, continued state and local budget shortfalls and issues in housing and commercial real estate.

The labor market continues to be a major concern in Riverside County. In July 2010, the unemployment rate in the Riverside-San Bernardino MSA was under 14.5% in April, May and June but rose to 15.1% in July and it remains relatively high at 14.8% in August. Job creation continues to be a drag on economic activity and nonfarm employment has declined for 36 months on a year-on-year basis since August 2007. On a month-on-month basis, Inland Empire nonfarm employment decreased in June, July and August. However, most of the job losses during the summer were because the temporary employment of Census workers came to an end. Since February 2010, private payrolls have risen by a total of 2,900 jobs, an extremely anemic rate but one that is at least headed in the right direction.

Housing affordability was 63% in the first quarter of 2010 and declined in the second quarter to 59%, which means that 59% of residents are able to afford the median priced home. At the current level, housing affordability is as high as in 1997, which should help the region's economy in the long-term. Housing prices exceeded \$200,000 in May, June and July partly due to the increased demand from the first time home buyers program, but they have fallen to \$195,092 in August with the termination of government programs. Single family building permits have increased by 576 in the first seven months of 2010 compared to the corresponding period in 2009. In addition, prices of new homes (attached and unattached) rose in the second quarter of 2010 but remain well below levels recorded in recent years. Foreclosures remain high at 7,274 in the fourth quarter of 2009 even though they are lower than the peak of 11,523 reached in the third quarter of 2008. Employment in logistics (transportation, warehousing and wholesale trade) has increased over the last four months and is expected to continue to grow through 2011 as trade volumes rebound from rock-bottom levels.

Commercial real estate. The overall outlook for Riverside commercial real estate continues to remain weak over the medium-term. Vacancy rates dropped slightly in the second quarter with office vacancies at 18% (down from 18.9% in Q1 2010) and industrial vacancy rate of 10.4% (down from 10.8% in Q1 2010). Construction activity in industrial real estate is currently just over 3 million square feet, while total office space under construction was a mere 253,000 square feet at the end of the second quarter of 2010. Rent for class A&B Apartments increased slightly in the second quarter of 2010 as vacancy rates fell to 6.3% from 7.2% during the first quarter of 2010. While large declines in commercial real estate prices have slowed down, commercial real estate values are unlikely to post a notable recovery over the next 12-18 months. The downward pressure in the assessment roll for this property type will continue as commercial property values are re-assessed in the next few years. Since the downturn in the commercial real estate sector lagged the housing market recession by about 18 months, the slump in the commercial real estate sector will remain a drag on the recovery for Riverside County.

U.S. Macroeconomic Overview

As we anticipated in our previous reports, the pace of the U.S. recovery has been weak with below-trend growth, above-average unemployment, and other constraints that have hampered economic growth. Our updated forecast continues to incorporate a downshift for the remainder of 2010 and in 2011. So far, the recovery was driven primarily by a remarkably high government spending and a robust inventory cycle – two transitory and inherently non-fundamental forces. For a sustained expansion however, consumption in the private sector – household spending and business investments – will need to take over. This is not expected to occur until late in 2011; between now and then the economy will continue to remain in an awkward transition phase with sluggish growth and high unemployment. While the probability of a double-dip recession increased during the summer, the U.S. should avoid a second outright recession and grow by 2.7% in 2010. Faced with slower growth, the Federal Reserve will keep rates on hold well into 2011 and begin another round of quantitative easing before the end of the year.

Real economic activity is expected to be below 2.3% in the second half of 2010 due to a slack labor market, continued consumer deleveraging, and increased uncertainty in the housing sector. The labor market has added jobs at a disappointingly slow pace during this recovery. Job gains began to appear early in the year but the initial momentum – none to powerful to begin with – started to fade in the summer. The headline numbers have been harder to read because of the ebb and flow in the temporary Census employment. Private payrolls have only added 847,000 jobs during the first nine months of this year which is far below the 4.2 million jobs that were lost over the same period in 2009. Modest employment gains should continue for the rest of the year with the pace of hiring increasing in mid-2011. The unemployment rate should remain above 9% and may even rise from its present level as the labor

force expands. Consumer spending has risen for seven consecutive months, although the pace of increase was higher earlier in the year perhaps reflecting some pent-up demand during the recession. Going forward, consumption spending is expected to grow at a depressed rate of around 2% as high unemployment rates and continued deleveraging will continue to restrain any meaningful upswing in household spending well into 2011.

The outlook for the housing market over the next few quarters has downshifted and although the free-fall seems to be well behind us, leading indicators suggest that a strong rebound is unlikely. Woes in the housing market are largely due to the expiration of the homebuyer tax credit, which pulled demand forward creating a significant vacuum in the market when the program ended. Home prices should trend lower over the next two quarters, shedding an additional 5% from current levels, and are expected to remain relatively sluggish through 2011. The commercial real estate sector has shown some improvements with the number of distressed properties declining but a tougher test lies ahead when around \$600 billion loans come due in the following 18 months.

California Overview

California's sluggish recovery continues to lag the national recovery due to a weak labor market, continual cuts in government spending and the persistent long-term budgetary issues. While the labor market had shown signs of improvement by adding jobs since the start of the year, the summer months show large employment declines because of the end of the temporary hiring of Census workers. However, the 31,500 jobs created this year by the private sector are well below the 1.3 million jobs lost during the recession. In August, the state's unemployment rate remained high at 12.4% which is slightly less than the peak unemployment rate of 12.6% recorded in March 2010. A high unemployment rate of over 12% is expected to prevail for the remainder of the year. While the unemployment rate is likely to remain at double digits over the next year, a few sectors such as healthcare, education, export-related, capital goods services, and infrastructure should recover sooner.

The estimated \$19.1 billion budget shortfall continues to hinder the state's economic recovery. Total merchandise exports from California to the rest of the world increased significantly during the first half of this year after declining by 17.1% in 2009 which will positively impact Riverside County given its large presence in the trade, transportation and wholesale sector. Another positive sign is that California personal income has grown modestly over the first half of 2010. Housing prices in California have increased on a year-to-year basis but sales of existing detached homes continue to decline in 2010. The CSUF Southern California Leading Economic Indicator increased by 0.75% in the second quarter of 2010 compared to the first quarter of 2010. This is the third consecutive increase in the Indicator and suggests an improvement in economic activity in the Southern California region in the next three to six months.

Economic Update

Riverside

- Job growth should continue at a slow pace, unable to offset the job losses from the recession.
- Housing prices should stabilize but construction is not expected to pick up significantly.
- Commercial real estate prices are not expected to recover quickly over the next twelve months.

California and U.S.

