



COUNTY OF RIVERSIDE

STATE OF CALIFORNIA

FISCAL YEAR 2013/14
THIRD QUARTER BUDGET REPORT



PREPARED BY
Jay E. Orr
County Executive Officer



JAY E. ORR
COUNTY EXECUTIVE OFFICER

GEORGE A. JOHNSON
CHIEF ASSISTANT COUNTY EXECUTIVE OFFICER

ROB FIELD
ASSISTANT COUNTY EXECUTIVE OFFICER
ECONOMIC DEVELOPMENT AGENCY

MICHAEL T. STOCK
ASSISTANT COUNTY EXECUTIVE OFFICER
HUMAN RESOURCES

ED CORSER
COUNTY FINANCE DIRECTOR

CHRISTOPHER HANS
CHIEF DEPUTY COUNTY EXECUTIVE OFFICER

May 6, 2014

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 13/14 Third Quarter Budget Report*

Board members:

At third quarter, we look toward the conclusion of this fiscal year and preparation for the next. We began this fiscal year with a number of serious challenges which we monitored closely throughout the year, and several of which we recommend action on at this time.

As you recall, the Sheriff began FY 13/14 with an approved budget deliberately short by \$39 million of what he had requested. At that time a commitment was made to fund the shortfall at or near fiscal year-end. There was uncertainty during budget hearings as to the extent to which the department might be able to absorb contracted salary increases, and how much progress would be made to meet the Public Safety Master Plan goals. The department now projects a shortfall of \$29 million by the end of the fiscal year. In order to cover a portion of the projected shortfall at this time, I recommend an appropriation from contingency of \$10 million. I also recommend an additional \$1.1 million from contingency for mandated court security not covered by trial court realignment.

We have worked aggressively to improve the financial condition of the Riverside County Regional Medical Center (RCRMC) but we know that effort will continue long-range. In my office's report on April 22, 2014, RCRMC projected narrowing its operating loss by \$9.5 million to \$42.9 million by year-end from a budgeted gap of \$51.5 million. Huron and RCRMC have launched initiatives with \$63.5 million in one-time and projected recurring financial benefit. Of the \$63.5 million, we have verified that \$20.5 million will recur annually, and we know more will be realized. RCRMC managers, working together with Huron consultants, continue implementing additional revenue recovery and cost-saving measures. Accomplishments include reduced overtime and per diem expenditures; reinstating the 340b drug program for purchase of pharmaceuticals at

reduced rates; negotiated savings with vendors; and continued roll-out of the electronic medical records system.

As previously reported to the Board, the Fire Department faces ongoing challenges in maintaining service levels in the face of increasing costs and declining revenues, and has worked diligently to stay within budget. However, unanticipated overtime costs in response to a sharp escalation in work-related medical leave, costs of the new communications system, and increased labor costs are projected to leave the Fire Department short. Consequently, I recommend an appropriation from contingency of \$2 million for Fire at this time.

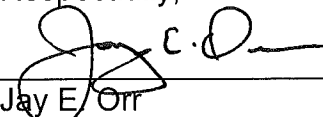
While the work statistics and staffing level requirements of Detention Health are being analyzed that general fund division of the medical center may experience a \$5 million shortfall. We will continue to examine the workload and staffing requirements that are being assessed in order to reduce that shortage into the next budget year.

All other departments report they are working diligently to end the year within budget. My office continues to monitor both state and federal budget processes for issues that may impact current- or future -year costs or revenues.

The total I recommend appropriating from contingency at this time is \$13.1 million, which with other draws year-to-date will leave a balance remaining in contingency of \$10.5 million. We will continue to monitor revenue receipts and potential cost savings closely, and bring forward a recommended budget that fulfills the Board's spending priorities while maintaining its objectives regarding prudent reserves.

IT IS RECOMMENDED that the Board of Supervisors: 1) receive and file this report and all its attachments; and 2) approve the recommendations and associated budget adjustments contained in Attachment A.

Respectfully,



Jay E. Orr
County Executive Office

TABLE OF CONTENTS

A. EXECUTIVE SUMMARY..... 1
B. ECONOMIC OUTLOOK..... 2
GENERAL OUTLOOK 2
California Unemployment..... 2
California Employment Trends..... 2
California Real Estate Trends 2
LOCAL OUTLOOK..... 2
Unemployment 2
Employment Trends..... 3
Assessed Value..... 3
Recordation Activity 3
Building Permits..... 4
FEDERAL UPDATE..... 4
STATE UPDATE..... 4
State Revenue 5
Governor's FY 14/15 Proposed State Budget 5
C. MULTIYEAR BUDGET OUTLOOK 5
LONG-RANGE PLAN 5
D. THIRD QUARTER ACTIVITY 7
DISCRETIONARY REVENUE 7
Property Taxes 7
Redevelopment Dissolution Related Revenue 7
Teeter Tax Losses Reserve Fund (TLRF) Overflow..... 7
Sales and Use Taxes..... 7
Interest Earnings..... 9
Revenue Summary..... 9
FUND BALANCE..... 9
General Fund Commitments and Designations..... 9
APPROPRIATIONS FOR CONTINGENCY..... 10
E. DEPARTMENTAL STATUS 11
INTERDEPARTMENTAL AND CAPITAL PROJECTS 11
Public Safety Enterprise Communication System (PSEC) 11
Contributions to Other Funds..... 11
GENERAL GOVERNMENT 12
Clerk of the Board..... 12
County Counsel..... 12
Assessor-County Clerk-Recorder 13
Auditor-Controller..... 13
Treasurer-Tax Collector..... 13
Human Resources (HR)..... 13
Registrar of Voters (ROV) 13
Economic Development Agency/Facilities Management (EDA/FM) 14
Economic Development Agency Administration 14
Economic Development Program 15
County Fair & National Date Festival 15
Aviation 16
PUBLIC PROTECTION 16
Fire..... 16
Sheriff..... 17
District Attorney 18

Department of Child Support Services	18
Probation Department	19
Law Office of the Public Defender	19
<i>Alternate Public Defender</i>	<i>20</i>
Indigent Defense	20
Department of Animal Services	20
Agricultural Commissioner	20
PUBLIC WAYS AND FACILITIES	21
Transportation Land Management Agency (TLMA)	21
Administrative Services	21
Airport Land Use Commission	21
Planning Department.....	21
HEALTH AND SANITATION	22
Department of Public Health.....	22
Department of Environmental Health.....	23
Riverside County Regional Medical Center General Fund Programs	24
Ambulatory Care – Family Care Clinics.....	24
Medically Indigent Services Program (MISP)	24
Detention Health	24
PUBLIC ASSISTANCE	24
Department of Public Social Services (DPSS).....	24
Riverside County Children and Families Commission (RCCFC).....	25
Community Action Partnership (CAP).....	25
Veterans’ Services	25
Office on Aging	25
EDUCATION, RECREATION, AND CULTURE	26
Cooperative Extension	26
ENTERPRISE FUNDS	26
Riverside County Regional Medical Center (RCRMC).....	26
INTERNAL SERVICE FUNDS	27
Facilities Management	27
Custodial Services.....	27
Maintenance	27
Real Estate	28
Parking	28
Capital Construction – Land and Building Acquisition	28
Purchasing & Fleet Services	28
Fleet Services	28
Supply Services.....	29
Central Mail	29
Riverside County Information Technology (RCIT)	29
Human Resources Internal Services	30
Malpractice Insurance	30
Workers’ Compensation	30
Safety Loss Control.....	30
Temporary Assistance Pool (TAP) Fund	31
Occupational Health and Wellness	31
Delta Dental PPO	32
Exclusive Provider Option	32
Employee Assistance Services	32
SPECIAL DISTRICTS	33
Perris Valley Cemetery	33
Flood Control and Water Conservation District	33
Regional Parks and Open Space District	33
Recreation	34
Arundo Removal.....	34
County Service Areas (CSAs).....	35

ATTACHMENT A	SUMMARY OF RECOMMENDATIONS
ATTACHMENT B	SALES AND USE TAX UPDATE
ATTACHMENT C	QUARTERLY FLEET VEHICLE REPORT
ATTACHMENT D	BEACON ECONOMICS ECONOMIC FORECAST
ATTACHMENT E	CALIFORNIA STATE FULLERTON ECONOMIC AND REVENUE FORECAST

A. EXECUTIVE SUMMARY

The Executive Office continues working aggressively to improve the financial condition of the Riverside County Regional Medical Center (RCRMC). RCRMC's FY 13/14 adopted budgeted operating expenditures exceed estimated revenue, reflecting a budgeted operating loss of over \$51.5 million. As of April 22, 2014, RCRMC projected narrowing that operating loss by \$9.5 million to \$42.9 million by year-end. The new management team and Huron consultants continue efforts to implement revenue recovery and cost-saving measures, the most recent of which they project to net \$63.5 million in one-time and ongoing financial benefits. Accomplishments to date include reduced overtime and per diem expenditures; reinstating the 340b drug program that allows for the purchase of pharmaceuticals at reduced rates from manufactures; negotiated savings with multiple vendors providing goods and services to the hospital; and continued roll-out of the electronic medical records system.

The Sheriff began FY 13/14 with an approved budget \$39 million short of the level requested, but with a commitment to fund the shortfall at or near fiscal year-end. It was uncertain during budget hearings the extent to which the department might be able to hire staff to meet Board policy, and how much progress could be made to meet the public safety master plan goals. The department now projects a shortfall of \$29 million by the end of this fiscal year. In order to cover a portion of the projected shortfall, the Executive Office recommends an appropriation from contingency of \$10 million for the Sheriff at this time, and an additional \$1.1 million from contingency for mandated court security not covered by trial court realignment.

Unanticipated overtime costs resulting from coverage of a sharp escalation in work-related medical leave and unbudgeted costs for the new communications system combined with increased labor costs continue to mount pressure on the Fire Department. Consequently, at this time the Executive Office recommends increasing general fund support this year for Fire by \$2 million.

These recommended Board actions total \$13.1 million in draws from Contingency, leaving a Contingency balance of \$10.5 million. While many face challenges in addressing escalating or unanticipated costs and insufficient revenues, all other departments report they are working diligently to end the year within budget.

B. ECONOMIC OUTLOOK

GENERAL OUTLOOK

In anticipation of the FY 14/15 budget cycle, the Executive Office retained Beacon Economics, the California State University, Fullerton, Center for Economic Analysis and Forecasting, and HdL Companies to prepare economic and revenue forecasts, which are attached to this report.

California Unemployment

The state’s unemployment rate was 8.1 percent in March, down from 9.2 percent in March 2013. Across the state, unemployment ranged from a low of 4.7 percent in Marin County to a high of 24.5 percent in Colusa County, which just edged out Imperial County at 21.4 percent. By contrast, the U.S. unemployment rate in March was 6.8 percent. There were 510,919 people receiving regular unemployment insurance benefits in California in March, down from 532,831 in March 2013. There were 52,755 new claims for unemployment insurance in March, down from 58,842 in March 2013.

California Employment Trends

The number of people in California holding non-farm payroll jobs in March increased by 325,100 over the year before, or 2.2 percent. Total seasonally adjusted civilian employment in California has risen to 17,113,000. Nine sectors posted gains in jobs over the year, with construction posting the highest percentage growth at 5.9 percent. In a reversal of recent trends, government jobs saw a slight uptick, while manufacturing and financial services were the two sectors that experienced job losses.

