

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



3.24

On Motion of Supervisor Ashley, seconded by Supervisor Buster and duly carried, IT WAS ORDERED that the recommendation from Executive Office regarding the FY 2010-11 First Quarter Budget Report is received and filed as recommended.

Roll Call:

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: Stone
Absent: None

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on November 9, 2010 of Supervisors Minutes.

(seal)

WITNESS my hand and the seal of the Board of Supervisors
Dated: November 9, 2010
Kecia Harper-Ihem, Clerk of the Board of Supervisors, in
and for the County of Riverside, State of California.

By: Kecia Harper-Ihem Deputy

AGENDA NO.
3.24

xc: EO, Affected Dept.



Bill Luna
County Executive Officer

Jay E. Orr
Assistant County Executive Officer

Executive Office, County of Riverside

November 3, 2010

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

4/5th Vote

SUBJECT: FY 10/11 First Quarter Budget Report

Board members:

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

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

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

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

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

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

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

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

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

Respectfully


Bill Luna
County Executive Officer

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A. MULTIYEAR BUDGET OUTLOOK

ADAPTING TO THE NEW REALITY

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

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

Animal Services

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

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

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

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

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

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

Fire

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

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

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

Sheriff

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

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

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

District Attorney

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

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

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

Detention Health and Mental Health

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

Department of Public Social Services

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

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

ECONOMIC OUTLOOK

General Outlook

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

Local Outlook

Unemployment and Jobs

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

Real Estate Market

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

Documentary Transfer Activity

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

Building Permits

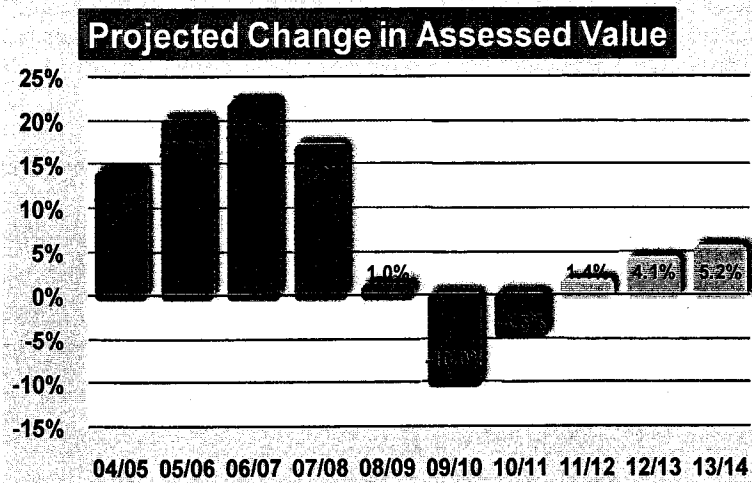
Building and Safety reports that building permit volume (single-family, grading, plan check, etc) decreased in September by 15 percent compared to the previous month. This is the first significant drop since February of this year. However, receipts in the first quarter improved by 9 percent compared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

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

Assessed Value

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

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



Although assessed value is projected to remain virtually flat through the next fiscal year, California State University, Fullerton, (CSUF) and the Institute for Environmental and Economic Studies (IEES) continue to project modest growth beginning in FY 11/12.

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

State Budget Update

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

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

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

Ratings Downgrade

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

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

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

MULTIPLE YEAR BUDGET PLAN

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

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

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

General Fund Multiple-year Projection (in millions)

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

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

Additional Risk Factors

Discretionary Revenue Reductions for Economist Forecasts

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

Other Potential Unbudgeted Impacts

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

* Reflects countywide increase over current costs

BEST PRACTICES/BUSINESS PROCESS REVIEW

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

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

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

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

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

Overview: early retirements and layoffs

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

Laborers International Union of North America (LIUNA) Adjustments

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

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

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

Pension Reform

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

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

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

Fleet Reduction

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

ePayables

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

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

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

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

B. FIRST QUARTER ACTIVITY

FUND BALANCE

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

Assumptions

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

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

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

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

Reserves and Designations

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

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

Release of Designated Fund Balance for Public Safety

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

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

Decrease designated fund balance:

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

Increase appropriations:

