

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



3.25

On motion of Supervisor Tavaglione, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the Fiscal Year 2010-2011 Mid Year Budget Report dated February 1, 2011, submitted by the Executive Office, is received and filed with the exception of the Sheriff Department hiring freeze and staff reductions:

IT WAS FURTHER ORDERED that the recommendations and associated budget adjustments in Attachment A are approved;

IT WAS FURTHER ORDERED that Resolution 440-8858 authorizing addition of new positions contained in Attachment B, is adopted;

IT WAS FURTHER ORDERED that Executive office come back March 1, 2011 with recommendation on reductions in pay and benefits across the board.

The following spoke on the matter:

Daryl Terrell
Gary Grant

Sheriff Sniff spoke and presented a powerpoint presentation.

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on February 1, 2011 of Supervisors Minutes.

(seal) WITNESS my hand and the seal of the Board of Supervisors
Dated: February 1, 2011
Kecia Harper-Ihem, Clerk of the Board of Supervisors, in
and for the County of Riverside, State of California.

By: [Signature] Deputy

AGENDA NO.
3.25

xc: E.O., Auditor, All Depts., COB



Bill Luna
County Executive Officer

Jay E. Orr
Assistant County Executive Officer

Executive Office, County of Riverside

January 27, 2011

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

4/5th Vote

SUBJECT: FY 10/11 Second Quarter Budget Report

Board members:

At first quarter, we reported that most department heads indicated they will end the fiscal year in balance. Several notable exceptions raised concerns because the projected overages are significant and ongoing. At mid-year, these departments each project reduced shortfalls, but the total remains significant. The table below compares the projected shortfalls reported at first quarter to the shortfalls projected by these departments at this time.

	<u>1st Quarter</u>	<u>2nd Quarter</u>
Sheriff	\$17.0M	\$10.0M
DPSS	12.8M	7.2M
DA	9.1M	6.3M
Fire	6.0M	4.3M
Registrar of Voters	1.8M	0.0M
Total	\$46.7M	\$31.3M

The sheriff revised his projected shortfall down to \$13.5 million, but believes he may be able to narrow that further to \$10 million by year's end. The fire chief reduced his projection to \$4.3 million, although that may increase due to the terms of the incorporation of Eastvale. On entering office, the new district attorney took immediate action to bring spending under control in his office, and provided an early assessment that revises the projected shortfall for that office to \$6.3 million.

Due to extension of revenue sources and reduced caseload projections, DPSS revised their projected need for additional general fund support of mandated programs down to \$7.2 million. They currently project the county's share of these mandated programs will increase in FY 11/12, as caseload growth continues to increase demand. The

3.25

previously projected shortfall for the Registrar of Voters is remedied in this report by application of reimbursement for prior year election costs to cover their unanticipated current year expenses.

As discussed at first quarter, dipping into reserves to cure these shortfalls would deepen the county's budget deficit, and runs contrary to the Board's adopted budget objective for structural balance in FY 11/12. The Executive Office recommends each of these departments do everything within their authority to continue maximizing external revenue opportunities, reducing expenditures, and closing projected shortfalls before year-end. Further, each of these department heads shall provide my office with detailed monthly progress reports so we can ensure we will meet our financial objectives by year-end.

The county's revenue picture remains uncertain, so we cannot depend on revenue growth to resolve our structural deficit. Dipping into reserves to cure these overages will carry over the structural deficit into next fiscal year, and make additional cuts deeper and more painful. Breaking with the Board's multi-year budget plan and pushing the structural deficit into FY 12/13 would necessitate further cuts to departments just when they will be expected to absorb the added shock of increased pension costs.

If the county is to meet its financial objective of eliminating our budget deficit, we must close the currently projected \$31.3 million gap this fiscal year within departments' budgeted resources. I also recommend the board consider revisiting the unincorporated patrol ratio to align sheriff's service levels with its approved budget. My recommendations in this report keep the county on track to meet the Board's financial objectives and position the county to balance its budget in FY 11/12, consistent with previous Board direction.

IT IS RECOMMENDED that the Board of Supervisors: 1) receive and file this report and all its attachments; 2) approve the recommendations and associated budget adjustments contained in Attachment A; and, 3) approve Resolution 440-8858 authorizing addition of new positions contained in Attachment B.

Respectfully,



Bill Luna
County Executive Officer

COUNTY OF
RIVERSIDE
STATE OF CALIFORNIA



COUNTY EXECUTIVE OFFICER'S

FY 2010-11
MID-YEAR
BUDGET REPORT

Presented by

Bill Luna
County Executive Officer

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A. MULTIYEAR BUDGET OUTLOOK

MOVING FORWARD IN THE NEW REALITY

As outlined in the first quarter budget report, the county confronts a stark new reality that extends well into the foreseeable future. The most optimistic forecasts continue to project either no or slow economic growth over the near term, with only gradual recovery of the massive losses in tax base over the long term. This optimism remains fragile.

Forecasts by economists at California State University, Fullerton (CSUF), contained in Attachment C, project unemployment remaining high well past 2012. Projections by economists at the UCLA Anderson Center and Claremont McKenna College indicate unemployment may remain high into 2014. The foreclosure crisis is likely to persist for several years as mortgage defaults continue to mount and complex legal issues slowly unwind. Recurrence of deflation could further erode economic conditions. At the same time, the economic downturn and recent population growth continue to drive increased demand for services. As the county moves forward in this new reality, we cannot avoid hard decisions.

The county must remain on target to balance its budget next year and rebuild reserves to guard against further economic decline. We must do this at the same time a new state administration proposes a massive realignment of state and local services to stabilize state finances. To achieve all these goals there is no choice but to match all cost increases, and all cost overruns, with commensurate cost reductions.

ECONOMIC OUTLOOK

General Outlook

Unemployment and foreclosures continue as the largest factors creating drag on the economy. By December, the number of unemployed Americans had declined slightly to 14.5 million, and the unemployment rate edged down modestly to 9.4 percent. Since December 2009, total payroll employment had crept up at an average of 94,000 per month, for a total of 1.1 million over the year ending December 2010. However, the number of those jobless for 27 weeks or more increased again to 6.4 million, still less than the high of 6.8 million reached in May 2010. Widespread mishandling of loan documentation continues to affect the real estate market's recovery. Statewide, home building and new commercial construction continue to slow, and the median price of existing, single-family homes continues to slip. The index of unsold inventory edged up to 6.5 months.

Local Outlook

Unemployment and Jobs

In California and locally, the economy was hit harder and is recovering more slowly than the nation at large. California's unemployment rate climbed to 12.4 percent, ranging from 8.2 percent in Marin County up to 29.1 percent in Imperial County. Over the last

quarter, the unemployment rate in Riverside County dropped 0.4 percent to 14.6 percent. Our economists at CSUF indicated job growth will likely continue at a slow pace and will not soon offset jobs lost during the recession. They project local unemployment will remain in double digits throughout 2011 and 2012. Economists at the UCLA Anderson Center and Claremont McKenna College issued a forecast in October that projects local unemployment may remain in the double digits into 2014.

Real Estate Market

Although real estate markets show signs of leveling, continuing issues with foreclosures leave the market uncertain and open to the potential for even further softening. CSUF projects the housing market will remain weak and commercial real estate prices will not improve appreciably during the next 12 months. Tied to their projection of prolonged high unemployment, the UCLA/McKenna forecast indicates housing may not begin to recover here until at least 2014. As a result, further erosion of property tax revenue remains distinctly possible.

Documentary Transfer Activity

Data from the assessor-county clerk-recorder indicate mixed economic signals during the second quarter of 2010. On the positive side, documentary transfer tax revenue is on target and notices of default are down 39 percent from calendar year 2009 to calendar year 2010.

Building Permits

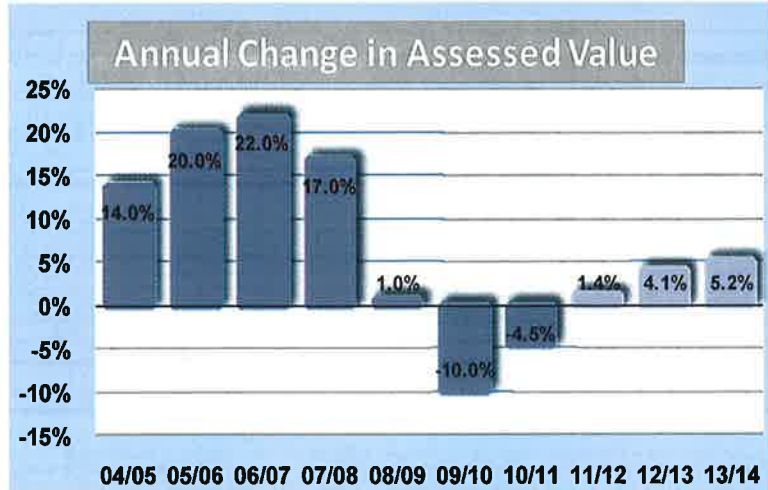
Building and Safety reports that building permit volume (single-family, grading, plan check, etc.) continued decreasing in October and November. Although overall activity was up, receipts in the first five months of this fiscal year dropped by 8 percent compared to the same period a year ago due to the low dollar value per case. The last peak in monthly building permits was 5,423 permits in May 2005. As previously reported, applications stayed steady at around 1,150 per month from March through August 2010. However, a sharp decline began to emerge with a drop to 994 permits in September, 677 in October, and 676 in November. Building and Safety will closely examine the activity levels to determine whether the declines seen during September, October and November are anomalies, or indicate a new trend.

Planning applications received by the Planning Department during the first five months of the fiscal year declined to 377 from 412 during the same period a year ago, a drop of 8 percent. Minor planning applications in the first five months dropped 14 percent over the same period last year. Major permit applications (tract maps, parcel maps, zoning changes, etc.) increased to 93 in the first five months of this fiscal year compared to 81 a year ago, a 15 percent increase.

Assessed Value

The assessed value of the property tax roll dropped an unprecedented 10.5 percent in FY 09/10. In July 2010, the county assessor further reduced the county's assessed value an additional 4.5 percent for FY 10/11, triggered, in part, by deflation in the California consumer price index.

The chart at right shows the exceptional annual growth in the county's assessed value beginning in FY 04/05, followed by the abrupt decline that started in FY 07/08.



One positive note is that assessment appeal filings were down in 2010. Unfortunately, however, tract map filings also decreased 31 percent in 2010, and values for commercial office space continue to decline.

CSUF projects a modest overall increase in assessed value of just 1.4 percent for FY 11/12. The county assessor is currently computing next year's roll, and will release a projection in the coming months that will factor in a 0.75 percent increase in the California consumer price index, among other factors. We will work closely with both the assessor and CSUF to refine future-year projections.

STATE BUDGET UPDATE

On January 11, Governor Brown released his FY 11/12 proposed state budget, which projects a state deficit of \$8.2 billion in the current year and \$17.2 billion in FY 11/12, for a total deficit of \$25.4 billion through June 30, 2012. Key elements of the governor's budget proposal to address the 18-month budget deficit are included in the table below.

Proposed State Budget Solutions (in billions)	
Permanent Expenditure Reductions	\$ 12.5
Tax Revenue Extensions	12.0
Other Solutions	1.9
Total Budget Solutions *	\$26.4

*Solutions include a \$1.0 billion state budget reserve.

While the governor's budget attempts to achieve a balanced approach between reducing expenditures and extending existing tax increases, the budget proposal relies most heavily on solutions that affect county operations and the residents we serve.

Of the \$26.4 billion in statewide program solutions, an estimated 46 percent is directly attributed to proposals affecting

counties, including \$5.8 billion in overall reductions to health and human services programs and \$5.9 billion from the realignment proposal, which would shift state responsibilities to counties for various public safety, mental health and child welfare programs.

The governor's budget relies on revenue solutions of \$3.2 billion in the current year and \$8.8 billion in FY 11/12. This includes revenue from a proposed five-year extension of the tax rates subject to voter approval in a proposed special election in June 2011. It is unclear, however, whether the governor can muster the votes necessary in the state legislature to include this initiative on the June 2011 ballot.

Major Funding Reductions

The governor's budget contains \$12.5 billion in outright funding reductions that would affect various county programs statewide. The governor's budget includes a \$1.5 billion reduction to the CalWORKs program, including establishing a 48-month time limit, a 13 percent grant reduction, and maintaining the FY 10/11 single allocation reduction. Our department of public social services (DPSS) estimates the 13 percent grant reduction would result in a county funding reduction of \$740,000. The governor's proposal saves the state \$19 million by eliminating a transitional housing program for 18 and 19 year olds. DPSS estimates this would result in a funding loss to the county of \$508,550.

The governor's budget proposes reducing Medi-Cal by \$1.7 billion, including a 10 percent reduction in provider payments, requiring Medi-Cal beneficiaries to pay a share of costs for services, establishing annual dollar caps on services, and eliminating adult day health care. DPSS indicates this would have no impact on their programs. However, the Office on Aging indicates elimination of the MSSP Medi-Cal waiver would result in a \$1.2 million cut in funding and loss of vital services to nursing home eligible frail seniors. Public Health estimates their Medi-Cal fee for service clinic revenue would decrease by \$35,000, and RCRMC estimates a potential loss of revenue of \$3.6 million.

Realignment

The governor proposes to realign responsibility for many state programs to counties. The shift would, in the governor's words, allow "governments at all levels to focus on becoming more efficient and effective." The first phase of this realignment would take effect in FY 11/12 and shift \$5.9 billion in program responsibilities. As proposed, this shift would be funded for 5 years with extension of the 1 percent sales tax increase and 0.5 percent vehicle license fee increase – if approved by California voters in a proposed June 2011 special election. After the five-year extension expires, the state would resume responsibility for funding counties at a level comparable to these revenue sources. When fully implemented in FY 14/15, realignment is expected to restructure an estimated \$10 billion in programs and services. The county impacts outlined below indicate the estimated dollar value of the program responsibilities proposed for transfer.

In the area of social services, the governor proposes to realign child welfare services and foster care program responsibilities from the state to counties. In addition to a 2 percent decrease to child welfare services, DPSS estimates the county would assume responsibility for an estimated \$58.4 million in programs. This includes \$36.2 million in child welfare services, \$1.6 million in foster care administration, and \$20.6 million in foster care assistance. In addition, the governor proposes to transfer responsibility for the entire adult protective services program. DPSS estimates the county would assume responsibility for \$2.7 million in programs.

In the area of public safety, the governor proposes transferring a variety of functions to the counties. These include monitoring some offenders convicted of non-violent or sexual offenses as well as parole violators. Probation estimates an FY 11/12 increase in program responsibility of \$19 million, increasing to \$59 million by FY 14/15. Transfer of additional adult parole supervision to county probation departments would increase county program responsibility by \$7 million in FY 11/12, increasing to an estimated \$25

million in FY 14/15. Realignment of juvenile justice programs with the elimination of the state department of juvenile justice would increase probation's responsibility by an estimated \$2.9 million in FY 11/12.

The governor also proposes a change to programs currently funded through a share of vehicle license fees (VLF). The enabling legislation sunsets June 30, 2011, and the matter would be presented to voters in the June special election. Among the VLF-supported efforts are juvenile camps, the juvenile justice crime prevention act that supports youth accountability teams, and booking fee reimbursement. The potential loss to the county is an estimated loss of 30 percent of juvenile camp beds, \$10.9 in prevention program support, and \$3.5 million in reimbursement for jail bookings. Statewide, booking fees total \$35 million.

The governor also proposes to transfer funding and responsibilities for the California Department of Alcohol and Drug programs. The shift would transfer responsibility for administering prevention, treatment and recovery services for alcohol and drug abuse to counties. Based on 4 percent of the statewide caseload, the department of mental health estimates the county would assume responsibility for approximately \$7 million in programs.

The governor's realignment proposal also includes a one-time shift of mental health services act (Proposition 63) monies to fund early periodic screening, diagnosis, and treatment, mental health managed care, and AB3632 Programs. While prior attempts to change the provisions of Proposition 63 required voter approval, according to the administration, their proposal may be approved by a two-thirds vote of the legislature. The county received \$14 million in state funds to support these programs last fiscal year to serve 12,700 clients. Further, the county's mental health managed care and AB3632 school-based services to students have historically been under funded by approximately \$4 million per year.

Redevelopment

The governor's budget proposes a new approach to local economic development by phasing out redevelopment agencies (RDAs). According to the governor, this proposal will return billions in property tax revenue to schools, cities, and counties to sustain core functions in law enforcement, fire protection, and education. As proposed, beginning in FY 12/13 property tax not required to pay existing RDA debt service would be distributed to schools, cities, counties, and non-enterprise special districts in the same proportion as property tax is apportioned under existing law. The state constitution would be amended to provide for 55 percent voter approval for limited tax increases and bonding against local revenues for development projects currently done by RDAs. The potential net gain from restoration of property taxes to the county general fund, fire, and library from this proposal is currently being analyzed.