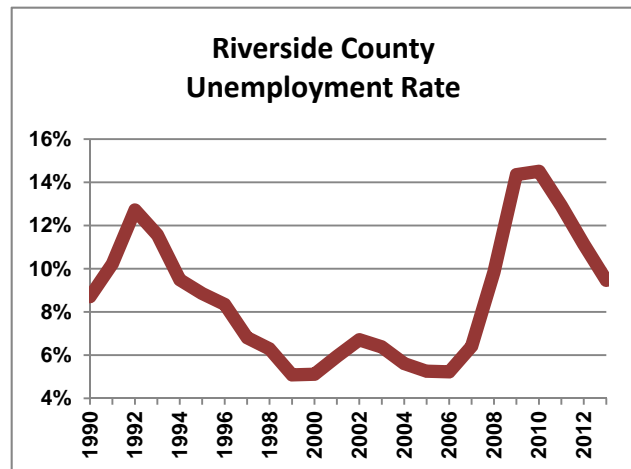
California Real Estate Trends

Issuance of residential building permits was down 24.8 percent from March 2013, with both residential and nonresidential permits declining. Statewide, the pace of home sales continued cooling, falling for the seventh consecutive month and sales declining overall by 13.7 percent since February 2013. However, existing home prices continued increasing for the second consecutive year to 21.3 percent on a year-over-year basis.

LOCAL OUTLOOK

Unemployment

In March, Riverside County’s unemployment rate rose again slightly to 9.4 percent, remaining higher than neighboring San Bernardino County’s unemployment rate of 9.3 percent. By contrast, Riverside County’s historic, non-recessionary period annual average unemployment rate was 6.6 percent between 1995 and 2008. The blended unemployment rate of the Riverside-San Bernardino-Ontario



Metropolitan Statistical Area (MSA) increased again to 9.4 percent.

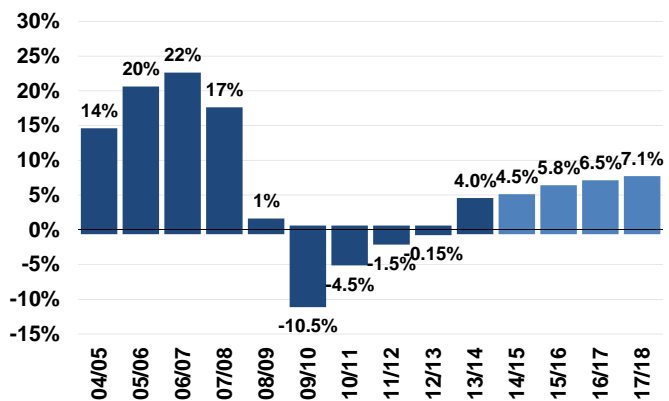
Employment Trends

The trade, transportation and utilities sector leads nonfarm job growth in the Riverside-San Bernardino-Ontario MSA on a year-over-year basis. The sector added another 9,000 jobs, 47 percent of which were in retail trade, which added 4,300 of those jobs; the balance were in transportation, warehousing, utilities and wholesale trade. Education and health services added 8,000 jobs, while professional and business services added 7,400 – a distinctly positive trend in much-needed well-paying job sectors – while the lower-paying leisure and hospitality sector added 6,300 jobs. On a down note, the local manufacturing sector lost another 200 jobs.

Assessed Value

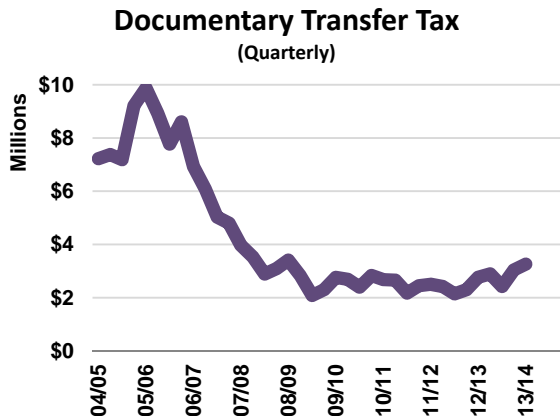
Significant reductions in foreclosure-related activity, increases in year-over-year median sales prices for residential property, and improvement within the commercial property market continue to function as stabilizing factors for the rebound of the local real estate market. In contrast, a substantial number of remaining prior year commercial appeals continue to negatively affect the assessment roll. New construction and new housing tracts reflect signs of recovery, although the scope and longevity of this activity remains uncertain.

Annual Change in Assessed Value



Source of forward projections: California State University, Fullerton

Median sale prices of residential properties in Riverside County continue to increase at a strong pace, although sales volume decreased substantially year over year. In addition, the annual California consumer price Index used to compute the Prop. 13 inflationary factor increased by only 0.5 percent and not the maximum 2 percent increase allowed.

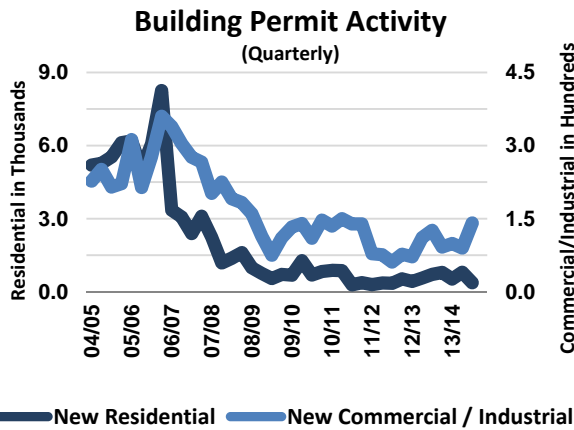


Recordation Activity

Document recording activity through the first three quarters of this fiscal year is 23 percent lower compared to the same period last year. However, documentary transfer tax revenue is trending positively and the Recorder reflects an increase in tract map recordings.

Building Permits

During the third quarter, Building and Safety issued 377 new residential building permits, a sharp drop from the 800 permits issued during the second quarter, and 36 percent below the eight quarter trailing average. By contrast, the department issued 141



new commercial/industrial building permits, a notable increase over the average of 94 permits issued in the previous three quarters, and 55 percent over the eight quarter trailing average.

During the first three quarters of FY 13/14, Building and Safety accepted 8,479 new applications, up 13 percent from 7,485 for the same period last fiscal year. New applications brought \$6.4 million in receipts compared to \$6 million for the same period last fiscal year, a 7 percent increase.

Source: Building & Safety Department

Planning applications through the third quarter increased by 23 cases to 529 as compared to 506 for the same period last year, a 5 percent increase. The receipts for the first three quarters improved by \$692,495 to \$3.9 million compared to \$3.2 million for the same period last year, a 21 percent increase. Customer count at the TLMA's two regional offices has increased by 2 percent through the first three quarters; from 15,195 in FY 12/13 to 15,559 in FY 13/14.

FEDERAL UPDATE

Passage of the Bipartisan Budget Act of 2013 approved by Congress in December 2013 provided the parameters for the House and Senate appropriations committees finally to negotiate FY 2014 funding levels for federal agencies and programs. These negotiations set discretionary spending for both FY 2014 and FY 2015 at \$1.02 trillion, a decrease from the estimated \$1.258 trillion in FY 2013. Both the House and the Senate overwhelmingly supported the FY 2014 Consolidated Appropriations Act, and President Obama signed it into law on January 17, 2014.

Passage of the two acts should help make the FY 2015 appropriations process flow more smoothly than in recent years. The Administration rolled out its FY 2015 Budget between March 4 and March 11, and the respective House and Senate appropriations committees began hearings in anticipation of drafting the twelve FY 2015 appropriations bills.

STATE UPDATE

The state's economy continues to show signs of strength highlighted by multiple areas of growth. In addition to the voter approved tax increases, the state shows some signs of restraint on the spending side which is assisting with narrowing the deficit. Job growth has been strong and is outperforming the nation.

State Revenue

State Controller John Chiang recently reported that in March state revenues are 7.9 percent above budget projections for the month. Total revenues for the fiscal year through the end of March were \$2 billion ahead of the Governor's estimates. While the first nine months of revenue far exceeded expectation, income tax deposits will show whether that uptick is solid or fleeting. The State Controller stated, "The Governor and lawmakers have exercised discipline by waiting to make spending decisions until we can explain whether this surge reflects economic growth, or simply means that taxpayers paid their taxes earlier than usual."

Although the state's dependence on personal income tax makes its fiscal condition particularly vulnerable to economic downturns, income tax receipts are now driving California's positive revenue numbers. In March, personal income taxes came in 8.6 percent above monthly estimates, while corporate taxes were 9.5 percent higher and sales tax receipts were 1.4 percent higher. While revenue gains surpassed estimates for March, so did actual disbursements. Spending exceeded projections by about \$0.5 billion, essentially canceling the month's positive variance on the revenue side.

For the first three quarters of the current fiscal year, total state general fund revenue receipts exceeded forecasts by \$2.1 billion, or 3.1 percent. Spending is running \$120 million below forecasts, or 0.1 percent below estimates. The final three months of the fiscal year give reason for both optimism and caution.

Governor's FY 14/15 Proposed State Budget

Gov. Brown presented his proposed 2014/15 budget on January 10 with a focus on fiscal discipline. The legislature's review of the Governor's proposals is now underway, with each house's relevant budget subcommittees meeting to review and potentially take action on the various proposals.

The county is actively reviewing the legislative proposals during the committee process, with our associations, (California State Association of Counties, Urban Counties Caucus, and others), and our Sacramento based advocates. The Board will be notified on a routine basis as issues of county significance arise. In addition, the Executive Office will coordinate a review of the Governor's May Revise once it is released.

C. MULTIYEAR BUDGET OUTLOOK**LONG-RANGE PLAN**

On September 23, 2013, the Executive Office presented the five-year public safety plan and the increased cost of debt service. As the table below reflects, the plan outlines the cumulative fiscal effect of Board-approved initiatives over the next five years weighed against projected revenue growth. The update below includes several changes based on current information. At this time, the Sheriff is being provided half of the funding to move towards a 1.2/1000 patrol ratio. Additional funding will be provided as needed. Previous estimates included debt service for new buildings, the funding for which the Executive Office expects will not be needed until FY 15/16.

Five-Year Public Safety Master Plan

(cumulative amounts – dollars in millions)

	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
<u>PROJECTED REVENUES</u>					
Discretionary Revenues	-	\$ 25.6	\$ 48.3	\$ 76.2	\$ 106.6
Prop 172 Allocation	-	10.0	37.9	37.9	37.9
Waste Management Lease	-	-	-	-	-
ACES Apportionment	-	-	-	11.8	11.8
PROJECTED REVENUES	\$ -	\$ 35.6	\$ 86.3	\$ 125.9	\$ 156.3

BOARD COMMITMENTS

<u>Operational Costs</u>	Pos	Amt	Pos	Amt	Pos	Amt	Pos	Amt	Pos	Amt
Sheriff										
Patrol	-	64	4.4	92	13.0	120	17.2	148	21.4	
Corrections										
Sheriff	-	207	10.0	406	37.9	406	37.9	406	37.9	
Detention Health	-	-	-	52	6.4	52	6.4	52	6.4	
Mental Health	-	-	-	39	3.2	39	6.4	39	6.4	
Equipment	-	-	-	-	-	-	3.5	-	-	
ECDC Contingency	-	-	-	-	-	-	-	-	-	15.0
Sheriff Salaries & Benefits	-	-	9.9	-	20.4	-	36.5	-	-	59.3
Fire Salaries & Benefits	-	-	0.7	-	-	-	-	-	-	1.3
Probation										
Van Horn Youth Treatment	-	-	76	2.2	76	3.7	86	4.0	86	4.4
Prison Rape Elimination Act	-	-	-	-	-	-	82	2.8	82	3.0
Total Labor Costs	-	\$ -	347	\$ 27.2	665	\$ 84.6	785	\$ 114.7	813	\$ 155.0
Capital Costs										
ECDC	-	-	-	-	-	-	17.5	-	-	17.5
Fire Equipment Lease	-	-	0.3	-	1.5	-	2.0	-	-	2.6
Debt Service	-	-	1.3	-	6.2	-	9.7	-	-	9.7
Total Capital Costs	\$ -	\$ -	\$ 1.61	\$ -	\$ 7.71	\$ -	\$ 29.22	\$ -	\$ -	29.7
TOTAL COMMITMENTS	\$ -	\$ -	\$ 28.8	\$ -	\$ 92.3	\$ -	\$ 143.9	\$ -	\$ -	184.8
BALANCE/(DEFICIT)	\$ -	\$ -	\$ 6.9	\$ -	\$ (6.0)	\$ -	\$ (18.0)	\$ -	\$ -	(28.5)

(1) Includes pension increases due to change in actuarial assumptions.

