

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

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

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

Five Year Plan

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

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

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



County of Riverside
COMMUNITY HEALTH AGENCY
DEPARTMENT OF ENVIRONMENTAL HEALTH

DATE: October 21, 2010

TO: Debbie Cournoyer, Principal Analyst, Executive Office
FROM: Steve Van Stockum, Director
RE: First Quarter Budget Status Report FY 2010/2011

Last Year's Budget

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

Coping with the Reality of FY 2010/2011 Budget Reductions

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

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

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

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

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

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

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

Current Fiscal Year Budget Status Report

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

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

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

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

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

Five Year Plan

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

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

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

SVS:rz

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



**DEPARTMENT OF
ANIMAL SERVICES**

Riverside County Community Health Agency

*Department of Animal Services
Robert Miller, Director*

October 13, 2010

TO: Bill Luna, County Executive Officer

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

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

RE: First Quarter Status Update – Animal Services

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

Coping with FY 2010/11

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

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

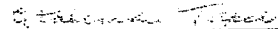
Adapting to additional reductions in FY 2011/12

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

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

Cooperative Extension

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



Etaferahu Takele
Director, Cooperative Extension



MEMORANDUM

RIVERSIDE COUNTY COUNSEL

DATE: September 27, 2010
TO: Tina Grande, Principal Management Analyst
FROM: Pamela J. Walls, County Counsel
RE: First Quarter Budget Status Report

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

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

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

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

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

PJW:nwh



October 13, 2010

TO: Jennifer Sargent
Principal Management Analyst
Executive Office

FROM: Rob Field
Assistant CEO/EDA

RE: FY 10/11 Budget Reduction Impact to EDA

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

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

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

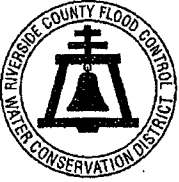
www.rivcoeda.org

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Parking
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Purchasing Group
Real Property
Redevelopment Agency
Workforce Development




MEMORANDUM

RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

DATE: October 13, 2010

TO: Mike Shetler, County Executive Office

FROM: Warren D. Williams, General Manager–Chief Engineer 

RE: 1st Quarter Budget Report FY 2010-2011

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

SJ:DW:seb

P8\133721



MEMORANDUM

Human Resources Department

Barbara A. Olivier

Assistant County Executive Officer/
Human Resources Director

Date: October 13, 2010

To: Bill Luna
County Executive Officer

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

RE: Budget Status Report

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

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

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

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

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

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

FUTURE DIRECTIONS

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

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

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

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

Fund 10000-11301 Human Resources

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

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

Fund 22000-11303 Rideshare

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

Fund 45800-11320 Exclusive Care

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

Fund 45840-11324 United Concordia Preferred Dental

Fund 45870 -11328 Freedom Dental

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

Fund 45900-11326 Local Advantage Dental Plus

Fund 45920-11325 Local Advantage Dental Blythe

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

Fund 45960 11310 General Liability Insurance

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

Fund 46000-11309 Malpractice Insurance

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

Fund 46020 -11307 Property Insurance

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

Fund 46040-11313 Safety Loss Control

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

Fund 46060-11312 Unemployment Insurance

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

Fund 46100-11308 Workers' Compensation

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

Fund 46100-11322 Employee Assistance Services

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

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

Fund 46120-11329 Occupational Health and Wellness

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

Fund 47000-11318 Temporary Assistance Program

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



Matthew W. Frymire
Chief Information Officer

Memorandum

To: Bill Luna, Chief Executive Officer

Date: October 13, 2010

From: Greg Stoddard, Chief Technology Officer

Subject: RCIT and PSEC First Quarter Reports

CC: Serena Chow

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

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

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

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

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

Please let me know if you have any questions.



RIVERSIDE COUNTY
DEPARTMENT OF MENTAL HEALTH

Jerry A. Wengerd, Director

M E M O R A N D U M

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

FY 2010/2011 Budget Reductions Status

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

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

LIUNA Furlough Net County Cost Impact

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

FY 2011/2012 NCC Reduction Impact

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

5-Year Budget Outlook

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

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



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

Subject: OASIS First Quarter Budget Status Report

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

Background

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

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

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

First Quarter Status

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

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

Looking Ahead to Year-end

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

Looking Ahead to FY2011/12

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

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

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

Respectfully Submitted,



Mike Dearman
OASIS Director

**RIVERSIDE COUNTY
REGIONAL PARK & OPEN-SPACE DISTRICT**

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



**SCOTT BANGLE
GENERAL MANAGER/PARKS DIRECTOR**

MEMORANDUM

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

FY 2010-11 (On Course)

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

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

FY 2011-12 (Suggested Actions)

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

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

LAW OFFICES OF THE
Public Defender
COUNTY OF RIVERSIDE

GARY WINDOM
PUBLIC DEFENDER

BRIAN L. BOLES
ASSISTANT PUBLIC DEFENDER

CHRISTOPHER P. OLIVER
ASSISTANT PUBLIC DEFENDER

CHRISTINE M. VOSS
ASSISTANT PUBLIC DEFENDER

LUCY M. WILLIAMS
ASSISTANT PUBLIC DEFENDER



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

October 27, 2010

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


Dear Bill:

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

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

Thank you.

Very Truly Yours,


Gary Windom
Public Defender

Budget Status Report

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

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

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

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

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

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

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

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

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

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

Alternate Public Defender for Capital Cases

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

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

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

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



MEMORANDUM

RIVERSIDE COUNTY PROBATION DEPARTMENT

ALAN M. CROGAN
CHIEF PROBATION OFFICER

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

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

A handwritten signature in black ink, appearing to read "A. Crogan", is written over the name of the sender in the "FROM" field.

DATE: October 13, 2010

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

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

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

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

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

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

October 13, 2010

FY 2010/11 BUDGET

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

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

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

SB 81 - An additional \$200 million has been approved in lease revenue bond authority for juvenile facilities construction under Senate Bill 81. The Probation Department will again participate in seeking this funding in an effort to build a 100-bed secure juvenile treatment facility within the city of Riverside.

The reduction associated with the first half of the LIUNA furloughs is estimated to be nearly \$400,000. The Department realizes that there will be a NCC budget adjustment to recover the savings.

FY 2011/12 Budget

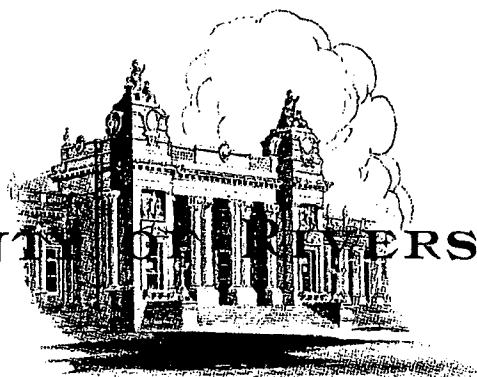
For the purposes of planning for FY 2011/12, a 5% NCC reduction is approximately \$1.5 M and 20 FTEs. This potential reduction will be exacerbated by additional Prop 172 funding reductions and the potential elimination of VLF funding after it sunsets in FY 2010/11. The potential elimination of VLF funding is approximately \$10.9 M and 118 FTEs. These significant reductions will be devastating to Department programs and services and, once again, place the Department in the unfortunate position of proposing to eliminate programs, reduce services, close down facilities or lay off positions to balance the budget.

The Chief Probation Officers of CA has been working closely with other organizations to urge the Legislature to sponsor an urgency measure in January 2011 to continue the funding for juvenile camp and community programs. To mitigate the impact of any NCC reduction and revenue shortfall, the Department will continue to monitor all funding streams, pursue grant opportunities, consolidate functions and "scrub down" costs to maximize revenue and realize savings. The Department continues to monitor the service delivery impact given the current year's reductions that will continue into the FY 2011/12. The full implementation of evidence based supervision programs and the expansion of the kiosk reporting system, among other initiatives, will help mitigate the service delivery impact.

The Department anticipates the full implementation of SB 1628 during the fiscal year. Additionally, the last half of the FY 2011/12, should bring to close the SB 678 evidenced based Probation supervision program grant award. The grant award of \$2,827,057 from Recovery Act funding started in FY 2009/10 and is scheduled to terminate during FY 2011/12. The State is determining the amount of continued funding based on each County's ability to reduce the number of probationers revoked to State prison.

The reduction associated with the second half of the LIUNA furloughs is estimated to be nearly \$350,000. Again, the department realizes that there will be a NCC budget adjustment to recover the savings.

COUNTY OF RIVERSIDE



PURCHASING AND FLEET SERVICES

ROBERT J. HOWDYSHELL
DIRECTOR

PURCHASING
SUPPLY
CENTRAL MAIL
PRINTING
FLEET

MEMORANDUM

TO: Bill Luna, County Executive Officer
FROM: Robert J. Howdysshell, Director, Purchasing and Fleet Services Dept.
DATE: October 13, 2010

SUBJECT: Impact Report as of September 30, 2010

Purchasing

Purchasing is on track to remain within budget for FY2011. Purchasing has always remained a team player and taken the cuts required to stay within the approved budget. However, I must make it very clear the cuts sustained so far are causing the purchasing function to become ineffective. As indicated in the Budget Briefing to the Board in June 2010, we are experiencing severe service level impacts due to a reduced number of procurement personnel. Since the start of FY2011, there are four fewer buying staff (44% reduction) to accomplish the general purchasing requirements for the County (a decrease from nine to five, which includes the Purchasing Manager) than there were in FY2010. Procurement Lead Time for solicitations has increased from 125.25 days to 175.5 days and the full effect of the latest procurement personnel departures has not been fully felt. This is occurring while the workload is continuing to increase. Comparing the first quarter of FY2010 with the first quarter of FY2011, the number of PO lines has increased from 43,623 to 49,483 and the dollars increased from \$216,428,107 to \$254,884,634 respectively.

The department is struggling trying to maintain any level of acceptable service with the cuts experienced over the last few years. Looking ahead, a similar proposed cut for FY2012 would mean an additional erosion of procurement personnel. Because there are no assets or other non-fixed cost expenses in the Purchasing Division's budget, an additional 25% cut would have to be absorbed almost exclusively by reduction in salaries. This will result in another three to four positions lost and this would have a devastating impact on our ability to meet the County's needs. Some of the risks associated with the devastating cuts are as follows:

- **Riverside Countywide contracts:** These contracts are used by multiple county departments and other government agencies. At the end of FY2010 there were 538 contracts that needed to be renewed but there was no staff to work on these. It is projected that by the end of FY2011 there will be over 1,024 countywide contracts expiring with no one to work on them. This is a death spiral. The reason we do these countywide contracts is to obtain volume discounts, standardize the products/services used within the county, and reduce the workload and time to obtain these products/services. As more of these contracts continue to expire, the savings we have enjoyed in the past, in time and cost, will be lost.

- The concept of a central purchasing department is being eroded. As more and more purchasing resources are being cut, more departments are seeing the value and absolute need for their own procurement personnel. The number of procurement personnel in the departments continues to grow in order to meet their needs. This is beneficial in that it requires the departments with the need to budget and pay for their procurement staff. However, this approach reduces the effectiveness of having a central purchasing function. Some of the less desirable consequences of this approach are:
 - It minimizes adherence to the standardized purchasing policies and procedures;
 - It generally is less productive and efficient, thereby costing the County more for its products and services;
 - It hides the true cost of the purchasing function and,
 - It puts the County at extreme risk for ethical and insurance violations, thus increasing the need for Purchasing Audits.

We currently have nine procurement personnel stationed in departments and only five in the Central Purchasing Department.

The Purchasing staffing level is at a point now that without additional general fund support, the County should consider one of two options:

1. Either restructuring the purchasing function to place purchasing authority in departments and then attempt to control purchasing decisions from the Executive Office or
2. Convert Purchasing from a general fund department to an internal service fund (ISF). The ISF approach would allow balancing staffing with workload and reduce the dependence on direct general fund support.

We believe our current situation is in extremis. We believe a central purchasing function saves money through fair and open vendor negotiations, consolidations of requirements, and providing the skills of a professional procurement staff. For example, Purchasing saved the District Attorney more than two million dollars on the furniture acquisition for their new building. Purchasing has been a key member of many of our recent negotiations such as the PSEC Project, CREST, Mental Health's Behavior Health Information System, and the Hospital's HIS Project, etc. A disciplined purchasing function routinely saves the County millions of dollars on a wide range of services and products, including lease financing, fuel, paper, office supplies, furniture, cleaning supplies, etc. A central purchasing function also provides supplier mentoring, a single face for dealing with the County, and a process for arbitrating differences. Loss of a central purchasing function could result in a net loss rather than savings for the County. We fervently believe an adequately staffed central purchasing operation is a core function of the County.

Fleet Services

Fleet Services is on track to meet its budget targets for FY2011.

Over the past two years, six Fleet Services employees have retired and one left to take a position in the private sector. Staffing of mechanic positions is now so thin that any additional loss of a mechanics could result in closure of a remote garage location. The financial impact of such a closure would be felt by the departments dependent on the use of the remote garage locations rather than by Fleet Services, as additional staff time would be needed to take vehicles to the next closest garage for service or repair.

Fleet Services continues to review vehicle utilization with a goal of reducing the cost of fleet services. Vehicle purchases decreased sharply in FY2010 with Fleet Services placing orders for 41 new vehicles compared to more than 500 in FY2009. In addition, overall mileage for non patrol vehicles moved down sharply in fiscal year 2010. Trends for the foreseeable future include continued minimal orders for non patrol vehicles, a reduction in the non patrol fleet vehicle count, a continued decrease in non patrol mileage, an increase in maintenance costs as the average age of a fleet vehicle rises, and

statistics showing more favorable vehicle utilization. These trends will help the County reduce overall fleet costs.

The tables below provide analysis of how Fleet Services is achieving lower costs. The data illustrates the trend over four FYs.

PATROL										
	6/30/2007	6/30/2008	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2009	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2010	VEHICLE # CHANGE	PERCENT CHANGE
TOTAL # OF VEHICLES	904	1081	177	19.59%	1089	8	0.74%	993	-96	-8.82%
MILES DRIVEN	11 913 310	13 331 781		11.91%	14 767 071		10.77%	14 539 819		-1.54%
MAINTENANCE	\$2 166 393	\$2 861 788		32.10%	\$3 176 398		10.99%	\$2 808 819		-11.57%
GALLONS	695 413	849 177		22.11%	1 199 499		41.25%	1 210 049		0.88%
FUEL USED	\$2 653 773	\$3 449 745		29.99%	\$3 191 663		-7.48%	\$3 230 708		1.22%
LEASE PAYMENT	\$3 379 621	\$4 789 792		41.73%	\$5 488 722		14.59%	\$5 871 896		6.98%
TOTAL BILLING	\$8 199 787	\$11 101 375		35.39%	\$11 856 783		6.80%	\$11 911 393		0.46%

NON-PATROL										
	6/30/2007	6/30/2008	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2009	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2010	VEHICLE # CHANGE	PERCENT CHANGE
TOTAL # OF VEHICLES	3232	3482	230	7.12%	3367	-95	-2.74%	3256	-111	-3.30%
MILES DRIVEN	28 943 582	34 189 565		18.12%	33 420 046		-2.25%	29 354 662		-12.16%
MAINTENANCE	\$4 088 451	\$5 639 717		37.94%	\$5 557 405		-1.46%	\$4 619 754		-16.87%
GALLONS	1 339 365	1 723 823		28.70%	1 821 799		5.69%	1 651 865		-9.33%
FUEL USED	\$4 249 658	\$5 922 249		39.36%	\$4 968 926		-16.10%	\$4 527 077		-8.69%
LEASE PAYMENT	\$9 433 468	\$9 114 712		-3.33%	\$10 301 113		13.02%	\$7 799 129		-24.28%
TOTAL BILLING	\$17 771 578	\$20 676 678		16.35%	\$20 828 249		0.73%	\$18 952 398		-18.61%

TOTAL										
	6/30/2007	6/30/2008	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2009	VEHICLE # CHANGE	PERCENT CHANGE	6/30/2010	VEHICLE # CHANGE	PERCENT CHANGE
TOTAL # OF VEHICLES	4136	4543	407	9.84%	4456	-87	-1.92%	4249	-207	-4.65%
MILES DRIVEN	40 856 892	47 521 346		16.31%	48 187 117		1.40%	43 894 481		-8.91%
MAINTENANCE	\$6 254 845	\$8 501 503		35.82%	\$8 733 803		2.73%	\$7 428 573		-14.94%
GALLONS	2 034 778	2 572 999		26.45%	3 021 298		17.42%	2 861 915		-5.28%
FUEL USED	\$6 903 431	\$9 371 994		35.76%	\$8 164 950		-12.88%	\$7 757 785		-4.99%
LEASE PAYMENT	\$12 613 089	\$13 904 494		8.52%	\$15 792 166		13.58%	\$13 670 995		-13.43%
TOTAL BILLING	\$25 971 365	\$31 778 053		22.36%	\$32 685 032		2.85%	\$28 863 791		-11.69%

SAVINGS PATROL		
	Change	% Change
TOTAL # OF VEHICLES	\$ {96.00}	-8.82%
MILES DRIVEN	\$ {227,252.00}	-1.54%
MAINTENANCE	\$ {367,579.00}	-11.57%
GALLONS	\$ 10,550.00	0.88%
FUEL USED \$	\$ 39,045.00	1.22%
LEASE PAYMENT	\$ 383,144.00	6.98%
TOTAL BILLING	\$ 54,610.00	0.46%

SAVINGS NON PATROL		
	Change	% Change
TOTAL # OF VEHICLES	\$ (111.00)	-3.30%
MILES DRIVEN	\$ (4,065,384.00)	-12.16%
MAINTENANCE	\$ (937,651.00)	-16.87%
GALLONS	\$ (169,934.00)	-9.33%
FUEL USED \$	\$ (441,849.00)	-8.89%
LEASE PAYMENT	\$ (2,501,984.00)	-24.29%
TOTAL BILLING	\$ (3,875,851.00)	-18.61%

Some of the specific measures taken by Fleet Services to achieve cost savings without sacrificing service levels are outlined below:

- Stripping Cars: Reusing good parts.
- Centralize Parts purchasing: Wait time reduced by implementation of new master parts contract etc. In addition, transportation cost reduced by utilizing new contract.
- Evaluating parts: Extensive effort in evaluating life cycle and failure rate of high use parts. Example - New brake pads being used on patrol vehicles obtain twice the mileage as the OEM brake pads.
- Extending the life of Patrol units.
- Extending preventive maintenance service mileage where feasible.
- Setting higher mileage standards when purchasing new cars.
- Purchasing Hybrid heavy trucks – significant mileage improvement and thereby cost savings.
- Rebuilding major vehicle components in house (engines, transmissions).
- Replacing high cost, high mileage vehicles with lower mileage, lower cost vehicles currently in the Fleet.
- Reassigning low utilization vehicles in place of purchasing new vehicles.
- Reduced Fleet by tightening up overnight retention.
- Tracking tire durability to give us the lowest life cycle cost, buying the best tire for the use.
- Reducing capital outlays.
- Bring towing in house to reduce contract towing costs.
- Specifying the right vehicle for the job. Tightened up the review process. (D-2)

Regarding FY2012 rates, Fleet Services rates for FY2011 were set at the FY2009 rate level less 10%. This rate level, matched with current volumes, is projected to generate an operating loss for fiscal year 2011. Where possible, Fleet Services has reduced staff and cost levels, but it is not enough. Additional personnel savings or cost savings will be required to meet budget.

Finally, a few thoughts on fuel prices, Fleet Services anticipates fuel prices to remain around the \$3/gallon mark for the first half of FY2011. Prices could move higher in the second half of FY2011 and in FY2012. Prices will react to economic recovery, to available supply, to new demand from Asia and other developing regions, and to political stability. As the economy recovers, fuel prices will go higher. There is adequate supply to hold prices down for the next one to two years – created, in part, by the current recession. Looking out past FY2012, we read that supply will diminish due to available reserves and due to decreased production capacity in Iraq, Nigeria, and Venezuela. Diminished supply along with growing global demand will push prices higher as we move to FY2013 and beyond.

Riverside County should anticipate higher fuel prices beginning in FY2012. Replacement of existing vehicles with hybrid technology is desirable for both fuel savings and lower emissions. All-electric vehicles are making positive moves and are worthy of consideration in coming years. Use of alternative fuels does not appear to be gaining critical mass for either production or wide-scale delivery of such products. Fleet Services will continue to provide flex fuel products, but alternative fuels may be more of an illusion than a solution. Hydrogen fuel cell technology is virtually dead and there is no anticipation this technology will impact the fleet in the foreseeable future.

Supply Services

Supply Services is currently on track to meet FY2011 budget targets. It is likely that additional appropriation 2 budget will be requested at a future quarterly report to handle system furniture orders. Additional appropriation will be based on additional revenue.

In the first quarter Supply Services refunded \$247,455 to customers for prior year delivery charges and plans to not recover delivery charges (approximately \$240,000) for FY2011. This was done to work down what was deemed to be excessive net assets. We are not comfortable with the direction this action is taking and are concerned that corrective actions requested by the Executive Office during the FY2011 budget process may prove to be too severe. Driving cash balances too low could result in lost prompt payment discounts and additional work to accommodate pre-payment for large orders.

Supply Services had one staff member retire in August and LIUNA furloughs are being taken by the majority of staff in this ISF. The overall staffing level is minimal and work reorganization has been required to protect customer service levels.