- Federal Reserve will keep rates on hold well into 2011.
- The national unemployment rate is expected to remain high, averaging 9.7% for the year.
- Further state and local budget cuts will continue to constrain growth in state and local economies.
- CSUF Leading Indicator projects an increase in economic activity in the next 3 to 6 months.

CSUF October 2010 Updated Projections

California and Riverside County Indicators					
Year	RV-SB County Payroll Employment ¹	RV-SB County Unemployment ¹	RV Single Family Median House Prices ²	California Consumer Price Index ³	LA-RV-OC Counties Consumer Price Index ⁴
2007	0.3	5.8	\$397,290	3.3	3.3
2008	-3.7	8.2	\$238,984	3.4	3.5
2009	-7.5	13.3	\$172,714	-0.3	-0.8
2010	-2.5	14.7	\$194,252	1.4	1.1

1. Source: Employment Development Department

2. Source: California Association of Realtors

3. California Department of Finance

4. U.S. Bureau of Labor Statistics

National Economic Variables					
Year	RGDP ¹	U.S. Core Inflation ²	U.S. Unemployment ²	Federal Funds ³	30-year Mortgage ⁴
2007	2.1	2.8	4.6	5.02	6.34
2008	0.4	3.8	5.8	1.92	6.04
2009	-2.4	-0.4	9.3	0.16	5.04
2010	2.7	1.7	9.7	0.18	4.67

1. U.S. Bureau of Economic Analysis

2. Bureau of Labor Statistics

3. Board of Governors of the Federal Reserve System

4. St. Louis Federal Reserve Bank

Attachment H Sales and Use Tax Update

Q2

Riverside County In Brief

Revenues from April to June sales in the unincorporated county area were 1.5% lower than the same quarter last year but aberrations skewed results. With anomalies removed, actual sales rose 3.8%.

Multiple deviations that understated receipts in the current period accounted for drop in the contractor category. Overall returns for Building & Construction were dragged down as a result. Once these aberrations were removed, this sector declined 11.9%.

An allocation error accounted for the loss in Autos & Transportation. This offset the increase in trailer and RV sales. Other anomalies weakened results in restaurants.

Sales activity increased in family and women's apparel and shoe stores however these gains were offset by lower returns in discount department stores and home furnishings. Higher fuel prices pushed up receipts in service stations and grocery outlets with fuel pumps.

Business to business transactions grew in motion pictures/equipment but this gain was offset by onetime adjustments in other sectors.

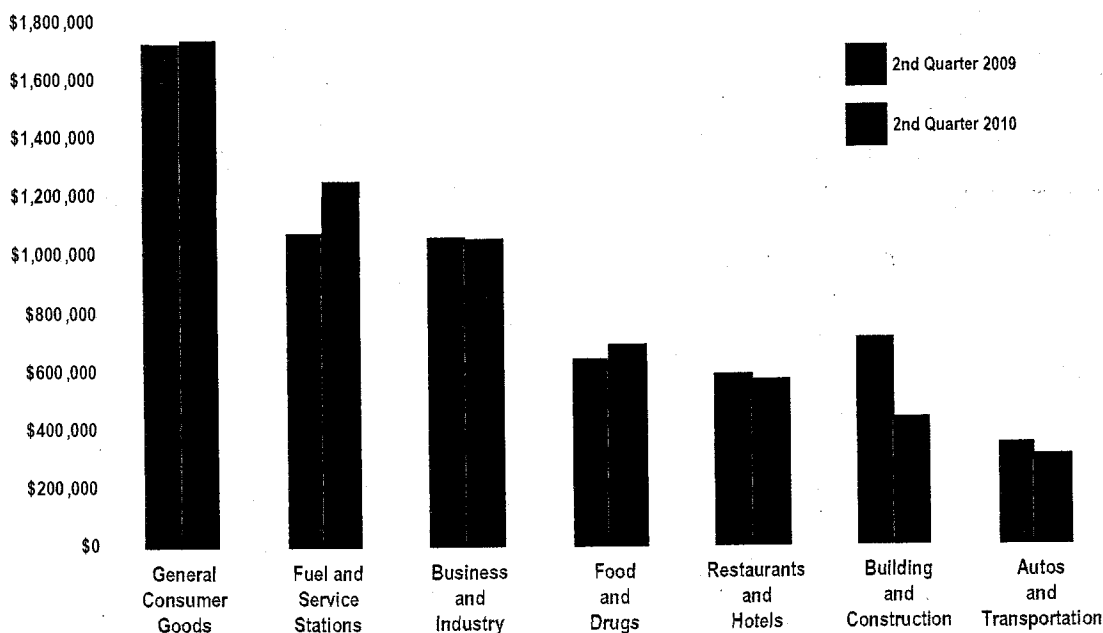
Adjusted for reporting aberrations, taxable sales for all of Riverside County including its cities gained 5.2% over the comparable time period while the Southern California region as a whole rose 4.7%.



Riverside County Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Lowe's
Arco Am Pm	Mecca Travel
Winchester	Center Subway
Arco Travel Zone	Mobile Modular
Center	Management
AT Properties	Morongo Shell
Best Buy	Ralph Lauren
Circle K	Ralphs
Coach	Stater Bros
Convenience Retail	Target
Costco	Volvo Construction
Edward Don &	Equipment
Company	Vons
French Valley Shell	Walmart DVD
G & M Oil	Rentals
Home Depot	
Jack in the Box	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$6,176,864	\$6,074,836
County Pool	625,607	629,086
State Pool	6,146	3,232
Gross Receipts	\$6,808,617	\$6,707,155
Less Triple Flip*	\$(1,702,154)	\$(1,676,789)

*Reimbursed from county compensation fund

California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

It's Official! The Recession is Over!

The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred.

This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years.

The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

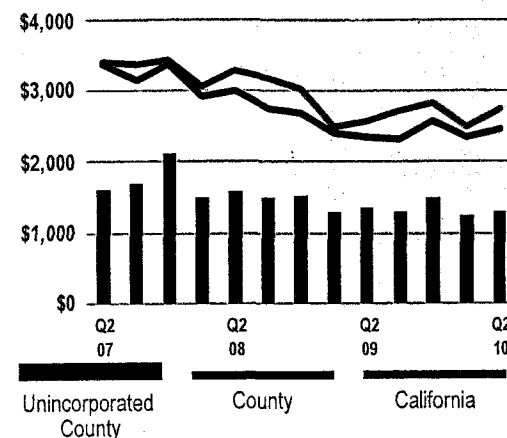
Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting.