(2) Reflects department absorbing salary and benefit increases.

(3) The FY 13/14 budget includes use of \$30 million in fund balance to balance the general fund. To maintain positive credit ratings, the Executive Office recommends ramping down over five years the use of fund balance to cover ongoing operations.

D. THIRD QUARTER ACTIVITY

DISCRETIONARY REVENUE

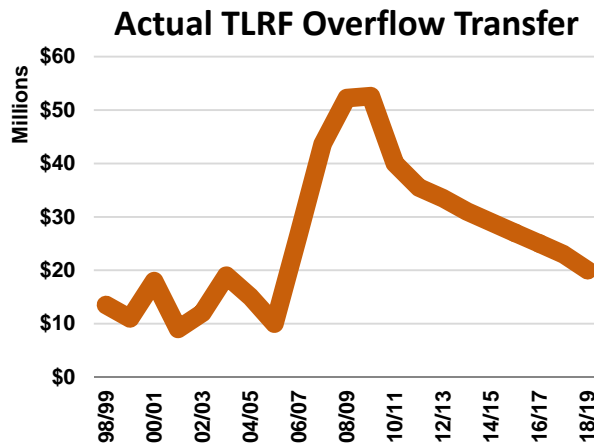
Property Taxes

Property tax revenue was budgeted at \$269.6 million based on a forecasted 4 percent increase in assessed values. The Auditor-Controller projects property tax revenue will remain relatively unchanged from the original forecast. The Executive Office continues monitoring revenue closely and will make additional recommendations when more data is available.

Redevelopment Dissolution Related Revenue

Teeter Tax Losses Reserve Fund (TLRF) Overflow

Under the California Teeter plan, the county advances participating local agencies their property tax revenues based on enrolled assessed valuation. In return, the county collects and retains taxes due, including any penalties and interest on delinquent taxes. The tax losses reserve fund manages revenues and expenditures associated with the program. Revenue exceeding financing costs and the necessary tax loss reserve is discretionary revenue released to the general fund. As delinquency rates continue to decline, the associated overflow projection of \$31 million remains unchanged for this fiscal year. As the real estate market stabilizes over the next several years, this revenue will continue to erode, as projected in the chart at left.



Sales and Use Taxes

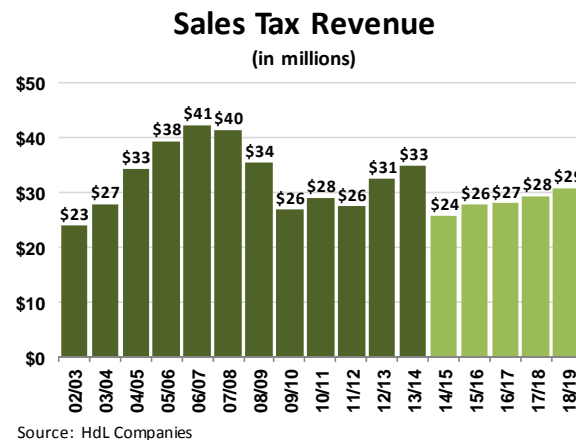
Total sales and use tax receipts from the most recent quarter rose 5.2 percent from the same quarter a year ago for all jurisdictions in the county, according to Hinderliter de Llamas & Associates (HdL), Riverside County’s sales tax consultant. This is somewhat higher than reported among other counties in the region, and the state as a whole. The state’s overall growth rate was 3.4 percent over the same quarter a year ago.

Adjusted for one-time allocations and corrections, the county’s year-over-year change in sales and use tax declined 12.7 percent last quarter, driven by a 51 percent pull back from the energy sector as construction of two solar projects draws to a close. However, gains in consumer goods sales at the factory outlet stores in Cabazon remain strong, and construction materials are picking up, although service stations saw a decline in taxable sales as fuel consumption drops and gasoline prices remained relatively stable. With fuel prices moving up in advance of the summer travel season, however, we ex-

pect to see that even out. Growth in sales at the wineries is gaining strength and that sector is gradually emerging as a stable revenue contributor, generating a year-to-year increase of 40 percent over the same quarter last year.

Driven by short-term receipts from construction of solar projects, Riverside County’s increased proportionate share of all sales tax generated in the county temporarily increased both Riverside County’s share of the pooled use tax allocated within the county and the county’s Prop. 172 allocation factor, which HdL projects will increase by 2.2 percent in FY 14/15 and may result in an estimated additional \$8.6 million in Prop. 172 revenue. While significant in size, construction-related sales and use tax receipts from solar projects are short-lived and declining on projects currently under way. While we anticipate this sector will pick up soon as other recently approved energy projects get started, the amounts that will be generated and the timing of when that will occur cannot be forecast at this time. Consequently, HdL’s budget forecasts do not include speculative assumptions regarding the energy and utilities sector.

The county’s FY 13/14 budgeted estimate for sales and use tax revenue is \$29.3 million, which assumes some continued receipts from solar projects this fiscal year as well as growth in other sales sources. The recent expansion of the factory outlets in Cabazon is expected to substantially increase sales tax revenue next fiscal year. However, the Board’s recent decision to set aside a portion of the revenue from that growth will dampen the effect when it occurs.



HdL’s original projection of the county’s core sales and use tax revenue for FY 13/14, net of renewable energy projects, was \$28.2 million. HdL recently revised its current-year estimate upwards to \$33.5 million to account for one-time renewable energy receipts received to date. It also includes a higher-than-anticipated Triple Flip backfill driven by one-time allocations and retroactive corrections in the energy and utilities sector last fiscal year.

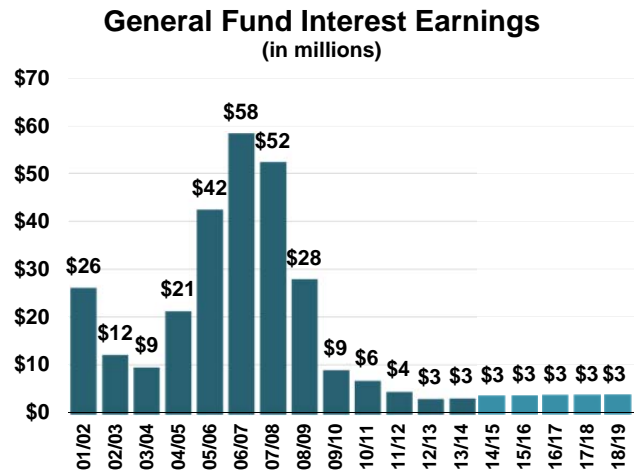
The Triple Flip is a revenue-swapping procedure related to Prop. 57 implemented a decade ago to enable the state to retain one quarter percent from local sales tax backfilled by property tax. This arrangement enabled the state to issue the Fiscal Recovery Bonds, and will terminate when those bonds are fully repaid, which is anticipated to occur within the next two years. If current-year trends continue, HdL expects the Board of Equalization may need to true up overstatement of the Triple Flip occurring this fiscal year.

Factoring these corrections into the Triple Flip and other one-time allocations, and prudently assuming no sales and use tax revenue from renewable energy projects, HdL currently estimates core sales and use tax will be \$24.4 million in FY 14/15, \$26.4 mil-

lion in FY15/16, and increasing modestly each year thereafter through FY 18/19. Additional economic detail from HdL is contained in Attachment B.

Interest Earnings

In a shift in views previously expressed, the Federal Reserve indicates factors other than unemployment rates should be considered when deciding to increase borrowing costs. While short term federal funds and discount rates are likely to remain unchanged for the foreseeable future, the March Federal Open Market Committee meeting ended with notice that it will continue to evaluate economic indicators and adjust rates accordingly. The Treasurer’s estimate for general fund interest earnings continues to reflect the low level of interest rates and remains unchanged at \$2.6 million. Updates will be forthcoming if there are any material changes to interest earnings estimate.



Revenue Summary

Projections of discretionary general fund revenues continue to remain stable through the third quarter, summarized in the chart below. Overall, net general fund discretionary

	Budgeted Estimate	Third Qtr Estimate	Variance
Property Taxes	\$269.6	\$270.1	\$0.5
RDA Residual Assets	2.0	10.1	8.1
Motor Vehicle In Lieu	193.6	193.6	0.0
Tax Loss Reserve	31.0	31.0	0.0
Fines and Penalties	24.0	24.4	0.4
Sales & Use Taxes *	29.3	33.5	4.2
Tobacco Tax	10.0	10.0	0.0
Documentary Transfer	11.5	12.5	1.0
Franchise Fees	5.0	4.4	(0.6)
Interest Earnings	2.6	2.6	0.0
Misc. Federal and State	4.9	14.1	9.2
Other (Prior Year & Misc.)	7.3	17.3	10.0
Total	\$590.8	\$623.6	\$32.8

* Does not include public safety sales tax revenue

revenue appears likely to be \$32.8 million higher than originally estimated, due primarily to one-time receipts of \$10.1 million in residual redevelopment assets, \$7.5 million in funding from the state for social services caseload growth, \$8.4 million in revenue related to landfill lease agreements, and \$4.2 million in sales and use tax derived predominantly from short-term solar construction projects. The Board approved using most of these funds to stabilize the budget. The Executive Office does not recommend adjusting discretionary revenue estimates at this time.

FUND BALANCE

General Fund Commitments and Designations

The county maintains a number of Board-established general fund commitments and fund balance designations, listed in the following table, which takes into account the recommendations in this report. The Board’s previously established objective is to

maintain at least \$250 million in unrestricted general fund reserves.

General Fund Commitments and Designations

(in millions)

	FY 12/13 Ending Balances	Adjustments for Budget Use	FY 13/14 Beginning Balances	Adjustments thru Third Quarter	Balance Upon Approval
Economic uncertainty	\$124.7	\$0.0	\$124.7	\$0.0	\$124.7
Budget stabilization	34.1	(13.7)	20.4	33.5	53.9
Disaster relief	15.0	0.0	15.0	0.0	15.0
SB90 deferral	1.4	0.0	1.4	0.0	1.4
Historic courthouse remodel	0.5	0.0	0.5	0.0	0.5
CAC remodel	0.5	0.0	0.5	0.0	0.5
Community improvement	0.0	2.3	2.3	(1.2)	1.1
ACO internal audits unit	0.1	0.0	0.1	0.0	0.1
DPSS realignment growth	4.3	0.0	4.3	7.5	11.8
Legal liabilities	3.7	0.0	3.7	0.0	3.7
TOTAL	\$190.4	(\$17.5)	\$172.9	\$39.8	\$212.7

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. Currently, the Board-approved contingency target is \$24.1 million or approximately 4.1 percent of ongoing discretionary revenue.