We will continually monitor our cash position. A budget adjustment and a request to charge delivery rates may be required in a future quarterly update to remain solvent.

Printing Services

Printing Services is currently on track to meet FY2011 budget targets. In fact, as the budget tightens, Printing Services sales have increased as county department recognize our printing operation as the low cost provider in Riverside County and move back from outsourcing to county provided services.

Printing Services had one staff member retire last year and two staff members retire in August. In addition, LIUNA furloughs are being taken by the majority of staff in this ISF. The overall staffing level is critically low and filling an available Customer Service Representative position is being pursued to avoid a negative impact to our service level.

To remain competitive, Purchasing is planning equipment replacement which will be funded through a reduction of net assets. Critical equipment needs are a new cutter (\$80,000), an envelope press (\$150,000), and a creaser (\$40,000). To save costs, extending the life of existing copiers from five to seven years is being considered.

Central Mail

Central Mail is currently on track to meet FY2011 budget targets.

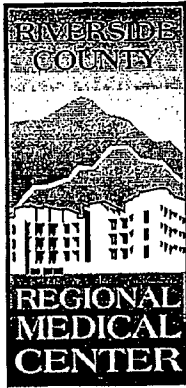
In the first quarter Central Mail refunded \$101,855 to customers for prior year delivery charges and plans to not recover delivery charges (approximately \$700,000) for fiscal year 2011. This was done to work down what was deemed to be excessive net assets. As with Supply Services, we are not comfortable with the direction this action is taking and are concerned that corrective actions requested

by the Executive Office during the FY2011 budget process may prove to be too severe. Driving cash balances too low could result in a loss of the capability to pre-pay postage, which runs well into the six figures.

We will continually monitor our cash position. A budget adjustment and a request to charge delivery rates may be required in a future quarterly update to remain solvent.

Central Mail did not have any staff members retire but long-term staff absences and LIUNA furloughs have required that two TAP employees be retained. The overall staffing level is minimal and work reorganization has been required to protect customer service levels.

RJH:ll



Memorandum

DATE: October 12, 2010
TO: Bill Luna, County Executive Officer
FROM: Doug Bagley, Hospital Director *DB*
SUBJECT: First Quarter Budget Status

RCRMC

The first quarter forecast for RCRMC shows a positive impact to fund balance of \$3.9 million. However, the capital asset expenditures (HIS plus our ongoing capital projects) of \$34 million will require financing or a working capital loan this year. We are working with the Executive Office on this issue.

Yet to be resolved is the final outcome of the replacement Section 1115 Hospital Financing Waiver. The current waiver expired on August 31, 2010, and has been extended to October 31, 2010. It appears likely that CMS and the State of California will reach agreement on the replacement waiver by that date. The State is trying to extract \$500 million in waiver funds to use in resolving its budget deficit. We are reflecting the budgeted amount (\$147 million) in the first quarter forecast. In fiscal 2009/10 we received \$135 million. Although we are hopeful that we will receive more than the budgeted amount, it is not yet known how much we might receive. By the end of the second quarter, we should have a good idea of the likely waiver receipts. At the same time we are working closely with the Executive Office, Office on Aging, DPSS, Mental Health, CHA, and IEHP to ensure Riverside County is appropriately prepared to implement the terms of the waiver as we prepare for Health Reform in 2014.

We are using significant one-time revenues this year to replace declining insurance, State prison, and FMAP funding received year and unreimbursed cost for mental health and jail services. A strategy will need to be developed to the extent that the replacement waiver and the new Hospital Fee program do not backfill this shortfall.

DHS

We are projecting a deficit in DHS of \$316,000. This deficit is due to referrals of inmates to private hospitals for care because of the cutbacks in services available in the jails. Attached is a letter prepared by the Sheriff's Department on how they are trying to cope with these curtailments. If additional beds are opened in the jails this year, additional medical resources

will be required to provide services to the inmates. We have been working closely with the Sheriff's Department and the Executive Office to quantify this potential cost.

We continue to support transferring this budget unit to the Sheriff's Department to aid in controlling these costs.

MISP

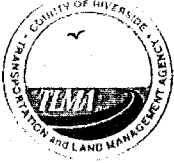
We project a deficit of \$1.94 million in this budget unit. The program has grown from 8,000 to more than 19,000 enrollees over the last three years. Although much has been done over the last year to control the pharmaceutical costs for this budget unit, the more than tripling of the numbers has made it impossible to manage with diminished resources.

The only option to reducing the cost of this program is to change the enrollment criteria from 200% of the Federal Poverty Level (FPL) to 100% FPL. Given that this group will have coverage under Health Reform concept for the undocumented, it may not be wise for the longer term to eliminate them now. Many of these patients would just come to the ER and receive treatment anyway.

We will work with the Executive Office on the best strategy to deal with this patient population.

DB:DR:rjm

Attachment



**COUNTY OF RIVERSIDE
TRANSPORTATION AND LAND MANAGEMENT AGENCY**



George A. Johnson
Agency Director


Carolyn Syms Luna
Director
Planning Department

Juan C. Perez
Director
Transportation Department

Mike Lara
Director
Building & Safety Department

Glenn Baude
Director
Code Enforcement Department

To: Bill Luna
County Executive Officer

From: George A. Johnson 
Director, Transportation and Land Management Agency

Date: 13 October 2010

Regarding: Impact of Fiscal Year 2011 and 2012 NCC reductions

In response to your request of September 21, 2010, the Transportation and Land Management Agency (TLMA) has reviewed current and next fiscal year impacts associated with current and anticipated NCC cuts. The prognosis for current year TLMA operations is good overall.

Fiscal Year 2011-12 cuts could be severe for the Code and Planning Departments and may require the reassignment of duties or suspension of the Airport Land Use Commission. In addition to further NCC reductions, TLMA departments will also be impacted by the incorporation of Eastvale and possible incorporation of Jurupa.

Transportation

Transportation will be able to manage the required cuts in the current year and next year. Its main revenue stream, Gas Tax, has remained stable and protected so far in State budget discussions. Receiving approximately \$970,000 from General Funds for special Board programs, it has been able to shift five (5) personnel to Waste Management for the Code Litter Program, operate the Pilot-Litter at a reduced capacity, and has shifted some administrative NPDES costs to its Capital Improvement Program. This latter solution does reduce funding toward actual facilities. Transportation has taken a larger share of NPDES funding cuts to preserve NPDES funding levels for Building and Safety.

I believe we should take note, and some caution however. County support for the NPDES program is declining in the face of ever *increasing* regulatory mandates from the Regional Water Boards, perhaps increasing longer term incidental risk to the County as a whole. Some prioritization of NPDES funding may be warranted as a result.

Building and Safety

Building and Safety will be able to manage the required cuts this current year. A non-general fund department, B&S does have about \$220,000 in general funding budgeted through the NPDES program for FY11. The current year reduction was made whole through a shift in Transportation's allocation of FY11 NPDES funding. Further reductions in NCC support for Building and Safety NPDES Compliance Measures will reduce program services and potentially the County's ability to remain in compliance with NPDES regulatory mandates.

Planning/EPD

The Planning Department has faced real challenges in meeting the current year NCC cuts. TLMA pro-actively merged Planning and EPD into one departmental entity and reduced staffing through layoffs and early retirements. The Planning Director, Assistant Director, Deputy Director and two (2) Principal Planners were among the senior staff electing early retirements. In large part due to the reduction in salaried positions, along with the modest increase in DBF Fee rates, we are projecting a year end picture for FY11 where the department will be able to operate within the mandated 25% NCC cut.

Fiscal Year 2011-12 will prove more difficult. The department is down to a skeleton staff of 44 to cover all of its core responsibilities in Planning, Environmental Programs and RCHCA. Additional staffing cuts will be necessary to meet reduced NCC funding. The department has restructured itself so that salary savings from the current year actions will carry forward and help offset further NCC loss. Some Advanced Planning projects, such as the General Plan Update, that rely heavily on NCC, may have to be delayed or completion time extended due to reduced annual budgets, while other grant or reimbursable funded projects absorb staff labor. Reductions in counter service funding through NCC will reduce service levels at our public counter. The department continues to evaluate DBF revenue and activity reductions associated with city Incorporations.

Code Enforcement

Code will meet its FY11 cost targets. It has reduced staff by 11 positions, closed its Hemet and Lake Elsinore offices and eliminated the use of TAPs. More serious impacts are involved with the reduction of its annual abatement budget from \$1.56 million down to \$0.86 million, or CDBG funded (only) efforts. Some abatement requests will have to remain unanswered unless additional funding or budget savings are found as FY11 progresses. The integration of the Special Enforcement Team (SET) into the Neighborhood Enforcement Team (NET) will negatively impact the department's ability to conduct illegal dumping and vending operations. FY11 actions have focused on reducing all variable costs while preserving staff to carry out enforcement operations.

To meet NCC expectations in FY12, the impact to the department and operations will be "severe". Large staff reductions in the area of 30-35 positions will be necessary. Impacts will be that response times will be lengthened, case processing within required timeframes may not be met and some complaints may not be investigated. Only Priority 1 abatements that are an imminent threat to public safety will be performed. Additional offices associated with reduced staffing will close. Additional anticipated costs of over \$500,000 to enforce the pending Parole/Probationer and Marijuana Dispensary Ordinances need to be evaluated against funding levels.

TLMA Administration

While not receiving General Funds, the administrative function/department of TLMA has continued to reduce costs passing through to its member departments in ratio with the level of NCC cuts they are sustaining. Current year cuts have been more than met by targeted layoff and high salaried position's use of the early retirement incentive back in August. To meet the

expectation of future cuts, much of the resulting salary savings will be made permanent rolling forward, and TLMA continues to evaluate cost efficiencies. TLMA will also be focused on improving Agency departmental revenue collection to better strengthen the financial position of those departments and enable them to handle NCC cuts. Administrative Services has reached a minimum core threshold in several areas where further staff cuts may not be possible in the exact ratio of further departmental NCC cuts.

Note: TLMA's GIS unit is receiving \$200,000 of General Fund support specifically for the Redistricting Project this year, which will require additional funding in FY 11/12 to complete the redistricting effort.

Airport Land Use Commission (ALUC)

ALUC will meet reduced FY11 NCC targets, but is no longer Core Mission capable in doing so. ALUC has reduced staff to just two (2) full time employees – a Principal Planner and Commission Secretary, a one day a week contract Planner and an Executive Director provided from TLMA Transportation at minimal cost.

Current funding is now barely adequate to allow ALUC to intake, review, and process current development cases within its Airport Influence Areas. ALUC is unable to fund new work on any revised airport land use compatibility plans – even though many are seriously out of date and old plans may have a detrimental impact on new development – March Air Reserve Base being a notable case in point. There are fourteen (14) public permitted airports in Riverside County dependent on ALUC for compatible land use planning.

The proposed FY12 cuts, another \$66,000, will likely reduce ALUC below the ability to sustain salaries for one (1) Planner and one (1) Commission Secretary, and minimal support costs for an appointed Commission of seven (7) members. Decisions will have to be made regarding possible reassignment of mandated functions to other entities to act as an ALUC, within the guidelines established by the State.



October 4, 2010

To: Bill Luna, County Executive Officer

From: Don Kent, Treasurer-Tax Collector

DK

Re: FY 2010/11 & FY 2011/12 Budget Reductions

In anticipation of the looming budget crisis, and our continuing loss of supplemental revenue, we have made aggressive budget reductions since fiscal year 2008-2009 in staffing, services and supplies, as well as the closure of our phone center satellite office. Moreover, we have embraced new IVR/IWR system technology, which has enabled our public service staff to service and direct incoming taxpayer concerns in an expeditious manner.

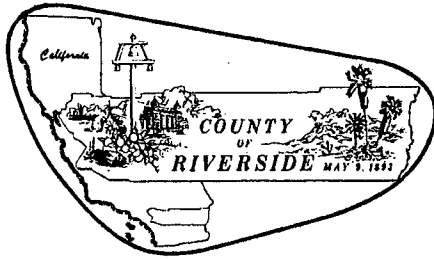
Suffering from the loss of 21 positions, or 19%, of our workforce over the last 3 years has created service impacts in most areas of the department specifically:

- Public Service coverage
- Process timeframes extended due to manual processes and lack of personnel, i.e. longer time to process refunds, payments, etc.
- Continued drawdown of resources will slow up processing of County issues our office is handling, such as bankruptcy and unclaimed money

We are continuing to restructure operations to augment our ability to function at optimum levels in these austere budget conditions. Cross-training and utilizing staff in intra-departmental functions has reduced the need for higher staffing numbers.

Although early in the game, our 2010-11 year end budget outlook is good, staying within our 25% cut. If our estimated revenue comes in as predicted, the impact of the change will not affect our NCC.

Our prediction for the 2011-12 fiscal year, keeping expenditures down, filling 107 of our 109 positions, and providing our revenue comes in as estimated based on our history, we should be able to sustain your projected cuts for 2011-12.



COUNTY OF RIVERSIDE
DEPARTMENT OF VETERANS' SERVICES
WILLIAM J. EARL, DIRECTOR

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MEMORANDUM

TO: Bill Luna, Chief Executive Officer
FROM: William J. Earl, Director Veterans' Services *WJ Earl*
DATE: September 30, 2010
SUBJ: Requested Budget Status Report

2010/2011 BUDGET: The Board graciously did not reduce our NCC for 2010/11. The NCC target for FY 10/11 is again \$752,950. One management and two of our SEIU employees have elected to stay with 10% reductions in their salaries which should result in salary and benefits savings of approximately \$20,511. The projected savings from the four LIUNA employees (5%) will be \$10,651; this should result in a combined savings of approximately \$31,162. I have again projected \$300,000 in revenue from the state but with the current budget situation these funds are always unpredictable. The state is currently withholding the last subvention payment of \$50,000 from FY09/10. We are hoping to receive the funds when the state solves its budget problem. Prohibiting some unforeseen budget crisis with the state we will finish within our budget again this year.

2011/2012 BUDGET: We are a service driven department with little overhead. With the exception of line items over which we have little or no control such as rent, salaries and benefits we have trimmed our budget to the point where there is no more to trim. We should still be able to save the approximately \$10,000 in salary savings from our LIUNA employees. At the present time I don't know if the management and SEIU employees will continue on their voluntary furloughs. Not knowing the situation with state finances for 2011/12, I will again stick with a \$250,000-\$300,000 projection on state subvention funds but with the unpredictable budget situation in the state this is only a guess.

SUMMARY: The Department fulfills the Board's commitment to the men and women of our Armed Forces and differs from other county programs in that the revenue generated by the department is entirely federal. During FY 08/09 the department generated in excess of \$27 million in new federal entitlements paid directly to local constituents. The revenue generated by this department stimulates the local economy and much of it finds its way into the general fund via various taxing streams and through offsetting the general fund contribution to mandated local needs based programs. We were authorized 15 personnel but because of cost savings and the Maximum Fill Rate (MFR) restriction we currently only have 12 positions filled. Any significant cuts to our budget can only be achieved by further cutting personnel. Any further cuts in personnel will result in a reduction in services and state subvention funds which for us will be an untenable position in the middle of two wars.



Riverside County
Waste Management Department

Hans W. Kernkamp, General Manager-Chief Engineer

Budget Report Narrative
1st Quarter Fiscal Year 10/11 & Fiscal Year 11/12

The Waste Management Department (WMD) has been diligently working to reduce its operational budget since Fiscal Year 07/08. We have reduced our budget annually on average by 10% since Fiscal Year 07/08. In Fiscal Year 10/11 WMD anticipates that it is not only on track to meet revenue goals, but anticipates an additional reduction of 15% in our overall operational expenses. Operational expenses are expected to decline due to the implementation of cost cutting measures in the purchase of supplies and services as well as workforce reductions. The reduction in staffing is attributed to attrition (early retirements, termination, transfers) coupled with very limited replacement hiring. In addition, two employees have been laid off and we anticipate a small number of additional layoffs in FY 10/11 due to improved efficiencies, while providing the Department with more flexibility to meet core functions. Current staffing level is 222 employees, compared to the November 2008 MFR of 277.

As an Enterprise Fund, WMD is not directly dependent on the General Fund for daily operations, but is affected by increased internal service costs. WMD has, however, reduced other operational costs to minimize the overall effect on the budget this fiscal year. In fact, WMD was able to prevent the layoff of four employees from TLMA by incorporating them into the newly expanded Countywide illegal dumping program (IMPACT) which was formerly implemented by the Code Enforcement and Transportation Departments.

WMD's envisions that Fiscal Year 11/12 will be on par with Fiscal Year 10/11 with tonnage continuing to stabilize and an ongoing effort to streamline our operational expenditures to meet a 5%-10% reduction in costs. In Fiscal Year 11/12 we will see an increase in our capital improvement and asset spending due to compliance requirements related to CARB regulations and expansion projects that were postponed to later years but are now necessary. We are anticipating that our personnel expenses will not increase substantially due to freezes on step increases and minimal new employee hiring. Additional layoffs are not planned at this time for Fiscal Year 11/12.

We are anticipating a significant, but not yet defined, increase in remediation liability expense due to regulatory changes made by CalRecycle.

The current reductions and anticipated Fiscal year 11/12 reductions are challenging, however, WMD anticipates that it will be able to provide the core functions needed for the landfill system, continue providing important programs such as Illegal Dumping retrieval (IMPACT), free Household Hazardous Waste collection events and Composting classes, and provide revenue support to other Departments such as Code Enforcement, Environmental Health, as well as the RCA, WRCOG and CVAG.

Hans Kernkamp
General Manager-Chief Engineer

Attachment E Animal Services Business Plan

2010

Business Plan for Future Sustainability



DEPARTMENT OF
ANIMAL SERVICES

Riverside County Community Health Agent



Prepared By: Robert Miller

Riverside County

11/09/2010



Executive Summary

The Department of Animal Services (DAS) **Business Plan for Future Sustainability** illuminates the path DAS has set forth as it treads into an uncertain future. It describes the organization and business as a whole and considers alternate courses. The high-level financial summary predicts continued declines in operational revenue and Net County Cost and establishes the method by which the organization will accomplish its goals while absorbing these funding losses.

This plan provides a look into our past, a picture of where we stand today, and a model for moving into the future. As the economy and department revenues change from year to year, it has become imperative for DAS to have strategies for maintaining financial balance. This business plan contains seven sections. These sections include a department history, services overview, business drivers, organizational goals, a financial outlook, budget goals, and strategic initiatives.

Organizational goals include: reduced euthanasia; leveraging strategic relationships; maintaining relationships with supporting foundations; obtaining grant funds; increasing spay and neuter resources; exploring the viability of establishing a County Service Area; maintaining department professionalism; maintaining public safety and enforcement; capitalizing on available resources; focusing on city contract retention and new contract acquisition; and, maintaining the health and safety of people and animals.

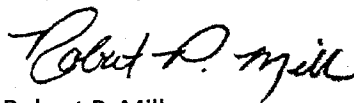
Short-term budget goals submitted in this plan lay out the current budget structural deficit, along with recommendations to achieve financial balance. For the current and next fiscal years, the Board of Supervisors has the option to continue to provide two hundred thousand dollars quarterly in contributions to help the department offset the inequitable contracts for shelter services at the Coachella Valley Animal Campus (CVAC) until those contracts expire in **January 2012**. As provided on the following page (*Department Recommendations*), the Department does not recommend this continued funding. Rather, the Department recommends making strategic reductions for business solvency and implementing business actions and initiatives to meet organizational goals as outlined in this plan. These reductions will result in the termination or reduction of certain services for the unincorporated county as detailed in the *Recommendations to Achieve Budget Goals* section of the plan.

The strategies to meet budget targets include enhancing the department's canine licensing program, reductions in management, reductions in veterinary services, a reduction in public safety and enforcement, and a delay in the opening of the new San Jacinto Valley Animal Shelter for animal shelter services. These reductions will allow DAS to meet current fiscal year budget targets and bring the department in line with the anticipated Net County Cost for **Fiscal Year 11/12**. Each of these reductions has been carefully identified so as to avoid any interruptions or reductions in city contracts currently held by DAS. Additional **Fiscal Year 11/12** strategies include renegotiating contracts or establishing a different business model for CVAC and the use of new partnerships with local nonprofits to ensure business service continuity.

Strategic initiatives contained within this plan are long-term tactics to support the DAS vision of creating community change that will ultimately result in a Riverside County where pet homelessness, overpopulation and euthanasia of healthy pets are all merely constructs of the past.

As Director, it is my intention to lead the department through this difficult time, keeping these objectives in mind, while minimizing the impact on the already over-burdened General Fund.

Respectfully Submitted,



Robert P. Miller

Director of Animal Services

Department Recommendations

To achieve a balanced budget for Fiscal Year 10/11, each of the reductions will need to be made.

Recommendation 1: Reduce Unincorporated Officers (Public Safety and Enforcement)

Annual savings for this recommendation is \$551K and affects seven FTEs. If this option is deployed for FY 10/11, the net partial year savings is estimated to be \$328K.

This will result in slower response times, lack of service to lower priority calls, termination of services for owner requested surrenders or euthanasia in the field, and reduced ability to support large-scale events, such as natural disasters.

Recommendation 2: Reduce Veterinary Staff (Spay and Neuter Program)

Annual savings for this recommendation is \$391K and affects three FTEs. If deployed for FY 10/11, the net partial year savings is estimated to be \$296K.

