

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisor Tavaglione

SUBMITTAL DATE: May 14, 2013

**SUBJECT: FURTHER DISCUSSION OF 3RD QUARTER BUDGET REVIEW
AND RECOMMENDATION FOR FY 13/14 BUDGET**

RECOMMENDED MOTION: That the Board of Supervisors publicly state its fiscal and organizational priorities for the coming Fiscal Year 2013/14 in order to give the Executive Officer, his Management Team, County Agency Managers, and all county employees the message that we are moving forward with one united voice toward a solid economic recovery. That the following priorities be publicly stated and restated to our entire county team:

1. That an immediate priority be placed on closing the \$50-70 million negative cash balance at Riverside County Regional Medical Center (RCRMC), and doing so 'without' jeopardizing the County or the Treasurer's Pooled Investment Fund rating if funds are borrowed to close the gap. That full and complete support be given to RCRMC's Chief Executive Officer, Mr. Doug Bagley, as he and his team along with the Inland Empire Health Plan (IEHP), UCR Medical School, and other local stakeholders implement the Affordable Care Act (ACA), and have it ready for full implementation in a short seven (7) months from now.
2. That the Executive Officer ensure that Riverside County maintains a solid and constant presence within the California Administrative Officers Association (CAOAC), and insists 'a place at the table' on the AB-109 Allocation Committee in order to ensure that Riverside County receives its fair and equitable share of the annual AB-109 allocation.
3. That the RCIT Consolidation be slowed down in order to fully evaluate and understand first, the cost savings (and/or increases) to each county department/agency, and second, the full complexities of consolidation, i.e. ramifications due to IT system consolidation and complications related to State & Federal reporting systems, medical, x-ray imaging, DPSS, HIPAA, EMR, CPS, etc. A full and complete understanding of the true cost savings, if any, of employee consolidation by department/agency, with Board consideration given to agencies that are fully State or Federally funded, e.g. DPSS, HHS, etc.); or, those that are enterprise funds, e.g., Flood, Waste Management, etc. Any and all agency/departmental RCIT audits resulting in cost savings must show 'true' savings from greater efficiencies, not from a reduction in service levels.
4. That the Executive Officer delay all other reorganizations (EDA, Facilities, Libraries, TLMA, etc.) until such time as a full and complete cost/benefit analysis of the reorganization(s) along with the proposed re-organizational structure have been vetted and approved by the Board of Supervisors, and ensure that any such process be performed with the full cooperation and participation of the affected departments.



John F. Tavaglione, Second District Supervisor

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BACKGROUND: As we begin to leave one of the worst economic times of our lifetimes behind us and begin to see positive signs of a recovery in sight, we must move forward with cautious optimism. Our economist clearly explained that signs of recovery are on the horizon, yet many factors continue to challenge us in the future; the costly unknowns of AB-109 here in California; implementation of the Affordable Care Act (ACA); and, of course, as stated by our economist, our country still faces some risk from global economic forces; more reason to do all we can to continue to build our reserves for economic uncertainty.

Hence, I have become increasingly concerned with issues discussed in our 3rd quarter budget report presented last Tuesday, which I believe deserve more consideration and review by our Board and management team.

CONCERNS:

Riverside Regional Medical Center (RCRMC): The 3rd Qtr. Report very clearly stated that there will be a deficit of somewhere between \$50 and \$70+ million in FY 13/14 resulting in the need to borrow from the County Treasury. This at a time when RCRMC, along with DPSS, Mental Health, Public Health, and others are in the process of implementing the country's most aggressive and complicated national health reform program ever constructed – the Affordable Care Act (ACA), going live in seven (7) months. **Will savings to county hospitals be achieved through implementation of the ACA as purported by the act and in year one by Governor Brown?** Time and experience over a number of years will only tell, but even more reason to move cautiously as we implement it.

Public Safety Agencies (Sheriff/DA/Probation) AB-109: Our Board has always made and will continue to make public safety our #1 priority, and while I commend our Sheriff and DA for keeping their budgets within range under these very difficult circumstances of AB-109 implementation, in my humble opinion, they won't be able to do so for long. Just last month, the federal three-judge panel ruled against the State of California and ordered Governor Brown to begin releasing an additional 9,000 prisoners on top of the 25,000 prisoners already released since the implementation of AB-109. The ill effects of AB-109 eighteen months after implementation are no longer anecdotal. Law enforcement professionals and communities throughout the State of California are experiencing the first-hand, negative impacts of this flawed legislation. Riverside County fared relatively well in the initial rounds of AB-109 allocations, but early indications are we will not fair as well in the upcoming 2013/14 round as the demands on these funds have become more and more competitive among the state's 58 counties. Lesser allocations from the State, will undoubtedly put even further demand on our general fund reserves as we continue to address the negative effects of AB-109 enforcement and implementation.

Jail Beds: Riverside County's continuing population growth coupled with the constant and increasing flow of early-release state prisoners resulting from AB-109, requires our Board of Supervisors, Sheriff, and Executive Officer, to keep the effort at the top of our priority list; whether through expansion at existing facilities (Indio, Larry Smith, Southwest) or a new hub jail (mid-county) – **all will come at a cost that is still fully unknown, therefore, we should not be allocating General Funds elsewhere without 'first knowing' what we're in for in terms of our future jail expansion needs.**

The RCIT Consolidation has the potential to cause very significant challenges at some of our large agencies such as RCRMC and DPSS. The impending implementation of the Affordable Care Act (ACA) begins in a few months, and staff at both agencies will be faced with the very difficult task of maneuvering its way through the challenges the ACA is sure to bring. To transfer their experienced IT staff out of the department and change the way IT services are delivered at the same time, is problematic at best. Networks operated by DPSS are not purely County-run systems but are integrated with state and federal systems, and as such, cannot be maintained by personnel from outside of DPSS. There are very significant problems associated with IT system consolidation related to State & Federal reporting systems. These two (2) agencies are just one example of the need to move slowly and with caution throughout our RCIT Consolidation process. In continuing with said caution, our key principle should be to ensure that efficiencies are established through *cost savings – 'true cost savings to the departments being consolidated – not savings through achieved through a reduction in service levels'.*

The Departmental Reorganization being proposed involving EDA, TLMA etc., should be put off indefinitely. During my entire nearly 19 year tenure on this Board, the Economic Development Agency has been the agency this board has gone to solve problems when things were not functioning well. One example, when the County Fair and National Date Festival (NDF) was millions in the red and this Board was faced with the very real possibility that we may have to do away with this annual event. As a last ditch effort we decided to give it to EDA to see if it could be salvaged. Since that time the NDF has achieved year after year of record attendance and has operated in the black. When the county airports were in disrepair and in the red, again, we sent them to EDA and now they operate in the black and we have highly successful airshows several times a year. Libraries are just one more example of a county function that needed a business-like approach so we sent them to EDA and they now function very well. When the Edward Dean Museum was at risk of being closed or sold to the Huntington Museum, we turned it over to EDA, and to today it operates a successful events and cultural facility. The former General Services Administration (GSA) was doing a miserable job of managing projects – the Southwest Justice Center Court Expansion Project was the most notable one that led to the demise of that agency. Where did our Board shift the responsibilities for facilities construction and management? We shifted it to EDA. Dismantling one of our County's 'key agencies' (EDA/Facilities Management) now, at a time when our economy is finally rebounding, and some form of 'economic/community revitalization' will most likely be returning, is unwise at best. We need to keep EDA in place as it is, improve it where it needs fixing, and grow it where its talented resources within will take advantage of the improving economy.

Our top-notch team of county employees, from the lowest level to the top and everyone in between, has been working very hard during these past 7-8 years to help 'balance the ship' in one of the most difficult economic times our organization has experienced. As we begin to see the economic dust settling, we now face what I personally believe to be two (2) of the most difficult, challenging, and 'potentially costly' pieces of State and Federal legislation to deal with; California's AB-109 Public Safety Realignment and the Federal Affordable Care Act (ACA). Both have been purported to 'save counties money in the long run' – AB109 through treatment, less re-offending, and a reduction in recidivism to incarceration; and the Federal Affordable Care Act (Health Reform), through "health insurance for all" via a seamless managed-care system of hospitals, doctors, and pharmacies, providing treatment in a more efficient manner. **Two (2) mandated programs – 1 State/1 Federal, both requiring counties to implement and operate, both claiming to provide savings to counties in the long-term.** Should we believe the State and Federal government based on past experience or should we prioritize every dollar and spend it wisely on the most important and needed program and/or projects?

My experience on this Board tells me we should 'keep our eyes on the ball at hand' AB-109 and the ACA, and slow down everything else – otherwise we are poised to make some significant mistakes which could cost this county dearly in the coming years. I urge my colleagues to reconsider the actions related to consolidation and reorganization.