Use of General Fund Appropriations for Contingency

	Cost Adjustment	Revenue Adjustment	Total Adjustment	Balance Available
Beginning Balance:				\$24,060,882
Adjustments to date:				
Midyear Clerk of the Board	(135,000)		(135,000)	
Midyear PTAF Settlement	(262,600)		(262,600)	
02/25/14 Legal Svcs for Assessor	(45,000)		(45,000)	
03/01/14 CA Energy Commish Grant Cost	(25,024)		(25,024)	
	(467,624)	-	(467,624)	
Actions recommended in this report:				
3rd Quarter Court Security	(1,100,000)		(1,100,000)	
3rd Quarter Fire	(2,000,000)		(2,000,000)	
3rd Quarter Sheriff	(10,000,000)		(10,000,000)	
	(13,100,000)	-	(13,100,000)	
Contingency balance upon approval of this report =				<u>\$10,493,258</u>

E. DEPARTMENTAL STATUS

INTERDEPARTMENTAL AND CAPITAL PROJECTS

Public Safety Enterprise Communication System (PSEC)

In January 2014, the PSEC radio system went live. The PSEC team continues marketing the system to other interested agencies, in an effort to increase subscribership and spread static costs over more users. Year-end projections have been adjusted to reduce overtime and other costs no longer anticipated. Additional radios have been added, which has a positive effect on revenue. It is anticipated that revenues will keep pace with expenses through the end of the fiscal year.

Contributions to Other Funds

The county has revenue sharing agreements with the City of Banning in connection with the factory outlets in Cabazon and with the March Joint Powers Authority that requires the county to pay over to them specified portions of the county’s sales tax and franchise revenue. Due to increases in the underlying taxable sales in each of these respective areas and catch up payments resulting from reconciling prior year franchise revenue, the projected amounts potentially owed to these agencies is estimated to be \$463,000 higher than budgeted. In order to pay the county’s contractual obligations, the Executive Office recommends increasing appropriations to cover this projected amount covered by commensurate increase in sales and use tax revenue.

Recommendation 1: *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Contributions to Other Funds and the Accumulative Capital Outlay fund by \$463,000, as follows:*

Increase estimated revenue:		
10000-1300100000-710020	Sales and use tax	\$463,000
Anticipated increase in fund balance:		
10000-1300100000-370100	Unassigned fund balance	463,000
Increase appropriations:		
10000-1101000000-551100	Contributions to other county funds	463,000
Anticipated decrease in fund balance:		
10000-1101000000-370100	Unassigned fund balance	463,000
Increase estimated revenue:		
30000-1100300000-790600	Contributions from other county funds	463,000
Increase appropriations:		
30000-1100300000-536200	Contribution to non-county agency	463,000

GENERAL GOVERNMENT

Clerk of the Board

The Clerk of the Board of Supervisors is administering the Youth Protection/Intervention program of the Riverside County. However, the program’s various administrative expenses were not included in the department’s FY 13/14 budget. As a result, the department requests an increase in appropriations of \$117,102 to cover these administrative expenses. These increases are offset by releasing committed fund balance, so that no new general funds are required.

Recommendation 2: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and releasing committed fund balance for the Clerk of the Board by \$117,102, as follows:

Increase appropriations:		
10000-1000100000-523230	Miscellaneous expense	\$ 35,000
10000-1000100000-523700	Office supplies	8,000
10000-1000100000-523760	Postage-mailing	102
10000-1000100000-525440	Professional services	8,000
10000-1000100000-527780	Special program expense	55,000
10000-1000100000-528920	Car pool expense	6,000
10000-1000100000-528980	Meals	<u>5,000</u>
	Total	117,102
Release committed fund balance:		
10000-1000100000-330120	CFB – youth protection/intervention	117,102

In addition, the department requests \$380,000 for unanticipated costs for salaries, IT costs, and other miscellaneous expenses. These costs can be covered by additional revenue received from franchise fees and reimbursement for services not included in the department’s FY 13/14 original budget. No additional net county cost is required.

Recommendation 3: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Clerk of the Board by \$380,000, as follows:

Increase appropriations:		
10000-1000100000-510040	Regular salaries	\$145,467
10000-1000100000-520350	IT core services	82,512
10000-1000100000-523230	Miscellaneous expense	<u>152,021</u>
	Total	380,000
Increase estimated revenue:		
10000-1000100000-726080	License – CATV	110,000
10000-1000100000-778280	Interfund – reimbursement for services	<u>270,000</u>
	Total	380,000

County Counsel

Due to two unanticipated retirements and several attorneys on unforeseen medical leave causing a loss of billable time, County Counsel currently projects potentially end-

ing the year with a budget shortfall of \$656,094. Counsel is shifting workloads to the extent possible to maintain billable hours and sustain revenue; however, it may not be possible for them to mitigate the entire impact of these unavoidable personnel issues.

Assessor-County Clerk-Recorder

The Assessor-County Clerk-Recorder anticipates meeting its net county cost target for FY 13/14.

Auditor-Controller

Due to various cost saving measures, including the reduction of labor costs through re-organization, the Auditor-Controller anticipates meeting his net county cost target for FY 13/14 with a net surplus of \$430,000.

Treasurer-Tax Collector

Due to various cost-saving measures, the Treasurer-Tax Collector anticipates meeting his net county cost target for FY 13/14 with a net surplus of \$900,000.

Human Resources (HR)

Human Resources expects to end the year with a budget on target. Although arbitration and IT-related costs are higher than expected, these expenses are recoverable via departmental reimbursements and other revenues, including increased contributions from benefit providers.

Recommendation 4: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Human Resources by \$475,000, as follows:*

Increase estimated revenues:		
10000-1130100000-777520	Reimbursement for services	\$175,000
10000-1130100000-781220	Contributions & donations	<u>300,000</u>
	Total	475,000
Increase appropriations:		
10000-1130100000-520350	IT core services	300,000
10000-1130100000-525480	Arbitration services	475,000
10000-1130100000-572800	Intrafund expense – miscellaneous	<u>(300,000)</u>
	Total	475,000

Registrar of Voters (ROV)

The Governor proclaimed an election for Senate District 23 following the resignation of State Senator Bill Emmerson. On February 11, 2014, the Board of Supervisors approved the Registrar of Voters conducting a special vacancy primary election, which was held on March 25, 2014. Since one candidate received a majority of the votes, no runoff election was necessary. The Executive Office will continue to work with the department to mitigate the impact of this unfunded election on the general fund by the timely collection of election invoices from other jurisdictions. The Registrar of Voters

now requests a budget adjustment of \$366,000 to cover the costs of this election not previously included in the department’s budget and which will not be reimbursed by the state.

Recommendation 5: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Registrar of Voters by \$366,000, as follows:

Increase estimated revenue:		
10000-1700100000-771230	City elections	\$366,000
Increase appropriations:		
10000-1700100000-523800	Printing/binding	100,000
10000-1700100000-527380	Elections	<u>266,000</u>
	Total	<u>366,000</u>

Economic Development Agency/Facilities Management (EDA/FM)

Economic Development Agency Administration

The Economic Development Agency (EDA) anticipates that expenditures, as well as revenues, will exceed the FY 13/14 budget. EDA Administration provides internal support to other EDA divisions such as Economic Development, the Edward Dean Museum, the Riverside County Fair, and the newly created Office of Film and Television on an as-needed basis. Year-end projections indicate a budget adjustment of \$1,081,978 is necessary to provide sufficient appropriations for these increased costs.

In addition, EDA expects to relocate from Riverside Centre to the ninth and tenth floors of County Administrative Center (CAC). The relocation will allow the county to obtain lease revenue for the vacated floors at Riverside Centre. A budget adjustment of \$250,000 for relocation activities and costs related to the move is necessary prior to the end of FY 13/14.

EDA therefore requests a budget adjustment totaling \$1,331,978 to increase appropriations for support to the EDA divisions referenced above, as well as activities related to the relocation of EDA to the CAC.

Recommendation 6: That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of committed fund balance for EDA Administration by \$1,331,978, as follows:

Increase appropriations:		
21100-1900500000-527780	Special program expense	\$ 213,713
21100-1900500000-537080	Interfund – miscellaneous	868,265
21100-1900500000-537120	Interfund expense – professional & special services	<u>250,000</u>
	Total	1,331,978
Use committed fund balance:		
21109 -1900500000-330100	Committed fund balance	1,331,978

Economic Development Program

EDA requests a budget adjustment increasing appropriations to cover EDA marketing efforts for economic development and outreach activities to businesses, foreign trade, film and television. This will be offset by revenue received from other EDA divisions, such as the County Fair and Workforce Development, to reimburse for marketing services. Sufficient unexpended appropriations are available within those budget units to absorb these costs.

Recommendation 7: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Economic Development Agency by \$130,241, as follows:

Increase estimated revenues:		
21100-1901000000-778200	Interfund – miscellaneous	\$130,241
Increase appropriations:		
21100-1901000000-526420	Advertising	59,891
21100-1901000000-537180	Interfund -- salary reimbursement	85,347
21100-1901000000-536920	Interfund -- general office	44,894
21100-1901000000-573400	Intrafund -- salary and benefits reimbursement	<u>(59,891)</u>
	Total	130,241

County Fair & National Date Festival

EDA requests a budget adjustment of \$527,994 to cover additional costs incurred for the County Fair, including \$17,761 for higher information technology charges for web site development and technical support during the fair, \$28,042 for security and headliner entertainment, and \$482,191 to cover interfund salary reimbursements for EDA accounting and marketing staff who performed work on pre-fair planning and marketing activities and during fair time in February. The additional costs will be offset by interfund revenue from other budget units, and sufficient unexpended appropriations are available within those budget units to absorb these costs.

Recommendation 8: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the County Fair by \$527,994, as follows:

Increase estimated revenues:		
22200-1920100000-741460	Rental of buildings	\$ 1,917
22200-1920100000-778200	Interfund revenue – miscellaneous	<u>526,077</u>
	Total	527,994
Increase appropriations:		
22200-1920100000-521640	Maintenance software	17,761
22200-1920100000-523270	Special events	28,042
22200-1920100000-537180	Interfund expense – salary reimbursement	<u>482,191</u>
	Total	527,994

Aviation

EDA requests a budget adjustment of \$17,607 for additional expenses related to a software purchase for a lease revenue tracking system and interfund expense to TLMA for road grading at the French Valley Airport. New leases generated additional revenue, alleviating the need for \$54,889 use of fund balance.

Recommendation 9: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenues, and assigned fund balance for the County Airports by \$72,496, as follows:*

Increase estimated revenues:		
22100-1910700000-741500	Temporary use lease	\$72,496
Increase appropriations:		
22100-1910700000-523840	Computer equipment software	8,644
22100-1910700000-537160	Interfund expense – road maintenance	<u>8,963</u>
	Total	17,607
Increase assigned fund balance:		
22100-1910700000-350100	AFB for program money	54,889

PUBLIC PROTECTION

Fire

The Fire Department reports a budget deficit in the amount of \$2 million for FY 13/14. The implementation of the Public Safety Enterprise Communication (PSEC) system occurred this fiscal year, the cost of which was not included in the department’s budget, as the date of implementation was not known. The Fire Department’s total cost for PSEC this fiscal year for the department is \$800,000. A recent reconciliation found a personnel budget error in which approximately \$93,000 was inadvertently not included in the department’s budget this fiscal year. Cost sharing support for the City of Canyon Lake totals \$132,000, which ends in FY 15/16.