Potential Savings

The governor's proposal includes an 8.4 percent reduction in service hours for all IHSS recipients. The estimated county savings would be approximately \$3.5 million. The impact on elimination of domestic and related services and elimination of services for recipients without physician certifications proposals are still being analyzed.

MULTIPLE YEAR BUDGET PLAN

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

FY 11/12 is the last year for the Board's planned cuts. Those cuts should return the county to a structurally balanced budget. As discussed at first quarter, the Executive Office recommends departments take the same percentage cuts to their general fund net cost targets as they took this year. Labor savings from negotiations with the Laborers International Union of North America (LIUNA) will help departments meet the challenge this year; however, other reductions will be needed to reach these challenging budget targets in the future. For FY 11/12, the multi-year plan incorporates direct cuts of \$56 million, as well as a \$19 million draw on reserves.

The county's ability to meet the Board's financial objective of eliminating our budget deficit and achieving structural balance in FY 11/12 requires all departments receiving general fund support to contain costs within the general fund allocation budgeted. As discussed in more detail below, several departments project severe cost overruns by year-end totaling an estimated \$31.3 million. These departments include sheriff, district attorney, fire, and public social services.

The Executive Office does not recommend backfilling these shortfalls. Instead, the Executive Office expects these departments do all within their authority to maximize external revenue opportunities, reduce expenditures, and close their projected shortfalls before year-end. Furthermore, to ensure the county meets the crucial financial objectives necessary to eliminate the structural deficit in FY 11/12, the Executive Office recommends each of these department heads to provide the County Executive Officer with detailed monthly progress reports.

Recommendation 1: *That the sheriff, district attorney, fire chief, and director of public social services deliver monthly written progress reports to the County Executive Officer by the 15th of each month, beginning in February and continuing through July, and that these progress reports contain summaries to date of all expenditures, revenues received and accrued, and departmental reserves used; projections of anticipated expenditures, estimated receipts, and expected use of departmental reserves; and explanations of the actions taken and planned to maximize external revenue sources, spend down departmental reserves, and contain discretionary costs.*

FY 11/12 BUDGET POLICY & SCHEDULE

According to the budget schedule outlined in Attachment E, FY 11/12 budget submittals are due from departments to the Executive Office on March 15. At the end of March, department heads will present to the Board the impacts they expect these planned cuts will have on their departments, based on those budget submittals. On April 4, the Executive Office will present to the Board a synopsis of the presentations made during

those budget workshops. The Executive Office will return on June 13 with the recommended budget for Board approval. The recommended budget provides basic spending authority for the new fiscal year, and must by law be approved on or before June 30. After the recommended budget is approved, budget hearings, and potentially Beilensen hearings as necessary, can immediately commence. After considering testimony during these hearings, the Board may decide further policy direction for the final budget. Based on that direction, the Executive Office will prepare any necessary adjustments and return on July 12 with the final adopted budget for formal adoption by the Board. Attachment E lists key dates for the FY 11/12 budget schedule. The budget guidelines for FY 11/12 contained in Attachment F are consistent with past budget policy.

General Fund Multiple-year Projection						
(in millions)						
	BUDGETED		PROJECTED			
	10/11	10/11	11/12	12/13	13/14	14/15
RESOURCES:						
Beginning fund balance	\$20	\$31	\$20	\$20	\$20	\$20
Ongoing discretionary revenue	592	592	590	609	633	661
Use of reserves (to balance budget)	61	61	19	0	0	0
Other one-time revenue and reserves	0	0	0	0	0	0
	673	684	629	629	653	681
APPROPRIATIONS:						
Ongoing GF Allocations (NCC)	724	724	664	609	609	609
Contingency funding	20	20	20	20	20	20
Added to Reserve Balance	0	16	0	0	0	0
Budget cuts and Labor Savings	(71)	(76)	(55)	0	0	0
Ongoing GF Allocation (net of cuts)	673	684	629	629	629	629
Available for budget needs	0	0	0	0	24	52
Increase to Reserve Detail						
Additional Fund Balance	0	11	0	0	0	0
LIUNA related savings	0	5	0	0	0	0
Reserve for economic uncertainty	128	144	125	125	125	125
Reserve for disaster relief	15	15	15	15	15	15
Total Reserve Balance	\$143	\$159	\$140	\$140	\$140	\$140
<i>Notes: Departments to absorb retirement benefit costs and cost-of-living allowances.</i>						
Additional Risk Factors						
<i>Discretionary Revenue Reductions for Economist Forecasts</i>						
2% Property Tax Variance		(6)	(6)	(6)	(6)	(7)
Teeter Overflow		(3)	(6)	(10)	(14)	(18)
Other Potential Unbudgeted Impacts						
Retirement Costs* (7.5% earnings assumption)		0	14	38	36	23
Retirement Costs* (current earnings assumption)		0	14	18	35	22
* Reflects countywide increase over Fiscal Year 2010/11 costs						

B. SECOND QUARTER ACTIVITY

FUND BALANCE

Reserves and Designations

The county maintains a number of general fund reserves and designations of fund balance. The following table lists the balances of Board-established general fund discretionary reserves and designations to date. There are no new changes to discretionary general fund designations contained in this report.

Discretionary Reserves					
(in millions)					
	FY 09/10 Ending Balances	Draw Downs for Budget Use	FY 10/11 Beginning Balances	Adjustments thru Second Quarter	Balance Upon Approval
Economic uncertainty	\$206.7	(\$78.7)	\$128.0	\$16.1	\$144.1
Disaster Relief	0.0	15.0	15.0		15.0
Property tax system	17.0	0.0	17.0		17.0
SB90 deferred state revenue	1.4	0.0	1.4		1.4
EDA ISF Savings	2.4	0.0	2.4	(2.4)	0.0
Public Safety Savings	12.8	0.0	12.8	(12.8)	0.0
Community improvement	0.9	2.5	3.4	(1.2)	2.2
TOTAL	\$241.2	(\$61.2)	\$180.0	(\$0.3)	\$179.7

DISCRETIONARY REVENUE

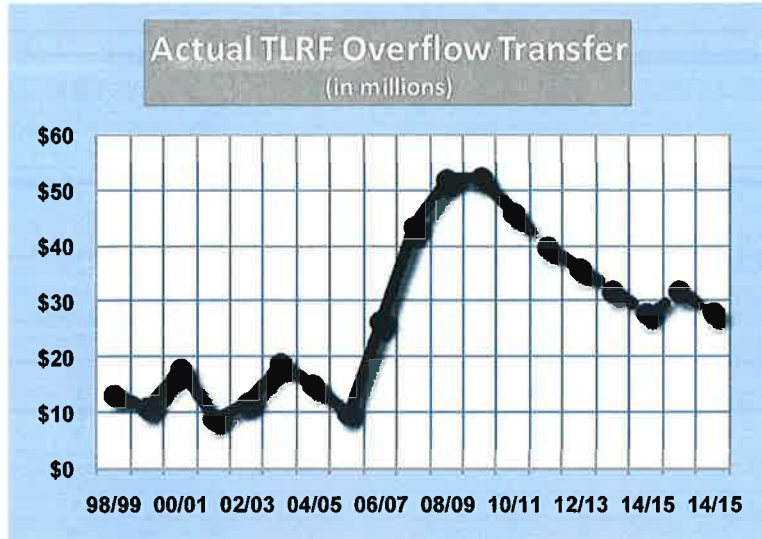
Property Taxes

Property tax revenue was budgeted at \$263.8 million based on a forecasted 4.5 percent drop in assessed values. The auditor-controller projects revenue from redevelopment tax increment may fall short of the budgeted estimate by \$2.2 million, consistent with the decline in current-year assessed values. Supplemental property tax revenue remains difficult to predict due to the uncertainty associated with the sale of residential and commercial property. According to the auditor-controller, current year receipts of supplemental property tax revenue collections may modestly exceed the budgeted estimate by \$3 million.

Teeter Tax Losses Reserve Fund Overflow

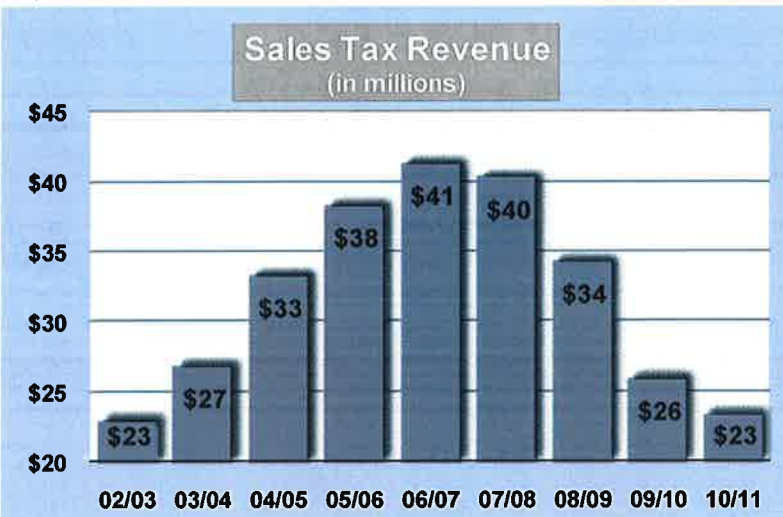
Under the California Teeter Plan, the county advances participating local agencies their property tax revenues based on assessed valuation. The county then retains all collected amounts, including penalties and interest for delinquent taxes. The tax losses reserve fund helps to manage revenues and expenditures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

The rise in assessed value together with a spike in property tax delinquency rates significantly increased the Teeter Plan overflow in recent years. The overflow peaked at more than \$52 million in FY 09/10. We expect the overflow resulting from declining property tax delinquency rates may be \$43 million this fiscal year, \$3 million less than currently budgeted. This trend will continue to erode this revenue in future years. The chart shows both the historical and projected revenue from this source.



Sales and Use Taxes

Hinderliter de Llamas & Associates (HdL), the county’s sales tax consultant, reports total quarterly receipts for all jurisdictions in Riverside County from July through October (the most recent quarter available) rose 2 percent from the same quarter a year ago. This is the lowest increase reported among counties in the region. HdL reports the



county’s own sales tax receipts were up by 5.25 percent over the same quarter a year ago. This is higher than the state overall, which increased 3.75 percent compared to the same quarter a year ago. Increased sales tax receipts in the county’s unincorporated area were buoyed by rising fuel prices and pent up demand for autos and recreational vehicles. Additional detail is provided in HdL’s sales tax update contained in Attachment D.

The estimate of sales and use tax revenue in the FY 10/11 final budget was \$23 million, which includes deductions for sales tax revenue picked up by recently incorporated cities. This contributed greatly to declines in the county’s sales tax receipts. HdL currently projects the county to receive \$27.8 million in sales and use tax revenue in FY 10/11, \$4.8 million more than currently budgeted. This includes factoring in the revenue loss to the new City of Eastvale. Annualizing that loss to Eastvale, HdL estimates the county’s FY 11/12 sales and use tax revenue will be \$26.3 million, \$3.3 higher than the county’s current year budgeted estimate. Although sales tax revenue seems to have stabilized, the county’s gains are modest compared to surrounding counties. The

Executive Office remains cautious and given the ongoing instability of retail sales, the Executive Office does not recommend increasing this revenue estimate at this time.

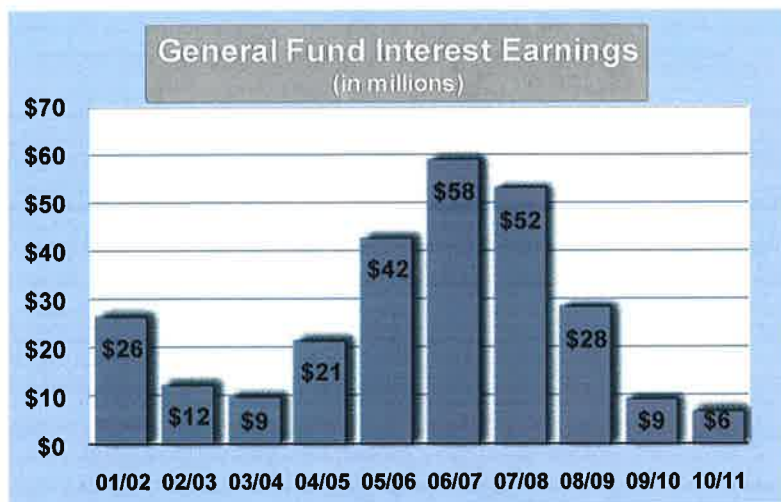
Proposition 172 Public Safety Sales Tax

Although HdL continues to project statewide public safety sales tax to be up from last fiscal year, they also project the county’s pro rata share of that pool will continue to shrink this year and next. In FY 09/10, actual receipts came in at \$110.2 million, just shy of the \$110.6 million budget estimate. Based on that trend, we maintained the FY 10/11 final budget estimate flat. HdL projects the county may be allocated \$119.6 million in public safety sales tax this fiscal year. However, given the ongoing volatility of retail sales, the Executive Office does not recommend increasing this revenue estimate at this time. If receipts for this revenue exceed the budgeted estimate, the Executive Office will execute the Board’s directives regarding public safety sales tax approved in the FY 09/10 third quarter report.

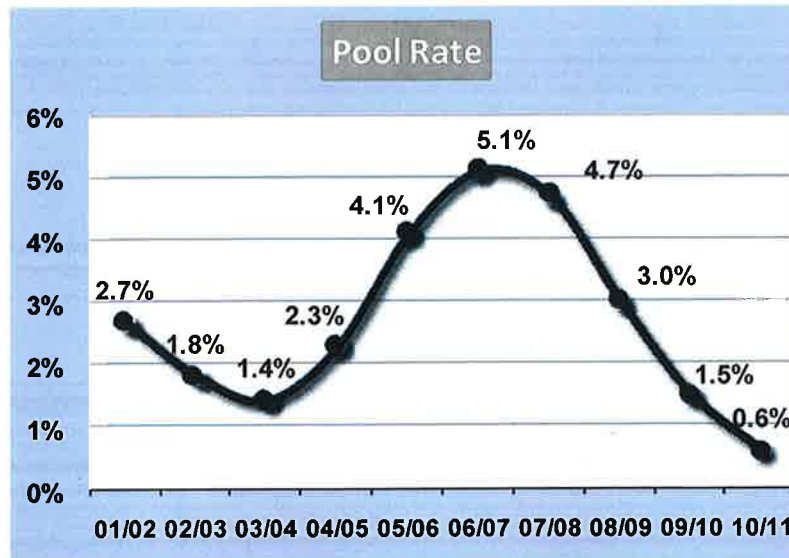
Interest Earnings

General fund interest earnings are a product of two factors: cash on hand and the rate at which interest is earned. Both have been significantly reduced in the last few years.

As fund balance and interest rates increased, interest earnings grew substantially. However, as general fund reserves were drawn down and interest rates fell, interest earnings fell significantly.



As a result of continued low interest rates, as well as lower general fund balances in the second quarter, the Treasurer now expects to earn \$5.9 million in interest earnings for the fiscal year.



The forecast is contingent on no additional deterioration in interest rates or further declines in fund balances. At this time, it is premature to project any impact from the new governor's budget proposals and potential delays of payments due the county. The county treasurer anticipates there will be no increases in the federal funds rate by the Federal Open Market Committee for the remainder

of the year.

Eastvale Incorporation

The transition of services from the county to the City of Eastvale began in October 2010. In January, county departments began reporting the prior quarter's cost for services provided on behalf of the city as well as any associated revenues. The Executive Office anticipates Eastvale's incorporation will significantly affect this year's revenue if services are transitioned to the city before fiscal year-end. The Executive Office will continue to monitor expenditures and revenues and recommend necessary budget adjustments as more information is available. There also might be a significant budget impacts for FY 11/12 and FY 12/13 budgets due to deferred revenue neutrality payments negotiated with Eastvale and approved by the Board on October 6, 2009, that will result in additional revenue shortfall for some county departments. The Executive Office will update the Board in the third quarter report.

Revenue Summary

In summary, although certain discretionary general fund revenues show signs of stabilizing, other revenue estimates continue to weaken. If trends hold, the Executive Office does not foresee a notable net increase in discretionary revenue at this time.

The chart at right summarizes the county's currently budgeted estimated discretionary revenues. Overall, net discretionary revenue appears likely to remain flat through the remainder of this fiscal year.