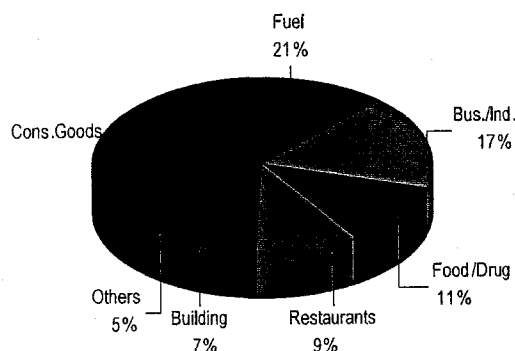
Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve.

Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Riverside County This Quarter



RIVERSIDE COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q2 '10*	Change	Change	Change
Service Stations	\$1,248.2	16.9%	27.9%	18.2%
Family Apparel	691.4	16.9%	7.5%	10.3%
Restaurants No Alcohol	395.7	0.4%	8.2%	4.6%
Grocery Stores Liquor	328.3	5.8%	1.7%	1.0%
Discount Dept Stores	261.6	-25.7%	0.5%	0.1%
Lumber/Building Materials	212.0	-0.5%	2.2%	3.0%
Specialty Stores	209.3	-2.5%	3.4%	1.2%
Motion Pictures/Equipment	194.7	109.7%	110.3%	11.7%
Contractors	142.1	-64.3%	-15.0%	-6.1%
Women's Apparel	142.1	20.6%	8.1%	0.2%
Wineries	130.7	-8.5%	-7.7%	0.9%
Trailers/RVs	123.4	29.5%	6.3%	17.1%
Light Industrial/Printers	114.8	-26.5%	20.3%	14.6%
Grocery-No Alcohol	113.0	8.0%	3.7%	6.4%
Shoe Stores	110.9	11.1%	6.0%	6.0%
Total All Accounts	\$6,074.8	-1.7%	7.1%	7.4%
County & State Pool Allocation	632.3	0.1%		
Gross Receipts	\$6,707.2	-1.5%		

*In thousands



(909) 861-4335

HdL Consensus Forecast - October 2010

Statewide Sales Tax Trends

HdL Companies www.hdlcompanies.com

Beacon Economics www.BeaconEcon.com

	2010/11	2011/12
Auto/Transportation	4.5%	6.0%
Aggressive Manufacturer promotions produced solid gains in the spring sales quarter. Dealers reporting equally impressive numbers with third quarter sales. Analysts attribute the momentum to a steady recovery in pickup sales, favorable consumer reaction to newly launched models and easing access to credit. Recovery expected to continue particularly for new products, trucks and vans but at a slower pace in the second half of the year.		
Building/Construction	0.0%	1.5%
Appliance rebates and first time home buyer credits helped home improvement stores in the last two quarters but prospects for major privately funded construction continue to be scarce. Gains from federally funded stimulus projects expected to be offset by declines in locally funded projects. Newly adopted state exemptions reduce tax revenues from future green energy purchases. Significant sales tax recovery unlikely until 2012-2013.		
Business/Industry	2.0%	2.0%
Momentum of business investment in labor and saving technology and equipment expected to continue but at a slightly lower rate in the second half of the year. Indices on inventories and new orders signaling fall off from earlier strong gains in manufacturing sectors. Sales tax gains continue to be primarily from equipment and supplies for food manufacturers, information and energy technology, software and medical services.		
Food/Drugs	0.5%	0.5%
A heavy inroad by warehouse retailers in the consumer goods group and new specialty food and convenience chains have increased price competition and is expected to keep sales tax growth at minimum levels.		
Fuel/Service Stations	6.5%	2.0%
Travel is beginning to recover and California gasoline consumption exhibited a slight gain in second quarter of 2010. However, diesel fuel from trucking starting to fall as the restocking of inventory and exceptional growth in imports that was driving earlier gains in the movement of supplies and materials slows. Prices expected to continue to move upward but at more modest rates than recent quarters.		
General Consumer Goods	2.5%	2.5%
Chain stores reported better than anticipated sales in the third quarter primarily because of heavy discounting of back-to-school merchandise. Traditional department stores faring better with new low cost strategies. Holiday quarter expected to focus heavily on discounts and pricing. Demand projected for smart phones, readers and other small electronics. Most analysts predicting growth range of 2.0% to 3.0% over next two years.		
Restaurants/Hotels	2.0%	2.5%
Business and tourist travel slowly recovering and some segments in this group appear to have bottomed out. Modest recovery expected although emphasis will continue to be on price and value.		
State and County Pools	2.5%	3.4%
Primarily composed of tax where the point of sale is not easily identified: private vehicle transactions, leased equipment payments, out-of-state purchases and merchandise installed at customers' construction site. Projections based on comparison of past growth patterns with "Point of Sale" receipts.		
Total	2.5%	3.4%

California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.



BEACON ECONOMICS
(310) 571-3399

National and Statewide Economic Drivers October 2010

Beacon Economics www.BeaconEcon.com

HdL Companies www.hdlcompanies.com

	2010/11	2011/12
U.S. Savings Rate	5.3%	5.3%
After reaching near-zero during the height of the bubble, the revised savings rate (as a percent of total income) has shot up to more than 5%. However, these increases were largely driven by reductions in the tax rate nationwide. As tax rates begin to go back up in the wake of government debt and deficit, we expect to see savings rates level off as the consumer adjusts.		

California Per Capita Personal Income	\$ 41,643	\$ 43,016
Severe job losses and unemployment forced nominal income to fall on a per capita basis during the recession. We expect per capita income to begin growing again in 2010-11 and 2011-12 as labor markets continue to heal and economic growth continues. We currently forecast 2.3% growth in per capita income this fiscal year and 3.3% next year.		

California Unemployment Rate	11.9%	10.8%
The State's unemployment rate will continue to fall (as well), but it will take several years to reach "normal" levels again. We are currently forecasting that the unemployment rate will remain above 11% through the remainder of 2010-11, and will fall just below 10.5% by the end of 2011-12.		

California Home Sales	346,039	359,388
Homes sales have yet to reach their 2006 peak exceeding 100,000 per quarter, but they did see a healthy bump in response to several federal government programs aimed at boosting demand for housing. As these programs expire, we expect sales to decline slightly in 2010-11. However, with a return to more affordable home prices and a recovering labor market, we forecast that sales will increase in 2011-12 as buyers take advantage of perceived deals.		

U.S. Tax Rate	9.4%	10.9%
As both the Bush and Obama administrations sought to stimulate the flailing economy, we have seen the national tax rate fall from 12.6% of total personal income in 2008 to just 9.1% by the end of 2009. This has certainly helped to buoy consumer spending, but as deficit and debt concerns grow, we see tax rates rising in response. This will be partially offset by increased incomes and flat savings, but will also have a negative impact on consumer spending.		