The remaining deficit is due to unanticipated personnel costs. The department experienced an unusually high number of firefighters who sustained long-term on the job injuries this year, which caused a cost increase of \$650,000 for relief personnel to fill behind injured employees. There was an additional \$325,000 in overtime due to moving limited term employees into permanent status. A backlog of limited term employees occurred due to funding instability and insufficient CAL Fire Academy slots available to train fire fighters. Permanent employees reduce attrition. Attrition causes additional investment in training new fire fighters. As the budget situation stabilizes the department will be able to lessen overtime for academy training.

The Fire Department will try to reduce the budget deficit as much as possible through the remainder of the year by continuing with the following strategies: limit training to mandated or job required; leave vacated positions unfilled as long as operationally possible; and comply with Board Policy H-32 for the promotion of energy conservation and

energy saving opportunities. Following these strategies allows the department to comply with the Board's directives of keeping fire stations opened and staffed appropriately while still possibly realizing some savings.

Recommendation 10: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Fire Department and decreasing appropriations for contingency by \$2,000,000, as follows:*

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$2,000,000
Increase Appropriations		
10000-2700200000-525440	Professional services	2,000,000

Sheriff

The Sheriff currently projects a \$29 million budget deficit at year-end. This is a \$10 million improvement from the estimated \$39 million structural deficit anticipated at the beginning of this fiscal year. Last April, the Sheriff projected a FY 13/14 deficit of \$54 million, of which the Board approved \$5 million to support 50 positions originally hired through a phased out community oriented policing grant and \$10 million to cover new public safety enterprise communications system costs.

The corrections division continues to be adversely impacted by inadequate funding to fully implement all needed inmate services added to the system under public safety realignment. Jails remain overcrowded, early releases continue, and violence against correctional officers and other inmates has increased dramatically. Although overtime remains high, it will decline as hiring for the East County Detention Center (ECDC) begins increasing correctional staffing levels.

The primary causes of the Sheriff's deficit, however, are the negotiated salary and benefit increases coupled with additional recruiting, testing, hiring, and training costs to restore unincorporated patrol. At the Board's direction, the Sheriff is on target to increase the unincorporated patrol staffing ratio from 0.75:1000 to 1.0:1000 this fiscal year and to 1.2:1000 over the next few years. Achievement of 1:1000 by the end of June is currently projected.

At this time, the Executive Office recommends adding \$10 million to the Sheriff's budget. This addition is being provided to fund Board directives of an increase in patrol. Additional funding is also being provided to meet correctional needs.

Recommendation 11: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for Contingency and for the Sheriff totaling \$10,000,000 as follows:*

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$10,000,000

Increase appropriations:

10000-2500300000-510040	Regular salaries	2,800,000
10000-2500300000-518100	Budgeted benefits	1,260,000
10000-2500400000-510040	Regular salaries	4,100,000
10000-2500400000-518100	Budgeted benefits	<u>1,840,000</u>
	Total	10,000,000

In addition, the Sheriff also projects trial court realignment funding will fall short of the cost of providing mandated security at the Superior Court by \$1.1 million. Last year, the Board approved funding to cover this gap, and the Sheriff again requests additional general fund support to cover these costs.

Recommendation 12: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments decreasing appropriations for Contingency and estimated revenue for the Sheriff’s Department by \$1,100,000, as follows:*

Decrease estimated revenue:

10000-2500500000-773690	Trial court funding – unallowable	\$1,100,000
-------------------------	-----------------------------------	-------------

Anticipated decrease in fund balance:

10000-2500500000-370100	Unassigned fund balance	1,100,000
-------------------------	-------------------------	-----------

Decrease appropriations:

10000-1109000000-581000	Appropriations for contingency	1,100,000
-------------------------	--------------------------------	-----------

Anticipated increase in fund balance:

10000-1109000000-370100	Unassigned fund balance	1,100,000
-------------------------	-------------------------	-----------

District Attorney

The District Attorney remains optimistic his office will end the year on budget. This is due to successful pursuit of more than \$600,000 in additional grant revenue, significant adjustments to service and supply costs, including replacement of 22 vehicles yet to be purchased, and hiring that has not progressed as quickly as planned. During the third quarter, salary and benefit expenses began to trend upward. Although the office absorbed bargaining agreement increases this year, continuing to do so in FY14/15 will be problematic.

Department of Child Support Services

The California Support Enforcement Incentive and the Federal Family Support Reimbursement programs each provided only an advance for this fiscal year. During the fourth quarter, there will be a true up and claims will be paid by June 30. The department receives no county funding to implement its mission of ensuring that parents receive adequate support to raise children impacted by separation, divorce, and desertion. In addition to local offices, the department provides a customer friendly website (www.dcss.co.riverside.ca.us) that parents can visit to access information about obtaining child support.

Probation Department

Probation anticipates a potential savings net of \$175,000 at year-end due to cost saving measures implemented in previous fiscal years and organizational restructuring. In their continued effort to streamline duties and responsibilities, the department anticipates further adjustments to the composition of their authorized positions in the recommended budget to bring their workforce in line with current service demands.

In September 2013, the regional office of the federal Administration for Children and Families (ACF) conducted an administrative cost review of Title IV-E claims in San Mateo and Sacramento counties. Probation departments submit claims on behalf of candidates for foster care under their supervision. ACF's review resulted in a cease claiming order for all departments associated with Title IV-E pre-placement candidacy. If that order is reversed, claims will be paid retroactive to October 1, 2013.

If the order is not reversed, Riverside County's revenue loss to date is \$1.28 million and would be nearly \$2 million by year-end. This loss will affect 15 positions, increase juvenile caseloads, and result in reduced as well as delayed services. The California Department of Social Services (CDSS) and the Chief Probation Officers of California (CPOC) partnered to address ACF recommendations. Included in their corrective action plan is statewide training held on April 21, 2014. The department will continue to work with CDSS and CPOC as well as to monitor the situation and communicate with the Executive Office about the outcome of resolution efforts.

This is the third year of realignment implementation by the Community Corrections Partnership Executive Committee chaired by the Chief Probation Officer. The FY 13/14 allocation is approximately \$51.24 million and provides for the treatment, supervision, and incarceration of designated offenders. Riverside County will have less revenue in FY 14/15, since there is a statewide reduction in funding, from \$998.9 million to \$934.1 million, as well as a new allocation formula.

The California Department of Finance also projects a reduction in the SB678 Community Corrections Performance Incentive Act funding. The department's success in reducing recidivism made it the recipient of the second largest allocation; however, with the implementation of realignment, funds are being reduced. Current funding is \$5.77 million; FY 14/15 funding is estimated at \$2.74 million. The department will strive to ensure it needs no additional general fund resources to sustain successful efforts that keep probationers from reoffending.

Law Office of the Public Defender

The Law Office of the Public Defender continues to find ways to achieve efficiencies and expects to end the year within budget. Renovation of the former District Attorney's office on Main Street in Riverside for use by the Public Defender and Probation has begun, and the expected project completion date is now April 2015, due to unexpected structural issues.

Alternate Public Defender

The Alternate Public Defender/Capital Defender’s Office expects to remain within budget for FY 13/14. The Public Defender is in the process of dissolving the unit, and transferred conflict administration of death penalty cases to the Executive Office in December 2013. The Law Offices of the Public Defender will absorb staff and a proportionate amount of the budget.

Indigent Defense

The indigent defense budget is still on track to meet its net county cost target for FY 13/14. The addition of conflict administration in death penalty cases may cause budget overages. This ultimately depends on the volume of cases the courts send to indigent defense counsel.

Department of Animal Services

Animal Services requests authorization to replace a tractor for the spay and neuter bus, with an estimated cost of \$185,000. This replacement is necessary because the existing tractor has reached the end of its useful life and will not comply with the new emissions standards effective January 1, 2015. In addition, the department experienced unanticipated costs to repair the San Jacinto Animal Shelter. An operating transfer and use of cost savings generated through delays in staff hiring will be sufficient to offset these costs.

Recommendation 13: That the Board of Supervisors 1) authorize replacement of one (1) semi-tractor; and, 2) approve and direct the Auditor-controller to make budget adjustments to appropriations and estimated revenue for Animal Services by \$1,010,000, as follows:

Increase estimated revenue:		
10000-4200600000-790500	Operating transfer in	\$ 385,000
Decrease appropriations:		
10000-4200600000-510040	Regular salaries	500,000
10000-4200600000-518100	Budgeted benefits	<u>125,000</u>
	Total	625,000
Increase appropriations:		
10000-4200600000-522310	Maintenance – building & improvements	579,000
10000-4200600000-522860	Medical/dental/lab supplies	100,000
10000-4200600000-522890	Pharmaceuticals	100,000
10000-4200600000-546160	Equipment – other	46,000
10000-4200600000-546380	Vehicles – other	<u>185,000</u>
	Total	1,010,000

Agricultural Commissioner

Although the Agricultural Commissioner projects receiving less in unclaimed gas tax revenue than originally estimated, he anticipates ending the year within budget and on target through continued spending restraint for services and supplies.

PUBLIC WAYS AND FACILITIES

Transportation Land Management Agency (TLMA)

Administrative Services

The department requests a budget adjustment in the amount of \$250,000 in order for TLMA Administration to advance funding to the Planning department to cover the implementation of the Wine Country Plan in advance of developer fees being collected. TLMA Administration will be repaid as District 3 developer agreement and development impact fee revenues are collected.

Recommendation 14: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of assigned fund balance for TLMA Administration by \$250,000, as follows:*

Increase appropriations:		
20200-3100200000-551000	Operating transfer – out	\$250,000
Use of assigned fund balance:		
20200-3100200000-350100	AFB for program money	250,000

Airport Land Use Commision

The department is processing two major land use plans which are multi-year projects. The department forecasted costs for this fiscal year that are not sufficient to cover expenses for work occurring this fiscal year. Therefore, the department requests increasing appropriations by \$22,300 to cover the accelerated work. This will not increase the overall costs for these two projects upon completion next fiscal year.

Recommendation 15: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of assigned fund balance for TLMA Administration by \$22,300, as follows:*

Increase appropriations:		
22650-3130800000-518100	Budgeted benefits	\$ 5,500
22650-3130800000-526410	Legally required notices	6,700
22650-3130800000-537020	Interfund expense – legal services	<u>10,100</u>
	Total	22,300
Use of assigned fund balance:		
22650-3130800000-350100	AFB for program money	22,300

Planning Department

Environmental Programs Department (EPD) is a division of the Planning department that receives general fund support through Contributions to Other Funds. Due to a reorganization of services and duties, a portion of that funding needs to be reprogrammed for use by the Planning department. Therefore, the department requests a budget adjustment in the amount of \$88,000.

Recommendation 16: *That the Board approve and direct the Auditor-Controller to make budget adjustments to appropriations by \$88,000, as follows:*

Increase appropriations:		
10000-3120100000-525440	Professional services	\$88,000
Decrease appropriations:		
10000-1101000000-551100	Contribution to other county funds	88,000

HEALTH AND SANITATION

Department of Public Health

The Department of Public Health anticipates receiving approximately \$5 million in one-time Delivery System Reform Incentive Payments (DSRIP) for the plan to transfer indigent patients, primarily HIV/AIDS, to the Medi-Cal system and maintain their continuity of care. In addition, the department considers implementation of the patient management and electronic medical records systems an immediate unmet need crucial to the future of the county healthcare system. Although DSRIP funding could be used for a number of projects benefiting Public Health exclusively, the department proposes, instead, to invest in the technology needs of the countywide healthcare system. The department will work with RCIT and the other health partners, as needed, to develop a strategy and return to the Board with an expenditure plan.