General Fund Discretionary Revenue Projections (in millions)			
	Final Budget Estimate	2nd Quarter Projection	Variance from Budget
Property Taxes	263.8	264.6	0.8
Motor Vehicle In Lieu	188.8	188.8	0.0
TaxLoss Reserve Fund-Overflow	46.0	43.0	(3.0)
Fines and Penalties	25.7	25.7	0.0
Sales Tax*	23.0	27.8	4.8
Tobacco Tax	10.0	10.0	0.0
Documentary Transfer Tax	9.3	9.3	0.0
Franchise Tax	7.0	7.0	0.0
Interest Earnings	6.3	5.9	(0.4)
Misc. Federal and State	5.9	5.9	0.0
Other (Prior Year & Miscellaneous	6.3	6.3	0.0
Total:	\$592.1	\$594.3	\$2.2

** Does not include public safety sales tax revenue*

APPROPRIATIONS FOR CONTINGENCY

Appropriations for contingency are intended to cover urgent, unforeseeable events such as shortfalls in discretionary revenue, unanticipated expenditures, uncorrectable departmental budget overruns and other mission-critical issues at the Board's discretion. The Executive Office cautioned departments that allocations from contingency are being minimized. The adjustments to appropriations for contingency are summarized in the table below.

An adjustment is necessary to bring payments pursuant to a revenue sharing agreement with the March JPA up to date. A detailed discussion of this item begins on page 13 of this report. In addition, the state reimbursed the county \$1.85 million for the May 2009 statewide special elections. The Executive Office recommends this reimbursement be applied to contingency. A portion will cover unavoidable costs related to the Registrar of Voters operations, addressed on page 17 of this report.

Recommendation 2: That the Board approve and direct the Auditor-Controller to make adjustments to estimated revenues and appropriations for contingency in the amount of \$1,854,384, as follows:

Increase estimated revenue:
 10000-1700100000-753300 CA-Election reimbursement \$1,854,384

Increase appropriations:
 10000-1109000000-581000 Appropriations for contingency 1,854,384

USE OF CONTINGENCY					
		Cost Adjustment	Revenue Adjustment	Total Adjustment	Balance Available
Beginning Balance:					\$ 20,000,000
Adjustments to date:					
09/28/10	Adj cash shortage (Item 3.14)	\$ 151		\$ (151)	\$ 19,999,849
1st Quarter	DA's SPIRIT Program	24,750		(24,750)	19,975,099
		24,901	-	(24,901)	
Actions recommended in this report:					
	March JPA Obligation	397,000	-	(397,000)	19,578,099
	Elections reimbursement		1,854,384	1,854,384	21,432,483
	Registrar of Voters	1,680,000		(1,680,000)	19,752,483
				-	19,752,483
		2,077,000	1,854,384	(222,616)	
Contingency balance upon approval of this report =					19,752,483

C. DEPARTMENTAL STATUS

INTERDEPARTMENTAL AND CAPITAL PROJECTS

County of Riverside Enterprise Solutions For Property Taxation (CREST)

In October 2010, the Board approved an agreement with Manatron, Inc., to provide Riverside County with products and services related to the implementation of the integrated property tax management system. This approval enabled the CREST project team and Manatron to begin work on system implementation.

After confirming that Manatron understood and could meet the county's needs, the CREST project advanced into the stage of detailed fit/gap analysis. This is a detailed review of the county's requirements, and will establish which Manatron products and services meet the county needs and which will require adjustments. This is expected to take six months to complete. Upon completion of this process, system implementation will occur in phases over three years.

Public Safety Enterprise Communication System (PSEC)

There continue to be site acquisition issues for seven sites, including El Cariso and Santiago (U.S. Forest Service sites), Green River (U.S. Army Corps of Engineers site), Caspers Park in Orange County (right of way issue), Timoteo (continuing condemnation), and Big Maria (Native American concerns). Each of these seven acquisitions involves cooperation and negotiation with other governmental entities. Site acquisition and redesign are anticipated to add approximately \$6 million to the project's costs. The project remains on target to become operational in October 2012, as previously discussed with the Board in March 2009. However, requested enhancements may extend the project schedule to the end of December 2012.

RCIT's preliminary estimate is that ongoing operational costs of the new system will be \$15 million annually, 60 percent more than the \$9 million currently required to operate the existing radio system. The majority of this increase will be borne by public safety departments, as they are primary users of the system. However, a portion of these costs can be passed through to the cities that contract with the county for services. RCIT and the stakeholders are in the process of working through the full operational costs, and plan to return to the Board in January 2012 with the rates to support those costs.

The Executive Office is concerned the project is beginning to exceed the original scope, resulting in commensurate investment to support these enhancements. Although system design contemplated these elements, the project budget does not support them at this time.

Accumulative Capital Outlay Fund

On June 19, 2007, (agenda item no. 3.41) the Board approved a five-year agreement with the March Joint Powers Authority (JPA) pertaining to provision of services within the JPA. As part of the terms of this agreement, the county is to share with the JPA the sales tax, franchise fee and transient occupancy tax revenue received by the county

from within the boundaries of the JPA. Mapping and pinpointing each source of revenue took more time than expected.

Sales tax revenues have been budgeted and paid to the JPA since FY 08/09, and there is no amount of sales tax due outstanding. However, in recent weeks we finally have been able to obtain data on the franchise fees paid by utilities within the JPA and make estimates for the remainder of this fiscal year. The estimated amount of outstanding franchise fee revenue due the JPA at this time is approximately \$356,000 and the total amount estimated through the end of this fiscal year is approximately \$397,000. The Executive Office recommends a budget adjustment in that amount to bring payments to the JPA current and to make payments for the remainder of the fiscal year.

Going forward, the Executive Office projects this agreement will cost the county \$100,000 in franchise fee revenue per year, in addition to the \$132,000 in sales tax revenue per year already budgeted. Taken together, the Executive Office anticipates this agreement will cost \$232,000 per year. The current term of the agreement expires in June 2012.

Recommendation 3: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for contingency and the Accumulative Capital Outlay Fund in the amount of \$397,000 as follows:*

Decrease appropriations:		
10000-1109000000-581000	Appropriation for contingency	\$397,000
Increase appropriations:		
10000-1101000000-551100	Contribution to other funds	397,000
Increase estimated revenue:		
30000-1100300000-790600	Contribution from other county funds	397,000
Increase appropriations:		
30000-1100300000-536200	Contribution to non-county agency	397,000

Developer Agreement / Development Mitigation Program

On March 17, 2009, (agenda item no. 3.7), and July 27, 2010, (agenda item no. 3.89), the Board approved a commitment of developer agreement fees for the Temecula Wine Country community plan. A budget adjustment in the amount of \$423,073 is needed to reimburse the Transportation and Land Management Agency for planning costs expected to occur this fiscal year.

On April 1, 1997, (agenda item no. 3.7), the Board authorized use of development mitigation funds to offset County of Riverside Asset Leasing Corp. (CORAL) debt service payments for the Jurupa sheriff's station. A budget adjustment in the amount of \$153,000 is needed to complete the transaction.

Recommendation 4: That the Board of Supervisors approve and direct the Auditor-Controller to release designated net assets and increase appropriations for use of development agreement fees in the amount of \$576,073, as follows:

Increase appropriations:		
30500-1103500000-551100	Contributions to other county funds	\$576,073
Decrease reserved net assets:		
30500-1103500000-309100	Reserve for construction	576,073

Southwest Communities Financing Authority (SCFA) Animal Shelter

The Southwest Communities Financing Authority (SCFA) animal shelter bond issuance was approved April 29, 2008, under a joint powers authority that includes the county and cities of Canyon Lake, Lake Elsinore, Murrieta, Temecula and Wildomar.

The shelter is complete and has been officially operating since October 23, 2010. Each city and the county are responsible for annual debt service payments, and administrative and annual operational costs associated with the shelter. As the county's share of these costs were not included in the FY 10/11 budget, a budget adjustment of \$385,310 is needed to meet this obligation.

The budget for Contributions to Other Funds has adequate appropriations to cover these payments in FY 10/11. Consideration of the ongoing cost will need to be included in the FY 11/12 recommended budget.

Recommendation 5: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations for the Southwest Communities Financing Authority animal shelter, as follows:

Decrease estimated revenue:		
35900-925001-741000	Rents	\$151,401
Increase estimated revenue:		
35900-925001-790600	Contribution from other county funds	385,810
Increase appropriations:		
35900-925001-551000	Operating transfers out	59,975
35900-925001-536200	Contribution to non-county agency	<u>174,434</u>
	Total	234,409

GENERAL GOVERNMENT

Executive Office

The Executive Office manages the county's dispute resolution program funded through statutory court fines and fees. A budget adjustment is necessary at this time to establish a budget for newly awarded contracts under this program.

Recommendation 6: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations for the dispute resolution program, as follows:

Increase estimated revenue:		
10000-1100100000-772810	Court fees & costs	\$568,000
Increase appropriations:		
10000-1100100000-525480	Arbitration services	312,768
10000-1100100000-551100	Contribution to other county funds	<u>234,507</u>
	Total	<u>547,275</u>
Anticipated increase in unreserved fund balance:		
10000-1100100000-325100	Unreserved fund balance	20,725

Auditor-Controller

The payroll unit of the Auditor-Controller’s office requests reclassification of revenue to account properly for reimbursements received from general fund departments.

Recommendation 7: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and revenue for the Auditor-Controller as follows:

Increase appropriations:		
10000-1300300000-573900	Intra-payroll distribution	(\$1,600,000)
Decrease estimated revenue:		
10000-1300300000-781360	Other miscellaneous revenue	1,700,000
Increase Estimated Revenue:		
10000-1300300000-770520	Payroll services-county	100,000

Human Resources (HR)

The department projects a budget shortfall of approximately \$600,000 at year-end. This is due to various factors, including the \$353,744 paid thus far for the IRS audit, decreases in revenue from class participation at the Center for Government Excellence, decreased filled positions countywide and a general reduction in all collections. Workers’ compensation claims are trending slightly below expectations. The department expects to continue providing relief to departments by drawing down the fund surplus.

Short-term disability employer contributions that were capped based on the actuarial recommendation are approximately \$50,000 less per pay period, resulting in a current \$400,000 shortfall. The department anticipates, however, that non-capped contributions will keep the fund solvent this fiscal year.

The Air Quality/Ride Share Division incurred increased costs due to a late \$97,000 charge carried over from FY 09/10. Revenue is available to pay for this shortfall.

Recommendation 8: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for the Air Quality/Ride Share program as follows:

Increase Appropriations:		
22000-1130300000-537300	Interfund expense-parking	\$100,000

Anticipated use of available fund balance:		
22000-1130300000-325100	Unreserved fund balance	100,000

Liability claim payments are 34 percent higher than anticipated. This resulted primarily from judgments against the county in two recently settled cases. A stop-loss reimbursement was received in December for previous payments and settlements.

Recommendation 9: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations for the general liability insurance program, as follows:

Increase estimated revenue:		
45960-1131000000-777010	Stop-loss reimbursement	\$3,200,000

Increase appropriations:		
45960-1131000000-534300	Liability judgments	3,200,000

Registrar of Voters (ROV)

November 2010 Election

The county set a number of records in the November 2010 election. There were 857,839 voters registered by November 2010. Turnout was the highest for a gubernatorial general election since 1998 at 57.36 percent. A total of 179,720 vote-by-mail ballots were counted by election night. The November 2010 election was certified 24 days after the election, four days before the legal deadline. The Registrar of Voters conducted recounts in four contests appearing on the November 2010 ballot.

Major Changes

On July 13, 2010, (agenda item no. 16.2), the Board authorized EDA-Facilities Management to review options to increase space for new equipment and operations. Currently, a move is being reviewed. The ideal timeframe for a move would be before the November 2011 uniform district election (UDEL), and certainly before the 2012 presidential primary in 2012. Costs anticipated in FY 10/11 are the proposal for architectural services anticipated at \$24,950, and EDA-FM services billed at \$125.83 per hour.

FY 2010/11 Net County Cost

The Registrar of Voters expects to exceed net county cost by approximately \$1.68 million, resulting from \$1.32 million in unanticipated expenditures and \$360,000 in reduced revenues. Cost increases are attributable to enhancements implemented for

the November 2010 general election, higher-than-budgeted costs of printing sample ballots and unbudgeted salary payout costs. The ROV also projects revenue to be short \$360,000 because 12 jurisdictions that had insufficient nominees to go to election in November 2010. The Executive Office recommends applying a portion of a state reimbursement recently received for prior election cycles to offset these unanticipated costs.

Recommendation 10: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations for the Registrar of Voters, as follows:*

Decrease estimated revenue:		
10000-1700100000-771210	School election services	\$ 360,000
Increase appropriations:		
10000-1700100000-510320	Temporary salaries	315,000
10000-1700100000-510200	Payoff permanent/seasonal	145,000
10000-1700100000-510340	Seasonal salaries	98,000
10000-1700100000-521640	Maintenance - software	34,000
10000-1700100000-523800	Printing/binding	222,000
10000-1700100000-525340	Temporary help	395,000
10000-1700100000-527380	Election	<u>111,000</u>
	Total	1,320,000
Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	1,680,000

In addition, the governor’s budget proposal calls for a statewide special election in June 2011. This election will likely cost the county an estimated additional \$2 million, which the governor does not propose to backfill. The California Association of Clerks and Election Officials plans to lobby for reimbursement language to be included in the bill calling for the special election as well as in future state budgets. Even if the state agrees to reimburse counties for the election, however, it could take two years to receive reimbursement.

Economic Development Agency/Facilities Management (EDA/FM)

Real Estate

Facilities Management requests that a budget be established to enable use of community improvement designation (CID) funds granted for the Idyllwild Library expansion. When the funds were received, they were placed in a general fund sub-fund. This fiscal year, the Real Estate division became an internal service fund, making the sub-fund inaccessible without establishing a budget.

Recommendation 11: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations in the amount of \$50,598 for Facilities Management’s Real Estate division, as follows:*

Increase appropriations:		
10000-7200400000-551100	Contribution to other funds	\$50,598
Decrease designated fund balance:		
10000-7200400000-320100	Designated fund balance	50,504
Use of unreserved fund balance:		
10000-7200400000-325100	Unreserved fund balance	94
Increase estimated revenue:		
47220-7200400000-790600	Contribution from other county funds	50,598
Increase appropriations:		
47220-7200400000-528500	Project cost expense	50,598

Workforce Development

Workforce Development requests a budget adjustment to enable use of an allocation from the FY 09/10 federal American Recovery and Reinvestment Act funding.

Recommendation 12: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$1,870,088 for Workforce Development, as follows:*

Increase estimated revenue:		
21550-1900300000-767440	Fed ARRA subrecipient	\$1,870,088
Increase appropriations:		
21550-1900300000-526700	Rent-lease buildings	119,826
21550-1900300000-527780	Special program expense	94,152
21550-1900300000-530440	Client service (ITA)	<u>1,656,110</u>
	Total	1,870,088

PUBLIC PROTECTION

Fire

The Fire Department currently projects a \$4.3 million shortfall for FY 10/11. Per recent Board direction, the Executive Office will continue to work with the fire chief to reduce costs and explore possible new revenue sources. We will report progress to the Board in the third quarter report.

Sheriff

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

As noted in our first quarter report, we began the fiscal year with a Net County Cost (NCC) reduction of approximately 11% which equated to a structural budget deficit of \$26.1 million. These reductions were much greater than the originally

specified 3%. The \$26.1 million structural deficit was a result of reduced revenue estimates for Prop 172 (\$9.3 million), along with the mandated 3% NCC cut (\$6.9 million), coupled with the Board decision, at fiscal year start, not to fund County-negotiated salary increases for RSA and LEMU members (\$8.5 million) and a further reduction for County-imposed furloughs and freezing merit increases for LIUNA members (\$1.4 million).

On November 9th, 2010 the Sheriff reiterated to the Board of Supervisors that a de facto 11% NCC reduction would have a profound impact on our operations going forward and was too steep. The cumulative cuts, totaling 15% from the two prior fiscal years, equates to our Department cumulatively operating under a 26% NCC reduction this current fiscal year. The Sheriff also discussed staffing ratios in the unincorporated areas of the County, jail staffing for LSCF, the impact of Detention Health Services budget cuts, and furloughing of LIUNA dispatchers. Without a renewed commitment to hold the Sheriff's Department closer to a real 3%-5% reduction this fiscal year, budgetary balance must be pursued through reduction of service levels in the unincorporated areas of the County or reverse the LSCF jail expansion. Also on that day, the Board of Supervisors voted to return our prior year budget savings of \$12.4 million. As mentioned in our first quarter narrative, we were required to set aside \$3.2 million of our prior year savings to fund two Board approved projects. One is the upgrade of cellular equipment in our black and white vehicles and the second was the purchase of a warehouse for LSCF. This left a discretionary surplus of \$9.2 million and decreased our structural deficit from \$26.1 million to about \$17 million, projected for this fiscal year, at end of the first quarter.

In the spring of 2010 the Board of Supervisors allocated \$12.4 million in appropriations for additional staff to operate the LSCF expansion this fiscal year but the mentioned cuts reduced our appropriations overall budget by \$26.1 million. Although there was no net increase in Department appropriations, the addition of needed staff is now well under way and those new cells will be fully utilized later this fiscal year as promised.