This will result in fewer spay and neuter surgeries performed adding to the population of unwanted pets being born, animal aggression and public safety, and an increased demand from the public for such services.

Recommendation 3: Reduce Management and Administration

Annual savings for this recommendation is \$529K. If deployed for FY 10/11, the net partial year savings is estimated to be \$353K.

There will be an impact to operational oversight, administrative responsibilities, and overall organizational leadership.

Recommendation 4: Delay Opening of San Jacinto Valley Animal Shelter for Sheltering Animals until third party operating proposals have been analyzed and funding is available.

Expense Reduction Recommendations

Recommendation	FY 10/11	FY 11/12 (Annual)
Officer Reductions (7 FTEs)	\$328,000	\$551,000
Veterinary Staff Reductions (3 FTEs)	\$296,000	\$391,000
Management/Administrations Reductions (5 FTEs)	\$353,000	\$529,000
Overall Budget Impact	\$977,000	\$1,471,000

TABLE OF CONTENTS

Business History	4
Business/Service Description	7
Business Drivers.....	15
Organizational Goals	23
Financial Outlook.....	24
Recommendations to Achieve Budget Goals	26
Strategic Initiatives.....	30
EXHIBITS	33

Business History

In December, 2003, The Grand Jury of the County of Riverside submitted reports critical of the Animal Services Department. Unflattering stories and opinion letters were printed in local newspapers and citizens and employees addressed the Board of Supervisors alleging inhumane conditions at county shelters. The existing Director was perceived to be unapproachable by staff, the public and community organizations. The county contracted the Humane Society of the United States (HSUS) to conduct an audit and to provide an assessment of operations. This audit was conducted in April 2004 and the Director resigned the following month. A Task Force was established to prioritize and weigh each HSUS recommendation against available resources. The public was invited to comment and provide input during the process. An interim leadership team began to make recommended changes immediately and Robert Miller began with the organization as Director in February 2005. With participation of the new Director, the Task Force identified five priority areas that required special attention: adoption/fostering programs; animal care and field services; customer service; community outreach, education and volunteer programs, and administrative systems.

Robert Miller submitted a report to the Board of Supervisors (BOS) in 2005 setting forth the goals for the organization. He reported that "the public perception of the Department of Animal Services is that it provides poor customer service, lacks attention to detail, operates with staffing shortages, uses antiquated standards of care, has inadequate housing facilities, lacks veterinary and management oversight, provides minimal spay and neuter programs and has the most basic of adoption outreach." The goals identified for the department were: Increase healthy animal adoptions within the county; Decrease euthanasia county-wide; Improve the quality of health for the animals in the county's care; Develop strategic relations with agencies of all sizes and scopes of operation, private groups and donors, media contacts, political advocates, and the public in general; Expand spay and neuter services; Improve field services; Fully develop and employ the Chameleon™ software application through staff training and report development (*Chameleon™ is a business application software that is integrated into all aspects of DAS operations*); Develop a non-profit auxiliary support Animal Services to augment the effectiveness of general fund support.

The Board provided the department with increased general fund support to reorganize and fill the positions required to ultimately achieve these goals. Each of these goals was successfully met by the department through a variety of activities. The euthanasia of healthy animals was officially ended before the close of 2005.

On July 12, 2006, Curt Ransom, Regional Program Manager, West Coast Regional Manager of The Humane Society of the United States conducted a field visit of the County of Riverside Department of Animal Services. He commended Riverside County for "providing a more appropriate animal services budget and a progressive staff to support implementing new programs and policies and procedures that have and are addressing most of the 2004 HSUS recommendations." He stated that, "RCDAS has made a transformation in management style, county support, policies and procedures and services to the community."

Economic Decline

During Fiscal Year 08/09 as the department monitored its revenue, it began to experience concrete evidence of the changing economic times. At the same time an ongoing increase in impounds (*both stray and owned animals*) was identified. Recognizing revenue targets would fall short by \$3 million, the department responded by increasing certain fees and reducing expenditures and programs. In addition to reducing programs, management and oversight was decreased, probationary staff was released, temporary personnel was released, unfilled positions were defunded, some staff members fell back to previous positions and others were laid off. Specific focuses for decreasing expenditures included: layoffs, voluntary demotions, overtime reductions, a freeze on purchasing equipment, a freeze on purchasing capital assets, and a reduction in travel and outside training. Revenue boosting strategies included fee increases.

increased use of donations to offset operational costs (*rather than to supplement operational costs*) and a focus on grant acquisition.

Programs and activities that were cut included: Adoptions, Behavior Assessment, Foster Care, Shelter Animal Life Enrichment, dog training classes, community event partnerships, Homeless Assistance, Humane Education, Offsite Adoptions, Senior Assistance Programs, events, promotional activities. Programs and activities reduced included: Rescue Partnering, dog license inspection, Customer Service, Public Safety and Enforcement in unincorporated areas, spay and neuter promotions, public access to spay and neuter, and the BOS-funded spay and neuter voucher program as the funding was not renewed.

During FYs 09/10 and 10/11, the Department received less Net County Cost (NCC) support as shown in *Table 1*.

Table 1

DAS Net County Cost FY06/07 to FY11/12

Fiscal Year	DAS Net County Cost
FY 06/07	\$13,165,147
FY 07/08	\$14,291,706
FY 08/09 w/5% Reduction	\$13,891,982
FY 09/10 w/ 10% Reduction (includes 303,927 labor concession)	\$12,402,952
FY 10/11 w/ 12% Reduction	$\$9,680,952 + \$1,015,000 \text{ OTI}^* = 10,695,952$ Less LUNA concession (\$293,534) = \$10,402,418
FY 11/12 w/ 12% Reduction	$\$10,695,952 - 12\% = \$9,412,438$ Less LUNA concession (\$175,879) = \$9,236,559
TOTAL DECREASE: (FY 07/08 compared to FY 11/12)	\$4,879,265

(*OTI = Operating Transfers In)

On January 20, 2010, the department closed the Banning shelter operation due to safety concerns after flooding was experienced from storm weather. Cities in the San Geronio Pass area concerned about the projected rates for sheltering and field services sought other organizations to provide contract services. The San Jacinto Valley Animal Campus, well under construction and projected to open in the Fall, was perceived to be a too expensive alternative for contract sheltering services for local cities. Ramona Humane Society elected to abandon the MOU that would have allowed them to become a closed-door admission facility partnering with the municipal arm, the County of Riverside, to provide care to community animals and chose instead to compete for municipal animal control contracts.

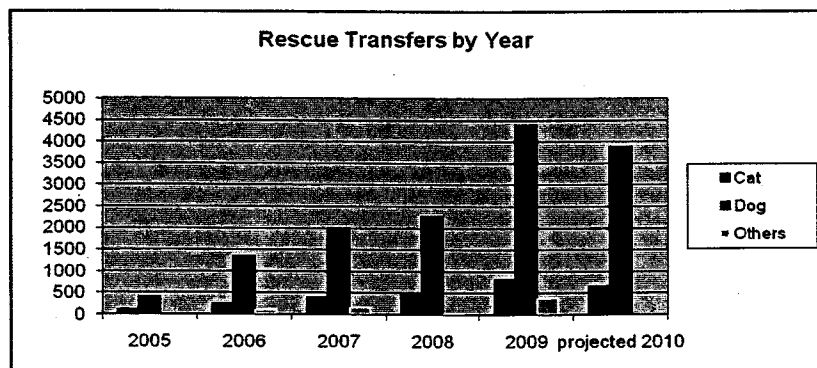
Impact of Revenue Shortfall on Organizational Goals

- Reductions to DAS were made strategically and in combination with reorganization to allow the department to continue to forge forward to maintain reduced levels of euthanasia, to provide management and staff with necessary training, to support animal adoptions and foster care, to promote volunteerism, and to improve administrative systems.
- The "award winning" Healthy Pet Zones™ program (*CSAC Merit Award*) resulted in a strong recognition that providing spay and neuter resources to underserved and low-income communities was the key to creating a

future Riverside County with fewer unwanted pets requiring sheltering. As a result, resources for spay and neuter efforts became the primary focus for seeking grants.

- Successful programs that were developed in response to the HSUS recommendations were imbedded in operational areas. Volunteers were trained and prepared to supplement those high-impact programs.
- Administrative functions were reorganized and improved to shift the greatest revenue to operational areas and more efficiently manage available resources. Specific outcomes have included:
 - integration of billing processes and overview with Community Health Agency;
 - shift of clerical contract activities to Community Health Agency and escalation of contract negotiations to department deputy directors;
 - development of monthly budget monitoring tool and regular communications both upward and downward of budget compared to actual expenditures;
 - segregation of duties as it relates to cash handling activities and implementation of random internal audits;
 - review and update of policies and formalization of standard operating procedures;
 - improved statistical reporting with footnotes and descriptors;
 - regular web-based reporting of intake and outcome data;
 - shifting of payroll, purchasing and personnel matters to managerial personnel in operational areas; and,
 - overall reduction in administrative personnel.
- A key initiative for this group is to revise the department fee structure to ensure proper reimbursement for contracted services. A DAS fee study was submitted to the County Auditor and the Executive Office in **March 2010**, with the intention of establishing contract rates by county ordinance. The Department is currently revisiting recommended fees using the Sheriff's methodology as a model.
- Recognizing the general economy's negative impact on adoption numbers, the department has improved its animal rescue partner relationships and, in spite of staff reductions, has actually increased the rescue rate as shown in *Chart 1*. In fact, the number of pets conveyed to rescue groups exceeded those adopted in **2009**.

Chart 1 (Additional department data charts may be found in Exhibit A)



Business/Service Description

Animal Sheltering

Animal shelters provide a safe haven for animals and function as the center of the community's animal care and control programs. Animals sheltered at the facilities include dogs, cats, horses and other livestock, rabbits, "pocket pets" including guinea pigs, hamsters, and reptiles. In addition to caring for the animals, DAS shelters provide education programs, spay and neuter, adoption, licensing and euthanasia services.

The County of Riverside currently operates three animal shelters in the cities of Blythe, Thousand Palms and Riverside.

- A replacement project in the City of Blythe is expected to be completed in **early November 2010**.
- A fourth facility in the City of San Jacinto is expected to be completed by the **end of October 2010**.
- The Coachella Valley Animal Campus in Thousand Palms **opened in January 2006**.
- The Western Riverside County/City Animal Shelter **opened in April 2010**. This shelter replaced the older facility on Wilderness Avenue.
- The new animal shelters improve the department's ability to provide quality care to homeless animals in Riverside County, but also increase department expense and overhead.

Animal sheltering services consist of:

- Impoundment, admittance, receiving, care, custody and feeding of any and all stray domestic animals or livestock.
- Impoundment of wildlife as may be delivered and/or received at the shelter until an appropriate wildlife agency can be contacted and the wildlife then transferred into their custody.
- "Care" includes, but is not limited, to providing a safe, temporary refuge for any animal impounded, and providing needed medical services for injured/sick animals before sale or transfer of animal to the appropriate agency.
- Sheltering also includes: redemption, treatment, sale, adoption, and/or disposal of any and all animals; counseling and advising animal owners; identification of animals and posting on shelter website; humane euthanasia of animals as lawful and necessary; care and maintenance of the shelter facility, including land and buildings.

Currently, there are 165 employees in DAS including 30 who provide direct care to animals sheltered in Blythe, Coachella Valley, and Western Riverside. There is one direct care position dedicated to Blythe; eight positions are dedicated to CVAC; and 17 are dedicated to the shelter in Riverside. There are four supervisors who oversee this staff.

In FY 2008/09, impounds from the unincorporated areas totaled 23,745 animals and 32,714 animals impounded from contract cities were sheltered in Riverside County animal shelters, totaling 56,459 impounds.

Policy and guidelines developed by the Humane Society of the United States (HSUS) provide suggested shelter staffing levels based on the average holding period and the animal population.

- Kennel caretaker duties, according to HSUS, include but are not limited to, feeding, cleaning animal cages, and routine maintenance tasks such as laundry, dishes, and lost and found animal checks.
- In Riverside County this scope of work is increased to include the additional tasks of overseeing animal adoptions by volunteers, owner reclamation, and providing customer service.
- Based on HSUS methodology, approximately 52 kennel caretakers, 22 for County and 30 for City animals, was the suggested staffing level for FY 2008/09.
- However, due to fewer contract cities in FY 2010/11, it is estimated that only 18 kennel caretakers are needed for city animals. Therefore, a total of 40 kennel caretakers would meet the HSUS suggested staffing level.
- Currently there are 26 kennel caretakers (*animal care technicians*) and four supervisors (*supervising animal care technicians*), showing a deficit of 10-14 staff members, if supervisors are included as suggested by the HSUS standards as shown in Table 2.

This program or area is not recommended for any reductions.

Table 2

Shelter Positions			
	DAS Current	HSUS Recommendation	Deficit
Staff	26	40	14
Supervisors	4	not specified	-4
Total	30	40	10-14

Public Safety and Enforcement Services

Public safety and enforcement services are necessary to pick up and impound dogs and other animals running at large, and contribute to the education of the community, cultivate public support and compliance with state and local animal laws. Riverside County animal control officers responded to 57,750 calls in FY 2008/09 and covered 7,000 square miles.

Public safety and enforcement services are provided to contract cities and unincorporated areas of the County in accordance with provisions prescribed by State and local law, including:

- conducting animal welfare investigations surrounding animal cruelty and failure to provide care;
- enforcement of all California State Laws, Riverside County Ordinances, and City Municipal Codes (*under contract*) including the issuance of warning notices or citations, as necessary, for violations pertaining to animals or animal-related activities;
- response to all calls for field service assistance and impound animals found at large;

- provide care and treatment to any stray or abandoned animal;
- investigation of reported bites by animals and the quarantine of all animals suspected to have bitten a person or other animal;
- respond to and process all stray and barking animal complaints and removal of dead animals from the public right-of-way;
- assist residents in removal of domestic or wild animals from privately owned traps;
- return of any lost or stray animals to their rightful owner; and,
- issuance of dog licenses and verification of dog license status when responding to requests for service and inspection and issuance of licenses to operate dog kennels and catteries.

Currently, 33 employees provide direct public safety and enforcement services to contract cities and the unincorporated area of the County. The cities pay for 11.6 animal control officers under contracts, while the additional 21.4 officers serve the unincorporated County. Officers designated to cities are not always available due to time off, injury or other and those lapses in staffing require unincorporated officers to fill in and ensure operational continuity for the city contracts.

An additional 11 personnel make up the command and management structure of the DAS Public Safety and Enforcement Division. Those command positions include five sergeants, three lieutenants, two captains, and one field commander.

Table 3

Animal Control Officer Positions						
	Human Population by Jurisdiction	DAS Current ACOs	DAS Population per ACO	ACOs per NACA Standard	NACA Population per ACO	Deficit of DAS ACOs per NACA
Contract Cities	477031	11.6	41123:1	26.5	18000:1	14.9
Unincorporated County	617000	21.4	28832:1	34.3	18000:1	12.9
Unincorporated County using City Ratio	617000	15.0	41123:1	34.3	18000:1	19.3

Although, there is no universally accepted methodology for determining the number of animal control officers for a jurisdiction, review of the HSUS standard and National Animal Control Association (NACA) standard recommend the ratio of officers to residents as a range from 1:18,000 to 1:25,000 and takes into consideration population density, square miles served and enforcement responsibilities.

- The National Animal Control Association (NACA) recommends one officer per 18,000 residents, as based on a national average. (See Table 3)
- The Humane Society of the United States (HSUS) recommends one officer per 25,000 residents, as based on a national average. (See Table 3)

- Currently, the population of unincorporated Riverside County is estimated to be 617,000 residents. The 21.4 animal control officers dedicated to unincorporated Riverside County equate to a ratio of one officer to 28,832 residents. Based on the lowest number of officers recommended by all the national standards, public safety and enforcement has a potential deficit of 12.9 officers, not including the command staff. (See Table 3)
- Contract cities have determined their individual needs and contracted for a total of 11.6 animal control officers to meet their demand. The contract cities have roughly 477,031 residents and using the current city contract service level equates to a ratio of one officer to 41,123 residents. (See Table 3)

In response to budget reductions, DAS plans to reduce staffing of animal control officers in the unincorporated areas. This decision considers the following:

- Should the county move to the same city ratio for unincorporated areas, this would result in the reduction of six officers. Both the current county and cities' ratios are significantly below the NACA recommendations. Moving the county to the cities ratio would require restructuring the priorities of officers and limitations placed on after-hours service.
- The overall size and geography of the county will place a further strain on providing basic public safety and animal control enforcement services with further officer reductions. For comparison, the total square miles for the unincorporated county are just over 6,000 square miles, while the incorporated cities are just less than 1,000 square miles.
- The impact of reductions in unincorporated officers will be significant. Low priority responses and even some medium priority responses may not receive service or service may be delayed for an extended period of time until an officer is available. Examples of low priority calls would include dead animal removal, non-aggressive confined strays, and field owner surrenders and euthanasia.
- Attempting to manage each of these concerns, DAS will restructure the public safety and enforcement division by re-establishing officer patrol areas, call priorities, standby and on-call officer hours and response types, and response times.
- When the county is in a position to allocate additional funding, refunding these positions would be an important consideration for maintaining health and safety in unincorporated Riverside County and meeting community expectations for service.

Veterinary Services

Veterinary Services includes spay and neuter surgery, shelter medicine, and public pet wellness services. The veterinary services team plays an integral role in community public health encompassing: rabies control efforts including animal bite reporting and prevention; zoonotic disease surveillance activities; and reporting of suspected disease outbreaks in impounded poultry and livestock.

California Food and Agriculture Code 30503 states in part, that no shelter shall sell or give away any dog or cat that has not been spayed or neutered.

- To meet this requirement, spay and neuter services are provided at the Riverside shelter by county staff and a non-profit is contracted to provide these services in the Coachella Valley and Blythe.
- Furthermore, in 1977, the residents of Riverside County voted in favor of an initiative that requires the County to provide low-cost spay and neuter services to the public.

California law also requires "prompt and necessary veterinary care" in addition to sterilization surgeries.

- These veterinary services include: examinations upon impound, vaccinations for contagious diseases, deworming and ectoparasite control, care for sick and injured animals and, unfortunately, euthanasia.
- Adoption-based and public health services include rabies vaccination and micro-chipping of individual dogs and cats, as well as public low-cost vaccination clinics.

Of primary legal necessity are requirements to investigate, impound, quarantine and report animal bites to the human population of the County. Dog licensing and rabies vaccination verification are integral to the State mandate.

In FY 2008/09: DAS veterinary teams performed 4,100 dog and 723 cat spay and neuter procedures and vaccinations were given to 3,041 animals.

Currently, 22 staff provides direct veterinary services at the three animal shelters.

- Based on the number of animals served in FY 2008/09, it was estimated that DAS required two veterinary surgical teams consisting of a veterinary surgeon, a registered veterinary technician, and an unlicensed veterinary technician with two or more volunteer staff members to sufficiently meet the minimal requirements for the Pat Merritt Pet Wellness Center located at the Riverside Shelter.
- Additionally, one veterinarian and the Chief Veterinarian were required to provide care and oversight of the impound population at the three animal shelters.
- It was also estimated that direct medical care, which is a 70-hour per week activity, as well as the euthanasia service team, required an additional nine licensed and unlicensed veterinary technicians for the three shelters, along with four supervisors and a program chief.

The DAS veterinary services division remains an integral part of the Community Health Agency (CHA) public health program. As such, animal disease surveillance and identification within the One Health concept of human, animal, and environmental health, remains a fundamental business priority. Cooperative relationships with the United States Department of Agriculture, California Department of Food and Agriculture, the University of California Davis, Western University, and local vector control districts depend upon the department for field observations and first-line diagnoses.

In response to budget reductions, DAS plans to reduce staffing of the veterinary surgical team. This decision considers the following:

- The reduction of one veterinary surgical team will decrease DAS's ability to respond to the public's current spay and neuter demands. There are very few resources in Riverside County for public low-cost spay and neuter services.
- Access to and promotion of spay and neuter is the best way to reduce pet overpopulation and in-turn, animal impounds. **Spay and neuter is a key long-term strategy** and an organizational goal for reducing the demand for municipal animal service programs.
- Attempting to manage this service gap, DAS will look to new private partnerships.
- When the county is in a position to allocate additional funding, refunding these positions would be an important consideration to keep moving in the direction of long-term solutions for pet overpopulation and homelessness.

Management

Currently nine percent of all employees are considered management. DAS has reduced management commensurate with other staff layoffs and continues to strive for a flat, lean organizational structure that emphasizes direct customer

and operational support. While DAS considers management to be lean, a proposal to decrease management will be discussed later in the plan as a further cost-savings measure to meet budget goals.

Specialized Qualifications

State and local laws require a number of specialized qualifications for certain positions within DAS. These include:

- Licensed veterinary medical doctors (DVM) who perform spay and neuter surgeries, in addition to other surgical procedures as required.
- DVMs are also necessary to diagnose illnesses and prescribe medications for injured or sick animals.
- Licensed, registered veterinary technicians (RVT) cannot perform these critical functions, but can work under direct and indirect supervision of a Veterinarian to provide care and treatment.
- RVTs are permitted to perform some diagnostic activities, administer medications and anesthesia, radiograph, vaccinate, and euthanize animals. Many of the DAS RVTs hold a Drug Enforcement Agency (DEA) issued controlled substance license, just like the veterinarians.
- Both DVMs and RVTs are licensed by the State of California Department of Consumer Affairs (CDCA). It is the veterinarian who holds the ultimate responsibility for all of the controlled substances used by the department as licensed by the DEA. California state law also restricts the use of controlled substances and personnel approved to administer controlled substances. (*Business and Professions § 4827 and Penal Code § 597v*)
- The chief veterinarian and the division manager train all staff members who perform euthanasia, saving external training costs. Similarly, most post-mortem examinations, investigative medical forensics, or disease surveillance are performed by DAS veterinarians.