Recommendation 17: *That the Board of Supervisors approve, in concept, the Department of Public Health’s proposed use of one-time DSRIP funding for implementation of countywide patient management and electronic medical records systems, pending the department’s submission of the expenditure plan for Board approval.*

The Department of Public Health requests authorization to replace an autoclave, at an approximate cost of \$50,000. The autoclave sterilizes bio-hazardous wastes, bacteriological media, and reusable medical instruments. It is over 20 years old, has reached the end of its useful life, and is almost inoperable, causing delays in lab processing, as well as safety concerns.

Recommendation 18: *That the Board of Supervisors approve and authorize purchase of one (1) autoclave for the Department of Public Health.*

The Department of Public Health requests a budget adjustment to exchange appropriations previously identified for the Information Technology (IT) consolidation effort included in the approved budget under salaries and benefits that will actually be incurred in the services and supplies.

Recommendation 19: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations for Public Health, as follows:*

Decrease appropriations:		
10000-4200100000-510040	Regular salaries	\$1,400,000
10000-4200100000-518100	Budgeted benefits	<u>600,000</u>

	Total	2,000,000
Increase appropriations:		
10000-4200100000-525440	Professional services	2,000,000

In the first quarter budget report, the Department of Public Health notified the Executive Office about a grant-funded emergency response program satellite phone system for hospitals within the county. The actual costs of the phone system came in higher than anticipated, so the department requests a budget adjustment to complete the purchase.

Recommendation 20: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations for Public Health, as follows:*

Decrease appropriations:		
21760-4200100000-510040	Regular salaries	\$11,107
Increase appropriations:		
21760-4200100000-546160	Equipment – other	11,107

The Department of Public Health received direction from the federal government to combine residual grant revenue in two special revenue funds into a separate, existing special revenue fund. Consequently, the department requests budget adjustments at this time to enable the transfers necessary to comply with this directive.

Recommendation 21: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and assigned fund balance for Public Health totaling \$119,000, as follows:*

Increase appropriations:		
21770-4200100000-551000	Operating transfer – out	\$ 71,000
Anticipated use of fund balance:		
21770-4200100000-321101	Restricted program money	71,000
Increase appropriations:		
21780-4200100000-551000	Operating transfer out	48,000
Anticipated use of fund balance:		
21780-4200100000-321101	Restricted program money	48,000
Increase estimated revenue:		
21760-4200100000-790500	Operating transfers – in	119,000
Increase assigned fund balance:		
21760-4200100000-321101	Restricted program money	119,000

Department of Environmental Health

The Department of Environmental Health’s third quarter revenue and expenditures are within FY 13/14 budget targets. The department does not expect any variance for the remainder of the year.

Riverside County Regional Medical Center General Fund Programs**Ambulatory Care – Family Care Clinics**

A revenue shortfall, estimated at \$2 million, requires multiple solutions for the department to meet its budget target. The department implemented cost saving and operational improvements expected to reduce the need for general fund support. The department will continue efforts to reduce further the need for general fund support.

Medically Indigent Services Program (MISP)

The Medically Indigent Services Program (MISP) anticipates ending the year within its FY 13/14 budget target.

Detention Health

The FY 13/14 budget identified a need for \$7.4 million in additional general fund support for detention health services. The increase is primarily attributable to additional positions expected to be filled during the year to meet service levels established in the memorandum of agreement with the Sheriff to meet the needs of inmates in county correctional facilities. The department continues making progress filling vacant positions, and at this time, estimates a \$5 million shortfall by year-end. Work statistics and staffing level requirements are currently being further analyzed.

PUBLIC ASSISTANCE**Department of Public Social Services (DPSS)**

Department of Public Social Services' (DPSS) caseload growth from February 2013 through February 2014 showed demand for Medi-Cal services increasing 29 percent. Adult protective services caseload increased 18 percent, foster care increased 13 percent and in-home supportive services increased 10 percent. The demand for CalFresh, adoptions and CalWorks also increased by approximately 4 percent.

On April 1, 2014, CalMedi-Connect was established as part of the state's coordinated care initiative. CalMedi-Connect combines home and community-based primary care and other Medicare and Medi-Cal services. In an effort to effectively implement the program and provide enhanced case management services, the department is increasing IHSS staffing levels and educating IHSS customers on program requirements.

On October 1, 2013, DPSS launched a new regional call center to support enrollment for Covered California and the Medi-Cal expansion under the Affordable Care Act (ACA). Since implementation, countywide Medi-Cal applications for immediate coverage increased 22 percent during the ACA pre-enrollment period.

DPSS projects In-Home Supportive Services' (IHSS) individual provider hours will increase 5.7 percent over the prior year, and IHSS contracted service hours to decrease 10 percent. The IHSS county share is now included in a maintenance of effort agreement and requires no additional general fund support at this time.

The department projects the CalWORKs assistance program caseload to be slightly under the FY 13/14 budgeted level. The department will continue to monitor expenditure levels.

The department currently projects 4 percent caseload growth in adoptions assistance, 16 percent in emergency assistance, and a 9 percent increase in foster care. The increases in emergency assistance and foster care are due to increased referrals and subsequent placements in child protective services. While the projected growth remains within budgeted levels, the department will continue to monitor expenditures. The department's recruitment efforts continue in all major program areas, consistent with established FY 13/14 and 14/15 budget targets.

Riverside County Children and Families Commission (RCCFC)

During the third quarter of FY 13/14, the Children and Families Commission selected and negotiated an agreement with an evaluation data system provider, for a cost not to exceed \$300,000, for the period February 2014 through June 2016. The current fiscal year cost is estimated at \$27,233, with adequate funds budgeted to cover this expense. This agreement represents a significant cost reduction from prior years.

The Commission granted \$130,550 to Riverside County Regional Medical Center to assist in achieving the Baby Friendly USA designation. This designation acknowledges maternity facilities creating an optimal environment for appropriate infant feeding and mother-baby bonding. The period covered by the award is February 2014 through June 2015. The current fiscal year expense is \$64,025, coming from unassigned fund balance.

Expenditures continue to track relatively close to the FY 13/14 budget. The budget anticipated use of \$7.4 million in fund balance; however, as a result of underspending on health contracts, \$6.6 million is anticipated to be used this year. Funds unused in the current year are available for services in the remaining 2 contract years.

The commission projects the year-end fund balance remaining will be approximately \$37.4 million. The commission has obligated nearly all of this remaining balance for future year services, the long-term commitment reserve and capital acquisition.

Community Action Partnership (CAP)

The Community Action Partnership (CAP) is on target for FY 13/14. CAP continues to work with the state to address issues identified in monitoring reports and will provide updates to the Executive Office as necessary.

Veterans' Services

Veterans' Services is on track to meet its FY 13/14 net county cost target.

Office on Aging

Although the Office on Aging has experienced federal funding cuts for the past two fiscal years, the department has exercised fiscal restraint through attrition and other cost-

saving measures combined with one-time funding to mitigate direct impact on core services while providing for the increased demand of services. The department is dedicated to continue providing services to the county's most frail and vulnerable senior population, and to enhance the quality of life across generations through innovation and partnerships. Through these continued efforts to cut costs and closely monitor expenditures, the department expects to end the fiscal year within budget.

EDUCATION, RECREATION, AND CULTURE

Cooperative Extension

The Cooperative Extension is currently within its third quarter FY 13/14 budget target. The department does not expect any variance for the remainder of the year.

ENTERPRISE FUNDS

Riverside County Regional Medical Center (RCRMC)

On November 5, 2013, (Item 3-10), the Board approved an agreement with Huron Consulting Services, LLC (Huron) for \$25.9 million. Subsequently, on November 26, 2013, (Item 12-1C), the Board approved a temporary transfer of funds from the Waste Management Department Enterprise Fund to a restricted sub-fund established for the specific purpose of payment to Huron for expenditures associated with the agreement. Huron continues to work with the Executive Office, county departments, and key stakeholders to develop a strategic plan for the future direction of the Riverside County health and mental health delivery system. In addition, Huron, working with RCRMC, identified areas for improvement and began implementation of measures to improve the financial and operational performance of the hospital.

Huron and RCRMC have launched initiatives with \$63.5 million in one-time and annual projected recurring financial benefit. Of the \$63.5 million, we have verified that \$20.5 million will recur annually. Huron anticipates implementation of the performance improvement measures could result in annualized benefit ranging between \$45 million and \$66 million after the first full year of implementation. The team has exceeded the mid-range and is on track to achieve the annualized high-range benefit.

Accomplishments during the first six months of the Huron engagement include revenue cycle cash acceleration, reduction in overtime and per-diem usage, 340B registration for the federally qualified health clinic look-alikes, memoranda of understanding with university partners, and environmental and competitive market assessment.

Although Huron and RCRMC are making progress, only a portion of the annualized benefits will be realized by year-end. An estimated \$14.6 million in benefits will be realized this fiscal year, with a majority of the annual benefits not materializing until FY 14/15 or later.

While RCRMC's FY 13/14 adopted budget reflects a budgeted operating loss of over \$51.5 million, as of April 22, 2014, RCRMC projected narrowing that operating loss by

\$9.5 million to \$42.9 million by year-end. As detailed above, in late 2013 the Board took significant actions to address these critical financial issues, and the Executive Office continues monitoring these issues closely. No budget adjustment is requested at this time.

INTERNAL SERVICE FUNDS

Facilities Management

The Facilities Management (FM) Administration fund processes all inventory transactions for Maintenance and Custodial warehouse needs. The average monthly activity is approximately \$72,500. Although these are pass-through costs for this fund, capacity is needed within the budget to process these transactions. Inventory costs will be reimbursed by the Custodial Services and Maintenance Service funds. RCIT expenditures will be funded by Custodial, Maintenance, Real Estate, Project Management Office, Energy, and Parking.

In addition, certain agency-wide information technology costs, such as network administration and web development, are shared costs within the agency, and need to be re-programmed from appropriations for services and supplies into other charges. Sufficient unexpended appropriations are available within these funds to absorb these costs.

Recommendation 22: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Economic Development Agency/Facilities Management by \$215,771, as follows:*

Increase estimated revenues:		
10000-7200100000-777500	Reimbursement of special purchase	\$215,771
Increase appropriations:		
10000-7200100000-528020	Inventory stores	72,500
10000-7200100000-536920	Interfund expense – general office expense	287,040
10000-7200100000-574000	Intrafund expense – indirect costs	<u>(143,769)</u>
	Total	215,771

Custodial Services

The Custodial Services division's operating budget has improved and the deficit is lower than anticipated, at an estimated amount of \$434,433. The division will continue to implement cost saving measures to improve the deficit. The addition of new building assignments has increased revenues. Cash reserves will be sufficient to allow for continued operations for FY 13/14.

Maintenance

The Maintenance division budget continues to experience challenges and is projected to end the year in a deficit of \$1,149,179. Maintenance has also added new building assignments throughout the year, assisting in improving revenue. Cash reserves will be sufficient to allow for continued operations for FY 13/14.

Real Estate

The Real Estate division’s operating budget has improved and the deficit is lower than anticipated at \$255,806. Cash reserves will be sufficient to allow for continued operations for FY 13/14. The approved rate amount is insufficient to adequately generate revenues to cover all expenses.

Parking

The Parking Division budget is experiencing a decline in daily parking revenues and is estimated to end the year in a deficit of \$107,296. The department will continue to monitor this budget unit.