10000-2500200000-510040 Regular Salaries 228,257

10000-2500200000-518100 Budgeted benefits 97,824

10000-2500300000-510040 Regular Salaries 6,022,922

10000-2500300000-518100 Budgeted benefits 2,581,253

10000-2500400000-510040 Regular Salaries 1,715,324

10000-2500400000-518100 Budgeted benefits 735,139

10000-2500500000-510040 Regular Salaries 354,913

10000-2500500000-518100 Budgeted benefits 152,106

10000-2500600000-510040 Regular Salaries 51,472

10000-2500600000-518100 Budgeted benefits 22,059

10000-2500700000-510040 Regular Salaries 69,674

10000-2500700000-518100 Budgeted benefits 29,861

10000-2501000000-510040 Regular Salaries 62,559

10000-2501000000-518100 Budgeted benefits 26,811

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

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

Decrease designated fund balance:		
10000-1000100000-320146	DFB – Budget savings retention	\$401,226
Increase appropriations:		
10000-2600100000-537040	Interfund expense - Maintenance	401,226

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

Decrease designated fund balance:		
10000-1000100000-320146	DFB – Budget savings retention	\$988
Increase appropriations:		
10000-2700200000-525440	Professional services	988

Transfer of Designated Fund Balance to Custodial & Maintenance ISFs

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

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

Decrease designated fund balance:		
10000-1000100000-320125	DFB-Plan special projects	\$2,357,261
Increase appropriations:		
10000-1101000000-551100	Contribution to other funds	2,357,261
Increase estimated revenue:		
30100-7200800000-790600	Contribution from other county funds	500,000
Increase appropriations:		
30100-7200800000-542060	Improvements-buildings	500,000

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

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

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

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

DISCRETIONARY REVENUE

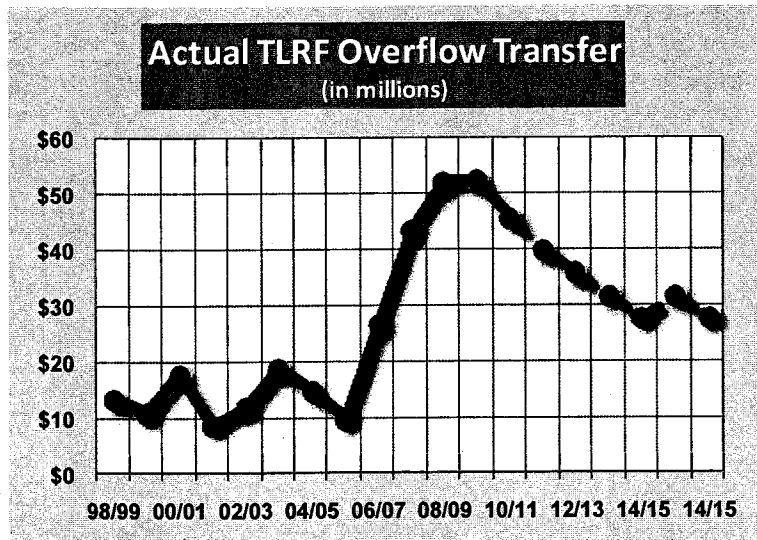
Property Taxes

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

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

Teeter Tax Losses Reserve Fund Overflow

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

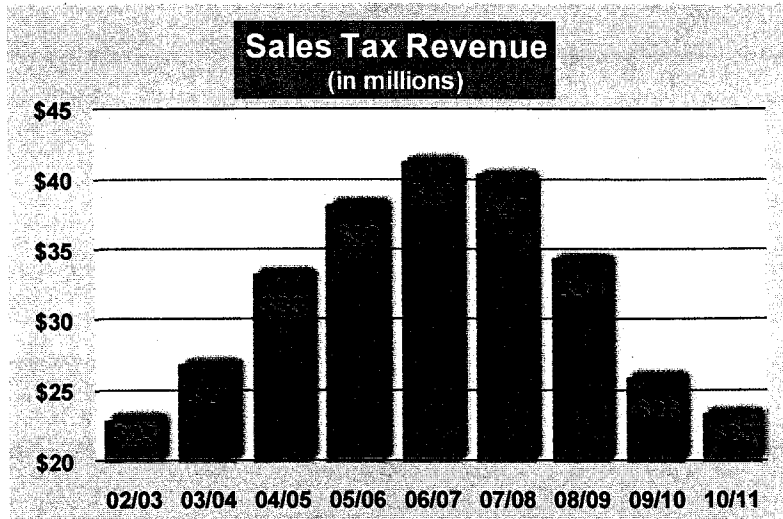


The rise in assessed value together with a spike in property tax delinquency rates significantly increased the Teeter Plan overflow in recent years. The overflow peaked at