Other specialized qualifications include:

- All staff performing euthanasia must be certified by a licensed veterinarian or state certified instructor in euthanasia with an eight hour certification course,
- All staff performing euthanasia must receive training on compassion fatigue,
- All animal control officers must attend *Penal Code 832* training (*POST 40 hour certification*) and POST firearms certification to write/issue criminal citations and shoot any type of weapon including a tranquilizer gun,
- Animal control officers require eight-hour certifications in both pepper/OC spray and baton/asp use,
- Animal control officers are required to attend the State Humane Academy (*80 hour certification*) for animal abuse investigations,
- All staff must be trained in all county required trainings and certifications such as Federal Emergency Management Agency (FEMA) related disaster response and incident command system courses/certifications.

Specialists/Contractors

DAS contracts with private veterinarians to provide additional services to augment activities in the in-house spay and neuter and the Animal Sterilization Assistance Program (ASAP) voucher program, as well as for public vaccination clinics. The department contracts with hearing officers to provide an independent appeal process responding to ordinance

violations (*barking dog, kennel violations, post seizures*) in addition to restraining orders resulting from animal control investigations.

Licenses/applicable laws

California state laws require:

- Animal control officers to take possession of stray or abandoned animals and that care and treatment are to be provided, the cost of which are to be paid by the owner. (*Penal Code § 597.1 & Food and Agriculture § 31752*)
- That no adoptable animal should be euthanized if it can be adopted; and, that no treatable animal shall be euthanized if it could become adoptable with reasonable efforts. (*Food and Agriculture § 31752, 31108*)
- Municipal shelters to be open during hours that permit working pet owners the opportunity to redeem pets during non-working hours. *Senate Bill 1785 (The Hayden Bill)*
- Aggressive promotion of spay and neuter programs to reduce pet overpopulation and to spay and neuter all animals adopted. *Senate Bill 1785 (The Hayden Bill)*
- Municipal shelters are encouraged to work with humane animal adoption organizations to the fullest extent possible to promote the adoption of animals and to reduce the rate of killing. *Senate Bill 1785 (The Hayden Bill)*
- Any location where veterinary medicine is practiced, including mobile facilities and animal shelters, be licensed and subject to inspection. Only a California licensed veterinarian may obtain this premise license from the Department of Consumer Affairs. (*Business and Professions § 4809.5, 4809.7, 4853-4853.6, 4854, 4856, 4875.3 & California Code of Regulations Title 17 § 2030, 2030.1, 2030.2*)
- All x-ray equipment must be registered and is subject to an inspection/compliance/safety process review by the Radiation Safety Division of the California Department of Health. (*Business and Professions § 4840.7*)

Prior to 1998, State law provided for a minimal holding period of 72 hours for stray dogs and cats impounded by a municipal animal shelter.

- With the passage of *Senate Bill 1785 (The Hayden Bill)*, the minimum impound time was increased to four or six days from impound, and other requirements were imposed on shelters.
- *Hayden Bill* mandates were unfunded and subject to SB 90 claims by the County. However, due to State budget constraints the Governor suspended the requirements for increased holding periods, which would trigger SB 90 reimbursements for **FY 2009/10** and will likely suspend again in **FY 2010/11**.

Senate Bill 1785 further requires the following provisions which were not redacted:

- Animals, prior to being euthanized, be released, if requested, to non-profit animal rescue or adoption organizations.
- In addition, shelters are to provide a lost and found list and keep accurate records on animals taken into possession.
- Shelters are entitled to collect, from the owner, the cost of caring for and treating any animal properly seized and the animal shall not be returned until the charges are paid.
- Shelters shall provide animals with necessary and prompt veterinary care, nutrition, shelter, and treat them kindly.

United States federal provision:

- A veterinarian retains complete responsibility for controlled substance ordering, storage, application, and reporting requirements through licensure with the DEA.

Currently animals are held as long as possible for adoption at Riverside County shelters.

DAS eliminated the previous system of allowing public holds on unavailable animals when the new euthanasia policy of "not euthanizing healthy adoptable animals" was implemented. The majority of adoptions occur within 72 hours from the time the animals state mandated holding period has ended. Additionally, pets that are ultimately redeemed by their owners follow the same trend.

Each day an animal stays at DAS shelters has some associated cost for caring for that animal. Establishing a limitation on the length of stay for animals impounded at DAS shelters would allow for some cost savings as it relates to boarding, husbandry care, feeding, and/or treatment of illnesses.

The impact of such a change would be far-reaching as it would have a dramatic change on the perception of the department that may negatively impact donations, volunteerism, potential granting opportunities, and possibly even city contracts.

A decision to change this must be weighed carefully and would require support from the Board of Supervisors.

Business Drivers

This section describes product/service marketing and how that is driven by the business environment. Additionally, the following business drivers are examined: growth potential, threats, and opportunities.

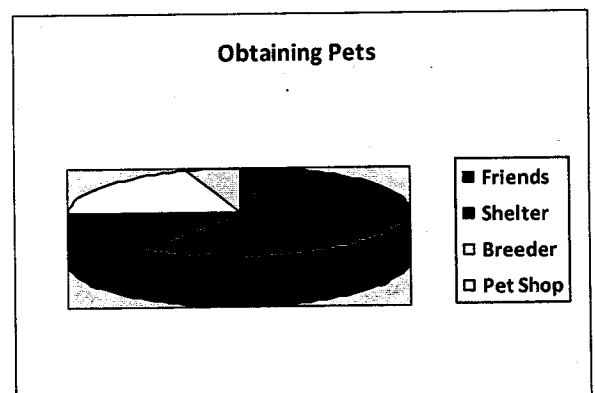
Product/Service Marketing

DAS is a service-based organization and is unique from many county departments because part of its operations is a retail business. When considering marketing, the various areas of focus are: Adoptions, Contract Services, Charitable Giving, Licensing and Social Marketing. Ongoing public relations activity is another form of marketing that is key to reinforcing a positive image of a department that the community is willing to embrace and support.

Adoptions: Retail marketing of dogs, cats, and other animals to the general public is the most direct marketing by the department.

- The product is a homeless animal that has been assessed for temperament and health to meet the organizational standards for "adoptable". Animals range from eight weeks of age, to those in their senior years. Before adoption each animal is vaccinated, micro-chipped and sterilized.
- Although some traditional marketing approaches do apply, price setting is done in accordance with social marketing concepts. Setting the price too low or as "free" lends to the perception that the animals are of little value; too high and the market share can be lost. The department has responded to this by setting a flat rate for adoptions. Additional flat rates are established to allow for promotions, with a short-term drop in prices. The overarching goal is to obtain the greatest number of live outcomes for shelter animals. Revenue obtained is secondary to the goal of placing animals in homes.
- The Board of Supervisors has invested in facilities designed to help customers overcome their trepidation of visiting "the pound". Clean modern designs, efficient air cycling, welcoming colors and materials are combined with a focus on displaying available animals to create maximum exposure. For example, puppy kennels are raised to provide for better viewing, dog kennels are staggered to confine viewing to a smaller selection of animals at a time, special display areas highlight specific animals, cat condos are raised to viewing levels and some cats are housed together to show their social behavior, "pocket pets" i.e., rabbits, rodents, and reptiles are placed in environments similar to pet store displays of these types of animals.
- The market for animal adoptions is people living in Riverside County and nearby communities; both homeowners and renters, families of all types, and frequently current pet-owners. The facilities tend to be visited by those who live nearby, or who pass by on a regular basis. However, marketing, especially web-based marketing broadens the market to those looking for specific pets.
- When seeking to adopt a dog, people have the options of going to humane societies, animal rescues, breeders, and pet stores and to adopt from private parties. According to a study by *Ralston Purina and National Council on Pet Population Study & Policy*, only 10-20 % of pet dogs and cats are obtained via adoption from animal shelters and rescues. The most common way for a pet owner to obtain a pet is from an acquaintance or family member. 15-20% are purchased from breeders and only 2-10% are purchased from pet shops. Given that the primary way families come to own their pets

Chart 2



are through acquaintances and family members, DAS recognizes that the more people who become part of our expanding family of community partners, the greater our opportunity to be the acquaintances and family members that connect others with shelter animals. (See Chart 2)

- The primary competitors for shelter animal adoptions are other animal shelters. The department's response to this is to collaborate with shelters to provide maximum possible adoption opportunities for homeless pets. The department has entered into relationships to provide local humane societies with desirable pets for placement through their organizations. A partnership currently in the discussion stages with the Mary S. Roberts Pet Adoption Center takes this relationship a step further and seeks to allow for direct infusion of humane society volunteers and staff to perform adoptions at the county facility.
- The 10-20 % of families who are seeking a new pet from a shelter or rescue is welcomed by the County Animal Shelters and has the ability to obtain a spayed or neutered pet that is vaccinated for a moderate price. That moderate price combined with the savings of not having that first expensive visit to a vet for shots and surgery coupled with the positive reward of "saving" an animal are the primary draws to the County Animal Shelter. Adoption prices set by non-profit animal shelters and rescue groups are higher than County adoption prices and tend to vary by each animal's desirability or special needs of an animal.
- The prices at Riverside County non-profits range from \$25 (*which does not include surgery cost*) to \$400 to adopt a dog or puppy and from \$25 (*which does not include surgery cost*) to \$150 to adopt a cat or kitten. DAS regular flat rate adoption is \$105 for dogs and \$85 for cats. A flat rate adoption was developed to take cost out of the equation when pet selection is made; to better match families with the right pets.
- Advertising and promotions are focused on creating and sustaining demand for shelter animals. To help create that demand, activities that center on bringing new segments of the population into County animal shelters are of primary import. These activities are often both fund-raising and awareness raising activities. To create a demand for an individual shelter animal, internet and media are used. In the Coachella Valley, Desert Paws non-profit group has been placing photographs of shelter animals in the local newspaper since the opening of the Coachella Valley Animal Campus. The success rate for adoption of these animals is high. In a more subtle way, our Public Information Specialist works closely with media to broadcast the stories of animals that come to the department with unique stories. Adoption of these animals has been significant.
- The Department has worked collaboratively with other community organizations to increase adoptions. A recent example was collaboration with the YMCA of Riverside that offered pet adoption coupons with new memberships during Homeless Pet Awareness Month this year. The City of Riverside collaborates with DAS to produce a weekly short video highlighting a pet of the week on their local cable access channel. To date all highlighted pets on the city access channel have been adopted.

Contract Services: Service marketing - provision of municipal services by contract to municipal entities, with the objective of leveraging common resources to help reduce cost and increase consistency between communities for greater overall health and safety.

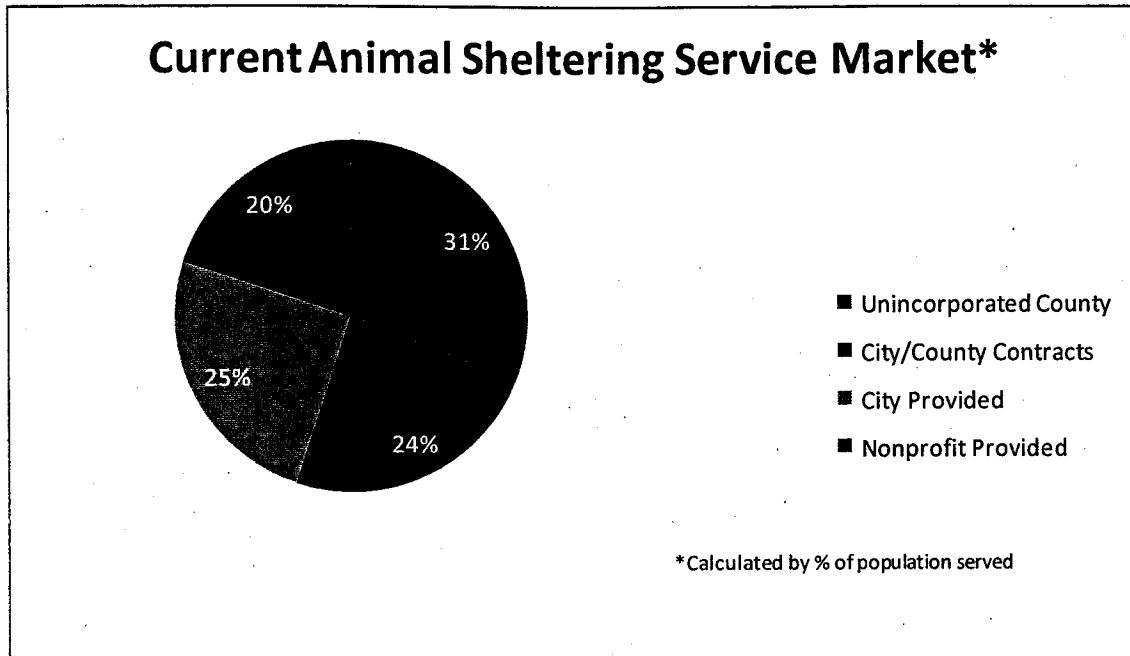
The two primary services offered are public safety and animal enforcement services and animal sheltering services:

- Public safety and enforcement services are fully described in the business/service description. These services are provided to contract cities in accordance with provisions prescribed by State and local laws.
- Animal sheltering services are fully described in the business/service description. When contracting for shelter services there has to be an agreement amongst the participants regarding the level of service provided at an individual shelter. Additional services include processing dog license sales, license inspection field teams,

community-based vaccination days, and spay and neuter bus activation. These services can be purchased as contract add-ons.

- As a public health organization tasked with controlling rabies in Riverside County, sales and marketing of state-required dog licenses provide a revenue source for the department and contract cities. This is one example of a contract add-on marketed to cities.
- The DAS fee study submitted to the County Auditor and the Executive Office in **March 2010**, recommended fixed rates for public safety and enforcement services and sheltering services.
 - Rates for enforcement services were based on the annual cost per animal control officer during regular working hours, with an hourly charge for overtime hours.
 - Animal sheltering costs are based on the shared cost of sheltering animals at the various county shelters with various city participants. Greater collaboration results in overall reduced costs based on cost sharing.
 - In keeping with the Riverside County Sheriff's model, DAS will recommend shelter specific sheltering rates when the recommendation is brought forward to the BOS.
- Two non-profit organizations in the County of Riverside offer contract sheltering services. Those two organizations are Animal Friends of the Valleys and Ramona Humane Society.
 - In **FY 09/10**, DAS contracted with Ramona Humane Society for sheltering services. The sheltering/impound rate was \$35 per dog or cat.
 - Animal Friends of the Valleys recently entered into a Joint Powers Authority (JPA) to provide animal sheltering. The sheltering cost established by the JPA is based upon actual cost, not to exceed \$1 million divided by the percentage of animals impounded equally allocated among JPA members. Based upon prior year impounds as reported to the California State Veterinarian in the Annual Rabies Report, this cost is equivalent to a rate of \$106 per animal.
- There are 26 cities in the County of Riverside.
 - The cities of Palm Springs, Indio, Moreno Valley, Perris, Corona and Norco have city animal shelters and provide city animal control field services. *(See Chart 3)*
 - The cities of Banning, Beaumont, Blythe, Calimesa, Canyon Lake, Hemet, Lake Elsinore, La Quinta, Menifee, Murrieta, San Jacinto, Wildomar and Temecula provide their own animal control field services but shelter their animals at County or non-profit shelters. *(See Chart 3)*
 - The cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, La Quinta, Palm Desert, Rancho Mirage and City of Riverside shelter their animals with Riverside County Animal Services. *(See Chart 3)*
 - The cities of Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Palm Desert, Rancho Mirage and Riverside contract with DAS to provide some or all of their animal control field services. *(See Chart 3)*

Chart 3



Charitable Giving: Charitable marketing: marketing the organization's work to donors, foundations, and grantors.

- As an organization dedicated to animal welfare, DAS is working to leverage these activities to attract financial contributions from foundations, corporations and private donors. According to Giving USA (2010) \$6.6 billion was given to animal welfare and environmental issues in the US in **2009**. Being a government municipal agency, Riverside County Animal Services is not usually eligible for foundation grant funding. In order to overcome this barrier, supporters of Riverside County shelters have organized to create non-profit 501 (c) 3 corporations to benefit shelter programs.
- These foundations include the Animal Solutions Konnection Foundation (ASK), Keeping Animals Safe Every Day (KASE), Friends of the Coachella Valley Animal Campus (FRIENDS), Death Row Dogz (DRD) and others based on the objectives of the projects in need of support. For example, a collaborative is in the works with Operation SafeHouse, a transitional shelter for runaway and at-risk teens. The SafeHouse program will provide teens with volunteer opportunities at the shelter and allow them to foster shelter animals at their facility that are too young for adoption. Through this program, the teens will be able to engage in positive activities to build life skills and self esteem, while helping shelter animals find loving homes. In turn, the program creates an opportunity for the Department of Animal Services and Operation SafeHouse to apply for funding to offset operational costs.
- In addition to seeking grant funding, our partner foundations are working with the Department to raise awareness, cultivate local community involvement and solicit contributions. In the US, contributions from individual donors rank highest, at **75% in 2009**, when compared to other contribution sources (*foundations, bequests, corporations*) as cited by Giving USA (2010). Therefore, it is imperative that individual donors not

overlooked as a revenue source. The Department aims to garner the support from local community members through public awareness campaigns, hosting community events, and networking with community members, businesses and local organizations to position DAS for greater charitable revenue opportunities.

- Potential donors want to know exactly what their contributions will cover and what the visible outcome/impact of their contribution will be. To better define our actions, the services marketed to funders are structured as programs with measurable results. The product the Department is selling is the program, affiliation with the program and resulting visibility in the community through association. The price of the program has to be worth the value of the outcome in positive impact and publicity.
- A case in point is animal control; one would be hard pressed to find a funder willing to give for general operating support of animal control officers. It is generally assumed that the Board of Supervisors will gauge the need for animal control based on what is voiced from the constituency. However, programs can be created to involve aspects of animal control of interest to the public and funders. The development of the *Animal Emergency Response Team (AERT)* highlights the fact that animal control officers are called upon to rescue animals in need, respond to cruelty cases and take action in times of disaster, functions above and beyond seemingly normal day to day activities that require additional support. The donor/funder can feel good about the animals saved through these efforts and the high profile cases they had a hand in aiding, while the Department can offset the response expense.

Social Marketing: The greatest expense incurred by DAS is related to the high volume of animals entering our shelters every year and activities surrounding animal impounds and care.

- Once an animal enters our facility, that cost is fixed and incurred by the department. Subsequent adoption or redemption by the owner partially offset this expense, but does not recover the full cost. The best approach for reducing the expense to the Department is to focus on pre-impound strategies, preventing the animals from coming into the shelter in the first place.
- Communication of ideas to promote responsible pet ownership is key in preventing animal impounds by raising awareness of the benefits of spay and neuter, vaccination, identification, etc. As responsible pet ownership increases, the number of animals requiring a response by DAS decreases, along with the associated costs. Education should be conducted in all strata of the community and include children and adults taking into consideration ethnic and sociological demographic circumstances.

Another product is humane education programs to schools, volunteer opportunities for teens and adults at the shelter and in the community.

- Currently, character and violence prevention education have become mainstream topics in schools. Many states, including California, have mandated some form of humane education in K-12 classes. The *California Education Code* states, "Each teacher shall endeavor to impress upon the minds of the pupils ... kindness toward domestic pets and the humane treatment of living creatures ..." (*California Education Code § 51540.233-233.5*). Humane education programs can be developed that are readily available to fill the needs for schools to satisfy these requirements. These programs can be delivered by shelter staff or volunteers. Children's interest in animals makes the programs fun and in high demand.
- Humane education oriented lessons can take place at the shelter as well. Children can come and participate in a variety of programs from special tours and presentations, to youth "day" or "summer" camps revolving around the animals.

- The shelter conference rooms can be reserved for animal-themed birthday parties or other events that include humane education lessons, tours of the shelter and animal interaction. *A charge can easily be set for special events and camps to offset the cost to the Department and even raise funds.*

Individuals of all ages are attracted to animal welfare issues and many have the desire to make a difference. By offering volunteer opportunities for youth and adults, we can fulfill these desires while benefiting the shelter and our communities.

- Volunteers can assist in countless ways, from helping with daily shelter tasks, to working off site and special events. Volunteers can choose from opportunities that highlight their talents and interests, from interacting directly with the animals to clerical work or using people skills and engaging in artistic endeavors. Some examples of volunteer activities include animal enrichment and socialization or participation in the Annual Art for the Animals fundraiser.
- Many youth are required to volunteer or do some form of community service as a graduation requirement from high school. In addition, college students are often looking for community service or internship opportunities. By offering volunteer opportunities at the shelters, we can help fill their needs. Moreover, these volunteer activities can be leveraged to bring more resources into Riverside County shelters.

Constituents need to have access to services in order to comply with state and local laws and need to know where they can obtain those services. These services should be readily available at an affordable price. The topics of most crucial importance for preventing impounds are:

- **Promotion of spay and neuter** is the best way to reduce pet overpopulation and in-turn, animal impounds.
- **Licensing of dogs** assists with enforcement of animal-related laws, identification, rabies control and re-homing lost pets.
- **Vaccination**, in addition to general pet disease control, aids with pet identification and rabies reporting and licensing enforcement.
- **Leash law enforcement** promotes responsible pet ownership, reduces strays, and reduces potential animal/human and animal/animal conflict.

Growth Potential

DAS strategic revenue growth potential is focused on three areas outside Net County Cost; new city contracts, grant opportunities, and private donations through the public or foundations.

- **City contracts** consist of expanded service that adds expense to DAS operations, but through mutual partnership, DAS is able to leverage greater resources to meet the service demands of all jurisdictions, county and cities.
- **Grant opportunities** are few for municipal animal control agencies and most will only grant funds to non-profits. For this reason, DAS is collaborating with the ASK Foundation. This collaboration allows access to 80% more grants than available directly to a municipal organization. ASK Board of Directors has been granted access to the Economic Development Agency's eCivis database, which houses a plethora of available grants including all related grant information required for application. DAS and ASK currently have \$449K in grant requests out for consideration.

- *The third growth potential is two-pronged.* The first prong is **direct donations** to DAS. An example of this occurred last fiscal year when the Department received a direct donation of more than \$100K from an estate. Marketing that potential to residents performing estate planning is a prime example of this growth. The other prong involves the financial support from **DAS foundations**. Currently DAS has four primary foundations that support programs and operations. These four foundations fund general operational needs, program needs, events, and capital improvements.

Opportunities

Opportunities exist within the current economic climate. The largest opportunity is bringing cities into partnership with the county. While this may be in the form of a JPA or services provided by a third party provider or simply through contract collaboration, the opportunity of combining resources for greater leverage will have some attraction to non-contract cities and can result in lower service cost for the cities and the county. Other opportunities include cost neutral partnerships with nonprofits, partnerships with local veterinarians; grant funding that directly offsets budgeted operational cost.

Threats

Loss of City Contracts: Facing an uncertain fiscal future, most cities are looking at program reductions to bring their budgets into balance. Unfortunately, animal care and control is often one of the first programs to suffer under these conditions when municipalities face reductions in other vital public safety programs. The longer the economy takes to recover, the greater the potential losses for animal service programs. This cycle of cities breaking off from the county to an alternate provider is not uncommon and in many cases the cycle continues with cities returning to the county. The current recession, unfortunately, was so severe that DAS saw a greater break off than most county organizations see in a normal cycle. This has resulted in a greater loss of DAS staff connected to city contracts and, more critically, loss of economies of scale resulting in a higher sheltering cost for the county and the remaining contract cities.

Managing through tough economic times requires a proactive approach to preventing losses in existing city contracts or establishing new city contracts. DAS needs to place a special focus on the added value associated with its expertise, its proven abilities to address issues the jurisdictions face, a focus on operational revenues and the utilization of special services. DAS features such special services as highly trained professional animal control officers, established relationships with fire and sheriff for emergency response collaboration, state-of-the-art shelter facilities, strong relationships with the District Attorney's office for successful prosecution of animal neglect and cruelty cases, modernized fleet and support equipment, high-end database management system, web-based dog licensing, interactive website for pet adoptions and searching for lost pets, highly educated and licensed veterinary services team for onsite medicine and surgery, and a host of other benefits.

Competition from nonprofit organizations: The downturn in the economy affects non-profits as well. Donations, grants and endowments decrease. As a result, some of these organizations may seek to earn additional revenue by offering municipal services to cities or counties. These organizations employ a labor pool that is poorly compensated and greatly supplemented by volunteers. With resulting lower personnel costs, these organizations attempt to underbid municipal competition. In most cases, the services of non-profits are not a direct comparison to those of municipal providers. Unfortunately, some cities are enticed to contract these services to non-profits. This scenario is not limited to Riverside County, but other communities across the country have experienced similar transitions that have ultimately resulted to a return to counties for services.

Decreased ability to meet long-term strategic and organizational goals: Continued staff reductions coupled with funding reductions related to animal care and population control will delay or impede the department's ability to meet its primary organizational goal: Reducing the unwanted pet population, thereby ending unnecessary pet euthanasia and reducing demand for animal care and control. Strategies for dealing with this threat are contained within this plan.

SB 90 Audit: The State has launched an audit of all municipal animal care organizations who submit SB 90 claims. Early pre-audit results of DAS identify a potential impact to county SB 90 claims stemming from pre-2007 claims. DAS is working closely with state auditors to mitigate the impact. *It's possible the impact could be one million dollars or more.* As DAS is not the direct recipient of SB 90 dollars the impact will not occur at the department level, however it would affect the county SB 90 claims as a whole.

Organizational Goals

The Primary Long-term Organizational Goals is to reduce the unwanted pet population, thereby ending unnecessary pet euthanasia and reducing demand for animal care and control.

The following are ten short-term organizational goals to achieve sustainability during Fiscal Years 10/11-14/15:

- Maintain decreased euthanasia rate of 50-60% of animals impounded county-wide.
- Leverage strategic relationships with agencies of all sizes and scopes of operation, private groups and donors, media contacts, political advocates, and the public in general to offset program gaps and related costs.
- Maintain relationships of non-profit foundations support of DAS to augment county general fund support.
- Obtain funding awards for a minimum of 30% of grant submittals.
- Increase spay and neuter resources county-wide for residents.
- Work with EDA to establish a CSA to fund expanded spay and neuter services county-wide or to provide public safety and enforcement services.
- Maintain professionalism of staff through in-house training programs and collaborations with other local law enforcement agencies.
- Maintain health and safety of people and animals in Riverside County, in accordance with State and local mandates for animal control.
- Manage reduced resources to meet operational goals. (*See Budget Goals*)
- Retain 100% of existing city contracts and acquire new contracts to gain economies of scale.

Financial Outlook

Revenue

The Department budget has \$9,680,952 in NCC this fiscal year. An additional \$1,015,000 one-time NCC contribution was provided in the final BOS approved budget for FY 10/11 as an Operating Transfer In. The BOS has indicated that they will contribute \$200K for ongoing operations to recognize the county subsidy to the CVAC shelter operations for the first quarter of the fiscal year and consider further contributions.

Although license revenue is projected to increase as a result of the license fee increase, other income areas are falling short of budget projections. These areas are:

- Revenue - City Contracts (*\$1.4 million shortfall projected*)

The Department is correcting its projected earnings for contracts as part of the first quarter report. \$1.4 million in budgeted revenue is not projected to materialize. This is directly related to the loss of city service contracts.

- Revenue – Program Revenue (*\$300K shortfall projected*)

The Department is keeping a close eye on Program Revenue **during FY 10/11**. Early indicators are not positive. The Program Revenue which is tied closely to the Administrative Citation Program was budgeted to net \$400K. During the first quarter only *one percent* of the annual projection has been received. While it is recognized that the greatest revenue impact should be in the late Spring, monthly income is still short of expectations. Currently DAS has over *\$1.2 million in unpaid citation revenue*. Some portion of these revenues will be realized over time in response to the newly implemented Canine Licensing Program (CLP) described in this document.

- Revenue – Contributions and Donations (*\$100K shortfall projected*)

This line item includes contributions from individual donors, contributions from Foundations and grants received by the department to offset operational cost. The Department budgeted \$346K for this line item.

Donations from individual donors are on track to provide \$14K this year. Currently pending proposals and letters of interest for grants total \$449K. If DAS is successful in funding 30% of these grants, it will receive approximately \$135K.

DAS is projecting \$50K from each of the two largest supporting foundations.

By tracking donations and grant submittals, DAS will be able to ascertain if this budget item requires reassessment. At this time it is estimated to fall \$100K short of budget. This shortfall is being monitored and may be adjusted at mid-year.

- Revenue – County Animal Licenses

The department expects to exceed budgeted revenue for County Animal Licenses (*\$400K surplus projected due to fee ordinance increases*) This revenue line item was increased **on August 10, 2010** and the department has this noted in the first quarter report.

Expense

DAS is projecting expenses for **FY 10/11** as \$18,200,522, leaving a projected surplus of \$731,496. This surplus will be applied to shortfalls in department revenue.

FY 10/11 Budget Revenue vs. Expense Projection

The revenue vs. expense summary highlights for FY 10/11 shows a department shortfall of \$1.7 million primarily due to city contract revenue loss. Expenditures are being closely controlled by DAS. The department projects the total expenditures to be \$18.2 million. This projection shows a DAS savings of \$731,496 in expenditures, leaving a balance of \$933,204 in projected budget deficit for the current fiscal year. See table below:

Table 4

FY 10/11 Budget Projections			
	Budget	Projected	Variance
Revenue	\$18,932,018	\$17,267,318	(\$1,664,700)
Expense	(\$18,932,018)	(\$18,200,522)	\$731,496
Totals	\$0	(\$933,204)	(\$933,204)

Due to revenue shortfalls, the department must reduce expenditures to meet reduced revenue. The following section of this document, Budget Goals, details how the department plans to achieve budget structural balance.

Recommendations to Achieve Budget Goals

Budget Goals

- Bring FY 10/11 Budget into Structural Balance
- Align DAS to respond to projected 12% NCC decrease in FY 11/12
- Operate San Jacinto Valley Animal Shelter and Coachella Valley Animal Campus at no additional cost to DAS
- Maintain current staffing levels in animal care and sheltering

DAS Actions

DAS has launched an enhanced, department-integrated canine licensing and citation compliance program to increase rabies vaccination and license compliance. Currently DAS has over \$1.2 million in unpaid citation revenue. Some portion of this revenue will be realized over time as the collections program continues. The anticipated increase in FY 10/11 revenue is \$50K, but significant gains are projected for the coming years. Anticipated increased revenues are projected to be \$450K in FY 11/12 (\$90K savings from bringing the citation program in house, \$260K revenue increase for additional new dog licenses, and \$100K for utilization of the Interagency Intercept Program).

DAS currently spends \$120K annually for rendering services. Changing from a vendor to utilizing county landfills is being explored by DAS. This change would require a one-time purchase of a transport truck and other ongoing expenses related to using the county landfill. This would place a new responsibility on current staffing levels and operational/employee relation issues still need to be vetted out. Discussions with Waste Management have begun. No savings are projected for the current fiscal year due to vehicle purchase and landfill costs, but \$80K in savings is projected for FY 11/12.

Continued NCC Support

One option available to the BOS is continued short-term NCC support until new contracts can be established at CVAC. Currently the County/DAS is subsidizing the shelter operation by \$800K annually and the existing contracts do not expire until January 2012. The BOS has committed to a one-time \$200K additional general fund contribution in the FY 10/11 first quarter. Continued NCC support for the remaining fiscal year would eliminate an estimated \$600K budget shortfall.

A continued commitment by the BOS to subsidize the CVAC through January 2012 would aid in meeting budget reduction targets for FY 11/12. By then, new contracts or a new staffing model can be negotiated to eliminate the \$800K annual subsidy by the county and net a \$400K savings. DAS recognizes that, due to the county's overall financial state, this option may not be viable and cost reductions may be required as described below.

BOS subsidies for the current fiscal year would reduce, but not prevent layoffs to help bring the current year budget into structural balance. This option is not recommended.

Expense Reduction Recommendations

The following expense reduction recommendations are *short-term strategies* to achieve budget goals. To achieve budget structural balance, each of the reductions will need to be made this fiscal year.

Recommendation 1: Reduce Unincorporated Officers

If DAS moved to the ratio of officers to population that our contract cities maintain, the unincorporated unit could be reduced by six officers and therefore incur both salary savings and associated Appropriation 2 savings. This staff reduction would enable the reduction of one sergeant, further increasing savings. Although savings netted by this reduction are considerable, these lower ratios of officers to population are significantly below the NACA standard, as described in Business/Service Description. Additionally, unlike most cities, the overall size and geography of the county unincorporated areas will place a further strain on providing basic public safety and enforcement services, increase response times and result in responses to only high priority calls.

The impact of reductions in unincorporated officers will be significant. Low priority responses and even some medium priority responses may not receive service or service may be delayed for an extended period of time until an officer is available. Examples of low priority calls would include dead animal removal, non-aggressive confined strays, and field owner surrenders and euthanasia. Furthermore, officers are utilized to augment the staffing in euthanasia and animal care when these programs are short-staffed. The department will terminate the following services in the field:

- Owner surrenders in the field
- Owner requested euthanasia in the field
- Transportation of out-of-jurisdiction animals to the proper jurisdiction
- Assisting county residents with wildlife removal/relocation (*except in cases of public safety*)

Annual savings for this recommendation is \$551K and affects seven FTEs. If this option is implemented for FY 10/11, the net partial year savings is estimated to be \$328K.

Recommendation 2: Reduce Veterinary Staff

The reduction in one surgical team would allow the defunding of one veterinary surgeon and one veterinary technician. An additional RVT supervisor will also be defunded, resulting in salary savings and associated appropriation 2 savings. While the savings are considerable in meeting budget goals, the end result will be fewer spay and neuter surgeries performed and an increased demand from the public for such services. This reduction will have a negative impact on controlling the unwanted pet population of Riverside County and public safety. The department will restrict the following service:

- DAS will no longer provide spay and neuter surgeries, except to qualified low-income residents.

Annual savings for this recommendation is \$391K and affects three FTEs. If implemented for FY 10/11, the net partial year savings is estimated to be \$296K.

Recommendation 3: Reduce Management

The current management structure of DAS represents 9% of total staffing; it was 11% prior to previous reductions and reorganization. Continued redistribution of management responsibilities will provide another two percent overall reduction in management, creating savings. DAS management has been reduced significantly over the past two years and further reductions will impact operational oversight, administrative responsibilities, and overall organizational leadership.

- DAS management includes staff in the decision-making process via policy and procedure committee participation. These committees will provide staff with direct input into organizational decisions.
- Existing leadership will be redistributed to better respond to organizational needs and will bear greater responsibility, share of organization oversight, and accountability.

Annual savings for this option is \$529K. If implemented for FY 10/11, the net partial year savings is estimated to be \$353K.

Recommendation 4: San Jacinto Valley Animal Shelter

Delay Opening of San Jacinto Valley Animal Shelter for Sheltering Animals until third party operating proposals have been analyzed and funding is available. (See *Strategic Initiatives: Strategy Two*)

Table 5

DAS Actions and Expense Reduction Recommendations

Strategy	FY 10/11	FY 11/12 (Annual)
Dog License (CLP) Increase	\$50,000	\$450,000
Animal Disposal Cost Reduction	\$0	\$80,000
ACO Staff Reductions	\$328,000	\$551,000
Veterinary Staff Reductions	\$296,000	\$391,000
Management Reductions	\$353,000	\$529,000
Overall Budget Impact	\$1,021,000	\$2,001,000
BOS CVAC Contract Subsidy (Not Recommended)	\$800,000	\$400,000
Budget impact with BOS subsidy of CVAC Contracts	\$1,827,000	\$2,401,000

Five Year Plan

Current year reductions and new program revenue will allow DAS to meet the **FY 11/12** reductions of 12%. The above action steps achieve the 12% reduction, assuming no additional BOS NCC support, and would establish budget structural balance moving forward. As County General Fund recovers and as funding becomes available, DAS will recommend refunding the following programs/areas over the remaining three Fiscal Years of the Five Year Business Plan (as prioritized):

- Public safety and enforcement officers
- Animal care staff
- Veterinary spay and neuter service personnel
- Management commensurate with the above priorities

Layoffs and expenditure reductions have had a powerful impact on departmental staff and management. Survivor guilt, insecurity, emotional distress, and anger are some of the emotions experienced by the dedicated, hard-working team that is depended upon to maintain the organization. Leading the department through the year of greatest reduction and into the anticipated recovery is a critical focus. The department is currently working with Human Resources (HR) and the Center for Government Excellence to implement various actions to help staff and managers during this difficult time.

- A classification study for animal care technicians is under development and will be recommended when funding becomes available for reclassification of staff under this new series.
- Performance management has been stressed to supervisors and managers with an emphasis on consistent employee feedback and evaluation.
- A policy committee made up of line staff and led by the Director gives employees an opportunity to express ideas and provide direct input into policy.
- A process committee made up of line staff and led by a Deputy Director gives a different group of employees the opportunity to refine and improve departmental processes, leverage resources and eliminate redundancy.
- The HR Center for Government Excellence is preparing to initiate discussions with DAS staff to identify what they need to help them through this period.
- The Department will continue to hold its annual meeting and awards ceremony to honor employees' achievements and provide a vision for the department's future.
- An intranet site for staff has been kicked off. The site includes necessary resources, self-help tools, and information of interest to employees as well as a direct line to management to verify rumors and make suggestions.

Other resources are critical to the department's success. These include: volunteers, partner organizations, foundations and donors. Some examples of activities that are currently underway that will be expanded upon in the coming years are: establishment of a volunteer leadership program to support volunteer functions; collaboration with the Mary S. Roberts Pet Adoption Center for animal adoptions, to augment current available public spay and neuter services, and to seek grant funding; internships for local college students have begun; and, foundations have implemented "adopt-a-cage" programs to provide direct operational support.

Emphasis is placed on building new and maintaining existing relationships with these individuals and organizations. DAS will continue to leverage internal county relationships with other departments such as Waste Management, Public Health, Social Services, Code Enforcement, Auditor-Controller, and others to meet business goals with limited resources.

Strategic Initiatives

The business plan for DAS consists of six *long-term strategies* to achieve budget and organizational goals. The strategies are:

- Canine License Program (CLP)
- Alternatives for sheltering at San Jacinto Valley Animal Campus
- A new model for the Coachella Valley Animal Campus or contracts renegotiated to eliminate County subsidy
- Establishment of a County Service Area for a spay/neuter or public safety and enforcement parcel assessment
- Partnering with local nonprofits for on-site adoption services
- Actively updating contract fee rates, maintaining current and seeking additional contractual relationships

Strategy One: Canine License Program (CLP)

Strategy one is already being implemented because it is a primary activity to achieve budget goals during the current fiscal year. However, this new approach to licensing has potential cumulative results that make the CLP a key initiative. The CLP includes: bringing the administrative citation program in-house, launching a web-based license purchase/renewal program; increased field license canvassing activity; utilizing the Interagency Intercept Program (IIP) to collect outstanding or unpaid citation fees; and gain further compliance by community veterinarians to provide rabies vaccination certificates.

The revenue impact **during FY 10/11** is identified to be a \$50K increase. Year two of the established integrated licensing and citation compliance program includes increased revenues projected at \$450K for the program for **FY 11/12** (\$90K savings from bringing it in-house, \$260K revenue increase for new dog licenses, and \$100K for utilization of the IIP).

Future fiscal years will see compounded revenues with each additional animal added to the DAS database, as well as greater increases in incomes obtained through the intercept program. Department compliance is currently at 21% and the short-term goal for CLP is to achieve a 35% compliance rate by **end of FY 11/12**. This goal would provide an additional \$350K annually in new dog license revenues. This compliance goal is similar to the compliance currently seen in Orange County and the City of Los Angeles. *(This goal does not include late fees or citation fees.)*

Strategy Two: San Jacinto Valley Animal Shelter Staffing Alternatives

DAS does not currently have funding available to open the new San Jacinto Valley Animal Shelter. DAS is working with County Purchasing to solicit bids from third-party providers through a Request for Qualifications (RFQ) process to assess the cost associated with utilizing a vendor to provide the shelter services at the San Jacinto Valley Animal Shelter. DAS will present a cost comparison to the BOS outlining the staffing options and related costs between county provided services versus a third-party alternative after proposals are received. Selection of any provider for this service will require funding. The department recommends delaying the opening of the new facility for animal sheltering until third party operating proposals have been analyzed and funding becomes available.

DAS does recommend a partial opening of the facility after construction is completed limited to the relocation of the department's animal control officer substation from leased space in the City of Hemet. This move will allow the department to test the facility's critical power and HVAC infrastructure during the warranty period and provide a cost savings to DAS through the termination of the lease agreement for office space. The department has been allocated funding to operate the facility in this limited capacity.

If the County elects to use a third-party provider, for-profit or nonprofit, this may require a meet and confer with each of the collective bargaining units which have members in DAS (LIUNA and SEIU).

Strategy Three: Coachella Valley Animal Campus Sheltering Alternatives

Current contracts for CVAC will expire on **January 16, 2012**. This facility is governed by a Commission established through the Coachella Valley Association of Governments and overseen by DAS. Options available to the Commission members include: maintaining current service levels with equally shared costs resulting in contract increases to cities; hire a shelter manager and staff to operate and manage shelter independent of the county with equally shared costs; solicit bids through an RFQ process for a third party provider and equally share cost among participants. All three options would provide service continuity to residents and end all current county subsidies being provided to contract cities. The department will bring these options forward to the Commission in the near future.

If the JPA elects to use a third-party provider, for-profit or nonprofit, this may require the County to meet and confer with each of the collective bargaining units which have members in DAS (LIUNA and SEIU).

Strategy Four: County Service Area

Work with Economic Development Agency (EDA) to explore a County Service Area (CSA) to provide parcel assessments to offset county spay and neuter or public safety and enforcement services. Based on \$2 per parcel assessment, it is estimated to net \$2 million annually starting in **FY 12/13**.