Capital Construction – Land and Building Acquisition

The Capital Construction – Land and Building Acquisition fund is experiencing challenges in revenue recovery and is projected to end the year in a deficit of \$159,328. Requests to allocate revenue and project increases will be required. The fund is also incurring negative interest due to project revenue being received in arrears.

Purchasing & Fleet Services

Fleet Services

Fleet Services gradually continues to liquidate aged county vehicles. Between January 1, 2014, and March 31, 2014, the department retired 15 patrol and 50 general use vehicles, a total of 65 vehicles, which are now pending sale. During the same period, 49 previously retired vehicles were sold, 20 patrol and 29 general use, recovering \$87,260 from the sales. As a result, county departments saved \$68,425 in mileage charges and fuel costs during the last quarter. Attachment C includes additional detail.

Fleet Services requests the cash purchase to replace two (2) Type 21 SUVs on behalf of the Treasurer-Tax Collector. Fleet services will begin the procurement process; however, the delivery of these vehicles and the costs to the department may not occur within the current fiscal year. In that event, the department will be required to encumber the cost of the vehicles for FY 14/15:

Recommendation 23: *That the Board 1) authorize replacement of two (2) vehicles for Treasurer-Tax Collector; and, 2) approve and authorize the Auditor-Controller to make budget adjustments to appropriations, estimated revenue and net assets for Fleet Services totaling \$62,000, as follows:*

Increase appropriations:		
45300-7300500000-535562	Depreciation – vehicle	\$ 2,000
45300-7300500000-546320	Vehicles – cars/light trucks	<u>60,000</u>
	Total	62,000
Increase estimated revenue:		
45300-7300500000-777620	Vehicle cost recovery	60,000

Decrease unrestricted net assets:
45300-7300500000-380100 Unrestricted net assets 2,000

Supply Services

The sale of systems furniture and office products is higher than projected. Supply Services projects system furniture sales at \$7,424,000 for FY 13/14 based on sales-to-date of \$5,046,527, open purchase orders of \$1,377,492, current projects for Mental Health of \$600,000, and a current project for DPSS of \$400,000. Based on current purchase orders, the department needs an appropriation increase for systems furniture in the amount of \$1,009,865 to cover projected sales.

The department projects office product sales for FY 13/14 at \$8,401,354 based on the average sales amount for the first three quarters of the fiscal year. The FY 2014 budget for office products is \$7,760,000. Supply Services requests an appropriation increase of \$641,354 to cover projected sales.

Recommendation 24: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Supply Services in the amount of \$1,651,219, as follows:*

Increase Appropriations:		
45700 7300400000 527560	Direct materials	\$ 641,354
45700 7300400000 527600	Indirect materials	<u>1,009,865</u>
	Total	1,651,219
Increase Estimated Revenue:		
45700 7300400000 777760	Stores – county	641,354
45700 7300400000 781600	Systems furniture	<u>1,009,865</u>
	Total	1,651,219

Central Mail

Postage costs will be \$120,550 higher than budgeted due to increased USPS postage rates and a special mailing for the Treasurer-Tax Collector in March that required \$110,160 in postage.

Recommendation 25: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Central Mail by \$230,710, as follows:*

Increase Appropriations:		
45620-7300600000-523760	Postage/mailing	\$230,710
Increase Estimated Revenue:		
45620-7300600000-781340	Postage	230,710

Riverside County Information Technology (RCIT)

The Riverside County Information Technology department FY 13/14 budget was developed with a \$7.1 million operating deficit covered in part by revenue from an anticipated

\$5 million operating loan and \$2.1 million in department equity. At third quarter, the department reports working diligently to contain costs and maximize revenue and has narrowed the budget gap by \$600,000. RCIT will continue efforts to minimize the amount of support required at year-end.

Human Resources Internal Services

Malpractice Insurance

Due to recent larger than expected claims, malpractice liabilities have increased significantly. Since stop loss reimbursement will only partially offset the increased cost, use of unrestricted net assets is necessary.

Recommendation 26: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, and use of unrestricted net assets for Malpractice Insurance by \$1,950,000, as follows:*

Increase estimated revenues:		
46000-1130900000-777010	Stop loss reimbursement	\$1,550,000
Increase appropriations:		
46000-1130900000-534340	Malpractice – liability	1,950,000
Use unrestricted net assets:		
46000-1130900000-380100	Unrestricted net assets	400,000

Workers’ Compensation

The Workers’ Compensation Fund remains on target with an expected drawdown on excess reserves in the current fiscal year. Human Resources recommends increasing appropriations by \$115,594 to cover software maintenance, which will be covered by stop loss reimbursement.

Recommendation 27: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Workers Compensation by \$115,594, as follows:*

Increase estimated revenue:		
46100-1130800000-777010	Stop loss reimbursement	\$115,594
Increase appropriations:		
46100-1130800000-521640	Maintenance – software	115,594

Safety Loss Control

The Safety Loss Control budget unit experienced greater than expected IT service expenditures requiring a modest budget adjustment, which they anticipate offsetting with a reimbursement received from the CSAC Excess Insurance Authority.

Recommendation 28: *That the Board of Supervisors approve and direct the Auditor-*

Controller to make budget adjustments increasing appropriations and estimated revenue for Safety Loss Control by \$8,991, as follows:

Increase estimated revenues:		
46040-1131300000-755180	CA – from other state government agencies	\$8,991
Increase appropriations:		
46040-1131300000-520350	IT core services	8,991

Temporary Assistance Pool (TAP) Fund

The Temporary Assistance Pool (TAP) has been operating with the use of unrestricted net assets since FY 11/12 to provide a rate holiday to departments during the economic downturn. Currently, departments are having issues with the level of services that TAP is providing. With an average of over 2,200 job orders per year, providing the same level of service each year has been challenging. With the reserves fully expended during the current year, the department is reviewing operations to streamline costs.

While TAP has a pool of commonly requested positions that are filled on a timely basis, filling a temporary position for specialized positions has taken as long as six months to fill. Due to the current system lacking adequate capabilities, TAP is unable to track the average time to fill positions. Scheduled to go live in May, the Talent Acquisition Manager (TAM) will capture this type of statistical data and provide a benchmark for improvements. TAP is planning program adjustments include improving hiring cycle time, implementing the TAM recruiting system, personnel modifications, and using staffing vendors for the specialized positions. The department requested \$1.6 million in general fund support for the current year as reserves are depleted and while the adjustments are implemented during the coming year. However, at this time the Executive Office recommends continuing to monitor the department’s efforts to close this gap and addressing any unresolved shortfall at year-end.

Occupational Health and Wellness

Occupational Health continues to see increased participation in the Wellness program, resulting in increased incentive payments to participants. In addition, increased hiring is driving an increase in costs for pre-employment physicals.

Recommendation 29: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Occupational Health and Wellness by \$170,000, as follows:*

Increase estimated revenues:		
46120-1132900000-774500	Health services	\$ 85,000
46120-1132900000-775010	Wellness incentive	<u>85,000</u>
	Total	170,000
Increase appropriations:		
46120-1132900000-520350	IT core services	85,000
46120-1132900000-527780	Special program expense	<u>85,000</u>
	Total	170,000

Delta Dental PPO

Due to increased claims, Human Resources projects dental expenditures to exceed appropriations. The department has sufficient net assets available to fund the difference between the appropriations increase necessary to cover these claims and the anticipated insurance proceeds.

Recommendation 30: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, unrestricted net assets for Delta Dental PPO by \$550,000, as follows:

Increase estimated revenue:		
45860-1130600000-781320	Insurance proceeds	\$250,000
Increase appropriations:		
45860-1130600000-534240	Dental claims	550,000
Use unrestricted net assets:		
45860-1130600000-380100	Unrestricted net assets	300,000

Exclusive Provider Option

Increased participation in the county’s Exclusive Provider Option consequently resulted in higher claim expenses and higher premium revenue. While elimination of in-home supportive services as a customer reduced premium revenue, sufficient unrestricted net assets are available to cover the difference. The department requests an increase in appropriations, estimated revenue, and use of net assets to ensure that there are no issues paying claims through the end of the fiscal year.

Recommendation 31: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, and use of unrestricted net assets for Exclusive Provider Option by a net total of \$1,950,000, as follows:

Increase estimated revenue:		
45800-1132000000-781320	Insurance proceeds	\$6,775,000
45800-1132000000-774980	EPO select retiree	<u>775,000</u>
	Total	7,550,000
Decrease estimated revenue:		
45800-1132000000-774970	IHSS insurance premiums	4,100,000
Increase appropriations:		
45800-1132000000-534500	Hospital care services claims	5,450,000
Use unrestricted net assets:		
45800-1132000000-380100	Unrestricted net assets	2,000,000

Employee Assistance Services

Employee Assistance Services is experiencing higher than expected participation in the bariatric program, which necessitates an increase in appropriations for staff and tech-

nical support to meet demand for services. This increased cost will be offset by increased revenue.

Recommendation 32: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Employee Assistance Services by \$77,500, as follows:

Increase estimated revenues:		
46100-1132200000-777030	Personnel services	\$77,500
Increase appropriations:		
46100-1132200000-510040	Regular salaries	17,170
46100-1132200000-520350	IT core services	<u>60,330</u>
	Total	77,500

SPECIAL DISTRICTS

Perris Valley Cemetery

EDA requests a budget adjustment of \$10,000 to cover increased interfund salary reimbursements for county service area administration. Fund balance reserves will be used to fund these expenses.

Recommendation 33: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of fund balance for the Perris Valley Cemetery by \$10,000, as follows:

Increase appropriations:		
22900-980501-537180	Interfund expense – salary reimbursement	\$10,000
Use of fund balance:		
22900-980501-321101	Restricted program money	10,000

Flood Control and Water Conservation District

The Flood Control District’s third quarter revenue and expenditures are within FY 13/14 budget targets, and they do not expect any variance for the remainder of the year.

Regional Parks and Open Space District

The actual cost of benefits paid to Regional Park and Open Space District employees across all its budget units is higher than originally anticipated. In the administrative budget unit, reimbursement of administrative overhead expenses for the county service area parks and Multi Species Habitat Conservation Plan programs, and receipt of un-budgeted pass-through revenue from former redevelopment agencies throughout the county will offset this cost.

Recommendation 34: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Regional Park and Open Space District by \$525,000, as follows:

Increase appropriations:		
25400-931104-518100	Budgeted benefits	\$525,000
Increase estimated revenues:		
25400-931104-777480	Reimbursement of cost – administrative overhead	100,000
25400-931104-781000	Contractual revenue	<u>425,000</u>
	Total	525,000

Recreation

In addition to the unanticipated benefits costs noted above, expenses related to recruitment, staffing, security, and equipment costs at the aquatic centers and sports park are higher than originally budgeted. Projected increase in aquatic center revenues and an additional \$30,000 in community development block grant money to fund operations at the boxing club will offset these expenditure increases.

Recommendation 35: *That the Board of Supervisors approve and direct the Auditor Controller to make budget adjustments increasing appropriations and estimated revenue for the Regional Park and Open Space District by \$203,500, as follows:*

Increase appropriations:		
25420-931180-518100	Budgeted benefits	\$145,000
25420-931180-525060	Medical examinations – physicals	16,000
25420-931180-525440	Professional services	26,000
25420-931180-536760	Interfund expense - audit & accounting fee	6,500
25420-931180-541060	Equipment – other	<u>10,000</u>
	Total	203,500
Increase estimated revenues:		
25420-931180-741000	Rents	136,900
25420-931180-741080	Exhibits	1,600
25420-931180-741360	Concessions	35,000
25420-931180-778010	Interfund – CDBG	<u>30,000</u>
	Total	203,500

Arundo Removal

In addition to the unanticipated benefits costs noted above, the budget for Arundo maintenance expenditures is not sufficient to cover all anticipated costs for this fiscal year. The District requests using \$50,000 in available unassigned fund balance to cover additional appropriations to cover these added costs.