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

Sales and Use Taxes

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



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

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

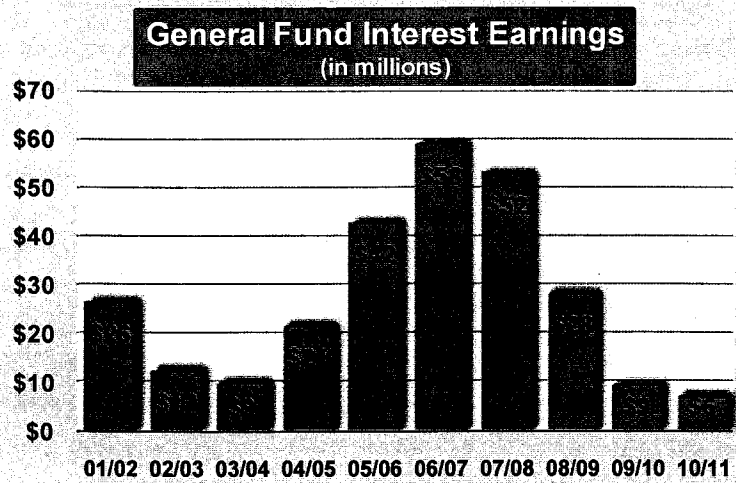
The estimate of sales and use tax revenue in the FY 10/11 final budget was \$23 million, which includes deductions for sales tax revenue picked up by recently incorporated cities. This contributed greatly to declines in the county's sales tax receipts. The Executive Office will continue monitoring this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

Proposition 172 Public Safety Sales Tax

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

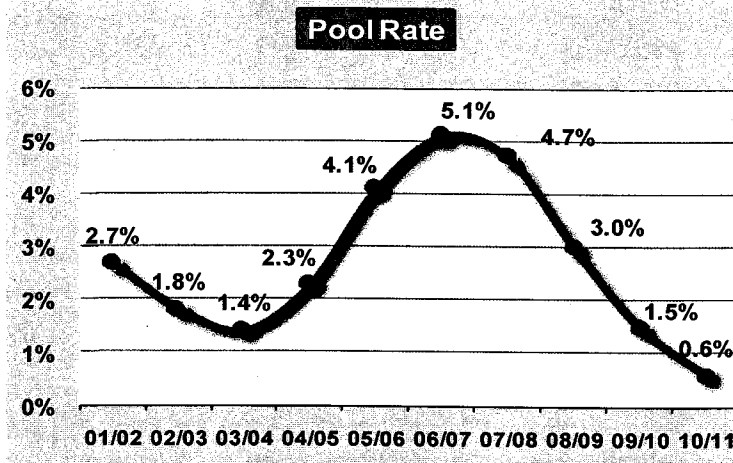
Interest Earnings

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



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

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



Eastvale Incorporation

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

Revenue Summary

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

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

* Does not include public safety sales tax revenue

APPROPRIATIONS FOR CONTINGENCY

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

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

C. DEPARTMENTAL STATUS

INTERDEPARTMENTAL AND CAPITAL PROJECTS

Capital Improvement Program (CIP)

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

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

Decrease reserved fund balance:		
30700-1104200000-309100	Reserve for construction	\$180,000
Increase appropriations:		
30700-1104200000-536780	Interfund expense - capital projects	180,000

County of Riverside Enterprise Solutions For Property Taxation (CREST)

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

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

RDA Capital Improvement Fund

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

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

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

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

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

Decrease designated fund balance:

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

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

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

Clerk of the Board

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

Assessment Appeals

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

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

Economic Development Agency/Facilities Management (EDA/FM)

Facilities Management Administration

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

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

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

Facilities Maintenance

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

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

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

Real Estate

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

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

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

Project Management

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

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

Decrease estimated revenue:		
10000-7200500000-778330	Interfund salary reimbursement	\$238,892
Increase appropriations:		
10000-7200500000-510200	Payoff permanent-seasonal	136,460
Decrease appropriations:		
10000-7200500000-510040	Regular salaries	309,444
10000-7200500000-518100	Budgeted benefits	<u>65,908</u>
	Total	375,352

Energy Management

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

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

Increase estimated revenue:		
10000-7200600000-778350	Interfund utilities	\$584,843
Increase appropriations:		
10000-7200600000-520845	Trash	77,188
10000-7200600000-529500	Electricity	881,078
10000-7200600000-529510	Heating fuel	36,110
10000-7200600000-529520	Sewer	27,922
10000-7200600000-529550	Water	102,735
10000-7200600000-573800	Intra-fund – Utilities	<u>(540,190)</u>
	Total	584,843

EDA Administration

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

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

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

EDA Mitigation Projects

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

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

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

Cal Home Program

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

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

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

Executive Office CAC Maintenance

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

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

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

Increase estimated revenue:		
10000-1100100000-741460	Rental of buildings	\$482,000
Increase appropriations:		
10000-1100100000-536860	Interfund expense-custodial	200,000
10000-1100100000-537040	Interfund expense-maintenance	<u>282,000</u>
	Total	482,000

Human Resources (HR)

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

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

Registrar of Voters (ROV)

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

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

Purchasing

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

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

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

PUBLIC PROTECTION

Court Reporter Transcripts

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

District Attorney's Office

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

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

Decrease appropriations:		
10000-1109000000-581000	Appropriation for contingency	\$24,750
Increase appropriations:		
10000-2200100000-523840	Computer Equipment-Software	24,750

Probation Department

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

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

HEALTH AND SANITATION

Community Health Agency (CHA)

Public Health

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

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

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

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

Increase estimated revenue:		
10000-4200100000-754000	CA-Tobacco tax Prop. 10	\$ 207,968
10000-4200100000-751680	CA-Grant revenue	<u>79,655</u>
	Total	287,623
Increase appropriations:		
10000-4200100000-510040	Regular salaries	82,680
10000-4200100000-518100	Budgeted benefits	37,320
10000-4200100000-521380	Maintenance-copier machines	4,600
10000-4200100000-523640	Computer equipment non-fixed asset	2,000
10000-4200100000-523680	Office equipment non-fixed asset	2,600
10000-4200100000-523700	Office supplies	7,244
10000-4200100000-523800	Printing	1,706
10000-4200100000-525340	TAP	135,000
10000-4200100000-525440	Professional services	75,949

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

Decrease appropriations

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

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

Increase estimated revenue:

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

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

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

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

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

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

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

Department of Environmental Health

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

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

Increase estimated revenue:		
10000-4200400000-767220	Fed-other operating grants	\$44,000
Increase appropriations:		
10000-4200400000-523660	Computer supplies	100
10000-4200400000-523680	Office equipment – non-fixed asset	20
10000-4200400000-523760	Postage mailing	4,700
10000-4200400000-522310	Maintenance-building & improve	1,200
10000-4200400000-523700	Office supplies	3,000
10000-4200400000-523800	Printing/binding	9,755
10000-4200400000-527180	Operational supplies	25
10000-4200400000-526420	Advertising	16,500
10000-4200400000-527780	Special program expense	8,700
	Total	44,000

Riverside County Regional Medical Center Programs

Medically Indigent Services Program (MISP)

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

Detention Health Services (DHS)

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

PUBLIC ASSISTANCE

Department of Public Social Services (DPSS)

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

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

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

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

Mandated Client Services

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

Categorical Aid

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

County Funded Programs

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

Homeless

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

Riverside County Children and Families Commission (RCCFC)

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

Community Action Partnership (CAP)

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

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

Increase estimated revenue:		
21050-5200200000-767220	Fed-other operating grants	\$2,019,976
21050-5200200000-767140	Fed-misc reimbursement	<u>319,195</u>
	Total	2,339,171

Increase appropriations:		
21050-5200200000-530020	Board – other	2,339,171

CAP also received additional funding for the Dispute Resolution Program and requests a budget adjustment to accommodate the increased revenue and expense.