At the mid-year point we are projecting a \$13.5 million deficit for end of year. This is a \$3.5 million improvement from the \$17 million we ended with in the first quarter. This improvement is due to continued tight controls on unreimbursed overtime throughout our operations. Many of the structural issues that contributed to our first quarter deficit still need to be addressed in order for us to achieve a balanced budget by end of the fiscal year without shutting down programs. In the interim, we will continue to apply every effort possible to control expenditures, look for additional revenue sources, and pursue budgetary savings where possible as part of the family of county departments.

Conclusion

As reported during the first quarter, many of the structural issues that contributed to our first quarter deficit still need to be addressed in order for us to achieve a balanced budget by the end of the fiscal year. Operational flexibility has been exhausted over the last several years and a balanced budget cannot be achieved without significant program cuts or a budget solution. In the interim, we will continue to pursue budgetary savings wherever possible. Also, we want to reiterate to your office that the savings from last fiscal year was accomplished

through many short-term budget devices, and cannot be viewed as a long-term solution to unfunded budget commitments. We will continue to work closely with your office and the Board of Supervisors to reduce this deficit by the end of the fiscal year. Based on our current projections, we can close this gap effectively with an NCC add back of about \$10 million (this would make our cut effectively 5-6% in this FY).

The Executive Office examined the sheriff's budget information and concurs with his current projection of a \$13.5 million shortfall. The magnitude and ongoing nature of the sheriff's cost overruns will be a significant factor for the county eliminating its budget deficit and achieving structural balance in FY 11/12.

Consequently, the Executive Office recommends the Board immediately freeze hiring in the sheriff's department to capture savings from attrition and redeployment to other funded positions. To enable the sheriff to manage staffing levels within budgeted appropriations, the Executive Office further recommends evaluating the Board's policy position specifying a 1 per 1,000 patrol ratio in the unincorporated area as an element of the March budget workshops, including review of the calculation and efficacy of the ratio. Such an analysis would reveal the general fund savings available, and should be completed prior to the hearings. A rough analysis indicates savings from changing the patrol ratio from 1 per 1,000 to 0.85 per 1,000 might bridge the sheriff's current year gap.

Recommendation 13: *That the Board of Supervisors approve 1) freezing hiring in the sheriff's department effective immediately on approval; and 2) evaluating the Board's policy position requiring a patrol ratio of 1 per 1,000 in the unincorporated area.*

District Attorney

The District Attorney provided the following information, taken verbatim from his report:

As you well know, there has been a great deal of controversy surrounding the District Attorney's budget, specifically related to the reliability of the Fiscal Year 2010-11 First Quarter Budget Report that was submitted by the Office last Fall. We are currently in the process of reviewing all facets of our finances to provide transparency, promote accountability, and restore credibility in our Office's budget. This process began on the day that I was sworn in as District Attorney, and will continue until I am comfortable enough with the veracity of my report that I can stand before the Board of Supervisors and explain what has occurred, and what I will be doing to move the Office forward. The Office of the District Attorney is a public trust, and I will do everything in my power to ensure that that trust is earned and deserved.

I have directed those individuals tasked with the duty of preparing and monitoring our budget to submit a Mid-Year Report that is accurate to the best of our knowledge, with the understanding that the review of the finances is still underway. In my earlier communications with the Board, I expressed concern about what the state of the District Attorney's budget would be when I was sworn in, halfway through the fiscal year. The financial numbers that were sent to the Executive Office earlier this week seem to confirm my fears. The District Attorney's Office is currently projecting a \$6.3 million deficit for the fiscal year

ending on June 30, 2011. This budget overage is based on current revenue and expenditure trends.

We have taken some preliminary steps in working toward balancing our budget, and my staff and I are working on a comprehensive budget plan that will maintain operational effectiveness while attempting to reduce this deficit over the course of the next six months, and into the next fiscal year. This is an ongoing process, and I hope to explain my findings and plan to the Board in the coming months.

The Executive Office examined the District Attorney's budget information and agrees with his current projection of \$6.3 million shortfall. The Executive Office has been working closely with the new District Attorney and his staff to find savings for the balance of this fiscal year. We will continue to work toward a balanced budget and report progress to the Board in the third quarter budget report.

Law Office of the Public Defender

The Law Office of the Public Defender projects it will exceed the FY 10/11 budget by \$782,238. The primary overage is in salaries and benefits, plus approximately \$53,000 due to a decline in payments from the state. Senior employees took advantage of the early retirement opportunity, which adversely affected budgeted amounts for retirement payouts and post-employment benefits.

Although some salary savings is occurring as positions remain vacant, it is essential the department maintain filled staffing at the budgeted level of 123 attorneys and 41 investigators to ensure the Public Defender will not have to declare overload. The Public Defender declared overload in FY 08/09 and during the first four months of FY 09/10. A significant number of cases referred to the conflict panel are still trailing. Conflict counsel agreements were increased to pay for the additional cases, trailing cases consumed county resources as inmates continued to occupy county jail beds and, overall, the county did not save on cost. The department hopes to avoid declaring overload this fiscal year.

Probation Department

The department continues to implement cost saving measures to cover reductions in general fund support, Proposition 172 public safety sales tax and the vehicle license fees. A wing of the Southwest Justice Center remains closed, and personnel from detention and treatment facilities were moved to fill vacancies and reduce overtime. Workload reorganization continues, as does operational consolidation. The SB678 evidence based probation supervision program assisted the department with funding to implement risk assessment tools and oversight measures. The kiosk reporting system is also operational.

During organizational restructuring, the department identified opportunities for streamlining administrative and technical duties and responsibilities by adding one IT user support technician III and one secretary II. To accommodate these additions, Probation asks to delete one office assistant II and one secretary I. Both new positions will be supported entirely by ongoing salary savings.

Recommendation 14: That the Board of Supervisors approve the addition of one IT user support technician II and one secretary II, while deleting one office assistant II and one secretary I for Probation, as noted in Attachment B.

The legislature approved and the governor signed AB1628, which includes an additional \$200 million in lease revenue bond funds for the juvenile facilities construction previously authorized under SB81. Probation was notified during the second quarter that their application for funding was approved in the amount of \$24.7 million to build a 100-bed secure juvenile treatment facility in the City of Riverside. The grant requires a 25 percent match, \$5.1 million of which the department expects to come from development impact fees. The in-kind match includes the value of the land at Van Horn, as well as staff support from the Probation Department. The department will not request additional general fund support for the construction project. The department is working closely with the Executive Office and the Economic Development Agency on this project, and will seek approval of the grant award from the Board.

AB1628 also prospectively places state Department of Juvenile Justice wards on probation upon their release on parole. There is a \$15,000 provision per ward for up to two years based on the actual length of supervision. The law also includes \$115,000 per ward for revocation to a juvenile facility. To address anticipated caseload increase, the department requests the addition of one deputy probation officer to properly monitor and supervise these juveniles upon their release.

Recommendation 15: That the Board of Supervisors approve the addition of one deputy probation officer II as noted in Attachment B, and approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$35,000 for Probation, as follows:

Increase estimated revenue:		
10000-2600200000-755680	CA—other grants	\$35,000
Increase appropriations:		
10000-2600200000-510040	Regular salaries	16,100
10000-2600200000-518100	Budgeted benefits	<u>18,900</u>
	Total	<u>35,000</u>

In accordance with provisions of Board Policy A-30, the added position will be deleted when state funding is no longer available.

Probation did not anticipate any major deferred maintenance expenditures this fiscal year. Significant expenditures occurred, however, because of kitchen equipment failures at the institutions and the department projects expenditures for security upgrades. The department requests a budget adjustment to address these critical needs, which will be covered by savings on lease costs.

Recommendation 16: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations in the amount of \$500,000 for Probation, as follows:

Decrease appropriations:

10000-2600700000-526700 Rent-Lease Buildings \$500,000

Increase appropriations:

10000-2600100000-537040 Interfund expense-maintenance 500,000

Probation requests extension of the hours temporary employees are allowed to work. While intended for use as part-time backup for regularly scheduled employees, it is necessary to use some temporary employees to staff shifts at the detention and treatment facilities to comply with provisions of Title 15. At the present rate, some employees will exceed the 1,000 hour cap. In accordance with Section 10D(3) of Ordinance 440, the department requests Board approval allowing these employees to exceed 1,000 hours this year.

Recommendation 17: *That the Board of Supervisors authorize employment of the temporary employees listed below for more than 1,000 each during FY 10/11.*

EID	Position/Title	Hire Date
186152	Correctional cook	09/27/07
221219	CSFSW	11/08/07
147923	PCO II	10/09/08

Animal Services

The department has implemented most layoffs approved in the first quarter and as a result anticipates budget targets will be met for FY 10/11. In addition, due to insufficient respondents, the request for proposals to provide veterinarian services and operate the San Jacinto animal shelter was withdrawn. The bid was subsequently revised and re-released, eliminating veterinarian services from the scope. Proposals to operate the shelter were due on January 13, 2011, but again, no proposals were received by the bid closing date. The department will continue to explore alternatives for operating the shelter.

The department is finalizing a request for proposals to provide low-cost spay and neuter services at the San Jacinto shelter they will release soon. Using contract veterinarians will generate sufficient revenue to offset the cost for the provided services and no additional general fund support is necessary. To begin providing services as soon as possible, the department requests the Board authorize the Purchasing Agent to enter into two sole source agreements without securing competitive bids. Once proposals are evaluated, the department will return with recommendations for Board approval.

The department recently submitted a contract rate analysis to the Executive Office for review. Recommendations will be presented to the Board in the third quarter.

Recommendation 18: *That the Board of Supervisors authorize the Purchasing Agent to enter into two sole source agreements for veterinary services at the San Jacinto shelter not to exceed six months or \$50,000 each.*

PUBLIC WAYS AND FACILITIES**Transportation Land Management Agency****Code Enforcement**

Code Enforcement requests a budget adjustment to accommodate receipt of community development block grant revenue, awarded June 3, 2010, and associated expenses.

Recommendation 19: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$576,232 for Code Enforcement, as follows:

Increase estimated revenue:		
10000-3140100000-778010	Interfund rev-CDBG	\$576,232

Increase appropriations:		
10000-3140100000-525440	Professional services	576,232

Crossing Guards

The department requests a budget adjustment to accommodate five additional crossing guards as required. Unreserved fund balance will be used to offset the expense.

Recommendation 20: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for the Crossing Guards division, as follows:

Use of fund balance:		
20000-3130300000-325100	Unreserved fund balance	\$5,500

Increase appropriations:		
20000-3130300000-510340	Seasonal salaries	13,450
20000-3130300000-573400	Intra-salaries & benefits	(7,950)
	Total	5,500

Scott Road Road and Bridge Benefit District

The department requests a budget adjustment to accommodate additional work required for the Scott Road interchange. Unreserved fund balance will be used to offset the expense.

Recommendation 21: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for the Scott Road Road and Bridge Benefit District, as follows:

Decrease reserved fund balance:		
31693-3130500000-309103	Reserve for capital projects subfunds	\$347,687

Increase appropriations:		
31693-3130500000-537220	Interfund exp-labor	65,000

31693-3130500000-537280	Interfund exp-misc project exp	282,687
	Total	347,687

HEALTH AND SANITATION

Community Health Agency (CHA)

Public Health

The department continues to monitor discussions with the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) related to a statewide audit of targeted case management claims. The California Department of Health Care Services, in collaboration with counties, is preparing a response to the audit. However, the department estimates \$700,000, which was not budgeted, may be due pending the outcome of the audit. The department will continue to monitor and report any developments.

To maximize existing clinic space and optimize revenue, the department requests approval of 36 additional positions to increase services in various family care centers. Revenue generated in the clinics will offset the added expense, requiring no new general fund support. The department also received increased allocations for various programs, and requests adjustments to reflect these increases.

Recommendation 22: That the Board of Supervisors 1) authorize addition of 36 positions for Public Health clinics as noted in Attachment B; and, 2) approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations for Public Health, as follows:

Increase estimated revenue:		
10000-4200100000-751210	CA Medi-cal	230,771
10000-4200100000-751250	CA-family planning	343,543
10000-4200100000-751680	CA-grant revenue	59,104
10000-4200100000-754000	CA-tobacco tax prop 10	333,334
10000-4200100000-762040	Fed-health grants	1,800,000
10000-4200100000-774900	Other 3 rd parties	61,907
10000-4200100000-774950	CHDP patients	322
10000-4200100000-776260	Medicare patients	73,905
10000-4200100000-776270	Medi-cal patients	1,134,807
10000-4200100000-776290	MIA	19,768
10000-4200100000-776310	Private patients	110,538
	Total	4,167,999

Decrease estimated revenue:		
10000-4200100000-781360	Other misc revenue	333,334

Increase appropriations:		
10000-4200100000-510040	Regular salaries	2,036,762
10000-4200100000-510520	Bilingual pay	20,000
10000-4200100000-518100	Budgeted benefits	849,988

10000-4200100000-520230	Cell phone	3,250
10000-4200100000-520320	Telephone service	500
10000-4200100000-520930	Insurance-liability	15,200
10000-4200100000-520945	Insurance-property	15,000
10000-4200100000-521380	Maintenance-copier machines	4,000
10000-4200100000-522310	Maintenance-building and improvements	200,000
10000-4200100000-522860	Medical-dental supplies	6,200
10000-4200100000-523620	Books/publications	20,000
10000-4200100000-523640	Computer equip-non-fixed asset	3,200
10000-4200100000-523660	Computer supplies	5,000
10000-4200100000-523700	Office supplies	16,700
10000-4200100000-523800	Printing/binding	26,100
10000-4200100000-523840	Computer equipment-software	4,000
10000-4200100000-524500	Administrative support-direct	50,759
10000-4200100000-524740	County support service (COWCAP)	10,384
10000-4200100000-524760	Data processing service	1,200
10000-4200100000-525140	Personnel services	5,500
10000-4200100000-525220	Pre-employment services	500
10000-4200100000-525300	OASIS processing-financials	20,000
10000-4200100000-525310	Oasis Processing-HRMS	10,000
10000-4200100000-525320	Security guard services	150
10000-4200100000-525340	Temporary help services	75,900
10000-4200100000-525440	Professional services	360,000
10000-4200100000-526420	Advertising	90,000
10000-4200100000-526700	Rent-lease buildings	108,000
10000-4200100000-527780	Special program expense	47,900
10000-4200100000-527840	Training-education/tuition	1,450
10000-4200100000-528140	Conference/registration fees	100
10000-4200100000-528900	Air transportation	15,000
10000-4200100000-528920	Car pool expense	11,700
10000-4200100000-528960	Lodging	5,150
10000-4200100000-528980	Meals	1,500
10000-4200100000-529040	Private mileage reimbursement	15,106
10000-4200100000-529060	Public service transportation	50
10000-4200100000-529540	Utilities	2,600
10000-4200100000-573400	Intra-salary & benefit reimbursement	120,000
	Total	4,178,849
Decrease appropriations:		
10000-4200100000-572800	Intra-misc	344,184
Increase estimated revenue:		
21750-4200100000-767220	Fed-other operating grants	292,486
Increase appropriations:		
21750-4200100000-520330	Communication services	14,801
21750-4200100000-520705	Food	3,180
21750-4200100000-523640	Computer equip-non-fixed assets	6,000

21750-4200100000-523680	Office equip-non-fixed assets	9,000
21750-4200100000-523700	Office supplies	3,585
21750-4200100000-523760	Postage	3,000
21750-4200100000-523800	Printing/binding	3,237
21750-4200100000-524500	Administrative support-direct	290,527
21750-4200100000-525440	Professional services	35,337
21750-4200100000-526720	Rent-lease storage	18,771
21750-4200100000-527180	Operational supplies	68,375
21750-4200100000-528960	Lodging	1,200
21750-4200100000-529040	Private mileage reimbursement	1,000
21750-4200100000-546160	Equipment – other	<u>125,000</u>
	Total	583,013

Decrease appropriations:

21750-4200100000-536720	Interfund exp-Admin support direct	290,527
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Increase estimated revenue:

21760-4200100000-767220	Fed-other operating grants	210,455
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Increase appropriations:

21760-4200100000-520230	Cell phones	360
21760-4200100000-520300	Pager service	170
21760-4200100000-520330	Communication services	1,660
21760-4200100000-521640	Maintenance-software	3,249
21760-4200100000-523640	Computer equip-non-fixed asset	1,962
21760-4200100000-525440	Professional services	170,000
21760-4200100000-527180	Operational supplies	31,189
21760-4200100000-520705	Food	735
21760-4200100000-529040	Private mileage reimbursement	<u>1,130</u>
	Total	210,455

Increase estimated revenue:

21770-4200100000-767220	Fed-other operating grants	246,653
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Increase appropriations:

21770-4200100000-522860	Medical-dental supplies	56,202
21770-4200100000-523640	Computer equip-non-fixed asset	21,600
21770-4200100000-525440	Professional services	<u>168,851</u>
	Total	246,653

Community Health Agency Administration

CHA requests a budget adjustment to reflect increased program revenue and expenses.

Recommendation 23: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations as follows:

Increase estimated revenue:

10000-4200300000-762020	Fed-SM 910 MAA MAC	\$50,000
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Increase appropriations:

10000-4200300000-527780	Special program expense	50,000
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Department of Environmental Health

Proposition 26 was approved by the voters in November 2010 and may affect the department's ability to adjust franchise fees. Environmental Health is working with County Counsel to determine the effects of Proposition 26, and will report on future developments.

Riverside County Regional Medical Center Programs**Medically Indigent Services Program (MISP)**

The MISP projects expenses will exceed the approved budget by \$3.1 million, primarily due to increased enrollment. The department developed a plan to cover the increased costs this year, likely eliminating the need for additional NCC. The department will continue to monitor and, if necessary, request a budget adjustment at third quarter. RCRMC anticipates expansion of Medi-Cal coverage and the health care coverage initiative will help to minimize these costs beginning in FY 11/12.

Detention Health and Mental Health

The Executive Office received a letter from the sheriff regarding his concern about the reduction of medical and mental health services in correctional facilities and its effect on management of the inmate population. The sheriff proposes taking control of the function as a means to contain costs in FY 11/12. However, such transfer of responsibility would have no effect on the general fund support allocated to the function. The issue should be addressed at the March budget workshop.

Together, the FY 10/11 general fund support for Detention Health Services and Detention Mental Health were reduced by \$4 million. The sheriff reports additional costs of approximately \$540,000 annually to transport inmates to other facilities to receive care previously available in the jails, so the cost advantage is still appropriate. Detention Mental Health reports its budget is on target. Although DHS Detention Health reported the need for \$317,000 in additional general fund support in the first quarter, based on the latest information, the amount has been reduced to less than \$10,000. The department will continue to monitor and an update will be provided at third quarter. Charges from hospitals to see inmates whose health issues previously would have been taken care of in the jail are considerably under budget. Detention Health budgeted \$1,563,298 and reports payments as of December 31, 2010, of \$460,000.

Mental Health reports service delivery to inmates remains critical. Currently, inmates are transported to RCRMC for mental health evaluations, intake, and follow-up by psychiatrists, which can take up to two weeks. Safety cell checks are done based on staff availability. In addition, therapists and psychiatric nurses are not available to see all those in crisis each day and discharge planning is delayed, which may affect the length of an inmate's stay in jail. Since staff was reduced to partial days, inmate management problems and suicide attempts increased. Delays in providing mental

health services to inmates remain a critical issue in the jails. In addition, the need for additional staff to serve the increased population at the expanded Banning facility remains a concern.

Mental Health

Mental Health reports program budgets are on target at mid-year. The omnibus conservatorship act grants priority to court referrals to the public guardian’s office, increasing wait times for other vulnerable elders and adults referred by adult protective services, outside agencies and hospitals.

The department requests authority to purchase three specialty vehicles to equip as mobile treatment facilities for the parent-child interaction therapy program. This program was approved by the state and fully funded by mental health services act funding. No additional general fund support is required.

Recommendation 24: *That the Board of Supervisors 1) approve acquisition of three (3) specialty vehicles; and, 2) approve and direct the Auditor-Controller to make adjustments in appropriations in the amount of \$770,000 for Mental Health, as follows:*

Increase appropriations:		
10000-4100200000-546300	Vehicles-buses/heavy trucks	\$770,000
Decrease appropriations:		
10000-4100200000-530280	Private care provider	770,000

PUBLIC ASSISTANCE

Department of Public Social Services (DPSS)

The FY 10/11 budget identified a need for additional general fund support for mandated and categorical aid programs in the amount of \$22 million. As a result of extended federal medical assistance percentage (FMAP) funding, increases in realignment revenue, and lower than anticipated caseload growth in some areas, the department now anticipates the need for additional general fund support may be reduced to \$6.5 million. However, the department projects the need for additional general fund support will increase by at least \$8 million in FY 11/12 for a total of \$14.5 million primarily due to the elimination of FMAP funding. In addition, the department anticipates the county’s portion of mandated foster care costs will exceed the current amount allocated by \$650,000. The total amount of additional general fund support DPSS anticipates seeking by year-end is \$7.2 million. The Executive Office does not recommend backfilling this additional cost, but directs the department to work within its general fund cost targets.

Administration

DPSS reports a change in the state’s Consortium IV Project (“C-IV”) billing methodology for maintaining and operating the statewide automated welfare system, resulting in decreased expenditures and revenue. The department requests a budget adjustment to reflect the decreases.

Recommendation 25: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations in the amount of \$14 million for DPSS, as follows:

Decrease estimated revenue:		
10000-5100100000-760000	Fed-public assistance admin	\$10,000,000
10000-5100100000-750300	CA-public assistance admin	<u>4,000,000</u>
	Total	14,000,000

Decrease appropriations:		
10000-5100100000-524760	Data processing services	14,000,000

In anticipation that funding from the temporary assistance for needy families emergence contingency fund (TANF ECF) would be extended, the department included appropriations in the FY 10/11 budget. The funding extension was not approved and the department requests a budget adjustment to reflect the decreased funding.

Recommendation 26: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations in the amount of \$4.7 million for DPSS, as follows:

Decrease estimated revenue:		
10000-5100100000-767440	Fed-ARRA sub-recipient	\$4,700,000

Decrease appropriations:		
10000-5100100000-530440	Client services	4,700,000

Food stamp participation in California is among the lowest in the nation. In an effort to allow counties to expand outreach and increase participation, the state enabled counties to draw down additional federal and state food stamp funding without increasing the county match to support the program. DPSS currently projects an annualized increase of \$12.8 million in state and federal funding for aid and administration to support expansion of the program.

Mandated Client Services

DPSS projects the In-Home Supportive Services caseload will decline slightly, resulting in savings to the department. In addition, realignment funding is higher than anticipated and the extension of federal medical assistance percentage (FMAP) will help to offset the cost of mandated services. However, trailer bill language included in AB1612 temporarily reinstates the state's financial participation in provider wages. Therefore, the department anticipates additional general fund support will be necessary to fund the county's share of provider wages. The department requests a budget adjustment to better reflect projected revenue and expenses, and will continue to monitor and report at the third quarter.

Recommendation 27: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations for DPSS mandated client services, as follows:

Increase estimated revenue:		
10000-5100200000-750740	CA-realignment DPSS	\$4,800,000
Decrease estimated revenue:		
10000-5100200000-750300	CA-public assistance admin	1,900,000
Increase appropriations:		
10000-5100200000-530440	Client services	2,900,000

Categorical Aid

The department previously projected a need for up to \$12.8 million in additional general fund support for the county’s share of cost increases in categorical aid programs. State and federal revenue may be withheld if the county does not contribute its share for these entitlements. Due to slower caseload growth, additional realignment funding and extension of FMAP, the projected need is decreasing. However, DPSS still estimates up to \$6.5 million may be needed before year-end to ensure mandated client assistance payments can be made in May.

The department requests a budget adjustment to reflect known changes in revenue and expenses at this time, and will continue to monitor areas of concern and request additional budget adjustments, if necessary. The Executive Office directs DPSS to work within its general fund cost target.

Recommendation 28: *That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations in the amount of \$10.5 million for DPSS, as follows:*

Increase estimated revenue:		
10000-5100300000-761000	Fed-public assistance program	\$4,700,000
10000-5100300000-767440	Fed-ARRA Sub-recipient	300,000
10000-5100300000-750700	CA-public assistance program	1,500,000
10000-5100300000-750740	CA-realignment DPSS	<u>4,000,000</u>
	Total	10,500,000

Increase appropriations:		
10000-5100300000-530480	Categorical assistance	10,500,000

County Funded Programs

DPSS projects mandated county-funded foster care will exceed its FY 10/11 budget target by \$650,000. This mandated program requires the county to fund program expenditures for eligible clients. The department requested additional general fund support to pay for services provided by foster homes. The Executive Office recommends DPSS work to absorb this added cost within general fund allocation already provided.

Homeless

The department previously anticipated use of additional fund balance might be needed by year-end. However, further cost reductions will mitigate the need to draw upon reserves.

Community Action Partnership (CAP)

CAP reports program budgets are on target at midyear. The department requests a budget adjustment to reflect receipt of additional ARRA funding.

Recommendation 29: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations in the amount of \$1 million for Community Action, as follows:

Increase estimated revenue:		
21050-5200200000-767440	Fed-ARRA Sub-recipient	\$1,000,000
Increase appropriations:		
21050-5200200000-510040	Regular Salaries	56,234
21050-5200200000-520930	Insurance-liability	4,382
21050-5200200000-523230	Misc expenses	10,000
21050-5200200000-523700	Office supplies	14,000
21050-5200200000-525080	Temp assist pool services	86,000
21050-5200200000-527320	Client education services	10,000
21050-5200200000-527840	Training-education/tuition	60,715
21050-5200200000-536240	Other contracted agencies	758,669
	Total	<u>1,000,000</u>

EDUCATION, RECREATION, AND CULTURE**Edward Dean Museum**

The Edward Dean Museum requests a budget adjustment use excess EDA Administration fund balance to restore salaries reduced to meet their budget target.

Recommendation 30: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$45,000 for the Edward Dean Museum, as follows:

Increase appropriations:		
21100-1900500000-551100	Contribution to other funds	\$45,000
Use of undesignated fund balance:		
21100-1900500000-325100	Unreserved fund balance	45,000
Increase estimated revenue:		
10000-1930100000-790600	Contribution from Other County Funds	45,000

Increase appropriations:
 10000-1930100000-510040 Regular salaries 45,000

Cooperative Extension

A memorandum of understanding with the University of California dictates funding for Cooperative Extension to maintain support staff, office space and utilities, and other miscellaneous program costs. Cooperative Extension reports that expenditures are in line with projections through the second quarter. The department will continue to monitor expenditures and exercise prudence to contain costs.

ENTERPRISE FUNDS

Riverside County Regional Medical Center (RCRMC)

Primarily due to additional Section 1115 waiver revenue, RCRMC projects it will reduce its need for use of fund balance by \$7 million. The department will continue to monitor, and will report at the third quarter.

RCRMC has identified the need for 61 additional positions due to increasing patient census, expansion of the family care clinic, the addition of two operating rooms, and the new general surgery residency program. In addition, the department requests approval to fund three vacant positions not funded in FY 10/11. Savings will offset a majority of the expenses for the remainder of FY 10/11, while increased revenue generated by the hospital, through additional operating rooms, family care clinic and grant funding will provide ongoing funding and will be included in the FY 11/12 budget. No new general fund support is necessary. RCRMC requests a budget adjustment to cover additional expenses for the remainder of the fiscal year.

Recommendation 31: That the Board of Supervisors 1) approve and authorize addition of 61 positions as noted in Attachment B; and, 2) approve and direct the Auditor-Controller to make adjustments in appropriations, as follows:

Decrease appropriations:
 40050-4300100000-525200 Physician/Dentist \$165,657
 40050-4300100000-525620 Temp expense - nurse registry 312,943

Increase appropriations:
 40050-4300100000-510040 Regular Salaries 478,600

Waste Management

The Waste Management Department requests a budget adjustment to purchase more tarps to be used as alternative daily cover. The usage of tarps has reduced the amount of green waste used at the landfills for daily cover, thereby saving airspace within the landfill.

Recommendation 32: That the Board of Supervisors approve and direct the Auditor-Controller to make an adjustment to appropriations in the amount of \$130,000 for Waste Management, as follows:

Increase appropriations:		
40200-4500100000-546160	Equipment - Other	\$130,000
Use of unrestricted net assets:		
40200-4500100000-380100	Unrestricted net assets	130,000

INTERNAL SERVICE FUNDS (ISF)

Fleet Services

With guidance from two vehicle policies and recommendations from SCRAPE, the number of county vehicles is shrinking a size appropriate to meet the needs of the county's workforce and mission. County departments have saved \$133,451 in mileage and fuel purchases in the second quarter. Twenty-nine vehicles were retired between October 1 and December 31, 2010, and are pending sale. An additional 76 units were sold in the same period, for an additional savings of \$54,720. Attachment G includes a detailed report summarizing the steps taken to right size the fleet.

An increase in appropriations is needed to replace 30 Sheriff Court Services vehicles. Planning for these replacement vehicles occurred after the Fleet Services FY 10/11 budget was submitted. For reference, on November 2, 2010, the Board approved agenda item 3.40 authorizing the Sheriff to purchase replacement vehicles and related electronic equipment. The amount approved for vehicle purchases is \$803,017.

Recommendation 33: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments increasing estimated revenue and appropriations in the amount of \$803,017 for Fleet Services for the purchase of vehicles for court services, as follows:

Increase appropriation:		
45300 7300500000 546320	Vehicles - Cars/Light Trucks	\$803,017
Increase estimated revenue:		
45300 7300500000 777620	Vehicle Cost Recovery	803,017

Supply Services

System furniture sales will be much higher than the \$1 million budgeted for FY 10/11. In FY 08/09 and FY 09/10, furniture sales were \$6.7 million and \$4.9 million respectively. Approximately 90 percent of FY 09/10 furniture sales occurred in the fourth quarter. Supply Services requests additional budget to accommodate projected FY 10/11 systems furniture sales.

Recommendation 34: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$3.1 million for the purchase of systems furniture by Supply Services, as follows:

Increase appropriation:
 45700-7300400000-527600 Indirect Materials \$3,100,000

Increase estimated revenue:
 45700-7300400000-781600 Systems furniture 3,100,000

SPECIAL DISTRICTS

Flood Control and Water Conservation District

Administration

The Flood Control and Water Conservation District recently completed its annual audit for FY 09/10. The external auditor recommended recategorizing to intrafund expense certain income previously booked as charges for administrative services. This change in accounting practice will prevent overstatement of the department's revenue and expense.

Recommendation 35: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$593,000 for Flood Control Administration, as follows:*

Decrease estimated revenue:
 15100-947200-772230 Charges for administrative services \$593,000

Increase appropriations:
 15100-947200-572800 Intra-miscellaneous (593,000)

Zone 7 Construction

Land costs associated with pending construction of flood control facilities in the Murrieta Creek area were inadvertently omitted in the current year's budget. The requested budget adjustment will establish an appropriation for land purchases within the District's Zone 7 boundary using fund balance designated for the purpose, and does not require general fund support.

Recommendation 36: *That the Board of Supervisors approve and direct the Auditor-Controller to release designated fund balance and increase appropriations in the amount of \$50,000 for Flood Control Zone 7 construction, as follows:*

Decrease designated fund balance:
 25170-947520-320114 Designated fund balance-Flood \$50,000

Increase appropriations:
 25170-947520-540040 Land 50,000

County Service Area 134

The department requests a budget adjustment to align staff moving across county service areas (CSAs).

Recommendation 37: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations in the amount of \$95,000 for CSA 134, as follows:*

Increase appropriations:

24425-913401-510040	Regular salaries	\$75,000
24425-913401-518100	Budgeted benefits	<u>20,000</u>
	Total	95,000

Use of fund balance:

24425-913401-325100	Unreserved fund balance	\$95,000
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Attachment A Summary of Recommendations

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

Recommendation 1: *That the sheriff, district attorney, fire chief, and director of public social services deliver monthly written progress reports to the County Executive Officer by the 15th of each month, beginning in February and continuing through July, and that these progress reports contain summaries to date of all expenditures, revenues received and accrued, and departmental reserves used; projections of anticipated expenditures, estimated receipts, and expected use of departmental reserves; and explanations of the actions taken and planned to maximize external revenue sources, spend down departmental reserves, and contain discretionary costs.*

Recommendation 2: *That the Board approve and direct the Auditor-Controller to make adjustments to estimated revenues and appropriations for contingency in the amount of \$1,854,384, as follows:*

Increase estimated revenue:		
10000-1700100000-753300	CA-Election reimbursement	\$1,854,384

Increase appropriations:		
10000-1109000000-581000	Appropriations for contingency	1,854,384

Recommendation 3: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for contingency and the Accumulative Capital Outlay Fund in the amount of \$397,000 as follows:*

Decrease appropriations:		
10000-1109000000-581000	Appropriation for contingency	\$397,000

Increase appropriations:		
10000-1101000000-551100	Contribution to other funds	397,000

Increase estimated revenue:		
30000-1100300000-790600	Contribution from other county funds	397,000

Increase appropriations:		
30000-1100300000-536200	Contribution to non-county agency	397,000

Recommendation 4: *That the Board of Supervisors approve and direct the Auditor-Controller to release designated net assets and increase appropriations for use of development agreement fees in the amount of \$576,073, as follows:*

Increase appropriations:		
30500-1103500000-551100	Contributions to other county funds	\$576,073

Decrease reserved net assets:
 30500-1103500000-309100 Reserve for construction 576,073

Recommendation 5: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations for the Southwest Communities Financing Authority animal shelter, as follows:*

Decrease estimated revenue:
 35900-925001-741000 Rents \$151,401

Increase estimated revenue:
 35900-925001-790600 Contribution from other county funds 385,810

Increase appropriations:
 35900-925001-551000 Operating transfers out 59,975
 35900-925001-536200 Contribution to non-county agency 174,434
 Total 234,409

Recommendation 6: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations for the dispute resolution program, as follows:*

Increase estimated revenue:
 10000-1100100000-772810 Court fees & costs \$568,000

Increase appropriations:
 10000-1100100000-525480 Arbitration services 312,768
 10000-1100100000-551100 Contribution to other county funds 234,507
 Total 547,275

Anticipated increase in unreserved fund balance:
 10000-1100100000-325100 Unreserved fund balance 20,725

Recommendation 7: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations and revenue for the Auditor-Controller as follows:*

Increase appropriations:
 10000-1300300000-573900 Intra-payroll distribution (\$1,600,000)

Decrease estimated revenue:
 10000-1300300000-781360 Other miscellaneous revenue 1,700,000

Increase Estimated Revenue:
 10000-1300300000-770520 Payroll services-county 100,000

Recommendation 8: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for the Air Quality/Ride Share program as follows:

Increase Appropriations:		
22000-1130300000-537300	Interfund expense-parking	\$100,000
Anticipated use of available fund balance:		
22000-1130300000-325100	Unreserved fund balance	100,000

Recommendation 9: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations for the general liability insurance program, as follows:

Increase estimated revenue:		
45960-1131000000-777010	Stop-loss reimbursement	\$3,200,000
Increase appropriations:		
45960-1131000000-534300	Liability judgments	3,200,000

Recommendation 10: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations for the Registrar of Voters, as follows:

Decrease estimated revenue:		
10000-1700100000-771210	School election services	\$ 360,000
Increase appropriations:		
10000-1700100000-510320	Temporary salaries	315,000
10000-1700100000-510200	Payoff permanent/seasonal	145,000
10000-1700100000-510340	Seasonal salaries	98,000
10000-1700100000-521640	Maintenance - software	34,000
10000-1700100000-523800	Printing/binding	222,000
10000-1700100000-525340	Temporary help	395,000
10000-1700100000-527380	Election	<u>111,000</u>
	Total	1,320,000

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	1,680,000

Recommendation 11: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations in the amount of \$50,598 for Facilities Management's Real Estate division, as follows:

Increase appropriations:		
10000-7200400000-551100	Contribution to other funds	\$50,598

Decrease designated fund balance:		
10000-7200400000-320100	Designated fund balance	50,504
Use of unreserved fund balance:		
10000-7200400000-325100	Unreserved fund balance	94
Increase estimated revenue:		
47220-7200400000-790600	Contribution from other county funds	50,598
Increase appropriations:		
47220-7200400000-528500	Project cost expense	50,598

Recommendation 12: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$1,870,088 for Workforce Development, as follows:

Increase estimated revenue:		
21550-1900300000-767440	Fed ARRA subrecipient	\$1,870,088
Increase appropriations:		
21550-1900300000-526700	Rent-lease buildings	119,826
21550-1900300000-527780	Special program expense	94,152
21550-1900300000-530440	Client service (ITA)	1,656,110
	Total	<u>1,870,088</u>

Recommendation 13: That the Board of Supervisors approve 1) freezing hiring in the sheriff's department effective immediately on approval; and 2) evaluating the Board's policy position requiring a patrol ratio of 1 per 1,000 in the unincorporated area pending further review and evaluation of the ratio.

Recommendation 14: That the Board of Supervisors approve the addition of one IT user support technician II and one secretary II, while deleting one office assistant II and one secretary I.

Recommendation 15: That the Board of Supervisors approve the addition of one deputy probation officer as noted in Attachment B, and approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$35,000 for Probation, as follows:

Increase estimated revenue:		
10000-2600200000-755680	CA—other grants	\$35,000
Increase appropriations:		
10000-2600200000-510040	Regular salaries	16,100
10000-2600200000-518100	Budgeted benefits	<u>18,900</u>
	Total	35,000

Recommendation 16: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations in the amount of \$500,000 for Probation, as follows:

Decrease appropriations:		
10000-2600700000-526700	Rent-Lease Buildings	\$500,000
Increase appropriations:		
10000-2600100000-537040	Interfund expense-maintenance	500,000

Recommendation 17: That the Board of Supervisors authorize employment of the temporary employees listed below for more than 1,000 each during FY 10/11.

EID	Position/Title	Hire Date
186152	Correctional cook	09/27/07
221219	CSFSW	11/08/07
147923	PCO II	10/09/08

Recommendation 18: That the Board of Supervisors authorize the Purchasing Agent to enter into two sole source agreements for veterinary services at the San Jacinto shelter not to exceed six months or \$50,000 each.

Recommendation 19: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$576,232 for Code Enforcement, as follows:

Increase estimated revenue:		
10000-3140100000-778010	Interfund rev-CDBG	\$576,232
Increase appropriations:		
10000-3140100000-525440	Professional services	576,232

Recommendation 20: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for the Crossing Guards division, as follows:

Use of fund balance:		
20000-3130300000-325100	Unreserved fund balance	\$5,500
Increase appropriations:		
20000-3130300000-510340	Seasonal salaries	13,450
20000-3130300000-573400	Intra-salaries & benefits	(7,950)
	Total	5,500

Recommendation 21: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations for the Scott Road Road and Bridge Benefit District, as follows:

Decrease reserved fund balance:

31693-3130500000-309103	Reserve for capital projects subfunds	\$347,687
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Increase appropriations:

31693-3130500000-537220	Interfund exp-labor	65,000
31693-3130500000-537280	Interfund exp-misc project exp	<u>282,687</u>
	Total	347,687

Recommendation 22: That the Board of Supervisors 1) authorize addition of 36 positions for Public Health clinics as noted in Attachment B; and, 2) approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations for Public Health, as follows:

Increase estimated revenue:

10000-4200100000-751210	CA Medi-cal	230,771
10000-4200100000-751250	CA-family planning	343,543
10000-4200100000-751680	CA-grant revenue	59,104
10000-4200100000-754000	CA-tobacco tax prop 10	333,334
10000-4200100000-762040	Fed-health grants	1,800,000
10000-4200100000-774900	Other 3 rd parties	61,907
10000-4200100000-774950	CHDP patients	322
10000-4200100000-776260	Medicare patients	73,905
10000-4200100000-776270	Medi-cal patients	1,134,807
10000-4200100000-776290	MIA	19,768
10000-4200100000-776310	Private patients	<u>110,538</u>
	Total	4,167,999

Decrease estimated revenue:

10000-4200100000-781360	Other misc revenue	333,334
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Increase appropriations:

10000-4200100000-510040	Regular salaries	2,036,762
10000-4200100000-510520	Bilingual pay	20,000
10000-4200100000-518100	Budgeted benefits	849,988
10000-4200100000-520230	Cell phone	3,250
10000-4200100000-520320	Telephone service	500
10000-4200100000-520930	Insurance-liability	15,200
10000-4200100000-520945	Insurance-property	15,000
10000-4200100000-521380	Maintenance-copier machines	4,000
10000-4200100000-522310	Maintenance-building and improvements	200,000
10000-4200100000-522860	Medical-dental supplies	6,200
10000-4200100000-523620	Books/publications	20,000
10000-4200100000-523640	Computer equip-non-fixed asset	3,200
10000-4200100000-523660	Computer supplies	5,000
10000-4200100000-523700	Office supplies	16,700
10000-4200100000-523800	Printing/binding	26,100
10000-4200100000-523840	Computer equipment-software	4,000

10000-4200100000-524500	Administrative support-direct	50,759
10000-4200100000-524740	County support service (COWCAP)	10,384
10000-4200100000-524760	Data processing service	1,200
10000-4200100000-525140	Personnel services	5,500
10000-4200100000-525220	Pre-employment services	500
10000-4200100000-525300	OASIS processing-financials	20,000
10000-4200100000-525310	Oasis Processing-HRMS	10,000
10000-4200100000-525320	Security guard services	150
10000-4200100000-525340	Temporary help services	75,900
10000-4200100000-525440	Professional services	360,000
10000-4200100000-526420	Advertising	90,000
10000-4200100000-526700	Rent-lease buildings	108,000
10000-4200100000-527780	Special program expense	47,900
10000-4200100000-527840	Training-education/tuition	1,450
10000-4200100000-528140	Conference/registration fees	100
10000-4200100000-528900	Air transportation	15,000
10000-4200100000-528920	Car pool expense	11,700
10000-4200100000-528960	Lodging	5,150
10000-4200100000-528980	Meals	1,500
10000-4200100000-529040	Private mileage reimbursement	15,106
10000-4200100000-529060	Public service transportation	50
10000-4200100000-529540	Utilities	2,600
10000-4200100000-573400	Intra-salary & benefit reimbursement	<u>120,000</u>
	Total	4,178,849
Decrease appropriations:		
10000-4200100000-572800	Intra-misc	344,184
Increase estimated revenue:		
21750-4200100000-767220	Fed-other operating grants	292,486
Increase appropriations:		
21750-4200100000-520330	Communication services	14,801
21750-4200100000-520705	Food	3,180
21750-4200100000-523640	Computer equip-non-fixed assets	6,000
21750-4200100000-523680	Office equip-non-fixed assets	9,000
21750-4200100000-523700	Office supplies	3,585
21750-4200100000-523760	Postage	3,000
21750-4200100000-523800	Printing/binding	3,237
21750-4200100000-524500	Administrative support-direct	290,527
21750-4200100000-525440	Professional services	35,337
21750-4200100000-526720	Rent-lease storage	18,771
21750-4200100000-527180	Operational supplies	68,375
21750-4200100000-528960	Lodging	1,200
21750-4200100000-529040	Private mileage reimbursement	1,000
21750-4200100000-546160	Equipment – other	<u>125,000</u>

	Total	583,013
Decrease appropriations:		
21750-4200100000-536720	Interfund exp-Admin support direct	290,527
Increase estimated revenue:		
21760-4200100000-767220	Fed-other operating grants	210,455
Increase appropriations:		
21760-4200100000-520230	Cell phones	360
21760-4200100000-520300	Pager service	170
21760-4200100000-520330	Communication services	1,660
21760-4200100000-521640	Maintenance-software	3,249
21760-4200100000-523640	Computer equip-non-fixed asset	1,962
21760-4200100000-525440	Professional services	170,000
21760-4200100000-527180	Operational supplies	31,189
21760-4200100000-520705	Food	735
21760-4200100000-529040	Private mileage reimbursement	<u>1,130</u>
	Total	210,455
Increase estimated revenue:		
21770-4200100000-767220	Fed-other operating grants	246,653
Increase appropriations:		
21770-4200100000-522860	Medical-dental supplies	56,202
21770-4200100000-523640	Computer equip-non-fixed asset	21,600
21770-4200100000-525440	Professional services	<u>168,851</u>
	Total	246,653

Recommendation 23: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations as follows:

Increase estimated revenue:		
10000-4200300000-762020	Fed-SM 910 MAA MAC	\$50,000
Increase appropriations:		
10000-4200300000-527780	Special program expense	50,000

Recommendation 24: That the Board of Supervisors 1) approve acquisition of three (3) specialty vehicles; and, 2) approve and direct the Auditor-Controller to make adjustments in appropriations in the amount of \$770,000 for Mental Health, as follows:

Increase appropriations:		
10000-4100200000-546300	Vehicles-buses/heavy trucks	\$770,000
Decrease appropriations:		
10000-4100200000-530280	Private care provider	770,000

Recommendation 25: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations in the amount of \$14 million for DPSS, as follows:

Decrease estimated revenue:		
10000-5100100000-760000	Fed-public assistance admin	\$10,000,000
10000-5100100000-750300	CA-public assistance admin	<u>4,000,000</u>
	Total	14,000,000

Decrease appropriations:		
10000-5100100000-524760	Data processing services	14,000,000

Recommendation 26: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations in the amount of \$4.7 million for DPSS, as follows:

Decrease estimated revenue:		
10000-5100100000-767440	Fed-ARRA sub-recipient	\$4,700,000

Decrease appropriations:		
10000-5100100000-530440	Client services	4,700,000

Recommendation 27: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations for DPSS mandated client services, as follows:

Increase estimated revenue:		
10000-5100200000-750740	CA-realignment DPSS	\$4,800,000

Decrease estimated revenue:		
10000-5100200000-750300	CA-public assistance admin	1,900,000

Increase appropriations:		
10000-5100200000-530440	Client services	2,900,000

Recommendation 28: That the Board of Supervisors approve and direct the Auditor Controller to make adjustments to estimated revenue and appropriations in the amount of \$10.5 million for DPSS, as follows:

Increase estimated revenue:		
10000-5100300000-761000	Fed-public assistance program	\$4,700,000
10000-5100300000-767440	Fed-ARRA Sub-recipient	300,000
10000-5100300000-750700	CA-public assistance program	1,500,000
10000-5100300000-750740	CA-realignment DPSS	<u>4,000,000</u>
	Total	10,500,000

Increase appropriations:
 10000-5100300000-530480 Categorical assistance 10,500,000

Recommendation 29: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$1 million for Community Action, as follows:

Increase estimated revenue:
 21050-5200200000-767440 Fed-ARRA Sub-recipient \$1,000,000

Increase appropriations:

21050-5200200000-510040	Regular Salaries	56,234
21050-5200200000-520930	Insurance-liability	4,382
21050-5200200000-523230	Misc expenses	10,000
21050-5200200000-523700	Office supplies	14,000
21050-5200200000-525080	Temp assist pool services	86,000
21050-5200200000-527320	Client education services	10,000
21050-5200200000-527840	Training-education/tuition	60,715
21050-5200200000-536240	Other contracted agencies	<u>758,669</u>
	Total	1,000,000

Recommendation 30: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$45,000 for the Edward Dean Museum, as follows:

Increase appropriations:
 21100-1900500000-551100 Contribution to other funds \$45,000

Use of undesignated fund balance:
 21100-1900500000-325100 Unreserved fund balance 45,000

Increase estimated revenue:
 10000-1930100000-790600 Contribution from Other County Funds 45,000

Increase appropriations:
 10000-1930100000-510040 Regular salaries 45,000

Recommendation 31: That the Board of Supervisors authorize addition of 46 positions for RCRMC as noted in Attachment B.

Recommendation 32: That the Board of Supervisors approve and direct the Auditor-Controller to make an adjustment to appropriations in the amount of \$130,000 for Waste Management, as follows:

Increase appropriations:
 40200-4500100000-546160 Equipment - Other \$130,000

Use of unrestricted net assets:

40200-4500100000-380100	Unrestricted net assets	130,000
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Recommendation 33: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments increasing estimated revenue and appropriations in the amount of \$803,017 for Fleet Services for the purchase of vehicles for court services, as follows:

Increase appropriation:

45300 7300500000 546320	Vehicles - Cars/Light Trucks	\$803,017
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Increase estimated revenue:

45300 7300500000 777620	Vehicle Cost Recovery	803,017
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Recommendation 34: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$3.1 million for the purchase of systems furniture by Supply Services, as follows:

Increase appropriation:

45700-7300400000-527600	Indirect Materials	\$3,100,000
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Increase estimated revenue:

45700-7300400000-781600	Systems furniture	3,100,000
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Recommendation 35: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to estimated revenue and appropriations in the amount of \$593,000 for Flood Control Administration, as follows:

Decrease estimated revenue:

15100-947200-772230	Charges for administrative services	\$593,000
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Increase appropriations:

15100-947200-572800	Intra-miscellaneous	(593,000)
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Recommendation 36: That the Board of Supervisors approve and direct the Auditor-Controller to release designated fund balance and increase appropriations in the amount of \$50,000 for Flood Control Zone 7 construction, as follows:

Decrease designated fund balance:

25170-947520-320114	Designated fund balance-Flood	\$50,000
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Increase appropriations:

25170-947520-540040	Land	50,000
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Recommendation 37: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments to appropriations in the amount of \$95,000 for CSA 134, as follows:

Increase appropriations:

24425-913401-510040	Regular salaries	\$75,000
24425-913401-518100	Budgeted benefits	<u>20,000</u>
	Total	95,000

Use of fund balance:

24425-913401-325100	Unreserved fund balance	\$95,000
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Attachment B Resolution 440-8858

BE IT RESOLVED by the Board of Supervisors of the County of Riverside, State of California, in regular session assembled on February 1, 2011, that pursuant to Section 4.A. of Ordinance No. 440, the following change(s) to the county's list of authorized positions shall be approved:

<u>Job code</u>	<u>+/-</u>	<u>Title</u>	<u>Department</u>
79532	+1	Deputy Probation Officer II	2600200000
13923	-1	Secretary I	2600700000
13866	-1	Office Assistant III	2600700000
86185	+1	IT User Support Technician	2600700000
13924	+1	Secretary II	2600700000
73958	+15	Registered Nurse per diem	1131800000
13433	+2	Medical Transportation Tech	4300100000
57758	+10	Surgical Technician	4300100000
73804	+7	Physician IV	4300100000
73858	+14	Res Phys & Surgeon – 5 th YR-E	4300100000
73953	+10	Registered Nurse III	4300100000
74234	+1	Senior Public Information Specialist	4300100000
78312	+2	Dietitian II	4300100000
13401	+3	Admissions & Collections Clerk	4200100000
13865	+8	Office Assistant II	4200100000
57775	+14	Certified Medical Assistant	4200100000
73804	+6	Physician IV	4200100000
73984	+3	Nurse Practitioner III	4200100000
78345	+2	Nutritionist	4200100000

Attachment C CSUF Quarterly Economic Update

CSUF RIVERSIDE COUNTY QUARTERLY UPDATE

19 January 2011

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

Riverside County Overview

While the recovery in the U.S. has entered a more mature and sustainable stage, it has yet to emerge noticeably in Riverside County. As projected in our previous analysis, the sluggish rebound in the County will continue to lag the recovery in Southern California and the national economy, with these lags becoming more pronounced over 2011. We project that the County's economy will continue to experience some growth throughout this year, but the pace of improvement is expected to be significantly below the national average particularly in the first half of 2011. A few encouraging signs have emerged and continue to reaffirm a positive trend: the pace of job losses has decelerated noticeably, housing prices have stabilized, and housing affordability is at its highest level in over one decade. However, given the devastating effect that the Great Recession had on the County, these positive signs suggest a very modest improvement in economic activity. For 2011, the County's economy will experience a sustained but slow recovery with the unemployment rate expected to remain in double digits, a continued budget shortfall and concerns about housing and commercial real estate.

The labor market remains a major concern in Riverside County but there is evidence that job losses have bottomed out and employment should begin to increase. The pace of growth is expected to be significantly slower earlier in the year and accelerate somewhat in the second half of the year. Nonetheless, the speed of job formation will be significantly below the levels required to normalize the labor market. Nonfarm employment has now declined for 40 months on a year-on-year basis since August 2007, wiping out a total of 12.2% of all jobs. Recent labor market data indicates that the worst is behind us: the pace of job destruction slowed down significantly in mid-2010 and on a month-to-month basis, nonfarm payroll employment increased both in October and November 2010 (the latest available data). Nonfarm payrolls rose by a total of 8,800 jobs since February 2010, but the headline data may be obscured by the temporary employment of Census workers. Total private employment, which offers a clearer insight into the data, point to an increase of 11,800 since February with an October and November gain of 2,900 and 6,900, respectively. Employment in logistics (transportation, warehousing and wholesale trade) has increased over the last seven months and is expected to continue to grow throughout 2011 as trade volumes continue to increase. Nonetheless, the unemployment rate in the Riverside-San Bernardino MSA remains uncomfortably high: it averaged 14.6% over the first 10 months in 2010 and stood at 14.3% in November 2010. Given the sluggish pace of the recovery in the County, we expect the unemployment rate to edge down slowly during 2011, supported initially by a quicker rebound in employment in the surrounding counties and then followed by small local job growth. The unemployment rate is expected to remain in double digits over the next two years.

Housing affordability has improved significantly over the past two years and was 62% in the third quarter of 2010, which means that 62% of residents are able to afford the median priced home. At the current level, housing affordability is at the highest level in over a decade and a half and should help the

region's economy in the long-term. The housing sector continues to languish and will remain a significant drag on the recovery during 2011. Housing prices have fallen below the \$200,000+ level of May, June and July, partly due to the termination of government housing incentive programs, and partly because of the large number of distressed properties in the region. The latest November data shows that the median existing home price is currently \$189,333, down by 7.7% from a local peak reached in August 2010. Prices of new homes (attached and unattached) rose in the second quarter of 2010, but they are also expected to show reversals. Single family building permits reached an all time low of 189 in October 2010, although there is an overall increase of 539 permits during the first ten months of 2010 compared to the corresponding period in 2009. Foreclosures in the third quarter of 2010 remain high at 6,010 and because of the repeated extensions in the moratorium on foreclosures they are considerably lower than the peak of 11,523 reached in the third quarter of 2008. The number of foreclosures is expected to increase in 2011, given the large number of distressed properties, relatively high unemployment and the inordinately high percentage (55%) of mortgages underwater.

Commercial real estate. The overall outlook for Riverside commercial real estate continues to remain weak over the medium-term. Office vacancy rates rose slightly in the third quarter to 19.13% (up from the 18.66% in Q2 2010) and industrial vacancy rate declined to 10.42% (slightly down from 10.81% in Q2 2010). Rent for class A&B Apartments increased slightly in the third quarter of 2010 to \$1,067 as vacancy rates continued to fall. As we anticipated, nonresidential construction activity has shown significant improvement during 2010, although the rates of growth should be taken with extreme caution since they represent trend reversals from overly depressed levels. Overall construction activity in the County rose to \$505 million during the period from January to November 2010, up 58.5% over the \$319 million recorded in 2009. Office permits increased to \$38 million, four times the \$9.3 million of 2009, retail permits rose by 198.3%, and hotel permits more than doubled, rising by 106.4%. Meanwhile, industrial permits declined by 45.5%, reflecting continued weakness in manufacturing activity in the County. Despite these encouraging signs in construction activity, commercial real estate values are unlikely to post a notable recovery over the next 12-18 months given the sluggish pace of the recovery. With commercial property values being re-assessed in the next few years, the downward pressure on the commercial assessment roll will continue into 2011 and 2012.

U.S. Macroeconomic Overview

The U.S. economic recovery picked up speed during the last two months of 2010 and this momentum is expected to carry over into 2011. In fact, the strong year-end may be viewed as a turning point in the transition from a weak and hesitant recovery to a more mature, self-sustained and broader-based economic rebound. Recent economic indicators on production and spending have provided decidedly upbeat signals: the Institute for Supply Management (ISM) manufacturing and non-manufacturing surveys have posted advances for four straight months and consumer spending has firmed over this period rising by an annual rate above 3% between the period from June to November. An additional impetus over the near term is expected to come from exports, continued business investments

in capex, as well as the broad-reaching agreement over taxes and unemployment benefits with the two-year extension in tax cuts, a one year two percentage point decrease in Social Security payroll taxes and a 13-month extension in unemployment benefits. Despite the encouraging news, significant challenges remain ahead: the labor market is weak, the housing market remains strained, state and local budgets are overextended and financial markets may experience renewed shocks from the European sovereign debt crisis and the domestic municipal market. Faced with high unemployment and tame inflationary pressures, the Federal Reserve will keep rates on hold through 2011 and complete the second round of quantitative easing (QEII) by the end of the second quarter.

In light of these developments, we have revised (slightly) upwards our RGDP forecasts for 2010 and 2011, with an overall growth rate of 2.9% in 2010 and 3.2% in 2011. This would still imply a moderate recovery (below-trend compared to other recovery phases), but the more upbeat outlook suggests that the rebound is now more secure and that the transition phase from non-fundamentals (the inventory cycle and government support) to fundamental forces (business and consumption spending) has currently reached a more advanced stage. The labor market, however, will continue to improve at a sluggish pace and our outlook for this sector is more cautious. Job gains began to appear early in 2010, 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. During 2010, private payrolls added only 1.3 million jobs which is far below the 4.7 million jobs that were lost in 2009. Moreover, with a 112,000 average pace of job creation per month, the 2010 employment data has fallen short of keeping up with the natural expansion of the labor force, which has left the unemployment rate at a stubbornly high level during this period. As the recovery continues, the pace of job creation should increase at a faster clip in 2011, averaging around 165,000 jobs per month. The unemployment rate is projected to fall gradually over the next two years, remaining above 9% for most of 2011 and declining to 8.9% towards the end of the year. Consumer spending should continue to strengthen over the year, buoyed by the recently enacted tax package, improvements in household wealth through rising stock prices, a lower debt to income ratio, and falling loan delinquency rates. Therefore, while consumer spending may not be a primary driver of the expanding recovery, it is expected to help shoulder some of the progress ahead. However, state and local finances are expected to weigh heavily on economic activity during this year as officials cut back spending and employment as federal support tapers off and funding through municipal markets becomes more costly.

The housing market continues to remain a troubled spot and is expected to constrain the speed of the recovery in 2011. Housing imbalances persist because of lackluster demand, home prices have shown further weakness, mortgage credit is tight, and housing construction remains low. Although an outright free-fall in house prices seems to be well behind us, we expect housing to show persistent signs of weakness in 2011. Despite a temporary uptick in spring as homebuyers lock in low mortgage rates, home prices and sales should trend lower for the year, shedding an additional 5% from current levels. The commercial real estate sector will also remain anemic and while commercial property prices seem to have stabilized, significant time will be required to absorb the large amount of vacant office and commercial space before we see any meaningful increases in construction in this sector.

California Overview

California's economy has also shown signs of recovery during the year, although the pace of the recovery has been slower than the nation due to a weak labor market, continual cuts in government spending and the persistent long-term budgetary issues. Recent data show an uptick in economic activity for the state which indicates, much like the nation, that California's economy is expected to perform better in 2011 largely supported by the trade and technology sectors. The labor market has also improved though at a very slow pace: over the period from January to November 2010, the state added a total of 53,700 jobs which is far below the 794,700 jobs loss over the equivalent period during 2009. In November, 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. While the unemployment rate is likely to remain at double digits in 2011, a few sectors such as healthcare, education, export-related, capital goods services, and infrastructure should continue to recover.

Total merchandise exports from California to the rest of the world through September 2010 increased significantly by 20.9% compared to the corresponding period 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 quite robustly during 2010, rising on a year-over-year basis by 2.4% in 2010Q2 and 3.4% in 2010Q3. The CSUF Southern California Leading Economic Indicator confirms the overall positive trend: it rose by 0.19% in the third quarter of 2010 compared to the second quarter of 2010. This is the fourth consecutive increase in the Indicator and suggests an improvement in economic activity in the Southern California region in the next three to six months.

During 2011, the state will continue to struggle in two main fronts: budget deficits and the housing market. The estimated \$25 billion budget deficit will continue to hinder the state's economic recovery as both tax hikes and drastic spending cuts are likely to materialize to address the deficit. After recovering for more than one year, housing prices began to decline again in May 2010 and are now down by 2.5% on a year-over-year basis. Sales of existing detached homes have continued the general decline throughout 2010 and housing permits are currently down by 36% on a year-over-year basis.

Economic Update

Riverside

- Job growth should continue at a slow pace, unable to offset the job losses from the recession.
- Unemployment will remain in double-digits during 2011 and 2012.
- The weak housing market will continue due to a high level of foreclosures and distressed properties.
- Commercial real estate prices are not expected to recover noticeably over the next twelve months.

U.S.

- The recovery has entered a more mature phase and is now broader-based.
- Business spending, consumer expenditures, production and exports should support the economy.
- Recovery will be restrained by the labor and housing markets.

- The national unemployment rate is expected to remain high, averaging 9.2% during 2011.
- Further state and local budget cuts will continue to constrain growth in state and local economies.
- Federal Reserve will keep rates on hold throughout 2011.

CSUF January 2011 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	-2.8	14.6	\$194,526	1.2	1.2
2011	1.2	13.9	\$190,172	2.0	2.1

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. CPI Inflation ²	U.S. Unemployment ²	Federal Funds ³	30-year Mortgage ⁴
2007	1.9	2.9	4.6	5.02	6.34
2008	0.0	3.8	5.8	1.92	6.04
2009	-2.6	-0.3	9.3	0.16	5.04
2010	2.9	1.7	9.6	0.18	4.69
2011	3.2	2.0	9.2	0.22	5.41

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 D Sales and Use Tax Update

Q3
2010



Riverside County Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (Jul-Sep 2010)

Riverside County In Brief

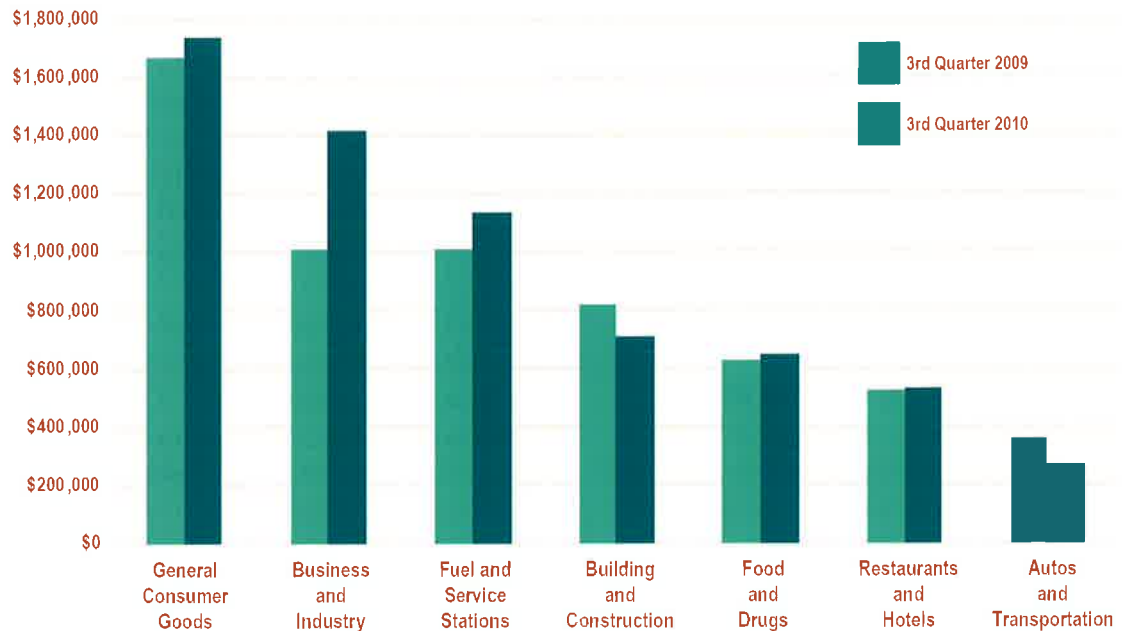
Receipts from the unincorporated area's July through September sales were 5.2% higher than the same quarter of 2009, but accounting anomalies distorted the comparison. Gross receipts actually slipped 1.8% after aberrations were factored out.

The ongoing point-of-sale audit program garnered recoveries that provided a onetime boost to returns from night industrial/printers and family apparel. Payment anomalies that affected one or both quarters inflated results from wineries, the food/drugs group and the heavy industrial sector and skewed the service station data.

Auto sector returns were cut by the relocation of a dealership from the unincorporated area to a city, a reporting problem in used cars and lower sales of trailers/RVs. Accounting deviations depressed results from lumber/building materials and overstated the impact of a recent business closure on contractor supplies. A smaller allocation from the countywide use tax pool was also a factor for the real decline; the pool shrank by 11.8% from last year.

Adjusted for onetime reporting events, sales and use tax receipts for all of Riverside County, including its cities, increased 2.4% over the same period; Southern California as a whole was up 4.0%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Albertsons	G & M Oil
Alcan Products Corporation	Home Depot
Arco Travel Zone Center	Lowe's
Best Buy	Mecca Travel Center Subway
Blackgold Operations	Mitsubishi Power Systems
Circle K	Mobile Modular Management
Coach	Orco Block
Columbia Sportswear	Pilot Travel Centers
Convenience Retail	Ralph Lauren
Costco	Ralphs
Edward Don & Company	Stater Bros
French Valley Shell	Target
	Walmart.Com

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2009-10	2010-11
Point-of-Sale	\$12,201,557	\$12,512,166
County Pool	1,298,061	1,241,064
State Pool	12,055	8,842
Gross Receipts	\$13,511,673	\$13,762,072
Less Triple Flip*	\$(3,377,918)	\$(3,440,518)

*Reimbursed from county compensation fund

Statewide Overview

California's allocation of local Bradley-Burns revenues for sales occurring July through September were 4.7% higher than the third quarter of 2009 after accounting anomalies were factored out. Higher fuel prices and usage, business investment in new equipment and technology, and solid gains in some categories of consumer goods and restaurants all contributed to the increase. Receipts from food, drugs, and construction materials were slightly lower than last year's comparison quarter as was the allocation from autos which spiked during the "cash for clunkers" program of a year ago.

The Silicon Valley continues to lead the recovery with gains 2½ times higher than for California as a whole. Coastal region sales are generally outperforming the inland areas.

The Sales Tax Picture at Mid-Year

The first two quarters of 2010-11 produced statewide receipts that are 4.2% higher than the first two quarters of 2009-10 after accounting aberrations are excluded. However, the year-to-date total is still 17.2% lower than the totals for the first two quarters of pre-recession 2006-07.

Generally, prognostications for the remaining fiscal year are more upbeat than those of a few months ago and the fears of a double-dip recession have diminished. Stocks are at a two year high, preliminary data on fourth quarter business and consumer spending is better than anticipated and the recent tax-cuts and extension of unemployment benefits is hoped to boost the nation's economy by \$850 billion. In California, the growth in sales tax will be geographically uneven and tempered by high unemployment, mortgage foreclosures and fallout from the state's budget deficit.

Various segments of the sales tax base are projected as follows:

Autos/Transportation- Industry sales reports were inflated by non-taxable

fleet purchases earlier in the year but pent-up demand and easing credit are now producing solid consumer demand and new optimism. Positive gains are expected over the next few quarters but not at pre-recession growth rates.

Building/Construction- Unsold inventories, new tax exemptions for energy projects and modest public spending translate into flat or minimal tax growth for another year or more.

Business/Industry- Leaner and flush with cash, businesses are investing heavily in new technology, software and equipment. Sales tax gains will be agency and industry specific and primarily from suppliers of technology and companies serving the health, mining, petroleum and food industries.

Food/Drugs- some price increases but competition will keep tax revenues from this segment generally flat.

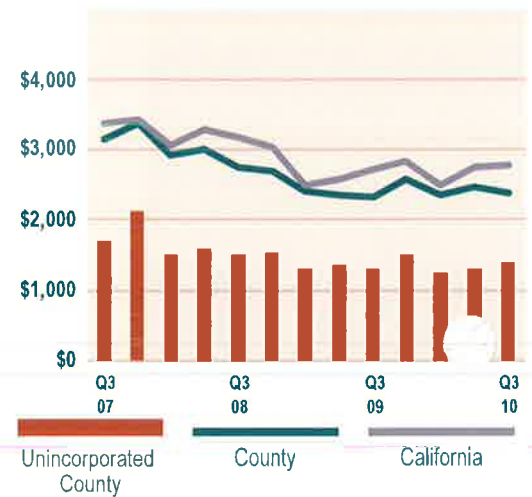
Fuel/Service Stations - Speculation on crude oil futures is resulting in price increases that are expected to continue to soar through spring.

Consumer Goods- Stock market gains

are reviving luxury buyers while "frugality fatigue" is setting in for the rest of us. Holiday spending was stronger than expected for apparel, sporting goods, small electronics, and home furnishings. Analysts are skeptical about sustainability but generally project statewide growth of 3.0% to 3 ½%.

Restaurants/Hotels- Tourism and business travel is on the increase but price competition is expected to keep gains in sales tax revenue relatively modest.

SALES PER CAPITA



RIVERSIDE COUNTY TOP 15 BUSINESS TYPES

Business Type	Unincorporated County		County	HdL State
	Q3 '10*	Change	Change	Change
Service Stations	\$1,125.5	12.5%	7.0%	12.1%
Family Apparel	601.4	24.2%	12.5%	7.8%
Light Industrial/Printers	520.6	396.3%	59.2%	5.7%
Contractors	400.4	-13.5%	-6.7%	-2.3%
Restaurants No Alcohol	346.6	2.5%	3.9%	5.1%
Grocery Stores Liquor	284.9	-3.7%	-1.6%	1.2%
Discount Dept Stores	— CONFIDENTIAL —		4.9%	5.6%
Women's Apparel	238.8	-0.3%	0.5%	2.8%
Lumber/Building Materials	225.9	-9.5%	-13.1%	-4.7%
Grocery Stores Beer/Wine	219.5	1.8%	4.7%	1.5%
Motion Pictures/Equipment	— CONFIDENTIAL —		102.8%	29.0%
Specialty Stores	195.1	-5.0%	-5.8%	-2.2%
Wineries	131.6	13.6%	14.2%	10.1%
Heavy Industrial	109.9	8.9%	-1.8%	13.4%
Trailers/RVs	109.4	-17.3%	-24.6%	0.1%
Total All Accounts	\$6,437.3	6.8%	3.6%	2.7%
County & State Pool Allocation	617.6	-9.0%		
Gross Receipts	\$7,054.9	5.2%		<i>*In thousands</i>



861-4335

HdL Consensus Forecast – January 2011

Statewide Sales Tax Trends

HdL Companies www.hdlcompanies.com

Beacon Economics www.BeaconEcon.com

	2010/11	2011/12
Auto/Transportation	3.5%	6.0%
<p>Calendar year 2010 ended with the first annual gain in national sales since 2006 although total volume was almost a third less than 2000 through 2007 averages. Personal vehicles are nearing average ages of ten years, lenders are returning to the market as consumer credit worthiness improves and manufacturers are encouraged by the reception to new fuel efficient models. Industry Analysts are increasingly confident of a slow but steady recovery.</p>		
Building/Construction	-0.7%	0.0%
<p>Appliance rebates and first time home buyer credits have expired; a new round of mortgage foreclosures is anticipated; inventories of vacant homes and commercial buildings are still substantial in many parts of the state; and gains from federally funded stimulus projects will be offset by declines in locally funded projects. New sales tax exemptions for green energy projects are also resulting in significant losses of local revenues for some agencies. Sales tax growth unlikely before 2012-2013.</p>		
Business/Industry	6.0%	6.5%
<p>California export activity is on the rise and leaner, more profitable companies are using cash reserves to invest heavily in labor saving software and equipment. Sales tax gains are expected to be industry and agency specific and primarily from equipment and supplies for companies servicing the information, technology, software, health, mining, petroleum and food processing industries.</p>		
Food/Drugs	-0.3%	0.0%
<p>Incursions by warehouse retailers in the consumer goods group and competition from new specialty food and convenience chains continue to keep prices and sales tax growth from this segment at minimum levels.</p>		
Fuel/Service Stations	10.1%	5.5%
<p>The better the economic news, the more speculators raise the price of crude oil futures. A slight dip in prices is expected in the first quarter followed by further sharp increases through Spring before user resistance and economic pressures begin forcing downward adjustments.</p>		
General Consumer Goods	3.2%	3.5%
<p>Increased consumer confidence, pent up demand, heavy discounting and a rising stock market all contributed to more robust and earlier, holiday spending than analysts had originally projected. Chain stores are reporting that the gains were particularly significant for apparel, sporting goods, small electronics and some home goods. Analysts disagree on whether holiday pattern is sustainable with continuing high employment and housing weakness. Even with steady growth however, price competition will keep sales tax gains at moderate levels.</p>		
Restaurants/Hotels	2.3%	3.0%
<p>Business and tourist travel is on the rise although continued consumer focus on prices and value, plus increased competition from grocers and discount chain stores with takeout prepared food and in-store dining options, should keep the growth in sales tax revenues proportionally lower and slower.</p>		
State and County Pools	7.7%	6.0%
<p>Private vehicle transactions are up as are equipment leases and out of state purchases of business equipment and supplies. Out of state purchases under \$500,000 are allocated via the use tax allocation pools rather than to place of use.</p>		
Total	4.2%	4.2%

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.



National and Statewide Economic Drivers January 2011

	2010/11	2011/12
U.S. Real GDP Growth	2.9%	3.2%

With the recession officially over, the U.S. economy has begun to grow again over the past year. Much of this initial growth was due to a restocking of shelves, with inventories contributing strongly to GDP growth. This has given way to increases in consumer spending, business investment, and exports of U.S. goods and services abroad. With the extension of the federal tax cuts, we see solid growth continuing into 2012 as incomes and employment rise.

California Per Capita

Personal Income	\$ 42,327	\$ 43,948
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The labor markets remain fragile, but income in California is on the rise. The BEA reports that California has seen four consecutive quarters of income growth. This has been driven by some modest growth in employment, but more so by rising hours of existing workers. With population growth and household formation slow, we forecast solid increases in per capita income in 2011 and 2012.

California

Unemployment Rate	12.3%	11.2%
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The State's unemployment rate has fallen slightly from its peak of 12.6%, 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 end of 2011, and will fall just below 10% by the end of 2012. The decline in the unemployment rate will likely be slowed by the re-entry of discouraged workers into the labor force.

California Home

Sales	279,856	323,232
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The statistics show that buyers responded to the government's first-time homebuyer credit, which sent sales up sharply in 2010. However, as the credit expired late last year, sales fell off again. A shaky recovery will keep sales at fairly low levels over the next year. However, the current levels of affordability and an improving labor market should stimulate demand for homes in 2012, which should begin to have a positive impact on prices beyond that.

	2010/11	2011/12
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U.S. Savings Rate	5.4%	5.2%
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Low tax rates and precipitous drops in asset values forced households to address the historically low savings rates, which dropped to virtually zero at the peak of the bubble. At the same time, consumers were spending record proportions of their current income. As the recession took hold, savings rates climbed back above 5%. Consumption is arguably still too high, but the increased savings is good for household balance sheets and ultimately for consumption.

California Nonfarm

Employment	13,895,084	14,158,555
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California has added back only 53,000 of the nearly 1.4 million jobs lost during the downturn. However, things are moving in the right direction. Estimates from the EDD show that the Quarterly Census of Employment and Wages is indicating stronger job growth than is currently being reported. It is very likely that total nonfarm employment will be roughly 100,000 jobs higher once the new benchmark series is released in February.

California Median

Home Price	\$ 252,119	\$ 255,010
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Despite the surge in the housing market in the first half of 2010, there remain serious impediments to growth in home prices. There is a large inventory of distressed properties that will keep growth modest, and many loans especially jumbo mortgages, are hard to come by. We forecast that prices will remain relatively flat as these issues are worked through. 2012 should start to see some increase as household formation picks up.

California Single-Family

Building Permits	22,883	30,898
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The low price of single-family housing will be a drag on new construction as builders wait for price appreciation before committing to new projects. The high cost of land and construction in California mean many projects simply do not pencil for builders currently. Residential permits have hovered around 10,000 residential units per quarter—well below the 2005 peak. We predict that residential permits to remain low—40,000 to 50,000 units (including multi-family) per year through 2012—before picking up again in 2013

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 E FY 2011/12 Budget Schedule

Fiscal Year 2011/2012 Budget Schedule – Key Dates

Internal Service Rates Approved by the Board----- January 25, 2011

Budget Kickoff Meetings/ Budget Packets distributed ----- January 31/February 3, 2011

Budget Guidelines/Mid-Year Report Approved by the Board-----February 1, 2011

Budgets due to EO Analyst -----March 15, 2011

Meetings with EO to discuss workshops -----Week of March 21, 2011

Budget Workshops----- March 29-31, 2011

Budget Workshop Synopsis -----April 4, 2011

Third Quarter Report ----- May 3, 2011

Recommended Budget to Board ----- June 13, 2011 (tentative)

Budget/Beilensen Hearings----- June 13-14, 2011 (tentative)

Attachment F FY 2011/12 Budget Guidelines

The FY 11/12 budget will be developed in accordance with the following standard budget policies:

1. Net County Cost (NCC): Ongoing discretionary funds authorized to general fund departments by the Board in FY 10/11's adopted budget, reduced by the same percentage cut during FY 10/11, will be the basis for developing the FY 11/12 proposed budget NCC allocations. This NCC will be increased for budget units in which FY 10/11 Form 11s permanently modified ongoing costs. All budgets will be submitted within this target as approved by the Board. Budget requests that exceed NCC targets may be returned by the Executive Office to department heads for adjustment or will be modified by the Executive Office to adhere to the prescribed NCC target.
2. Labor Savings: Assumed labor savings as negotiated with LIUNA will be included in NCC targets. At this time, no other assumed labor savings are included.
3. Funding Salaries and Benefits: Unfunded positions should be frozen or deleted in the Human Resources Management System. Departments are not to budget any salary savings.
4. Cost of Living Allowances (COLAs): All departments will absorb cost of living increases.
5. Priorities in Budget Construction: Departments will budget first for basic costs of doing business, such as rent, debt service, and utilities. Next departments will budget for the costs of completing their missions, such as essential materials and services. Finally, departments will budget for non-essential costs, such as subscriptions, memberships, and redecoration.
6. Addbacks and Impacts: In the event a department cannot provide core services within its allocated NCC, the department will include this information in its impact report. These impact reports are due to the Executive Office with department's budgets on **March 15, 2011**.
7. General Fund Support "Last In/First Out": Unless otherwise mandated or restricted, all general fund departmental revenues shall be fully expended in the year received, ensuring that general fund support is provided only as needed.
8. Department Revenue: Departmental revenue shortfalls will not be backfilled by the general fund. Departments should adjust their budgets accordingly for expected reductions in all outside revenue including, but not limited to property tax, grant funds, state funding, public safety sales tax, and federal funding.
9. Submittal Deadlines: All departments will submit their FY 11/12 budget requests to the Executive Office no later than **March 15, 2011**. To be considered on time, budget requests must be complete and in accordance with these budget policies.

Attachment G Quarterly Retired Fleet Vehicle Report

Units Sold by Department 10-1-2010 to 12-31-2010	
Dept	Units Sold
Human Resources	1
Economic Development Agency	1
District Attorney	6
Sheriff	29
Probation	11
Mental Health	2
Community Health Agency	7
RCRM	1
DPSS	5
Facilities Management	1
Purchasing/Fleet	3
Motor Pool (Orange Street)	5
Motor Pool (Hemet)	1
Rideshare	3
Grand Total	76

Units Pending Sale by Departments 10-1-2010 to 12-31-2010	
Dept	Units Retired Pending Sale
Board of Supervisors	2
Dept. Child Support Services	2
Sheriff	9
Probation	5
Agricultural Commissioner	1
Mental Health	2
Community Health Agency	6
Facilities Management	1
Rideshare	1
Grand Total	29

Riverside County Board of Supervisors
Request to Speak

Submit request to Clerk of Board (right of podium),
Speakers are entitled to three (3) minutes, subject
Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: Daryl Terrell

Address: Moreno Valley
(only if follow-up mail response requested)

City: _____ Zip: _____

Phone #: _____ Agenda # 325

PLEASE STATE YOUR POSITION BELOW:
Position on "Regular" (non-appealed) Agenda Item:

Support _____ Oppose _____ Neutral

Note: If you are here for an agenda item that is filed
for "Appeal", please state separately your position on
the appeal below:

_____ Support _____ Oppose _____ Neuti

I give my 3 minutes to: _____

Riverside County Board of Supervisors
Request to Speak

Submit request to Clerk of Board (right of podium),
Speakers are entitled to three (3) minutes, subject
Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: FRANCIS PNOUWITZ

Address: 31736 RIVERSIDE
(only if follow-up mail response requested)

City: HAVE HSNORE Zip: 92530

Phone #: 310597-9832

Date: _____ Agenda # 3.25

PLEASE STATE YOUR POSITION BELOW:
Position on "Regular" (non-appealed) Agenda Item:

_____ Support _____ Oppose _____ Neutral

Note: If you are here for an agenda item that is filed
for "Appeal", please state separately your position on
the appeal below:

_____ Support _____ Oppose _____ Neutral

I give my 3 minutes to: _____

Riverside County Board of Supervisors
Request to Speak

Submit request to Clerk of Board (right of podium),
Speakers are entitled to three (3) minutes, subject
Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: Robert Mabee

Address: 3086 Mi'vuel St
(only if follow-up mail response requested)

City: Riverside Zip: 92506

Phone #: 788-4858

Date: 2-1-11 Agenda # 3.25

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item: Neu
Support Oppose

Note: If you are here for an agenda item that is
for "Appeal", please state separately your position
the appeal below:

Support Oppose

I give my 3 minutes to: GARY GRANT

Riverside County Board of Supervisors
Request to Speak

Submit request to Clerk of Board (right of podium),
Speakers are entitled to three (3) minutes, subject
Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: GARRY GRANT

Address: 27068 Jarvis St
(only if follow-up mail response requested)

City: PERRIS Zip: 92570

Phone #: 951-657-9319

Date: FEB 15 01 Agenda # 3.25

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:
Support Oppose Neutral

Note: If you are here for an agenda item that is filed
for "Appeal", please state separately your position on
the appeal below:

Support Oppose Neutral

I give my 3 minutes to: _____

Riverside County Board of Supervisors
Request to Speak

Submit request to Clerk of Board (right of podium),
Speakers are entitled to three (3) minutes, subject
Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: Thelma Grant

Address: 40 A. E. 6
Thomas Book
(only if follow-up mail response requested)

City: _____ **Zip:** _____

Phone #: _____

Date: 1 Feb. **Agenda #** 3.25

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:
_____ **Support** _____ **Oppose** **Neutral**

Note: If you are here for an agenda item that is filed
for "Appeal", please state separately your position on
the appeal below:

_____ **Support** _____ **Oppose** _____ **Neutral**

I give my 3 minutes to: Garry Grant