This strategy is complicated and requires a ballot initiative and voter approval. This will also require the hiring of a consultant to help gauge anticipated initiative success. An advertising campaign would be required to gain voter support. These costs may potentially be subsidized by other funding sources. DAS will continue to explore this opportunity with EDA and the Executive Office.

Strategy Five: Nonprofit Partnerships for On-site Adoption Services

DAS is discussing a partnership with the Mary S. Roberts Pet Adoption Center (*Formerly Riverside Humane*) to staff and operate the adoption portion of the new Western Riverside County/ City Animal Shelter. This partnership would allow DAS the ability to bring back a dynamic and proactive approach to animal adoptions; all previous county adoption staff have been laid off.

This pilot effort, if successful, will provide a model for the Coachella Valley Animal Campus. This partnership will not reduce any expenses and will result in adoption revenue losses, but would increase service levels to constituents and help maintain or increase the DAS organizational goal of lowering animal euthanasia. If pilot effort is launched, it may provide a new model for provision of adoption services at all county operated facilities, successfully partnering with private organizations at county facilities.

This type of partnership is not limited to animal adoption services and in fact, DAS currently utilizes a for-profit business to provide state-mandated public low-cost vaccination clinics at the Western Riverside County/City Animal Shelter. DAS will continue to explore other areas of opportunity for such partnerships, both nonprofit and for-profit.

Strategy Six: Contract Fees, Retention, and Acquisition

City contract retention and new contract acquisitions are important to gain economies of scale. A key strategic initiative for DAS is becoming more competitive or attractive in the market to add new city contracts to leverage greater resources for all involved. Our strategy is to meet with cities regionally to strive for agreement on service level and cost, with an emphasis on affordability. The greater number of cities that come on board, the more fixed costs can be

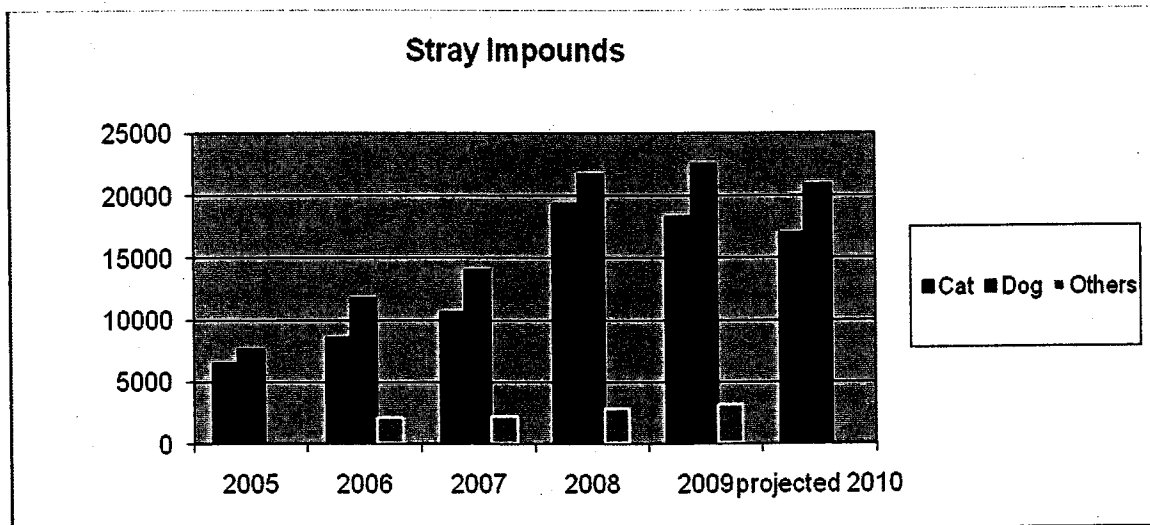
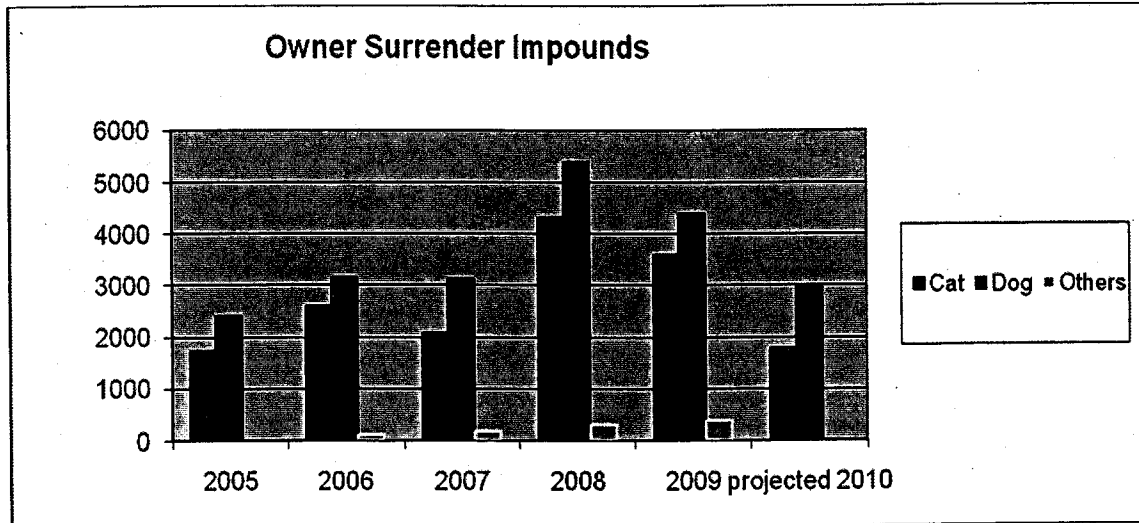
distributed. This will reduce costs per unit and therefore rates. This may be accomplished through JPAs or contractual relationships. New BOS approved contract rates will also be key to this initiative.

While DAS cannot compete at the salary and benefits levels of non-profits, DAS can promote greater public safety and other attributes that make its service more desirable based on professionalism and training, ability to fill in staffing gaps due to its organizational size, modernized shelters and emergency response equipment, diversity of programs, modern database system, and a myriad of other positive benefits.

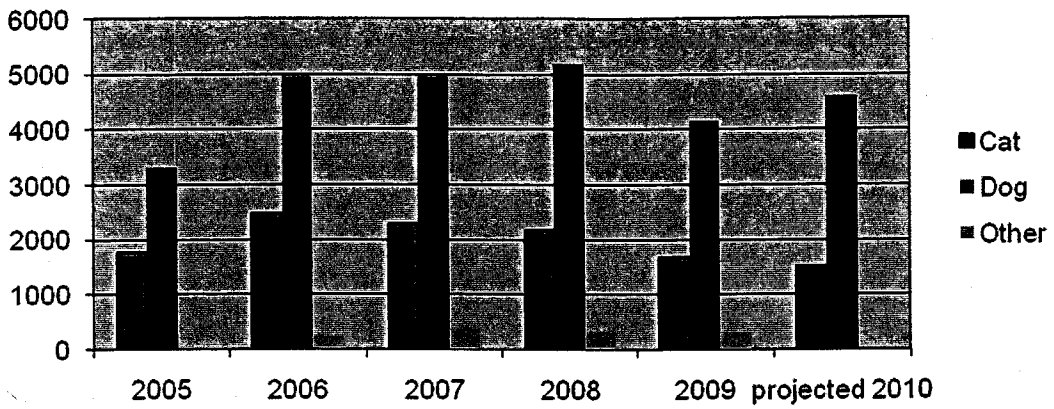
EXHIBITS

Exhibit A

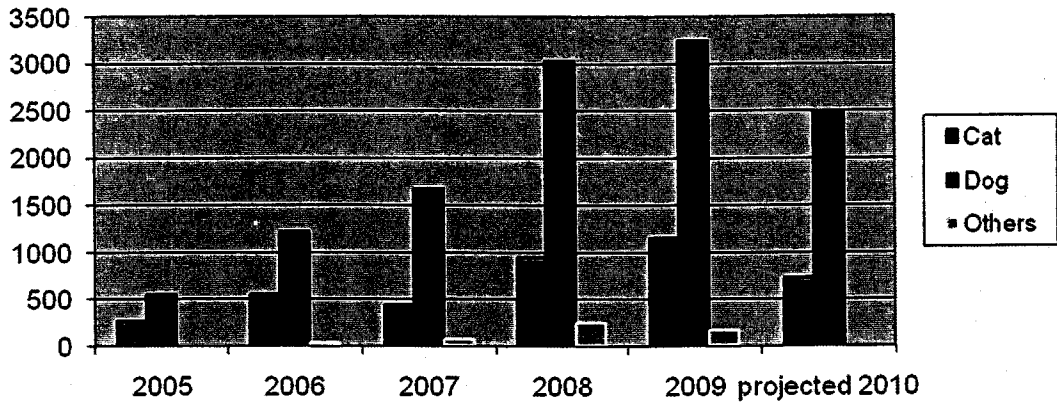
Department Data



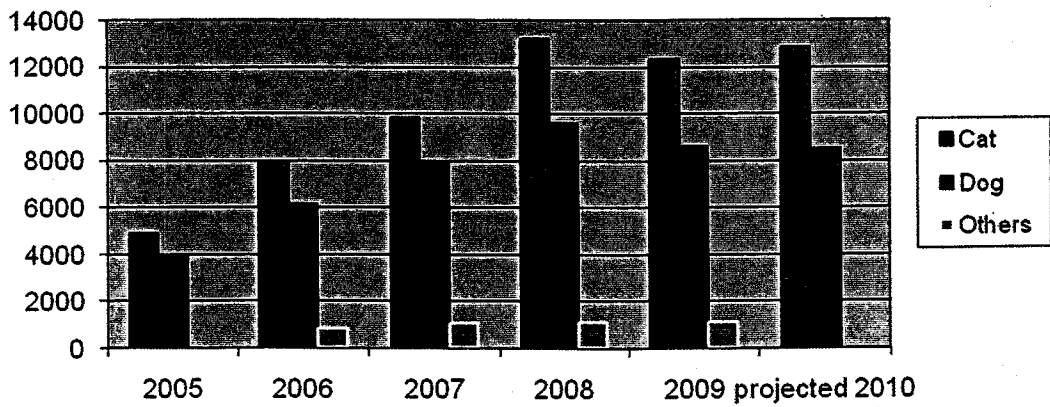
Adoptions by Year



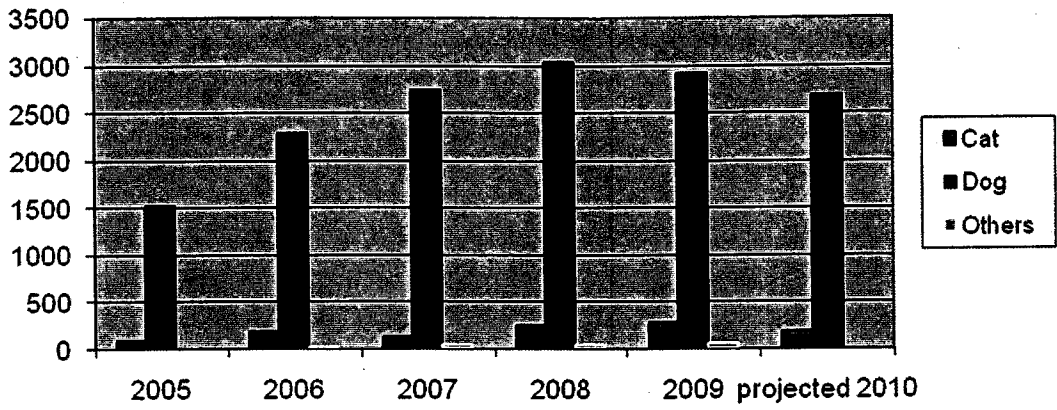
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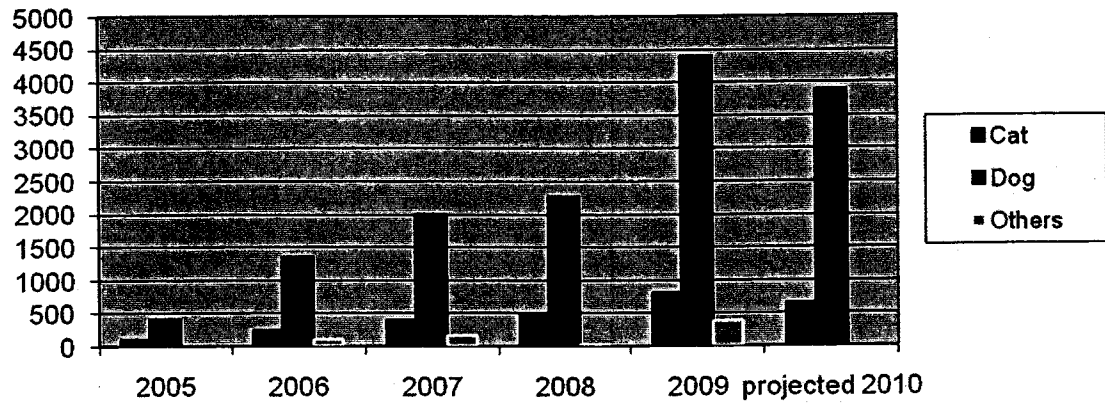
Euthanasia by Year



Pets Returned to Owner by Year



Rescue Transfers by Year



Attachment F Criteria for Closing Fire Stations

The Fire Chief proposes the following criteria to determine station closures:

- Emergency incident workload both within the first due area of the fire station and in nearby backup response areas however just because a fire station runs fewer alarms doesn't mean it will have less impact on the regional delivery of services.
- Proximity to other system fire stations using the existing Fire Department criteria for response based on community population density and land use. Current density response criteria:
 - 5 minutes for Heavy Urban (large commercial industrial zone & 8-20 dwelling units/acre)
 - 7 minutes for Urban (Light industrial zones & 2-8 single family dwelling units/acre)
 - 11 minutes for Rural (Very low density & 1 dwelling unit/acre)
 - 17 minutes for Outlying (Rural mountain & desert, agricultural & 1 dwelling unit/5 acres)
- Redundancy of services at a fire station:
 - Ability of available Volunteer Firefighters or other, non-system fire departments to fill the void under contract.
 - Status of fire station infrastructure.
 - Not excessively passing County responsibility to city partner fire stations beyond their normal cooperative, integrated response areas.

Attachment G CSUF Quarterly Economic Update

CSUF RIVERSIDE COUNTY QUARTERLY UPDATE

21 October 2010

Adrian R. Fleissig, Ph.D. and Mira Farka, Ph.D.

Riverside County Overview

Riverside County's economy continues to evolve broadly in line with our previous forecasts as the sluggish recovery lags the Southern California and the national economy. The recovery is expected to remain slow for the balance of this year and in 2011. A few positive signs have materialized: the sharp decline in employment levels appears to have stopped, housing prices have leveled off, and housing affordability is at its highest in over one decade. However, these changes are trend reversals from previous large declines and they do not indicate an imminent improvement in economic activity. The county's economy will experience a slow and protracted recovery with the unemployment rate expected to remain in double digits, continued state and local budget shortfalls and issues in housing and commercial real estate.

The labor market continues to be a major concern in Riverside County. In July 2010, the unemployment rate in the Riverside-San Bernardino MSA was under 14.5% in April, May and June but rose to 15.1% in July and it remains relatively high at 14.8% in August. Job creation continues to be a drag on economic activity and nonfarm employment has declined for 36 months on a year-on-year basis since August 2007. On a month-on-month basis, Inland Empire nonfarm employment decreased in June, July and August. However, most of the job losses during the summer were because the temporary employment of Census workers came to an end. Since February 2010, private payrolls have risen by a total of 2,900 jobs, an extremely anemic rate but one that is at least headed in the right direction.

Housing affordability was 63% in the first quarter of 2010 and declined in the second quarter to 59%, which means that 59% of residents are able to afford the median priced home. At the current level, housing affordability is as high as in 1997, which should help the region's economy in the long-term. Housing prices exceeded \$200,000 in May, June and July partly due to the increased demand from the first time home buyers program, but they have fallen to \$195,092 in August with the termination of government programs. Single family building permits have increased by 576 in the first seven months of 2010 compared to the corresponding period in 2009. In addition, prices of new homes (attached and unattached) rose in the second quarter of 2010 but remain well below levels recorded in recent years. Foreclosures remain high at 7,274 in the fourth quarter of 2009 even though they are lower than the peak of 11,523 reached in the third quarter of 2008. Employment in logistics (transportation, warehousing and wholesale trade) has increased over the last four months and is expected to continue to grow through 2011 as trade volumes rebound from rock-bottom levels.

Commercial real estate. The overall outlook for Riverside commercial real estate continues to remain weak over the medium-term. Vacancy rates dropped slightly in the second quarter with office vacancies at 18% (down from 18.9% in Q1 2010) and industrial vacancy rate of 10.4% (down from 10.8% in Q1 2010). Construction activity in industrial real estate is currently just over 3 million square feet, while total office space under construction was a mere 253,000 square feet at the end of the second quarter of 2010. Rent for class A&B Apartments increased slightly in the second quarter of 2010 as vacancy rates fell to 6.3% from 7.2% during the first quarter of 2010. While large declines in commercial real estate prices have slowed down, commercial real estate values are unlikely to post a notable recovery over the next 12-18 months. The downward pressure in the assessment roll for this property type will continue as commercial property values are re-assessed in the next few years. Since the downturn in the commercial real estate sector lagged the housing market recession by about 18 months, the slump in the commercial real estate sector will remain a drag on the recovery for Riverside County.

U.S. Macroeconomic Overview

As we anticipated in our previous reports, the pace of the U.S. recovery has been weak with below-trend growth, above-average unemployment, and other constraints that have hampered economic growth. Our updated forecast continues to incorporate a downshift for the remainder of 2010 and in 2011. So far, the recovery was driven primarily by a remarkably high government spending and a robust inventory cycle – two transitory and inherently non-fundamental forces. For a sustained expansion however, consumption in the private sector – household spending and business investments – will need to take over. This is not expected to occur until late in 2011; between now and then the economy will continue to remain in an awkward transition phase with sluggish growth and high unemployment. While the probability of a double-dip recession increased during the summer, the U.S. should avoid a second outright recession and grow by 2.7% in 2010. Faced with slower growth, the Federal Reserve will keep rates on hold well into 2011 and begin another round of quantitative easing before the end of the year.

Real economic activity is expected to be below 2.3% in the second half of 2010 due to a slack labor market, continued consumer deleveraging, and increased uncertainty in the housing sector. The labor market has added jobs at a disappointingly slow pace during this recovery. Job gains began to appear early in the year but the initial momentum – none to powerful to begin with – started to fade in the summer. The headline numbers have been harder to read because of the ebb and flow in the temporary Census employment. Private payrolls have only added 847,000 jobs during the first nine months of this year which is far below the 4.2 million jobs that were lost over the same period in 2009. Modest employment gains should continue for the rest of the year with the pace of hiring increasing in mid-2011. The unemployment rate should remain above 9% and may even rise from its present level as the labor

force expands. Consumer spending has risen for seven consecutive months, although the pace of increase was higher earlier in the year perhaps reflecting some pent-up demand during the recession. Going forward, consumption spending is expected to grow at a depressed rate of around 2% as high unemployment rates and continued deleveraging will continue to restrain any meaningful upswing in household spending well into 2011.

The outlook for the housing market over the next few quarters has downshifted and although the free-fall seems to be well behind us, leading indicators suggest that a strong rebound is unlikely. Woes in the housing market are largely due to the expiration of the homebuyer tax credit, which pulled demand forward creating a significant vacuum in the market when the program ended. Home prices should trend lower over the next two quarters, shedding an additional 5% from current levels, and are expected to remain relatively sluggish through 2011. The commercial real estate sector has shown some improvements with the number of distressed properties declining but a tougher test lies ahead when around \$600 billion loans come due in the following 18 months.

California Overview

California's sluggish recovery continues to lag the national recovery due to a weak labor market, continual cuts in government spending and the persistent long-term budgetary issues. While the labor market had shown signs of improvement by adding jobs since the start of the year, the summer months show large employment declines because of the end of the temporary hiring of Census workers. However, the 31,500 jobs created this year by the private sector are well below the 1.3 million jobs lost during the recession. In August, the state's unemployment rate remained high at 12.4% which is slightly less than the peak unemployment rate of 12.6% recorded in March 2010. A high unemployment rate of over 12% is expected to prevail for the remainder of the year. While the unemployment rate is likely to remain at double digits over the next year, a few sectors such as healthcare, education, export-related, capital goods services, and infrastructure should recover sooner.

The estimated \$19.1 billion budget shortfall continues to hinder the state's economic recovery. Total merchandise exports from California to the rest of the world increased significantly during the first half of this year after declining by 17.1% in 2009 which will positively impact Riverside County given its large presence in the trade, transportation and wholesale sector. Another positive sign is that California personal income has grown modestly over the first half of 2010. Housing prices in California have increased on a year-to-year basis but sales of existing detached homes continue to decline in 2010. The CSUF Southern California Leading Economic Indicator increased by 0.75% in the second quarter of 2010 compared to the first quarter of 2010. This is the third consecutive increase in the Indicator and suggests an improvement in economic activity in the Southern California region in the next three to six months.

Economic Update

Riverside

- Job growth should continue at a slow pace, unable to offset the job losses from the recession.
- Housing prices should stabilize but construction is not expected to pick up significantly.
- Commercial real estate prices are not expected to recover quickly over the next twelve months.

California and U.S.

- Federal Reserve will keep rates on hold well into 2011.
- The national unemployment rate is expected to remain high, averaging 9.7% for the year.
- Further state and local budget cuts will continue to constrain growth in state and local economies.
- CSUF Leading Indicator projects an increase in economic activity in the next 3 to 6 months.

CSUF October 2010 Updated Projections

California and Riverside County Indicators					
Year	RV-SB County Payroll Employment ¹	RV-SB County Unemployment ¹	RV Single Family Median House Prices ²	California Consumer Price Index ³	LA-RV-OC Counties Consumer Price Index ⁴
2007	0.3	5.8	\$397,290	3.3	3.3
2008	-3.7	8.2	\$238,984	3.4	3.5
2009	-7.5	13.3	\$172,714	-0.3	-0.8
2010	-2.5	14.7	\$194,252	1.4	1.1

1. Source: Employment Development Department
2. Source: California Association of Realtors
3. California Department of Finance
4. U.S. Bureau of Labor Statistics

National Economic Variables					
Year	RGDP ¹	U.S. Core Inflation ²	U.S. Unemployment ²	Federal Funds ³	30-year Mortgage ⁴
2007	2.1	2.8	4.6	5.02	6.34
2008	0.4	3.8	5.8	1.92	6.04
2009	-2.4	-0.4	9.3	0.16	5.04
2010	2.7	1.7	9.7	0.18	4.67

1. U.S. Bureau of Economic Analysis
2. Bureau of Labor Statistics
3. Board of Governors of the Federal Reserve System
4. St. Louis Federal Reserve Bank

Attachment H Sales and Use Tax Update

Q2



Riverside County Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (Apr-Jun 2010)

Riverside County In Brief

Revenues from April to June sales in the unincorporated county area were 1.5% lower than the same quarter last year but aberrations skewed results. With anomalies removed, actual sales rose 3.8%.

Multiple deviations that understated receipts in the current period accounted for drop in the contractor category. Overall returns for Building & Construction were dragged down as a result. Once these aberrations were removed, this sector declined 11.9%.

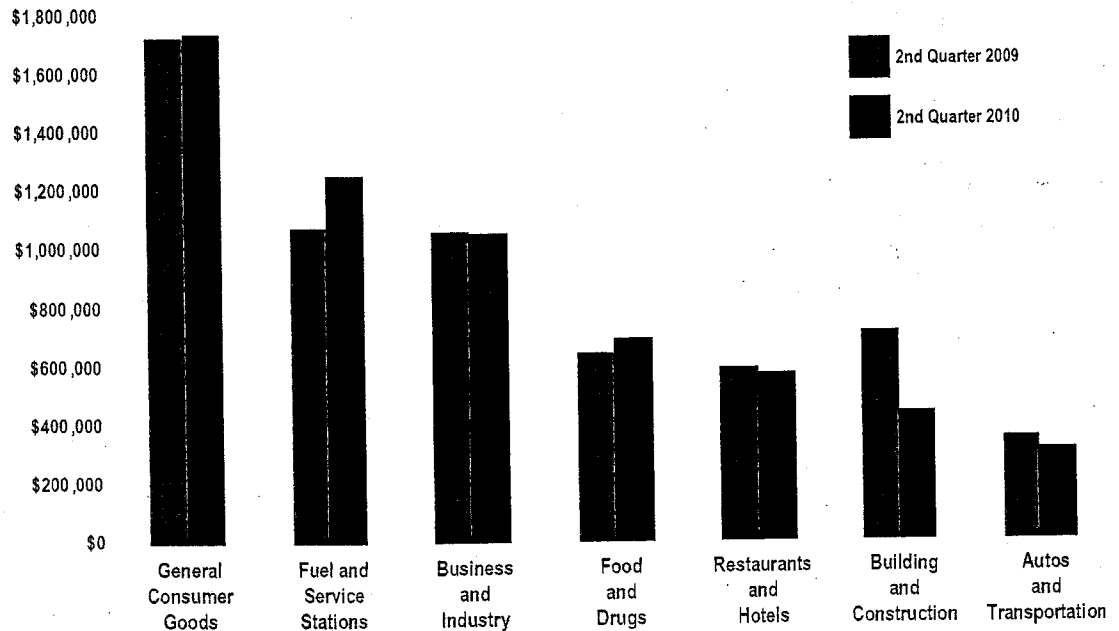
An allocation error accounted for the loss in Autos & Transportation. This offset the increase in trailer and RV sales. Other anomalies weakened results in restaurants.

Sales activity increased in family and women's apparel and shoe stores however these gains were offset by lower returns in discount department stores and home furnishings. Higher fuel prices pushed up receipts in service stations and grocery outlets with fuel pumps.

Business to business transactions grew in motion pictures/equipment but this gain was offset by onetime adjustments in other sectors.

Adjusted for reporting aberrations, taxable sales for all of Riverside County including its cities gained 5.2% over the comparable time period while the Southern California region as a whole rose 4.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	Lowes
Arco Am Pm Winchester	Mecca Travel Center Subway
Arco Travel Zone Center	Mobile Modular Management
AT Properties	Morongo Shell
Best Buy	Ralph Lauren
Circle K	Ralphs
Coach	Stater Bros
Convenience Retail	Target
Costco	Volvo Construction Equipment
Edward Don & Company	Vons
French Valley Shell	Walmart DVD Rentals
G & M Oil	
Home Depot	
Jack in the Box	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$6,176,864	\$6,074,836
County Pool	625,607	629,086
State Pool	6,146	3,232
Gross Receipts	\$6,808,617	\$6,707,155
Less Triple Flip*	\$(1,702,154)	\$(1,676,789)

*Reimbursed from county compensation fund

California Overall

Local sales and use tax revenues for sales occurring April through June 2010 were 4.7% higher than the same quarter of 2009 after accounting aberrations were factored out. However, the comparison is against a quarter that was 18.4% below the same quarter of 2008 which in turn, was 4.0% lower than the same period of 2007. Rising fuel prices were again a major part of the quarterly increase. Pent-up demand and manufacturer incentives produced impressive gains in auto and RV sales. Capital investment in technology, equipment and supplies to reduce labor and energy costs drove expanded receipts from business and industrial purchases.

Areas surrounding the Silicon Valley continue to be the center of greatest recovery though a recent up-tick in travel helped produce gains in some vacation/resort communities. The inland parts of California still lag the coastal regions.

It's Official! The Recession is Over!

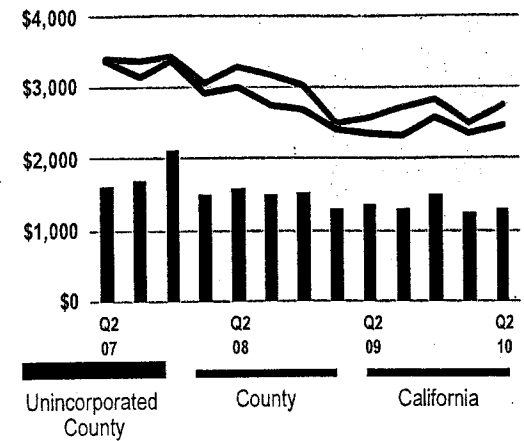
The National Bureau of Economic Research (NBER) has announced that the recession ended in June of 2009. Technically, this means that economic indicators show that the economy has finally bottomed out. It does not mean that a recovery has occurred. This year's earlier exuberance has given way to near consensus among economists that the state's recovery will be slow with less than average growth over the next two years. The argument is that further deleveraging from years of over-spending, over-borrowing, hyper-speculative investment and unsustainable real estate prices must occur before we reach the base on which normal growth restarts. With the focus on productivity innovations rather than jobs, unemployment is expected to stay in double digits at least until the end of 2012. Sales tax revenues are expected to continue to recover but at slightly lower rates than

experienced earlier in the year from various tax credit, stimulus rebate and manufacturer incentive programs.

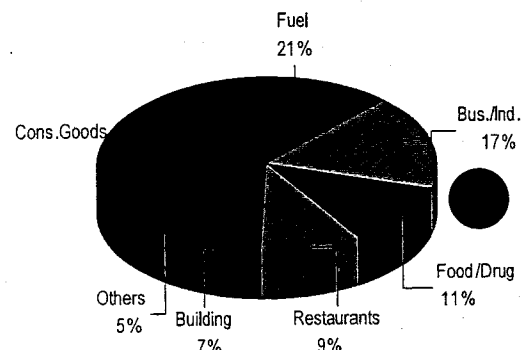
Green Energy Exemptions

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) has fast-tracked adoption of their emergency regulations for implementing new sales and use tax exemptions for "Green Manufacturing" authorized by SB 71, the only significant new sales tax related bill adopted in 2010 to date. The first approvals are planned for their November 17 meeting. Industry lobbyists have shut local governments out of the process and additional regulations are now being developed for exempting major alternative energy projects such as solar, geothermal and wind. There is no cap on the value of state and local sales tax losses that CAEATFA may approve. Local governments will not be notified of applications potentially impacting their revenues. However, agenda notices can be obtained by signing up at <http://www.treasurer.ca.gov/caeatfa/agenda.asp>.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Riverside County This Quarter



RIVERSIDE COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q2 '10*	Change	Change	Change
Service Stations	\$1,248.2	16.9%	27.9%	18.2%
Family Apparel	691.4	16.9%	7.5%	10.3%
Restaurants No Alcohol	395.7	0.4%	8.2%	4.6%
Grocery Stores Liquor	328.3	5.8%	1.7%	1.0%
Discount Dept Stores	261.6	-25.7%	0.5%	0.1%
Lumber/Building Materials	212.0	-0.5%	2.2%	3.0%
Specialty Stores	209.3	-2.5%	3.4%	1.2%
Motion Pictures/Equipment	194.7	109.7%	110.3%	11.7%
Contractors	142.1	-64.3%	-15.0%	-6.1%
Women's Apparel	142.1	20.6%	8.1%	0.2%
Wineries	130.7	-8.5%	-7.7%	0.9%
Trailers/RVs	123.4	29.5%	6.3%	17.1%
Light Industrial/Printers	114.8	-26.5%	20.3%	14.6%
Grocery-No Alcohol	113.0	8.0%	3.7%	6.4%
Shoe Stores	110.9	11.1%	6.0%	6.0%
Total All Accounts	\$6,074.8	-1.7%	7.1%	7.4%
County & State Pool Allocation	632.3	0.1%		
Gross Receipts	\$6,707.2	-1.5%		

*In thousands



(909) 861-4335

HdL Consensus Forecast - October 2010 Statewide Sales Tax Trends

HdL Companies www.hdlcompanies.com

Beacon Economics www.BeaconEcon.com

	2010/11	2011/12
Auto/Transportation	4.5%	6.0%
<p>Aggressive Manufacturer promotions produced solid gains in the spring sales quarter. Dealers reporting equally impressive numbers with third quarter sales. Analysts attribute the momentum to a steady recovery in pickup sales, favorable consumer reaction to newly launched models and easing access to credit. Recovery expected to continue particularly for new products, trucks and vans but at a slower pace in the second half of the year.</p>		
Building/Construction	0.0%	1.5%
<p>Appliance rebates and first time home buyer credits helped home improvement stores in the last two quarters but prospects for major privately funded construction continue to be scarce. Gains from federally funded stimulus projects expected to be offset by declines in locally funded projects. Newly adopted state exemptions reduce tax revenues from future green energy purchases. Significant sales tax recovery unlikely until 2012-2013.</p>		
Business/Industry	2.0%	2.0%
<p>Momentum of business investment in labor and saving technology and equipment expected to continue but at a slightly lower rate in the second half of the year. Indices on inventories and new orders signaling fall off from earlier strong gains in manufacturing sectors. Sales tax gains continue to be primarily from equipment and supplies for food manufacturers, information and energy technology, software and medical services.</p>		
Food/Drugs	0.5%	0.5%
<p>A heavy inroad by warehouse retailers in the consumer goods group and new specialty food and convenience chains have increased price competition and is expected to keep sales tax growth at minimum levels.</p>		
Fuel/Service Stations	6.5%	2.0%
<p>Travel is beginning to recover and California gasoline consumption exhibited a slight gain in second quarter of 2010. However, diesel fuel from trucking starting to fall as the restocking of inventory and exceptional growth in imports that was driving earlier gains in the movement of supplies and materials slows. Prices expected to continue to move upward but at more modest rates than recent quarters.</p>		
General Consumer Goods	2.5%	2.5%
<p>Chain stores reported better than anticipated sales in the third quarter primarily because of heavy discounting of back-to-school merchandise. Traditional department stores faring better with new low cost strategies. Holiday quarter expected to focus heavily on discounts and pricing. Demand projected for smart phones, readers and other small electronics. Most analysts predicting growth range of 2.0% to 3.0% over next two years.</p>		
Restaurants/Hotels	2.0%	2.5%
<p>Business and tourist travel slowly recovering and some segments in this group appear to have bottomed out. Modest recovery expected although emphasis will continue to be on price and value.</p>		
State and County Pools	2.5%	3.4%
<p>Primarily composed of tax where the point of sale is not easily identified: private vehicle transactions, leased equipment payments, out-of-state purchases and merchandise installed at customers' construction site. Projections based on comparison of past growth patterns with "Point of Sale" receipts.</p>		
Total	2.5%	3.4%

California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.



BEACON ECONOMICS
(310) 571-3399

National and Statewide Economic Drivers October 2010

Beacon Economics www.BeaconEcon.com

HdL Companies www.hdlcompanies.com

	2010/11	2011/12
U.S. Savings Rate	5.3%	5.3%
<p>After reaching near-zero during the height of the bubble, the revised savings rate (as a percent of total income) has shot up to more than 5%. However, these increases were largely driven by reductions in the tax rate nationwide. As tax rates begin to go back up in the wake of government debt and deficit, we expect to see savings rates level off as the consumer adjusts.</p>		

California Per Capita	2010/11	2011/12
Personal Income	\$ 41,643	\$ 43,016
<p>Severe job losses and unemployment forced nominal income to fall on a per capita basis during the recession. We expect per capita income to begin growing again in 2010-11 and 2011-12 as labor markets continue to heal and economic growth continues. We currently forecast 2.3% growth in per capita income this fiscal year and 3.3% next year.</p>		

California	2010/11	2011/12
Unemployment Rate	11.9%	10.8%
<p>The State's unemployment rate will continue to fall (as well), but it will take several years to reach "normal" levels again. We are currently forecasting that the unemployment rate will remain above 11% through the remainder of 2010-11, and will fall just below 10.5% by the end of 2011-12.</p>		

California Home	2010/11	2011/12
Sales	346,039	359,388
<p>Homes sales have yet to reach their 2006 peak exceeding 100,000 per quarter, but they did see a healthy bump in response to several federal government programs aimed at boosting demand for housing. As these programs expire, we expect sales to decline slightly in 2010-11. However, with a return to more affordable home prices and a recovering labor market, we forecast that sales will increase in 2011-12 as buyers take advantage of perceived deals.</p>		

	2010/11	2011/12
U.S. Tax Rate	9.4%	10.9%
<p>As both the Bush and Obama administrations sought to stimulate the flailing economy, we have seen the national tax rate fall from 12.6% of total personal income in 2008 to just 9.1% by the end of 2009. This has certainly helped to buoy consumer spending, but as deficit and debt concerns grow, we see tax rates rising in response. This will be partially offset by increased incomes and flat savings, but will also have a negative impact on consumer spending.</p>		

California Nonfarm	2010/11	2011/12
Employment	13,955,250	14,199,210
<p>Despite taking a beating, nonfarm employment in California is expected to continue the recovery process over the next two years. However, it will take time for the labor markets to heal, and we do not expect to see a return to its 2007 peak of more than 15.1 million for several years.</p>		

California Median	2010/11	2011/12
Home Price	\$ 262,000	\$ 265,000
<p>We are forecasting that most of the pain is already behind the housing market, but that growth will be tepid over the next few years. It will take sustained progress in the labor markets and strong growth in incomes to really move home prices forward. Despite this lackluster performance, California's housing market is emerging healthier in the sense that prices are roughly back in line with incomes.</p>		

California Single-Family	2010/11	2011/12
Building Permits	25,786	33,261
<p>After the building explosion in 2004-05, the construction of new single-family homes collapsed to just over 25,000 in 2008-09. California is not as overbuilt as some other states, and we expect to see permitting grow over the next two years. However, the level of permitting will remain well below the peak for the foreseeable future.</p>		

Beacon Economics has proven to be one of the most thorough and accurate, economic research/analytical forecasters in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.

Attachment I Filled Full Time Positions by Department

Count of General Fund Filled Regular Positions by Department
2008 through 2010

Dept ID	Department	9/30/08 Count of Emps	9/30/09 Count of Emps	9/30/10 Count of Emps	# Diff 2008 - 2010	% Diff 2008 - 2010
100	BOARD OF SUPERVISORS	59	58	60	1	1.7%
110	EXECUTIVE OFFICE/OASIS	94	89	80	-14	-14.9%
120	ASSESSOR	461	409	385	-76	-16.5%
130	AUDITOR CONTROLLER	116	105	93	-23	-19.8%
140	TREASURER TAX COLLECTOR	118	108	104	-14	-11.9%
150	COUNTY COUNSEL	71	69	64	-7	-9.9%
170	REGISTRAR OF VOTERS	34	35	30	-4	-11.8%
220	DISTRICT ATTORNEY	808	807	767	-41	-5.1%
240	PUBLIC DEFENDER	308	283	264	-44	-14.3%
250	SHERIFF	3,979	3,894	3,794	-185	-4.6%
260	PROBATION	876	827	772	-104	-11.9%
270	FIRE	191	187	187	-4	-2.1%
280	AGRICULTURAL COMMISSION	54	54	48	-6	-11.1%
312	PLANNING	70	51	37	-33	-47.1%
314	CODE ENFORCEMENT	134	133	120	-14	-10.4%
410	MENTAL HEALTH	975	934	902	-73	-7.5%
420	COMMUNITY HEALTH	1,519	1,327	1,248	-271	-17.8%
510	DPSS	3,342	3,089	3,049	-293	-8.8%
520	COMMUNITY ACTION	34	39	39	5	14.7%
530	OFFICE ON AGING	68	63	59	-9	-13.2%
540	VETERANS SERVICES	13	12	12	-1	-7.7%
630	COOPERATIVE EXTENSION	5	5	5	0	0.0%
720	FACILITIES MANAGEMENT	549	507	553	4	0.7%
730	PURCHASING	142	130	119	-23	-16.2%
	General Fund Total	14,020	13,215	12,791	-1,229	-8.8%

**Count of Non-General Fund Filled Regular Positions by Department
2008 through 2010**

Dept ID	Department	9/30/08 Count of Emps	9/30/09 Count of Emps	9/30/10 Count of Emps	# Diff 2008 - 2010	% Diff 2008 - 2010
113	HUMAN RESOURCES/TAP	438	354	340	-98	-22.4%
115	CFD	5	5	5	0	0.0%
190	EDA	353	388	335	-18	-5.1%
191	EDA/AVIATION	10	10	8	-2	-20.0%
192	EDA/DESERT EXPO	12	10	10	-2	-16.7%
193	EDA/EDWARD DEAN MUSEUM	2	2	2	0	0.0%
230	CHILD SUPPORT SERVICES	394	363	336	-58	-14.7%
290	LAFCO	5	5	5	0	0.0%
310	TLMA	130	113	85	-45	-34.6%
311	BUILDING & SAFETY	58	47	37	-21	-36.2%
313	TRANSPORTATION	412	394	355	-57	-13.8%
430	RCRMC	2,337	2,357	2,354	17	0.7%
450	WASTE MANAGEMENT	214	204	189	-25	-11.7%
740	INFORMATION TECHNOLOGY	193	194	171	-22	-11.4%
915	CSA LOCAL INITIATIVE	23	26	31	8	34.8%
931	PARKS	94	93	98	4	4.3%
935	RCA OPERATIONS	10	10	10	0	0.0%
938	CHILDREN & FAMILIES COMMISSION	27	27	27	0	0.0%
943	WRMD	54	42	34	-20	-37.0%
947	FLOOD CONTROL	237	231	237	0	0.0%
985	IHSS	27	25	26	-1	-3.7%
Non-General Fund Total		5,035	4,900	4,695	-340	-6.8%
Grand Total		19,055	18,115	17,486	-1,569	-8.2%

Attachment J Countywide General Fund Early Retirements and Layoffs

Countywide General Fund Early Retirements and Layoffs
Sept 30, 2008 through Sept 30, 2010

DeptID	Department	Reason	9/30/08- 9/30/09	10/1/09- 9/30/10	Both Years
100	BOARD OF SUPERVISORS	Early Retirement	3	6	9
		Layoff	0	0	0
Board of Supervisors Sub-Total			3	6	9
110	EXECUTIVE OFFICE/OASIS	Early Retirement	2	4	6
		Layoff	0	2	2
Executive Office/OASIS Sub-Total			2	6	8
120	ASSESSOR	Early Retirement	37	9	46
		Layoff	0	1	1
Assessor Sub-Total			37	10	47
130	AUDITOR-CONTROLLER	Early Retirement	10	5	15
		Layoff	0	0	0
Auditor-Controller Sub-Total			10	5	15
140	TREAS/TAX COLLECTOR	Early Retirement	8	4	12
		Layoff	0	0	0
Treasurer/Tax Collector Sub-Total			8	4	12
150	COUNTY COUNSEL	Early Retirement	4	6	10
		Layoff	0	0	0
County Counsel Sub-Total			4	6	10
170	REGISTRAR OF VOTERS	Early Retirement	0	5	5
		Layoff	0	0	0
Registrar of Voters Sub-Total			0	5	5
220	DISTRICT ATTORNEY	Early Retirement	30	17	47
		Layoff	0	0	0
District Attorney Sub-Total			30	17	47
240	PUBLIC DEFENDER	Early Retirement	5	10	15
		Layoff	0	15	15
Public Defender Sub-Total			5	25	30
250	SHERIFF	Early Retirement	74	92	166
		Layoff	0	0	0
Sheriff Sub-Total			74	92	166
260	PROBATION	Early Retirement	34	43	77
		Layoff	0	0	0
Probation Sub-Total			34	43	77

DeptID	Department	Reason	9/30/08- 9/30/09	10/1/09- 9/30/10	Both Years
270	FIRE	Early Retirement Layoff	5 1	3 0	8 1
Fire Sub-Total			6	3	9
280	AGRICULTURAL COMMISSION	Early Retirement Layoff	0 0	2 0	2 0
Agricultural Comm. Sub-Total			0	2	2
312	PLANNING	Early Retirement Layoff	2 13	9 3	11 16
Planning Sub-Total			15	12	27
314	CODE ENFORCEMENT	Early Retirement Layoff	3 0	5 7	8 7
Code Enforcement Sub-Total			3	12	15
410	MENTAL HEALTH	Early Retirement Layoff	49 0	45 0	94 0
Mental Health Sub-Total			49	45	94
420	COMMUNITY HEALTH	Early Retirement Layoff	82 70	49 34	131 104
Community Health Sub-Total			152	83	235
510	DPSS	Early Retirement Layoff	136 0	112 0	248 0
DPSS Sub-Total			136	112	248
520	COMMUNITY ACTION	Early Retirement Layoff	3 1	0 0	3 1
Community Action Sub-Total			4	0	4
530	OFFICE ON AGING	Early Retirement Layoff	1 4	4 0	5 4
Office on Aging Sub-Total			5	4	9
630	COOPERATIVE EXTENSION	Early Retirement Layoff	1 0	0 0	1 0
Cooperative Ext. Sub-Total			1	0	1
720	FACILITIES MANAGEMENT	Early Retirement Layoff	17 0	16 0	33 0
Facilities Management Sub-Total			17	16	33
730	PURCHASING	Early Retirement Layoff	8 0	7 0	15 0
Purchasing Sub-Total			8	7	15
General Fund Total			603	515	1,118

**Countywide Non-General Fund Early Retirements and Layoffs
Sept 30, 2008 through Sept 30, 2010**

DeptID	Department	Reason	9/30/08- 9/30/09	10/1/09- 9/30/10	Both Years
113	HUMAN RESOURCES	Early Retirement	18	16	34
		Layoff	8	0	8
Human Resources Sub-Total			26	16	42
190	EDA	Early Retirement	16	13	29
		Layoff	2	0	2
EDA Sub-Total			18	13	31
191	EDA/AVIATION	Early Retirement	0	2	2
		Layoff	0	0	0
EDA/Aviation Sub-Total			0	2	2
192	EDA/DESERT EXPO	Early Retirement	1	0	1
EDA/Desert Expo Sub-Total			1	0	1
230	CHILD SUPPORT SERVICES	Early Retirement	18	16	34
		Layoff	0	0	0
Child Support Services Sub-Total			18	16	34
310	TLMA	Early Retirement	3	13	16
		Layoff	8	7	15
TLMA Sub-Total			11	20	31
311	BUILDING & SAFETY	Early Retirement	7	7	14
		Layoff	8	2	10
Building & Safety Sub-Total			15	9	24
313	TRANSPORTATION	Early Retirement	18	24	42
		Layoff	0	0	0
Transportation Sub-Total			18	24	42
430	RRCMC	Early Retirement	102	91	193
		Layoff	1	10	11
RRCMC Sub-Total			103	101	204
450	WASTE MANAGEMENT	Early Retirement	4	10	14
		Layoff	0	1	1
Waste Management Sub-Total			4	11	15
740	INFORMATION	Early Retirement	8	9	17
	TECHNOLOGY	Layoff	0	2	2
Information Technology Sub-Total			8	11	19
931	PARKS	Early Retirement	7	0	7
		Layoff	0	0	0
Parks Sub-Total			7	0	7

DeptID	Department	Reason	9/30/08-9/30/09	10/1/09-9/30/10	Both Years
935	RCA OPERATIONS	Early Retirement	0	2	2
		Layoff	0	0	0
RCA Operations Sub-Total			0	2	2
943	WRMD	Early Retirement	10	6	16
		Layoff	0	0	0
WRMD Sub-Total			10	6	16
947	FLOOD CONTROL	Early Retirement	11	0	11
		Layoff	0	0	0
Flood Control Sub-Total			11	0	11
985	IHSS	Early Retirement	2	1	3
		Layoff	0	0	0
IHSS Sub-Total			2	1	3
Non-Gen Fund Total			252	232	484
Grand Total			855	747	1,602

Attachment K Net County Cost Impacts of LIUNA Adjustments

Department		Original 2011 NCC	LIUNA Wage Adj - Yr 1 (FY 10-11)	NCC Adj. (Incl. Merit Savings Adj.)	New NCC Target	LIUNA Wage Adj - Yr 2 (FY 11/12)
10001	Board Of Supervisors	3,189,172	945	945	3,188,227	692
12001	Assessor	6,931,800	118,797	145,010	6,786,790	87,090
13001	Auditor-Controller	4,479,861	13,679	17,664	4,462,197	10,028
14001	Treasurer-Tax Collector	1,603,541	17,803	24,393	1,579,148	13,052
17001	Registrar Of Voters	2,129,470	17,714	22,282	2,107,188	12,986
19301	Edward Dean Museum	135,000	2,342	3,463	131,537	1,717
22001	District Attorney	62,255,232	619,306	820,829	61,434,403	454,015
23001	Dep Of Child Supt Svcs	559,677	16,947	20,897	538,780	12,424
24001	Public Defender	33,636,001	407,207	520,803	33,115,198	298,525
25001	Sheriff Administration	9,335,443	22,452	29,445	9,305,998	16,460
25002	Sheriff Support	7,287,222	156,919	205,848	7,081,374	115,038
25003	Sheriff Patrol	81,951,394	342,330	443,779	81,507,615	250,963
25004	Sheriff Corrections	121,049,221	370,410	475,268	120,573,953	271,548
25005	Sheriff Court Services	5,092,678	17,661	22,759	5,069,919	12,948
25007	Ben Clark Training Center	7,339,037	39,479	50,660	7,288,377	28,942
25010	Sheriff Coroner	3,521,381	25,548	31,374	3,490,007	18,729
25011	Public Administrator	958,234	19,731	24,837	933,397	14,465
26001	Probation-Juvenile Hall	16,221,294	95,676	120,345	16,100,949	70,141
26002	Probation	7,973,320	66,594	83,781	7,889,539	48,820
26007	Probation-Admin &	6,705,516	51,294	69,026	6,636,490	37,603
27002	Fire Protection-Forest	40,381,884	181,749	243,431	40,138,453	133,241
28001	Agricultural Commissioner	946,766	3,683	4,844	941,922	2,700
31201	Planning	2,707,534	17,839	22,597	2,684,937	13,078
31401	Code Enforcement	12,601,545	392,989	519,050	12,082,495	288,101
41001	MH-Public Guardian	558,787	9,733	12,738	546,049	7,136
41002	MH-Treatment	8,115,253	29,827	38,077	8,077,176	21,867
41003	MH-Detention	3,971,694	15,934	20,380	3,951,314	11,681
41005	MH-Substance Abuse	273,457	1,223	1,531	271,926	897
42001	CHA-Public Health	11,752,782	179,974	222,355	11,530,427	131,940
42002	CHA-Cal Children's Svcs	6,353,219	78,830	100,105	6,253,114	57,791
42004	CHA-Environmental	461,914	2,575	3,267	458,647	1,888
42006	CHA-Animal Control	9,680,952	239,911	293,534	9,387,418	175,879
43002	RCRM- Med Ind Svcs	3,425,270	21,840	28,521	3,396,749	16,011
43003	RCRM- Detention Health	13,488,254	34,676	41,667	13,446,587	25,421
51001	DPSS-Administration	12,490,439	161,316	209,696	12,280,743	118,261
54001	Veterans Services	752,950	8,483	11,071	741,879	6,219
63001	Cooperative Extension	496,777	7,995	9,574	487,203	5,861
73001	Purchasing	1,123,829	3,300	2,309	1,121,520	1,213
	FY 10/11 NCC Savings			\$4,918,155		

Attachment L LIUNA Adjustments

Decrease appropriations:

10000-1000100000-510040	Regular Salaries	\$ 945
10000-1200100000-510040	Regular Salaries	145,010
10000-1300100000-510040	Regular Salaries	17,664
10000-1400100000-510040	Regular Salaries	24,393
10000-1700100000-510040	Regular Salaries	22,282
10000-1930100000-510040	Regular Salaries	3,463
10000-2200100000-510040	Regular Salaries	820,829
10000-2300100000-510040	Regular Salaries	20,897
10000-2400100000-510040	Regular Salaries	520,803
10000-2500100000-510040	Regular Salaries	29,445
10000-2500200000-510040	Regular Salaries	205,848
10000-2500300000-510040	Regular Salaries	443,779
10000-2500400000-510040	Regular Salaries	475,268
10000-2500500000-510040	Regular Salaries	22,759
10000-2500700000-510040	Regular Salaries	50,660
10000-2501000000-510040	Regular Salaries	31,374
10000-2501100000-510040	Regular Salaries	24,837
10000-2600100000-510040	Regular Salaries	120,345
10000-2600200000-510040	Regular Salaries	83,781
10000-2600700000-510040	Regular Salaries	69,026
10000-2700200000-510040	Regular Salaries	243,431
10000-2800100000-510040	Regular Salaries	4,844
10000-3120100000-510040	Regular Salaries	22,597
10000-3140100000-510040	Regular Salaries	519,050
10000-4100100000-510040	Regular Salaries	12,738
10000-4100200000-510040	Regular Salaries	38,077
10000-4100300000-510040	Regular Salaries	20,380
10000-4100500000-510040	Regular Salaries	1,531
10000-4200100000-510040	Regular Salaries	222,355
10000-4200200000-510040	Regular Salaries	100,105
10000-4200400000-510040	Regular Salaries	3,267
10000-4200600000-510040	Regular Salaries	293,534
10000-4300200000-510040	Regular Salaries	28,521
10000-4300300000-510040	Regular Salaries	41,667
10000-5100100000-510040	Regular Salaries	209,696
10000-5400100000-510040	Regular Salaries	11,071
10000-6300100000-510040	Regular Salaries	9,574
10000-7300100000-510040	Regular Salaries	2,309
	Total	<u>4,918,155</u>

Increase designated fund balance:

10000-1000100000-320110	DFB-Economic Uncertainty	4,918,155
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Attachment M Riverside County Vehicles Best Practices Update



Riverside County Vehicles Best Practices Update:

Take-Home Vehicles Fleet Vehicle Reductions

Riverside County Executive Office and Purchasing/Fleet Services

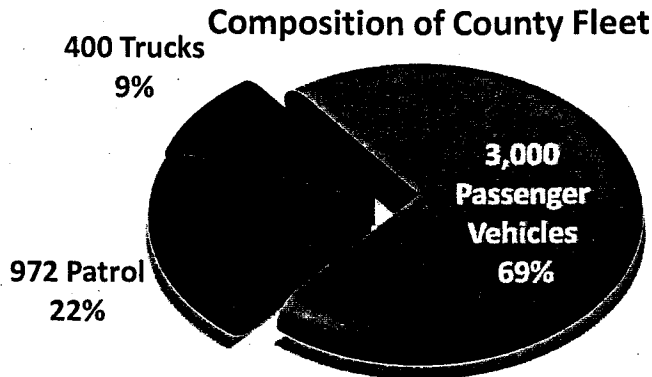
November 9, 2010

Introduction

As a result of the implementation of several SCRAPE recommendations and the adaptation to budget reductions, County departments have saved \$737,056 in mileage and fuel purchases in the first six months of 2010. A total of 182 vehicles have been retired just since March 2010, an additional savings of \$462,117. Along with guidance from two vehicle policies, Overnight Retention and Vehicle Use (Board Policies D-10 and D-2), the number and use of county vehicles is gradually shrinking to the appropriate size to meet the needs of the County's workforce and mission.

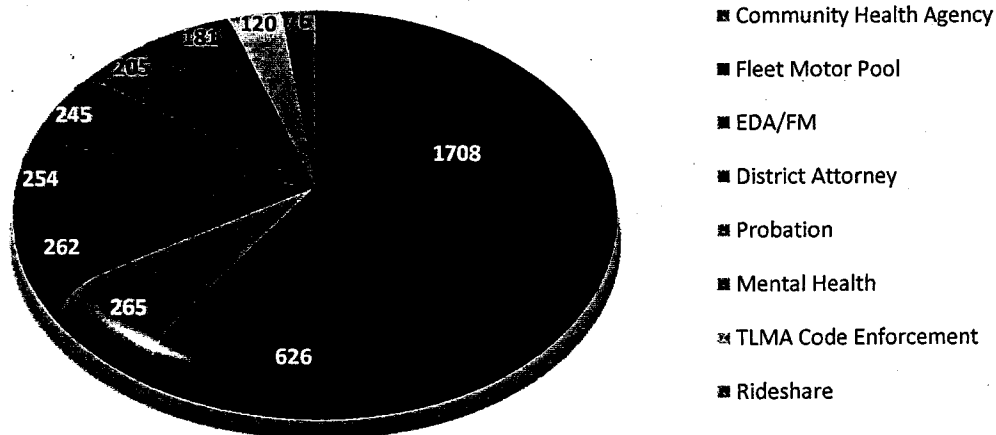
Current Fleet Size

According to Fleet Services' vehicle inventory, 4,382 fleet vehicles comprise the departmental pool of 44 county departments and agencies at the beginning of fiscal year 2010-2011, a net reduction of 49 vehicles from the previous fiscal year. The chart below shows that the county fleet is comprised of three types of vehicles: trucks, sheriff patrol vehicles (black and whites), and passenger vehicles. Passenger vehicles include unmarked sheriff vehicles, other sedans, SUVs, and vans.



The top ten largest department fleets are shown in the chart below ranked from the highest number of department vehicles to the lowest.

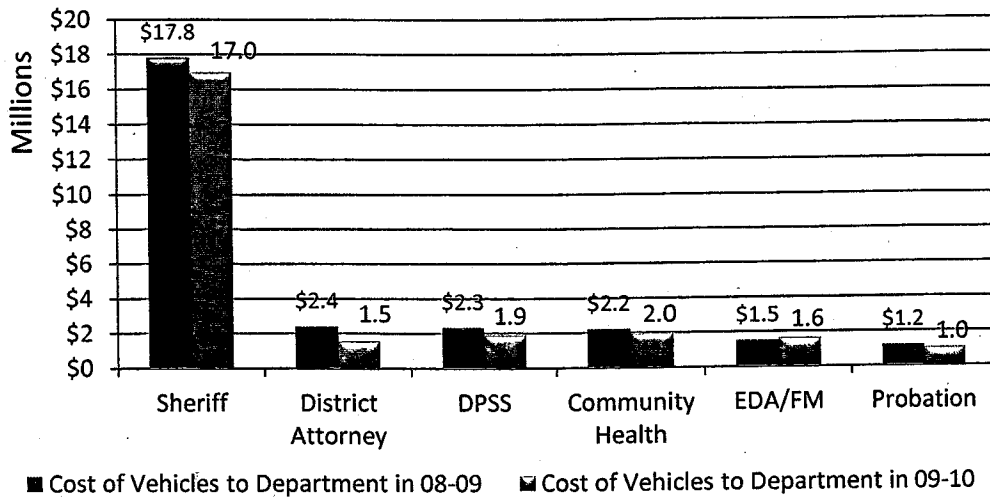
Top Ten Department Fleets in FY 10-11



Current Fleet Costs

The cost of a typical department fleet of vehicles includes Fleet Services rates charged for lease cost, maintenance (based on mileage and type of vehicle), fuel, and administration costs. Last year, 59 departments spent a combined total of \$29,063,160 to keep their respective department fleets. The expenditures for the six largest fleet costs are shown in the chart below:

Cost of Fleet Vehicles

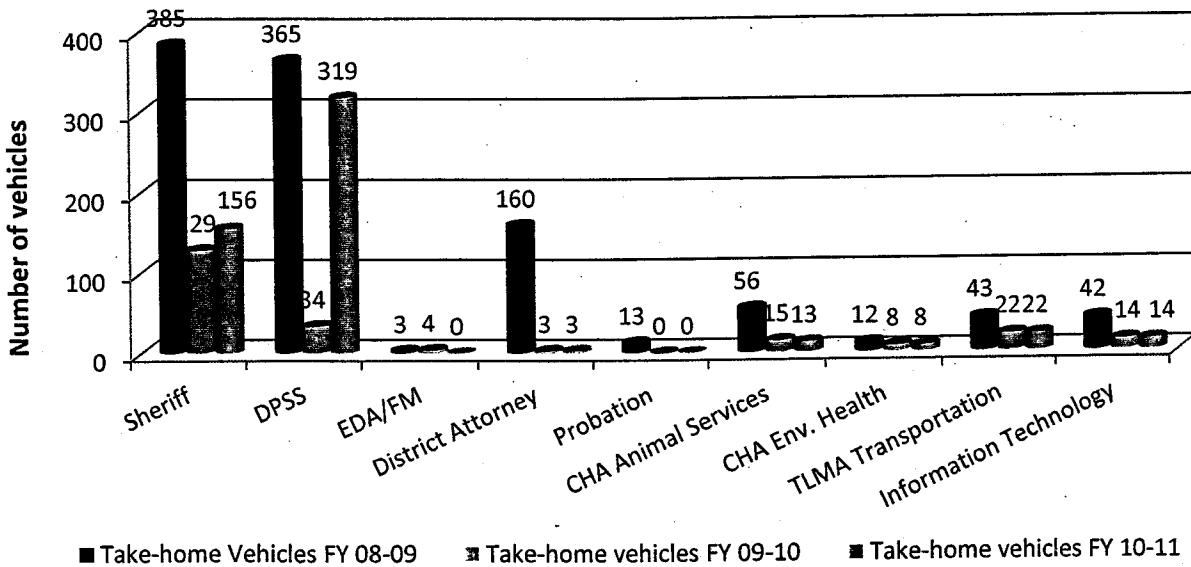


Source: Fleet Services

Take-Home Vehicles

Most County departments have made progress in reducing the number of take-home vehicles following the approval of revised Overnight Vehicle Board Policy D-10 in July 2009. The following chart shows the departments requesting take-home vehicles over the past three fiscal years:

Overnight Vehicle Retention Requests



For FY 10-11, 126 vehicles are assigned to individuals by departments and 415 vehicles are shared among 262 county employees who are on call on a rotating basis. Most departments reduced take-home vehicles by designating an overnight vehicle pool by geographic need or dispatch centers. Other efficiencies were achieved by consolidating tools and other equipment specifically needed to handle night time or after-hour emergencies. Below is a summary table of the department requests for FY 10-11 overnight vehicles:

	On-Call County Employees	Total Take- Home Vehicles	Vehicles Assigned to Individuals	Vehicles in Rotation
DPSS	82	325	6	319
Sheriff	156	156	91	65
Transportation	22	22	21	1
Information Technology	34	14	8	6
CHA Animal Control	42	13	0	13
CHA Environmental Health	13	8	0	8
District Attorney	40	3	0	3
	389	541	126	415

Right-Sizing the Fleet – Vehicle Reduction Initiative

The recommendations in the SCRAPE report of April 2009, followed by the July 2009 Internal Audit Report 2008-017 of county vehicles prompted the Board’s direction to reduce the size of the County’s fleet of vehicles. Initial steps have been taken to achieve this goal:

- Prompted by the SCRAPE report, the Board of Supervisors approved a moratorium on the purchase of vehicles in the budget for fiscal year 09-10. This resulted in a reduction of new vehicle purchases from 532 to 60 vehicles, a savings of \$11.2 million.
- The Overnight Vehicle Retention Policy D-10 (3.6 7/27/09) and amendment (3.10 7/27/10) restricted overnight vehicle use to emergency personnel who are trained to respond to emergencies on a regular basis.
- The Use and Purchase of County Vehicles Policy D-2 (3.9 7/27/10) and amendment (3.16 8/31/10) improved the controls over the use of county vehicles through record-keeping and clarified commuting restrictions. It established roles and responsibilities for an effective fleet management program that included reporting of vehicle usage and quarterly vehicle retirements. The minor amendment in August curtailed the practice of switching to a county vehicle in order to commute to employee’s regular worksite.
- In August 2010, the Executive Office performed an analysis of Fleet’s Vehicle Utilization Report for each of the 28 departments with 1,180 underutilized vehicles -- vehicles that were driven less than what it cost the department to keep them. The analysis applied several criteria to study the composition of underutilized vehicles, which included:
 1. Underutilized vehicles used less than 50%
 2. Underutilized vehicles with odometer readings more than 115,000 miles
 3. Underutilized vehicles older than 2002