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

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

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

Office on Aging

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

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

EDUCATION, RECREATION, AND CULTURE

Library

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

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

Decrease estimated revenue:

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

Decrease appropriations:

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

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

Increase fund balance available:

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

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

Increase estimated revenue:

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

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

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

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

Increase estimated revenue:

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

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

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

ENTERPRISE FUNDS

Riverside County Regional Medical Center (RCRMC)

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

Waste Management

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

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

Increase appropriations:		
40200-4500100000-551000	Operating transfers out	\$9,000
Use of net assets:		
40200-4500100000-380100	Unrestricted net assets	9,000
Increase estimated revenue:		
40250-943001-790500	Operating transfers in	9,000
Increase appropriations:		
40250-943001-529040	Private mileage reimbursement	9,000

INTERNAL SERVICE FUNDS (ISF)

Online Administrative Services Information System (OASIS)

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

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

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

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

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

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

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

SPECIAL DISTRICTS

Perris Valley Cemetery

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

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

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

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

Redevelopment Agency (RDA)

Special Revenue Fund

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

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

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

Total	51,433,353
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Increase estimated revenue:

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

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

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

Increase appropriations:

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

Increase estimated revenue:

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

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

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

Increase estimated revenue:

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

Increase appropriations:

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

Flood Control and Water Conservation District

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

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

Decrease estimated revenue:		
15100-947200-772230	Charges for administrative services	\$4,510,290
Increase appropriations:		
15100-947200-574200	Intra-fund transfers-miscellaneous	(4,510,290)

Regional Parks and Open Space District

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

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

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

Increase estimated revenues:		
25400-931104-781720	Salary reimbursement	\$ 676,849
Increase appropriations:		
25400-931104-510040	Regular salaries	176,244
25400-931104-510340	Seasonal salaries	196,445
25400-931104-518100	Budgeted benefits	304,160
25400-931104-529500	Electricity	284,000
25400-931104-522310	Maintenance-building and improvement	10,980
25400-931104-524660	Consultants	70,000
	Total	<u>1,041,829</u>
Use of fund balance:		
25400-931104-325100	Unreserved fund balance	364,980

Recreation

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

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

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

Park Acquisition and Development

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

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

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

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

East County DIF – Parks

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

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

Increase appropriations:		
33120-931123-548200	Infrastructure	\$161,233
Increase estimated revenue:		
33120-931123-790600	Contribution from other county funds	161,233

Attachment A Summary of Recommendations

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

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

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

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

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

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

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

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

Decrease appropriations:

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

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

Increase designated fund balance:

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

Decrease unreserved, undesignated fund balance:

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

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

Decrease designated fund balance:

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

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

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

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

Decrease designated fund balance:		
10000-1000100000-320146	DFB – Budget savings retention	\$401,226
Increase appropriations:		
10000-2600100000-537040	Interfund expense - Maintenance	401,226

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

Decrease designated fund balance:		
10000-1000100000-320146	DFB – Budget savings retention	\$988
Increase appropriations:		
10000-2700200000-525440	Professional services	988

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

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

Increase appropriations:		
10000-1101000000-551100	Contribution to other funds	2,357,261
Increase estimated revenue:		
30100-7200800000-790600	Contribution from other county funds	500,000
Increase appropriations:		
30100-7200800000-542060	Improvements-buildings	500,000
Increase estimated revenue:		
47200-7200200000-790600	Contribution from other county funds	619,087
Increase net assets:		
47200-7200200000-380100	Unrestricted net assets	619,087
Increase estimated revenue:		
47210-7200300000-790600	Contribution from other county funds	1,238,174
Increase net assets:		
47210-7200300000-380100	Unrestricted net assets	1,238,174

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

Decrease reserved fund balance:		
30700-1104200000-309100	Reserve for construction	\$180,000
Increase appropriations:		
30700-1104200000-536780	Interfund expense - capital projects	180,000

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

Decrease designated fund balance:		
31540-1100100000-320109	Designated for capital projects	\$4,398,591
Increase appropriations:		
31540-1100100000-551000	Operating transfers out	11,677,441
Use of fund balance:		
31540-1100100000-308158	Reserve for RDA capital improvements	7,278,850

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

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

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

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

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

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

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

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

10000-7200500000-518100	Budgeted benefits	65,908
	Total	<u>375,352</u>

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

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

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

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

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

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

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

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

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

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

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

Increase appropriations:

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

Increase estimated revenue:

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

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

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

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

Decrease appropriations:

10000-1109000000-581000	Appropriation for contingency	<u>\$24,750</u>
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Increase appropriations:

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

Increase estimated revenue:

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

Increase appropriations:

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

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

Decrease appropriations

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

Increase estimated revenue:

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

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

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

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

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

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

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

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

Increase estimated revenue:		
10000-4200400000-767220	Fed-other operating grants	\$44,000
Increase appropriations:		
10000-4200400000-523660	Computer supplies	100
10000-4200400000-523680	Office equipment – non-fixed asset	20
10000-4200400000-523760	Postage mailing	4,700
10000-4200400000-522310	Maintenance-building & improve	1,200
10000-4200400000-523700	Office supplies	3,000
10000-4200400000-523800	Printing/binding	9,755
10000-4200400000-527180	Operational supplies	25
10000-4200400000-526420	Advertising	16,500
10000-4200400000-527780	Special program expense	<u>8,700</u>
	Total	44,000

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

Increase estimated revenue:		
21050-5200200000-767220	Fed-other operating grants	\$2,019,976
21050-5200200000-767140	Fed-misc reimbursement	<u>319,195</u>
	Total	2,339,171

Increase appropriations:		
21050-5200200000-530020	Board – other	2,339,171

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

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

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

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

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

Decrease estimated revenue:

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

Decrease appropriations:

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

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

Increase fund balance available:

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

Increase estimated revenue:

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

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

Increase estimated revenue:

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

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

Increase appropriations:

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

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

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

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

Increase appropriations:

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

Increase estimated revenue:

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

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

Increase estimated revenue:

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

Increase appropriations:

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

Use of fund balance:

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

Increase appropriations:

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

Increase estimated revenue:

25000-934001-791000	Bond proceeds	51,433,353
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Recommendation 35: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the RDA capital projects fund, as follows:

Increase appropriations:

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

Increase estimated revenue:

32700-934001-791000	Bond proceeds	42,770,513
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Recommendation 36: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and estimated revenue for the RDA debt service fund, as follows:

Increase estimated revenue:

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

Increase appropriations:

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

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

Decrease estimated revenue:

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

15100-947200-574200	Intra-fund transfers-miscellaneous	(4,510,290)
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Recommendation 38: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenues and appropriations for Parks, as follows:

Increase estimated revenues:

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

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

Use of fund balance:		
25400-931104-325100	Unreserved fund balance	364,980

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

Increase appropriations:		
25400-931104-551100	Contributions to other funds	\$ 304,791

Use of fund balance:		
25400-931104-325100	Unreserved fund balance	304,791

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

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

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

Release designated fund balance:		
33100-931105-320109	DFB – capital projects	\$ 30,337

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

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

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

Increase appropriations:

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

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

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

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

Attachment C Moody's Investor Service Rating Opinion

MOODY'S

INVESTORS SERVICE

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

Global Credit Research - 04 Oct 2010

Approximately \$21.8 Million Of Teeter Notes Affected

County
CA

Moody's Rating

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

Opinion

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

RATING RATIONALE

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

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

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

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

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

COUNTY'S FINANCIAL POSITION WEAKENING

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

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

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

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

DEMONSTRATED MARKET ACCESS; STRAIGHTFORWARD AUTHORIZATION OF TAKE-OUT NOTES

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

STRONG BACK-UP PROVIDED BY TREASURER'S INVESTMENT POOL

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

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

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

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

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

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

Outlook

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

What Could Move The Long-Term Rating - UP

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

What Could Move The Long-Term Rating - Down

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

- significant increase in size or complexity of debt portfolio

KEY STATISTICS

Population, 2009: 2,107,653

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

% Change in AV, 2011: -5.8%

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

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

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

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

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

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

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

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

REGULATORY DISCLOSURES

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

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

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

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

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

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

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Attachment D Review and Summary of Department Impact Reports

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

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

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

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

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

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

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

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

Fire Department

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

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

Department of Public Social Services (DPSS)

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

Sheriff's Department

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

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

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

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

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

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

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

Registrar of Voters (ROV)

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

For FY 11/12 the ROV will conduct three countywide elections, including the 2012 presidential primary. The ROV requests an NCC allocation similar to that of FY 07/08, which was \$6,083,757. A like NCC could be sufficient depending on the Board's desire to continue the enhanced programs implemented for November 2010. Based on a \$6,083,757 NCC a 20 percent cut would be a reduction of \$121,675 and anticipated LIUNA savings from MPL is \$33,484.

DEPARTMENTS PROJECTING FY 10/11 ON TARGET

Office on Aging

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

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

Agricultural Commissioner

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

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

Assessor-County Clerk-Recorder

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

Auditor-Controller

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

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

BOS/Clerk of the Board and Assessment Appeals

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

Department of Child Support Services (DCSS)

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

Community Action Agency

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

Community Health Agency

- **Public Health**

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

- **Environmental Health**

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

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

- **Animal Services**

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

Cooperative Extension

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

County Counsel

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

Economic Development Agency

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

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

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

Executive Office

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

Human Resources

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

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

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

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

Mental Health

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

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

NPDES

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

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

OASIS – Internal Service Fund (ISF)

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

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

Park District

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

Law Office of the Public Defender

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

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

- **Alternate Public Defender/Capital Cases**

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

Public Safety Enterprise Communications Project (PSEC)

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

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

Probation

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

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

Purchasing (General Government) and Purchasing ISFs

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

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

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

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

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

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

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

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

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

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

Riverside County Regional Medical Center (RCRMC)

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

- **Detention Health Services (DHS)**

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

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

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

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

Transportation and Land Management Agency

- **Transportation**

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

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

- **Code Enforcement**

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

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

- **Geographic Information Services (GIS)**

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

- **Planning**

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

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

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

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

Treasurer-Tax Collector

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

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

Veterans' Services

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

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

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

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

RIVERSIDE COUNTY

STANLEY SNIFF, SHERIFF



Sheriff

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

October 14, 2010

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


Dear Bill Luna:

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

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

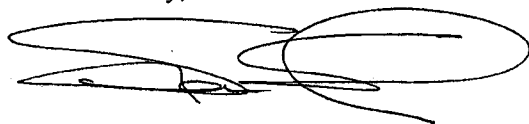
As we have indicated to the Board of Supervisors, there is not much NCC savings to be achieved in the area of Corrections. The impact of an 11% NCC cut will negate our Larry Smith Correctional Facility expansion efforts and may result in the closure of one of our facilities. We have already seen an increase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

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

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

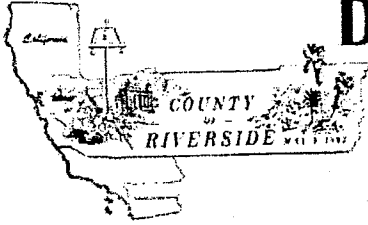
We view our department as part of the "county family" of departments, and view ourselves as partners in helping Riverside County through the worst economic challenges we have ever faced, while mindful of our various critical uniformed emergency first-responder missions to our communities. Currently we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

Sincerely,

A handwritten signature in black ink, appearing to read "Stan Sniff", with a large, loopy flourish extending to the right.

Stan Sniff, Sheriff

SS:jg



Department of Public Social Services

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

Susan Loew, Director

October 5, 2010

TO: Bill Luna, CEO

FROM: Susan Loew, Director, DPSS

Subject: FY 11/12 Budget Plan

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

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

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

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

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

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INNOVATIONS IN AMERICAN GOVERNMENT AWARD WINNER · 1996

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

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

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

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

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

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

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

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



ROD PACHECO
DISTRICT ATTORNEY
COUNTY OF RIVERSIDE

October 15, 2010

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

Dear ~~Chairman~~ Ashley: *Marion,*

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

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

Very truly yours,

ROD PACHECO
District Attorney

RP:wsc
Encls
cc: Bill Luna, County Executive Officer

Please note our new address – 3960 Orange Street, Riverside, CA 92501
4075 MAIN STREET • RIVERSIDE, CA 92501
951-955-5400

District Attorney

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

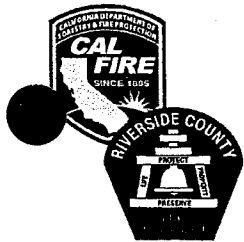
Actions by the District Attorney's Office for FY 2011/12 based on assumptions by the Executive Office are unknown since a new department head will be responsible for the last six months of the budget for FY 2010/11 and for the budget for FY 2011/12. From the current data and reasonable projections, no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

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

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

Increase designation:

100000-2200100000-523840	Computer Equipment-Software	\$ 24,750.00
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RIVERSIDE COUNTY FIRE DEPARTMENT
IN COOPERATION WITH
THE CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION

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

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

October 12, 2010

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

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

Re: First Quarter Budget Status Report

Dear Mr. Luna:

FISCAL YEAR 10-11:

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

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

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

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

Bill Luna
October 12, 2010
Page Two

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

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

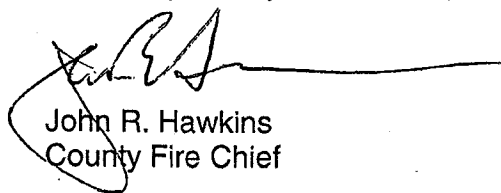
Closure of any fire station will be difficult due to many factors including but not limited to public expectations, extended service from next due fire stations or by volunteer firefighters, impact to contiguous partner cities, emergency incident workloads, etc. With the above chart, we have identified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

FISCAL YEAR 11-12:

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

CONCLUSION:

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



John R. Hawkins
County Fire Chief



October 12, 2010

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

FY 2010/11 NCC

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

FY 2011/12

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

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

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

MAJOR CHANGES

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

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

cc: Stephanie Persi, Management Analyst



RIVERSIDE COUNTY OFFICE ON AGING



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

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

FY2010-11

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

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

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

FY2011-12

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

Edward F. Walsh, Director

For Information/Assistance, Call:

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

◆ Hemet Office

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

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

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



AGRICULTURAL COMMISSIONER'S OFFICE

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JOHN SNYDER

Agricultural Commissioner
Sealer of Weights & Measures

WEIGHTS & MEASURES DIVISION

2950 WASHINGTON STREET
P.O. BOX 1480
RIVERSIDE, CA 92502-1480
PHONE (951) 955-3030
FAX (951) 276-4728

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

Agricultural Commissioner Budget Reduction Impacts

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

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

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

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

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

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

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

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

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

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

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

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



MEMORANDUM
COUNTY OF RIVERSIDE
ASSESSOR-COUNTY CLERK-RECORDER

Peter Aldana
Assistant ACR
Assessor Division

Tauna Mallis
Assistant ACR
County Clerk-Recorder Division

Bobbi Schutte
Assistant ACR
Administration Division

LARRY W. WARD
Assessor-County Clerk-Recorder

TO: Bill Luna, CEO
FROM: Larry Ward, Assessor-County Clerk-Recorder
DATE: October 18, 2010
RE: FY 10/11 First Quarter Budget Status Report

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

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

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

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

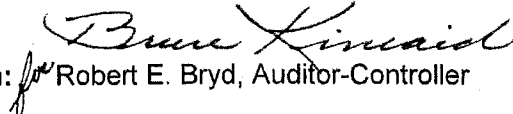


Memorandum

Tel (951) 955-3800

Fax (951) 955-3802

To: Bill Luna, County Executive Officer

From:  Robert E. Bryd, Auditor-Controller

Date: October 13, 2010

Re: Impact of Budget Reductions

Coping With New Reality of FY10/11 Budget Reductions:

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

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

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

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

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

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

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

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

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

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

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

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



OFFICE OF
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KECIA HARPER-IHEM
CLERK OF THE BOARD

KIMBERLY RECTOR
ASSISTANT CLERK OF THE BOARD

To: Bill Luna, County Executive Officer

From: Kecia Harper-Ihem *Kecia Ihem*

Date: September 29, 2010

Re: First Quarter Budget Status Report

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

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



County of Riverside
DEPARTMENT OF CHILD SUPPORT SERVICES



John Replogle, Director

Office Locations: 2041 Iowa Avenue
Riverside, CA 92507

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


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

47-950 Arabia Street
Indio, CA 92201

280 N Broadway
Blythe, CA 92225

IN REPLY REFER TO:

TO: Elizabeth Olson, Sr. Management Analyst

FROM: John Replogle 

Date: October 5, 2010

RE: First Quarter Budget Status Report

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

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

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

COMMUNITY ACTION PARTNERSHIP OF RIVERSIDE COUNTY

Budget Status Report

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

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

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

These funds sustain the following programs:

Asset-Building Initiative to End Poverty

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

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

Delegate Agencies - Community based sub-contractors.

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

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

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

CAP Riverside received two streams of ARRA funding:

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

County Support **\$134,663**

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

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

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

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

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

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

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

County Support **\$100,997**

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

Thank you for the opportunity to present this report.



Lois J. Carson, CCAP
Executive Director

10-4-10

Date



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

October 12, 2010

TO: Debbie Cournoyer, Principle Analyst, County Executive Office

FROM: Susan Harrington, Director of Public Health

RE: First Quarter Budget Status Report FY 2010/2011

Fiscal Year 2010/2011

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

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

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

Fiscal Year 2011/2012

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

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