California Nonfarm Employment	13,955,250	14,199,210
Despite taking a beating, nonfarm employment in California is expected to continue the recovery process over the next two years. However, it will take time for the labor markets to heal, and we do not expect to see a return to its 2007 peak of more than 15.1 million for several years.		

California Median Home Price	\$ 262,000	\$ 265,000
We are forecasting that most of the pain is already behind the housing market, but that growth will be tepid over the next few years. It will take sustained progress in the labor markets and strong growth in incomes to really move home prices forward. Despite this lackluster performance, California's housing market is emerging healthier in the sense that prices are roughly back in line with incomes.		

California Single-Family Building Permits	25,786	33,261
After the building explosion in 2004-05, the construction of new single-family homes collapsed to just over 25,000 in 2008-09. California is not as overbuilt as some other states, and we expect to see permitting grow over the next two years. However, the level of permitting will remain well below the peak for the foreseeable future.		

Beacon Economics has proven to be one of the most thorough and accurate, economic research/analytical forecasters in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.

Attachment I Filled Full Time Positions by Department**Count of General Fund Filled Regular Positions by Department
2008 through 2010**

Dept ID	Department	9/30/08 Count of Emps	9/30/09 Count of Emps	9/30/10 Count of Emps	# Diff 2008 - 2010	% Diff 2008 - 2010
100	BOARD OF SUPERVISORS	59	58	60	1	1.7%
110	EXECUTIVE OFFICE/OASIS	94	89	80	-14	-14.9%
120	ASSESSOR	461	409	385	-76	-16.5%
130	AUDITOR CONTROLLER	116	105	93	-23	-19.8%
140	TREASURER TAX COLLECTOR	118	108	104	-14	-11.9%
150	COUNTY COUNSEL	71	69	64	-7	-9.9%
170	REGISTRAR OF VOTERS	34	35	30	-4	-11.8%
220	DISTRICT ATTORNEY	808	807	767	-41	-5.1%
240	PUBLIC DEFENDER	308	283	264	-44	-14.3%
250	SHERIFF	3,979	3,894	3,794	-185	-4.6%
260	PROBATION	876	827	772	-104	-11.9%
270	FIRE	191	187	187	-4	-2.1%
280	AGRICULTURAL COMMISSION	54	54	48	-6	-11.1%
312	PLANNING	70	51	37	-33	-47.1%
314	CODE ENFORCEMENT	134	133	120	-14	-10.4%
410	MENTAL HEALTH	975	934	902	-73	-7.5%
420	COMMUNITY HEALTH	1,519	1,327	1,248	-271	-17.8%
510	DPSS	3,342	3,089	3,049	-293	-8.8%
520	COMMUNITY ACTION	34	39	39	5	14.7%
530	OFFICE ON AGING	68	63	59	-9	-13.2%
540	VETERANS SERVICES	13	12	12	-1	-7.7%
630	COOPERATIVE EXTENSION	5	5	5	0	0.0%
720	FACILITIES MANAGEMENT	549	507	553	4	0.7%
730	PURCHASING	142	130	119	-23	-16.2%
General Fund Total		14,020	13,215	12,791	-1,229	-8.8%

**Count of Non-General Fund Filled Regular Positions by Department
2008 through 2010**

Dept ID	Department	9/30/08 Count of Emps	9/30/09 Count of Emps	9/30/10 Count of Emps	# Diff 2008 - 2010	% Diff 2008 - 2010
113	HUMAN RESOURCES/TAP	438	354	340	-98	-22.4%
115	CFD	5	5	5	0	0.0%
190	EDA	353	388	335	-18	-5.1%
191	EDA/AVIATION	10	10	8	-2	-20.0%
192	EDA/DESERT EXPO	12	10	10	-2	-16.7%
193	EDA/EDWARD DEAN MUSEUM	2	2	2	0	0.0%
230	CHILD SUPPORT SERVICES	394	363	336	-58	-14.7%
290	LAFCO	5	5	5	0	0.0%
310	TLMA	130	113	85	-45	-34.6%
311	BUILDING & SAFETY	58	47	37	-21	-36.2%
313	TRANSPORTATION	412	394	355	-57	-13.8%
430	RCRMC	2,337	2,357	2,354	17	0.7%
450	WASTE MANAGEMENT	214	204	189	-25	-11.7%
740	INFORMATION TECHNOLOGY	193	194	171	-22	-11.4%
915	CSA LOCAL INITIATIVE	23	26	31	8	34.8%
931	PARKS	94	93	98	4	4.3%
935	RCA OPERATIONS	10	10	10	0	0.0%
938	CHILDREN & FAMILIES COMMISSION	27	27	27	0	0.0%
943	WRMD	54	42	34	-20	-37.0%
947	FLOOD CONTROL	237	231	237	0	0.0%
985	IHSS	27	25	26	-1	-3.7%
Non-General Fund Total		5,035	4,900	4,695	-340	-6.8%
Grand Total		19,055	18,115	17,486	-1,569	-8.2%

Attachment J Countywide General Fund Early Retirements and Layoffs

**Countywide General Fund Early Retirements and Layoffs
Sept 30, 2008 through Sept 30, 2010**

DeptID	Department	Reason	9/30/08- 9/30/09	10/1/09- 9/30/10	Both Years
100	BOARD OF SUPERVISORS	Early Retirement	3	6	9
		Layoff	0	0	0
Board of Supervisors Sub-Total			3	6	9
110	EXECUTIVE OFFICE/OASIS	Early Retirement	2	4	6
		Layoff	0	2	2
Executive Office/OASIS Sub-Total			2	6	8
120	ASSESSOR	Early Retirement	37	9	46
		Layoff	0	1	1
Assessor Sub-Total			37	10	47
130	AUDITOR-CONTROLLER	Early Retirement	10	5	15
		Layoff	0	0	0
Auditor-Controller Sub-Total			10	5	15
140	TREAS/TAX COLLECTOR	Early Retirement	8	4	12
		Layoff	0	0	0
Treasurer/Tax Collector Sub-Total			8	4	12
150	COUNTY COUNSEL	Early Retirement	4	6	10
		Layoff	0	0	0
County Counsel Sub-Total			4	6	10
170	REGISTRAR OF VOTERS	Early Retirement	0	5	5
		Layoff	0	0	0
Registrar of Voters Sub-Total			0	5	5
220	DISTRICT ATTORNEY	Early Retirement	30	17	47
		Layoff	0	0	0
District Attorney Sub-Total			30	17	47
240	PUBLIC DEFENDER	Early Retirement	5	10	15
		Layoff	0	15	15
Public Defender Sub-Total			5	25	30
250	SHERIFF	Early Retirement	74	92	166
		Layoff	0	0	0
Sheriff Sub-Total			74	92	166
260	PROBATION	Early Retirement	34	43	77
		Layoff	0	0	0
Probation Sub-Total			34	43	77

DeptID	Department	Reason	9/30/08- 9/30/09	10/1/09- 9/30/10	Both Years
270	FIRE	Early Retirement	5	3	8
		Layoff	1	0	1
Fire Sub-Total			6	3	9
280	AGRICULTURAL COMMISSION	Early Retirement	0	2	2
		Layoff	0	0	0
Agricultural Comm. Sub-Total			0	2	2
312	PLANNING	Early Retirement	2	9	11
		Layoff	13	3	16
Planning Sub-Total			15	12	27
314	CODE ENFORCEMENT	Early Retirement	3	5	8
		Layoff	0	7	7
Code Enforcement Sub-Total			3	12	15
410	MENTAL HEALTH	Early Retirement	49	45	94
		Layoff	0	0	0
Mental Health Sub-Total			49	45	94
420	COMMUNITY HEALTH	Early Retirement	82	49	131
		Layoff	70	34	104
Community Health Sub-Total			152	83	235
510	DPSS	Early Retirement	136	112	248
		Layoff	0	0	0
DPSS Sub-Total			136	112	248
520	COMMUNITY ACTION	Early Retirement	3	0	3
		Layoff	1	0	1
Community Action Sub-Total			4	0	4
530	OFFICE ON AGING	Early Retirement	1	4	5
		Layoff	4	0	4
Office on Aging Sub-Total			5	4	9
630	COOPERATIVE EXTENSION	Early Retirement	1	0	1
		Layoff	0	0	0
Cooperative Ext. Sub-Total			1	0	1
720	FACILITIES MANAGEMENT	Early Retirement	17	16	33
		Layoff	0	0	0
Facilities Management Sub-Total			17	16	33
730	PURCHASING	Early Retirement	8	7	15
		Layoff	0	0	0
Purchasing Sub-Total			8	7	15
General Fund Total			603	515	1,118

**Countywide Non-General Fund Early Retirements and Layoffs
Sept 30, 2008 through Sept 30, 2010**

DeptID	Department	Reason	9/30/08- 9/30/09	10/1/09- 9/30/10	Both Years
113	HUMAN RESOURCES	Early Retirement	18	16	34
		Layoff	8	0	8
Human Resources Sub-Total			26	16	42
190	EDA	Early Retirement	16	13	29
		Layoff	2	0	2
EDA Sub-Total			18	13	31
191	EDA/AVIATION	Early Retirement	0	2	2
		Layoff	0	0	0
EDA/Aviation Sub-Total			0	2	2
192	EDA/DESERT EXPO	Early Retirement	1	0	1
EDA/Desert Expo Sub-Total			1	0	1
230	CHILD SUPPORT SERVICES	Early Retirement	18	16	34
		Layoff	0	0	0
Child Support Services Sub-Total			18	16	34
310	TLMA	Early Retirement	3	13	16
		Layoff	8	7	15
TLMA Sub-Total			11	20	31
311	BUILDING & SAFETY	Early Retirement	7	7	14
		Layoff	8	2	10
Building & Safety Sub-Total			15	9	24
313	TRANSPORTATION	Early Retirement	18	24	42
		Layoff	0	0	0
Transportation Sub-Total			18	24	42
430	RCRMC	Early Retirement	102	91	193
		Layoff	1	10	11
RCRMC Sub-Total			103	101	204
450	WASTE MANAGEMENT	Early Retirement	4	10	14
		Layoff	0	1	1
Waste Management Sub-Total			4	11	15
740	INFORMATION TECHNOLOGY	Early Retirement	8	9	17
		Layoff	0	2	2
Information Technology Sub-Total			8	11	19
931	PARKS	Early Retirement	7	0	7
		Layoff	0	0	0
Parks Sub-Total			7	0	7

DeptID	Department	Reason	9/30/08- 9/30/09	10/1/09- 9/30/10	Both Years
935	RCA OPERATIONS	Early Retirement	0	2	2
		Layoff	0	0	0
RCA Operations Sub-Total			0	2	2
943	WRMD	Early Retirement	10	6	16
		Layoff	0	0	0
WRMD Sub-Total			10	6	16
947	FLOOD CONTROL	Early Retirement	11	0	11
		Layoff	0	0	0
Flood Control Sub-Total			11	0	11
985	IHSS	Early Retirement	2	1	3
		Layoff	0	0	0
IHSS Sub-Total			2	1	3
Non-Gen Fund Total			252	232	484
Grand Total			855	747	1,602

Attachment K Net County Cost Impacts of LIUNA Adjustments

Department		Original 2011 NCC	LIUNA Wage Adj - Yr 1 (FY 10-11)	NCC Adj. (Incl. Merit Savings Adj.)	New NCC Target	LIUNA Wage Adj - Yr 2 (FY 11/12)
10001	Board Of Supervisors	3,189,172	945	945	3,188,227	692
12001	Assessor	6,931,800	118,797	145,010	6,786,790	87,090
13001	Auditor-Controller	4,479,861	13,679	17,664	4,462,197	10,028
14001	Treasurer-Tax Collector	1,603,541	17,803	24,393	1,579,148	13,052
17001	Registrar Of Voters	2,129,470	17,714	22,282	2,107,188	12,986
19301	Edward Dean Museum	135,000	2,342	3,463	131,537	1,717
22001	District Attorney	62,255,232	619,306	820,829	61,434,403	454,015
23001	Dep Of Child Supt Svcs	559,677	16,947	20,897	538,780	12,424
24001	Public Defender	33,636,001	407,207	520,803	33,115,198	298,525
25001	Sheriff Administration	9,335,443	22,452	29,445	9,305,998	16,460
25002	Sheriff Support	7,287,222	156,919	205,848	7,081,374	115,038
25003	Sheriff Patrol	81,951,394	342,330	443,779	81,507,615	250,963
25004	Sheriff Corrections	121,049,221	370,410	475,268	120,573,953	271,548
25005	Sheriff Court Services	5,092,678	17,661	22,759	5,069,919	12,948
25007	Ben Clark Training Center	7,339,037	39,479	50,660	7,288,377	28,942
25010	Sheriff Coroner	3,521,381	25,548	31,374	3,490,007	18,729
25011	Public Administrator	958,234	19,731	24,837	933,397	14,465
26001	Probation-Juvenile Hall	16,221,294	95,676	120,345	16,100,949	70,141
26002	Probation	7,973,320	66,594	83,781	7,889,539	48,820
26007	Probation-Admin &	6,705,516	51,294	69,026	6,636,490	37,603
27002	Fire Protection-Forest	40,381,884	181,749	243,431	40,138,453	133,241
28001	Agricultural Commissioner	946,766	3,683	4,844	941,922	2,700
31201	Planning	2,707,534	17,839	22,597	2,684,937	13,078
31401	Code Enforcement	12,601,545	392,989	519,050	12,082,495	288,101
41001	MH-Public Guardian	558,787	9,733	12,738	546,049	7,136
41002	MH-Treatment	8,115,253	29,827	38,077	8,077,176	21,867
41003	MH-Detention	3,971,694	15,934	20,380	3,951,314	11,681
41005	MH-Substance Abuse	273,457	1,223	1,531	271,926	897
42001	CHA-Public Health	11,752,782	179,974	222,355	11,530,427	131,940
42002	CHA-Cal Children's Svcs	6,353,219	78,830	100,105	6,253,114	57,791
42004	CHA-Environmental	461,914	2,575	3,267	458,647	1,888
42006	CHA-Animal Control	9,680,952	239,911	293,534	9,387,418	175,879
43002	RCRMC- Med Ind Svcs	3,425,270	21,840	28,521	3,396,749	16,011
43003	RCRMC- Detention Health	13,488,254	34,676	41,667	13,446,587	25,421
51001	DPSS-Administration	12,490,439	161,316	209,696	12,280,743	118,261
54001	Veterans Services	752,950	8,483	11,071	741,879	6,219
63001	Cooperative Extension	496,777	7,995	9,574	487,203	5,861
73001	Purchasing	1,123,829	3,300	2,309	1,121,520	1,213
FY 10/11 NCC Savings				\$4,918,155		

Attachment L LIUNA Adjustments

Decrease appropriations:

10000-1000100000-510040	Regular Salaries	\$ 945
10000-1200100000-510040	Regular Salaries	145,010
10000-1300100000-510040	Regular Salaries	17,664
10000-1400100000-510040	Regular Salaries	24,393
10000-1700100000-510040	Regular Salaries	22,282
10000-1930100000-510040	Regular Salaries	3,463
10000-2200100000-510040	Regular Salaries	820,829
10000-2300100000-510040	Regular Salaries	20,897
10000-2400100000-510040	Regular Salaries	520,803
10000-2500100000-510040	Regular Salaries	29,445
10000-2500200000-510040	Regular Salaries	205,848
10000-2500300000-510040	Regular Salaries	443,779
10000-2500400000-510040	Regular Salaries	475,268
10000-2500500000-510040	Regular Salaries	22,759
10000-2500700000-510040	Regular Salaries	50,660
10000-2501000000-510040	Regular Salaries	31,374
10000-2501100000-510040	Regular Salaries	24,837
10000-2600100000-510040	Regular Salaries	120,345
10000-2600200000-510040	Regular Salaries	83,781
10000-2600700000-510040	Regular Salaries	69,026
10000-2700200000-510040	Regular Salaries	243,431
10000-2800100000-510040	Regular Salaries	4,844
10000-3120100000-510040	Regular Salaries	22,597
10000-3140100000-510040	Regular Salaries	519,050
10000-4100100000-510040	Regular Salaries	12,738
10000-4100200000-510040	Regular Salaries	38,077
10000-4100300000-510040	Regular Salaries	20,380
10000-4100500000-510040	Regular Salaries	1,531
10000-4200100000-510040	Regular Salaries	222,355
10000-4200200000-510040	Regular Salaries	100,105
10000-4200400000-510040	Regular Salaries	3,267
10000-4200600000-510040	Regular Salaries	293,534
10000-4300200000-510040	Regular Salaries	28,521
10000-4300300000-510040	Regular Salaries	41,667
10000-5100100000-510040	Regular Salaries	209,696
10000-5400100000-510040	Regular Salaries	11,071
10000-6300100000-510040	Regular Salaries	9,574
10000-7300100000-510040	Regular Salaries	2,309
	Total	4,918,155

Increase designated fund balance:

10000-1000100000-320110	DFB-Economic Uncertainty	4,918,155
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Attachment M Riverside County Vehicles Best Practices Update



Riverside County Vehicles Best Practices Update:

Take-Home Vehicles Fleet Vehicle Reductions

Riverside County Executive Office and Purchasing/Fleet Services

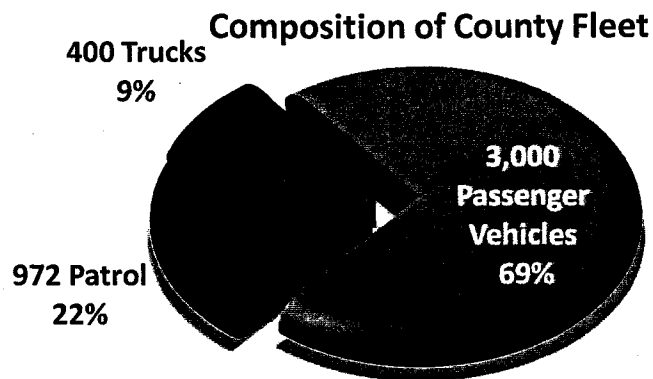
November 9, 2010

Introduction

As a result of the implementation of several SCRAPE recommendations and the adaptation to budget reductions, County departments have saved \$737,056 in mileage and fuel purchases in the first six months of 2010. A total of 182 vehicles have been retired just since March 2010, an additional savings of \$462,117. Along with guidance from two vehicle policies, Overnight Retention and Vehicle Use (Board Policies D-10 and D-2), the number and use of county vehicles is gradually shrinking to the appropriate size to meet the needs of the County's workforce and mission.

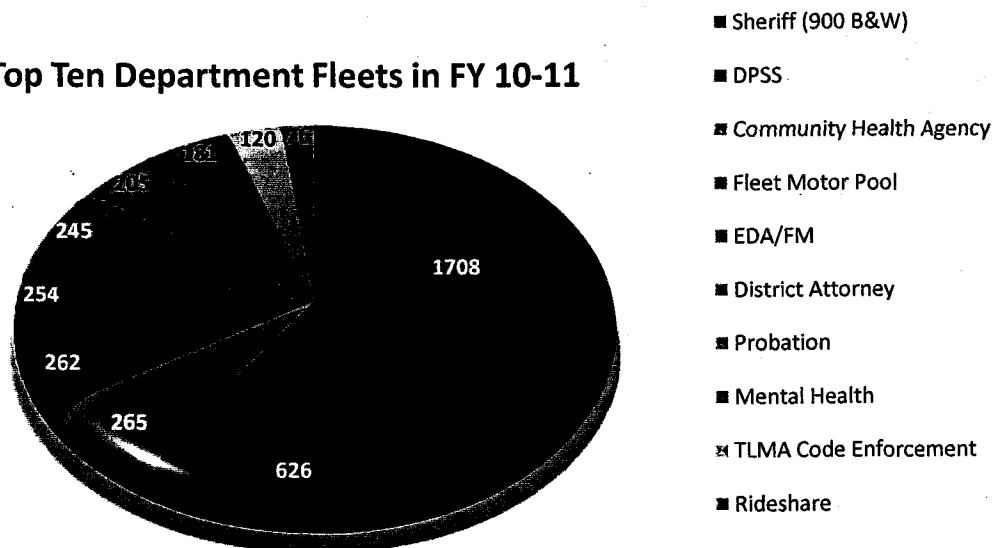
Current Fleet Size

According to Fleet Services' vehicle inventory, 4,382 fleet vehicles comprise the departmental pool of 44 county departments and agencies at the beginning of fiscal year 2010-2011, a net reduction of 49 vehicles from the previous fiscal year. The chart below shows that the county fleet is comprised of three types of vehicles: trucks, sheriff patrol vehicles (black and whites), and passenger vehicles. Passenger vehicles include unmarked sheriff vehicles, other sedans, SUVs, and vans.



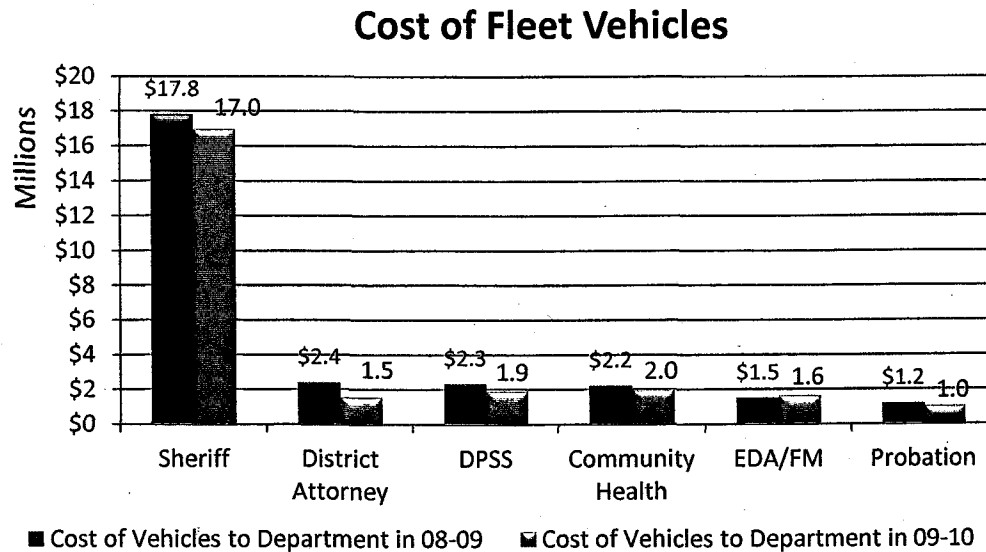
The top ten largest department fleets are shown in the chart below ranked from the highest number of department vehicles to the lowest.

Top Ten Department Fleets in FY 10-11



Current Fleet Costs

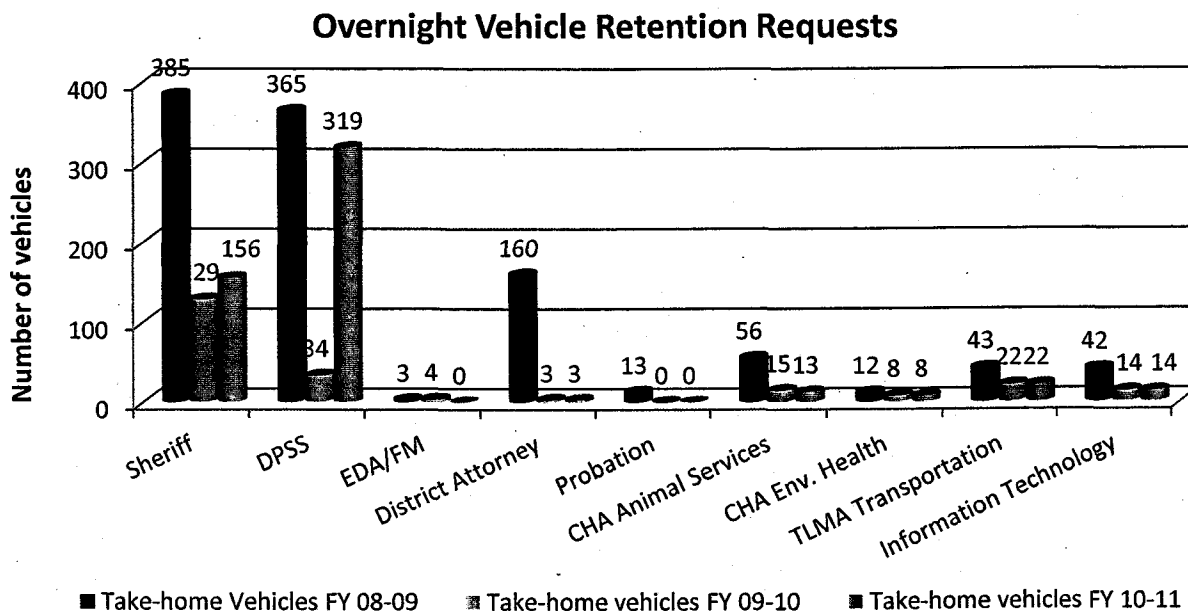
The cost of a typical department fleet of vehicles includes Fleet Services rates charged for lease cost, maintenance (based on mileage and type of vehicle), fuel, and administration costs. Last year, 59 departments spent a combined total of \$29,063,160 to keep their respective department fleets. The expenditures for the six largest fleet costs are shown in the chart below:



Source: Fleet Services

Take-Home Vehicles

Most County departments have made progress in reducing the number of take-home vehicles following the approval of revised Overnight Vehicle Board Policy D-10 in July 2009. The following chart shows the departments requesting take-home vehicles over the past three fiscal years:



For FY 10-11, 126 vehicles are assigned to individuals by departments and 415 vehicles are shared among 262 county employees who are on call on a rotating basis. Most departments reduced take-home vehicles by designating an overnight vehicle pool by geographic need or dispatch centers. Other efficiencies were achieved by consolidating tools and other equipment specifically needed to handle night time or after-hour emergencies. Below is a summary table of the department requests for FY 10-11 overnight vehicles:

	On-Call County Employees	Total Take- Home Vehicles	Vehicles Assigned to Individuals	Vehicles in Rotation
DPSS	82	325	6	319
Sheriff	156	156	91	65
Transportation	22	22	21	1
Information Technology	34	14	8	6
CHA Animal Control	42	13	0	13
CHA Environmental Health	13	8	0	8
District Attorney	40	3	0	3
	389	541	126	415

Right-Sizing the Fleet – Vehicle Reduction Initiative

The recommendations in the SCRAPE report of April 2009, followed by the July 2009 Internal Audit Report 2008-017 of county vehicles prompted the Board's direction to reduce the size of the County's fleet of vehicles. Initial steps have been taken to achieve this goal:

- Prompted by the SCRAPE report, the Board of Supervisors approved a moratorium on the purchase of vehicles in the budget for fiscal year 09-10. This resulted in a reduction of new vehicle purchases from 532 to 60 vehicles, a savings of \$11.2 million.
- The Overnight Vehicle Retention Policy D-10 (3.6 7/27/09) and amendment (3.10 7/27/10) restricted overnight vehicle use to emergency personnel who are trained to respond to emergencies on a regular basis.
- The Use and Purchase of County Vehicles Policy D-2 (3.9 7/27/10) and amendment (3.16 8/31/10) improved the controls over the use of county vehicles through record-keeping and clarified commuting restrictions. It established roles and responsibilities for an effective fleet management program that included reporting of vehicle usage and quarterly vehicle retirements. The minor amendment in August curtailed the practice of switching to a county vehicle in order to commute to employee's regular worksite.
- In August 2010, the Executive Office performed an analysis of Fleet's Vehicle Utilization Report for each of the 28 departments with 1,180 underutilized vehicles -- vehicles that were driven less than what it cost the department to keep them. The analysis applied several criteria to study the composition of underutilized vehicles, which included:
 1. Underutilized vehicles used less than 50%
 2. Underutilized vehicles with odometer readings more than 115,000 miles
 3. Underutilized vehicles older than 2002

The results of the analysis indicated that 42% of the underutilized vehicles were being used less than half the "break-even" point, and that the departments' underutilized vehicles were mostly comprised of aging vehicles. More than 2/3rd of the vehicles were 2002 or older.

- On September 9, 2010, the Executive Office, with participation from Fleet Services, distributed updated Vehicle Utilization Reports to each county department and agency with vehicles. Departments were instructed to provide a written justification why the vehicle is still needed. The results of that combined effort were a 182 reduction in vehicles. (See Table A below)

Savings Through Mileage and Fuel Reductions

As a result of the efficiencies achieved through county budget reductions, fewer miles are being driven and less fuel is being purchased. Mileage and fuel usage does not affect the number of vehicles in a department's fleet. These are indicators that suggest that the ultimate size of the county's fleet should reflect the minimum number of appropriate vehicles required to fulfill the organization's mission, regardless of the source of funds.

An analysis of mileage and fuel purchases for the period between January to June 2010 and the same period in the preceding year concluded that countywide, the mileage and fuel savings totaled \$737,056. In addition:

- Non-patrol vehicle mileage decreased 17% while fuel purchases decreased 13%.
- For patrol vehicles, which operate on a 24/7 basis, the mileage decrease was 4% while the fuel purchases decreased 11%. The table below summarizes the top nine department savings in mileage and gallons of fuel purchased:

Department	Total Dept. Savings	Size of Dept. Fleet Source: Fleet Services	Change in Miles Driven Source: Fleet Services	Mileage Savings at .12/mile	Change in Fuel Used (gal) Source: Fleet Services	Fuel Savings**
Sheriff*	\$ (298,078)	1,708	-414,280	\$ (60,689)	-89,920	\$ (237,389)
District Attorney	\$ (212,078)	245	-903,115	\$ (108,374)	-39,282	\$ (103,704)
DPSS	\$ (67,431)	626	-252,843	\$ (30,341)	-14,049	\$ (37,089)
Community Health Agency	\$ (56,659)	265	-196,231	\$ (23,548)	-12,542	\$ (33,111)
Transportation	\$ (32,483)	60	-109,846	\$ (13,182)	-7,311	\$ (19,301)
Probation	\$ (25,060)	205	-105,870	\$ (12,704)	-4,680	\$ (12,355)
Code Enforcement	\$ (19,246)	120	-68,623	\$ (8,235)	-4,171	\$ (11,011)
Agricultural Commissioner	\$ (17,821)	43	-105,410	\$ (12,649)	-1,959	\$ (5,172)
Board of Supervisors	\$ (17,355)	16	-61,291	\$ (7,355)	-3,788	\$ (10,000)

* Sheriff Patrol = /.17/mile while Sheriff Non-Patrol =.12/mile

** The fuel savings calculation was adjusted for the variance in fuel prices during the two periods.

To summarize, since March 2010, a total of 182 vehicles were retired for auction, a savings of \$462,117. The net number of vehicles retired, by department, is shown in the table below:

TABLE A

	Count of Underutilized Vehicles 8- 31-10	Retired/ Auctioned	Replaced /Exchanged	New Vehicles Requested in FY 10-11	Net Vehicle Reduction	SAVINGS (Actual Vehicle Cost in FY 09-10)
Sheriff	362	19	0	40	-21	\$162,831
DPSS	261	56	0	0	56	\$86,162
Mental Health	91	6	1	0	6	\$7,763
Fleet Motor Pool	94	5	0	0	5	\$1,674
Community Health Agency	91	14	0	0	14	\$22,370
Probation	90	17	0	0	17	\$26,251
EDA/Facilities Management	91	2	0	0	2	\$7,924
District Attorney	66	1	0	0	1	\$0
Code Enforcement	52	20	0	0	20	\$34,112
Building & Safety	12	13	0	0	13	\$31,043
Transportation	19	4	0	0	4	\$5,580
TLMA Admin	7	1	0	0	1	\$2,663
Planning	2	1	0	0	1	\$831
Assessor	17	6	2	0	6	\$9,866
Information Technology	15	5	0	0	5	\$14,102
Ag Commissioner	13	1	1	0	1	\$3,221
Child Support Services	9	1	0	0	1	\$1,029
Parks	6	2	0	0	2	\$2,621
Purchasing/Fleet	13	5	1	0	5	\$35,812
Office on Aging	4	0	0	0	0	\$0
Board of Supervisors	6	0	0	0	0	\$0
Auditor-Controller	1	0	0	0	0	\$0
Public Defender	1	0	1	0	0	\$0
Rideshare	1	1	0	0	1	\$2,433
Veterans	1	0	1	0	0	\$0
Housing Authority	1	1	0	0	1	\$650
Human Resources	1	1	0	0	1	\$3,179
	1,219	182	7	40	142	\$462,117