Recommendation 36: *That the Board of Supervisors approve and direct the Auditor Controller to make budget adjustments increasing appropriations and use of unassigned fund balance for the Park District by \$50,000, as follows:*

Increase appropriations:		
25520-931107-518100	Budgeted benefits	\$ 7,000
25520-931107-527940	Weed abatement	<u>43,000</u>
	Total	50,000

Use of fund balance:		
25520-931107-321101	Restricted program money	50,000

County Service Areas (CSAs)

For the third quarter, seven County Service Area (CSA) funds require budget adjustments. The budget adjustments are necessary due to increases in salary and benefit costs, increases in costs for street lights, and landscaping maintenance. CSA 152SF Sports Park is requesting a budget adjustment of \$78,323 for reimbursement of funds used for the memorandum of understanding with Parks.

Recommendation 37: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of fund balances for the county service areas, as follows:

Increase appropriations:		
23010-915202-510040	Regular salaries	\$115,000

Use restricted fund balance:		
23010-915202-321101	Restricted program money	115,000

Increase appropriations:		
23775-908001-529530	Street lights	5,000

Use restricted fund balance:		
23775-908001-321101	Restricted program money	5,000

Increase appropriations:		
40400-912211-529540	Utilities	25,000

Use unrestricted net assets:		
40400-912211-380100	Unrestricted net assets	25,000

Increase appropriations:		
24300-912501-529530	Street lights	5,000

Use restricted fund balance:		
24300-912501-321101	Restricted program money	5,000

Increase appropriations:		
24450-913401-510040	Regular salaries	60,000
24450-913401-522320	Maintenance – grounds	<u>15,000</u>
	Total	<u>75,000</u>

Use restricted fund balance:		
24450-913401-321101	Restricted program money	75,000

Increase appropriations:		
24875-915201-537280	Interfund expense – miscellaneous project expense	78,323
Use restricted fund balance:		
24875-915201-321101	Restricted program money	78,323
Increase appropriations:		
33200-915201-537180	Interfund expense – salary reimbursement	12,000
Use restricted fund balance:		
33200-915201-321101	Restricted program money	12,000

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 approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Contributions to Other Funds and the Accumulative Capital Outlay fund by \$463,000, as follows:*

Increase estimated revenue:		
10000-1300100000-710020	Sales and use tax	\$463,000
Anticipated increase in fund balance:		
10000-1300100000-370100	Unassigned fund balance	463,000
Increase appropriations:		
10000-1101000000-551100	Contributions to other county funds	463,000
Anticipated decrease in fund balance:		
10000-1101000000-370100	Unassigned fund balance	463,000
Increase estimated revenue:		
30000-1100300000-790600	Contributions from other county funds	463,000
Increase appropriations:		
30000-1100300000-536200	Contribution to non-county agency	463,000

Recommendation 2: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and releasing committed fund balance for the Clerk of the Board by \$117,102, as follows:*

Increase appropriations:		
10000-1000100000-523230	Miscellaneous expense	\$ 35,000
10000-1000100000-523700	Office supplies	8,000
10000-1000100000-523760	Postage-mailing	102
10000-1000100000-525440	Professional services	8,000
10000-1000100000-527780	Special program expense	55,000
10000-1000100000-528920	Car pool expense	6,000
10000-1000100000-528980	Meals	<u>5,000</u>
	Total	117,102
Release committed fund balance:		
10000-1000100000-330120	CFB – youth protection/intervention	117,102

Recommendation 3: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Clerk of the Board by \$380,000, as follows:*

Increase appropriations:		
10000-1000100000-510040	Regular salaries	\$145,467
10000-1000100000-520350	IT core services	82,512
10000-1000100000-523230	Miscellaneous expense	<u>152,021</u>
	Total	380,000
Increase estimated revenue:		
10000-1000100000-726080	License – CATV	110,000
10000-1000100000-778280	Interfund – reimbursement for services	<u>270,000</u>
	Total	380,000

Recommendation 4: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Human Resources by \$475,000, as follows:

Increase estimated revenues:		
10000-1130100000-777520	Reimbursement for services	\$175,000
10000-1130100000-781220	Contributions & donations	<u>300,000</u>
	Total	475,000
Increase appropriations:		
10000-1130100000-520350	IT core services	300,000
10000-1130100000-525480	Arbitration services	475,000
10000-1130100000-572800	Intrafund expense – miscellaneous	<u>(300,000)</u>
	Total	475,000

Recommendation 5: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Registrar of Voters by \$366,000, as follows:

Increase estimated revenue:		
10000-1700100000-771230	City elections	\$366,000
Increase appropriations:		
10000-1700100000-523800	Printing/binding	100,000
10000-1700100000-527380	Elections	<u>266,000</u>
	Total	366,000

Recommendation 6: That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of committed fund balance for EDA Administration by \$1,331,978, as follows:

Increase appropriations:		
21100-1900500000-527780	Special program expense	\$ 213,713
21100-1900500000-537080	Interfund – miscellaneous	868,265
21100-1900500000-537120	Interfund expense – professional & special services	<u>250,000</u>
	Total	1,331,978
Use committed fund balance:		
21109 -1900500000-330100	Committed fund balance	1,331,978

Recommendation 7: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Economic Development Agency by \$130,241, as follows:

Increase estimated revenues:		
21100-1901000000-778200	Interfund – miscellaneous	\$130,241
Increase appropriations:		
21100-1901000000-526420	Advertising	59,891
21100-1901000000-537180	Interfund -- salary reimbursement	85,347
21100-1901000000-536920	Interfund -- general office	44,894
21100-1901000000-573400	Intrafund -- salary and benefits reimbursement	<u>(59,891)</u>
	Total	130,241

Recommendation 8: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the County Fair by \$527,994, as follows:

Increase estimated revenues:		
22200-1920100000-741460	Rental of buildings	\$ 1,917
22200-1920100000-778200	Interfund revenue – miscellaneous	<u>526,077</u>
	Total	527,994
Increase appropriations:		
22200-1920100000-521640	Maintenance software	17,761
22200-1920100000-523270	Special events	28,042
22200-1920100000-537180	Interfund expense – salary reimbursement	<u>482,191</u>
	Total	527,994

Recommendation 9: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenues, and assigned fund balance for the County Airports by \$72,496, as follows:

Increase estimated revenues:		
22100-1910700000-741500	Temporary use lease	\$72,496
Increase appropriations:		
22100-1910700000-523840	Computer equipment software	8,644
22100-1910700000-537160	Interfund expense – road maintenance	<u>8,963</u>
	Total	17,607
Increase assigned fund balance:		
22100-1910700000-350100	AFB for program money	54,889

Recommendation 10: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Fire Department and decreasing appropriations for contingency by \$2,000,000, as follows:

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

Increase Appropriations:
 10000-2700200000-525440 Professional services 2,000,000

Recommendation 11: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for contingency and for the Sheriff totaling \$10,000,000 as follows:*

Decrease appropriations:
 10000-1109000000-581000 Appropriations for contingency \$10,000,000

Increase appropriations:
 10000-2500300000-510040 Regular salaries 2,800,000
 10000-2500300000-518100 Budgeted benefits 1,260,000
 10000-2500400000-510040 Regular salaries 4,100,000
 10000-2500400000-518100 Budgeted benefits 1,840,000
 Total 10,000,000

Recommendation 12: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments decreasing appropriations for Contingency and estimated revenue for the Sheriff’s Department by \$1,100,000, as follows:*

Decrease estimated revenue:
 10000-2500500000-773690 Trial court funding – unallowable \$1,100,000

Anticipated decrease in fund balance:
 10000-2500500000-370100 Unassigned fund balance 1,100,000

Decrease appropriations:
 10000-1109000000-581000 Appropriations for contingency 1,100,000

Anticipated increase in fund balance:
 10000-1109000000-370100 Unassigned fund balance 1,100,000

Recommendation 13: *That the Board of Supervisors 1) authorize replacement of one (1) semi-tractor; and 2) approve and direct the Auditor-controller to make budget adjustments to appropriations and estimated revenue for Animal Services by \$1,010,000, as follows:*

Increase estimated revenue:
 10000-4200600000-790500 Operating transfer in \$ 385,000

Decrease appropriations:
 10000-4200600000-510040 Regular salaries 500,000
 10000-4200600000-518100 Budgeted benefits 125,000
 Total 625,000

Increase appropriations:		
10000-4200600000-522310	Maintenance – building & improvements	579,000
10000-4200600000-522860	Medical/dental/lab supplies	100,000
10000-4200600000-522890	Pharmaceuticals	100,000
10000-4200600000-546160	Equipment – other	46,000
10000-4200600000-546380	Vehicles – other	<u>185,000</u>
	Total	1,010,000

Recommendation 14: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of assigned fund balance for TLMA Administration by \$250,000, as follows:

Increase appropriations:		
20200-3100200000-551000	Operating transfer – out	\$250,000
Use of assigned fund balance:		
20200-3100200000-350100	AFB for program money	250,000

Recommendation 15: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of assigned fund balance for TLMA Administration by \$22,300, as follows:

Increase appropriations:		
22650-3130800000-518100	Budgeted benefits	\$ 5,500
22650-3130800000-526410	Legally required notices	6,700
22650-3130800000-537020	Interfund expense – legal services	<u>10,100</u>
	Total	22,300
Use of assigned fund balance:		
22650-3130800000-350100	AFB for program money	22,300

Recommendation 16: That the Board approve and direct the Auditor-Controller to make budget adjustments to appropriations by \$88,000, as follows:

Increase appropriations:		
10000-3120100000-525440	Professional services	\$88,000
Decrease appropriations:		
10000-1101000000-551100	Contribution to other county funds	88,000

Recommendation 17: That the Board of Supervisors approve, in concept, the Department of Public Health’s proposed use of one-time DSRIP funding for implementation of countywide patient management and electronic medical records systems, pending the department’s submission of the expenditure plan for Board approval.

Recommendation 18: *That the Board of Supervisors approve and authorize purchase of one (1) autoclave for the Department of Public Health.*

Recommendation 19: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations for Public Health, as follows:*

Decrease appropriations:		
10000-4200100000-510040	Regular salaries	\$1,400,000
10000-4200100000-518100	Budgeted benefits	<u>600,000</u>
	Total	2,000,000
Increase appropriations:		
10000-4200100000-525440	Professional services	2,000,000

Recommendation 20: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations for Public Health, as follows:*

Decrease appropriations:		
21760-4200100000-510040	Regular salaries	\$11,107
Increase appropriations:		
21760-4200100000-546160	Equipment – other	11,107

Recommendation 21: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and assigned fund balance for Public Health totaling \$119,000, as follows:*

Increase appropriations:		
21770-4200100000-551000	Operating transfer – out	\$ 71,000
Anticipated use of fund balance:		
21770-4200100000-321101	Restricted program money	71,000
Increase appropriations:		
21780-4200100000-551000	Operating transfer out	48,000
Anticipated use of fund balance:		
21780-4200100000-321101	Restricted program money	48,000
Increase estimated revenue:		
21760-4200100000-790500	Operating transfers – in	119,000
Increase assigned fund balance:		
21760-4200100000-321101	Restricted program money	119,000

Recommendation 22: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated*