

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



3-41

On motion of Supervisor Tavaglione, seconded by Supervisor Stone and duly carried, IT WAS ORDERED that the recommendation from Executive Office regarding Receive and File of the 2014/2015 First Quarter Budget Report; Approval of the Recommendations and Budget Adjustments; and Adoption of Resolution 440-8982, is approved as recommended.

Roll Call:

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

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on November 4, 2014 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors  
Dated: November 4, 2014  
Kecia Harper-Ihem, Clerk of the Board of Supervisors, in  
and for the County of Riverside, State of California.

(seal)

By: Kecia Harper-Ihem Deputy

AGENDA NO.

3-41

xc: EO, HR



**COUNTY OF RIVERSIDE  
EXECUTIVE OFFICE**

**JAY E. ORR**  
COUNTY EXECUTIVE OFFICER

**GEORGE A. JOHNSON**  
CHIEF ASSISTANT COUNTY EXECUTIVE OFFICER  
**ROB FIELD**  
ASSISTANT COUNTY EXECUTIVE OFFICER  
ECONOMIC DEVELOPMENT AGENCY  
**MICHAEL T. STOCK**  
ASSISTANT COUNTY EXECUTIVE OFFICER  
HUMAN RESOURCES  
**ED CORSER**  
COUNTY FINANCE DIRECTOR  
**CHRISTOPHER HANS**  
CHIEF DEPUTY COUNTY EXECUTIVE OFFICER

October 28, 2014

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

**4/5<sup>th</sup> Vote**

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**SUBJECT:     *FY 14/15 First Quarter Budget Report***

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Board members:

As we review the first quarter, I remain cautiously optimistic regarding the county's financial outlook. Fundamental economic indicators continue to improve, signaling a healing of the local economy. Permanent homebuyers are returning to the housing market. Assessed values appear poised to resume a more steady increase.

In addition, we are achieving positive accomplishments. A permanent chief executive was recently appointed to lead the medical center, and he is installing a new leadership team to continue progress on repositioning RCRMC. At the beginning of FY 13/14, RCRMC projected a negative \$80 million year-end cash balance. In September, interim hospital executive Lowell Johnson reported that RCRMC ended FY 13/14 with an actual negative cash balance of \$40.9 million.

The Sheriff began the year projecting a \$46 million deficit due in part to increased labor costs. The District Attorney initially projected a \$10 million year-end shortfall, but has revised that projection downward slightly to \$9.5 million. The Fire Department projects a year-end shortfall of \$4.2 million due to increased labor costs for state firefighters, capital maintenance, and other fixed costs. As in recent years, these department heads will work to reduce these projected shortfalls, and we will evaluate their positions in the third quarter report.

Several of the county's internal service funds continue to struggle as well. The Information Technology department (RCIT) projects a \$3.8 million operating deficit for this fiscal year, and a \$4 million shortfall carried over from last fiscal year. A letter from the interim chief information officer provides greater detail (Attachment D). The letter presents steps being taken to address the issue and a plan to balance RCIT's budget by year-end.

In addition, Facilities Management reports operating deficits in its Custodial Services

**3-41**

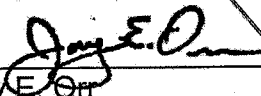
and Maintenance budget units, although Custodial Services predicts having sufficient cash to maintain necessary working capital at year-end. As outlined in our final budget recommendations, Maintenance intends to bring forward a separate item in the near future requesting Board approval for a mid-year rate adjustment to raise revenue to cover existing expenses.

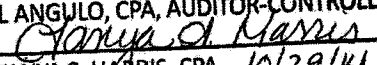
For the most part, all other departments report they are working within their budget allocations and available departmental resources, and the recommendations contained in this report are routine. Future policy actions may be required to address certain identified funding issues, but at this early stage, I recommend continuing to monitor those budget units and deferring action to address those matters until later in the fiscal year. I am not recommending any use of general fund contingency at this time in order to preserve the beginning balance of \$23.6 million.

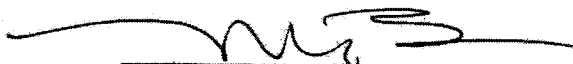
I will return to the Board in early February with the mid-year budget report, to provide an update on critical issues, and outline budget policies and guidelines for the FY 15/16 budget process.

**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 No. 440-8961 amending Ordinance No. 440 contained in Attachment B.

Respectfully,

  
\_\_\_\_\_  
Jay E. Orr  
County Executive Officer

FISCAL PROCEDURES APPROVED  
PAUL ANGILO, CPA, AUDITOR-CONTROLLER  
BY   
TANYA S. HARRIS, CPA 10/29/14

  
\_\_\_\_\_  
Approved by Michael T. Stock  
Asst. County Executive Officer/  
Human Resources Director

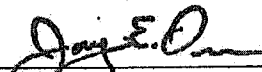
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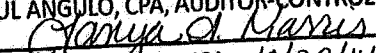
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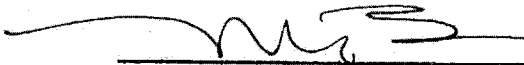
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**IT IS RECOMMENDED** that the Board of Supervisors: 1) receive and file this report and all its attachments; 2) approve the recommendations and associated budget adjustments contained in Attachment A; and 3) approve Resolution No. 440-8982 amending Ordinance No. 440 contained in Attachment B.

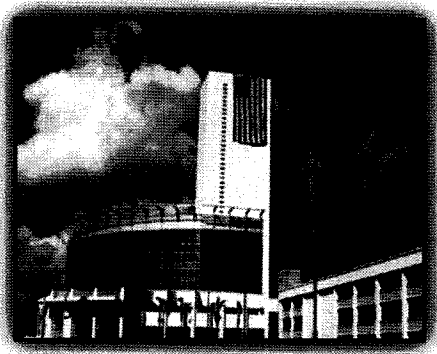
Respectfully,

  
\_\_\_\_\_  
Jay E. Orr  
County Executive Officer

FISCAL PROCEDURES APPROVED  
PAUL ANGIJLO, CPA, AUDITOR-CONTROLLER  
BY   
TANYA S. HARRIS, CPA 10/29/14

  
\_\_\_\_\_  
Approved by Michael T. Stock  
Asst. County Executive Officer/  
Human Resources Director

REVISED



# COUNTY OF RIVERSIDE

STATE OF CALIFORNIA

**FISCAL YEAR 2014/15  
FIRST QUARTER BUDGET REPORT**



**PREPARED BY**  
**Jay E. Orr**  
*County Executive Officer*

11-4-14  
3-41

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## **A. EXECUTIVE SUMMARY**

At the beginning of FY 13/14, the Riverside County Regional Medical Center (RCRMC) projected a negative \$80 million year-end cash balance. However in September, interim hospital CEO Lowell Johnson reported that the medical center ended FY 13/14 with an actual negative cash balance of **\$40.9 million**. The medical center's continuing challenges include dependence on government funding for operations, a payer mix imbalance, patient throughput, and capital equipment needs. The newly hired permanent hospital CEO is assessing these and other factors, and will provide updates in the mid-year report.

The Sheriff began FY 14/15 with a projected **\$46 million** budget shortfall stemming from negotiated salary and benefits increases, increased staffing levels, and higher internal service rates. In addition, AB109 realignment funding continues to fall short of the increased costs placed upon the county.

The District Attorney projects a budget shortfall of **\$9.5 million**, down slightly from the initial \$10 million projection.

The Fire Department projects a shortfall of **\$4.2 million** due in large part to an anticipated \$2.6 million increase in labor costs for state firefighters. The remainder is for station repairs and other capital maintenance, an administrative rate adjustment, training costs, and a lease not funded in the final budget.

The Riverside County Information Technology department (RCIT) reports a **\$3.8 million** operating deficit, which it is addressing through spending cuts, anticipated new revenues from leasing space in the new data center, and providing services to outside agencies. In addition, the department must address **\$4 million** in losses carried over from prior years.

Facilities Management currently projects operating deficits totaling \$1.1 million in its Custodial Services, Maintenance, and Parking budget units. The Custodial Services internal service fund has sufficient cash available to finish the year, but the Maintenance fund might not, and will bring forward a request for a current-year rate increase in November.

The recommendations contained in this report include no draws from Contingency, leaving the Contingency balance at **\$23.6 million**. Given the overall magnitude of the projected budget shortfalls, and only very modest gains in estimated discretionary revenue anticipated at this time, the Executive Office recommends deferring consideration of discretionary requests for increased general fund support until the third quarter report.



**B. ECONOMIC OUTLOOK**

**GENERAL OUTLOOK**

***California Unemployment***

The state's unadjusted unemployment rate was 6.9 percent in September. By contrast, the U.S. unemployment rate in September was 5.7 percent. In August, 411,005 people were receiving regular unemployment insurance benefits in California, down from 465,922 in August 2013, and there were 47,640 new claims for unemployment insurance, down from 48,747 in the same period the year before.

***California Employment Trends***

The number of people in California holding non-farm payroll jobs in August increased by 313,900 over the year before, or 2.1 percent. Total seasonally adjusted civilian employment in California has risen to 17,224,000. Nine sectors posted gains in jobs over the year, with construction posting the highest percentage growth at 5.6 percent.

***California Real Estate Trends***

As of August 2014, the residential building permits issued were down 13.2 percent from August 2013, with both single- and multi-family unit permits declining. Statewide, the pace of home sales continued cooling, declining by 9.3 percent since August 2013. However, existing home prices increased by 8.9 percent on a year-over-year basis.

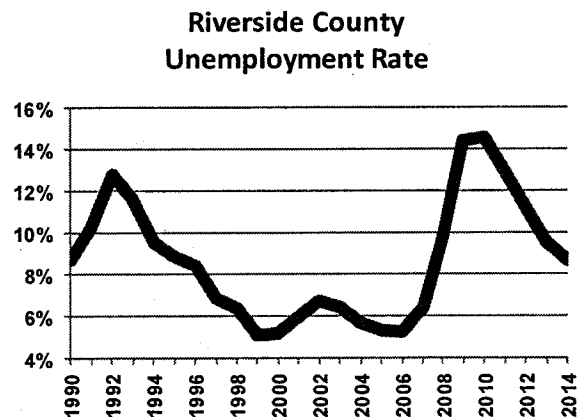
**LOCAL OUTLOOK**

***Unemployment***

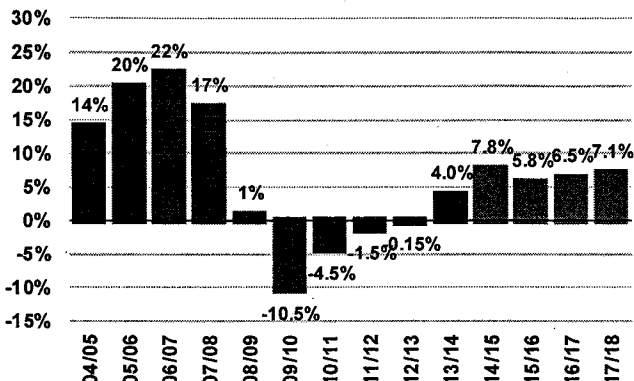
In September, Riverside County's unemployment rate declined slightly to 8.6 percent, continuing to remain higher than neighboring San Bernardino County's unemployment rate of 7.7 percent. By contrast, Riverside County's historic, non-recessionary period annual average unemployment rate was 6.6 percent between 1995 and 2008. The blended unemployment rate of the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA) increased again to 8.2 percent.

***Employment Trends***

Trade, transportation, and utilities added the largest number of jobs over the year, with 9,800 – 53 percent of which was in retail trade. Education and health services added 6,700 jobs, and professional and business services added 4,000.



**Annual Change in Assessed Value**



Source of forward projections: California State University, Fullerton

**Assessed Value**

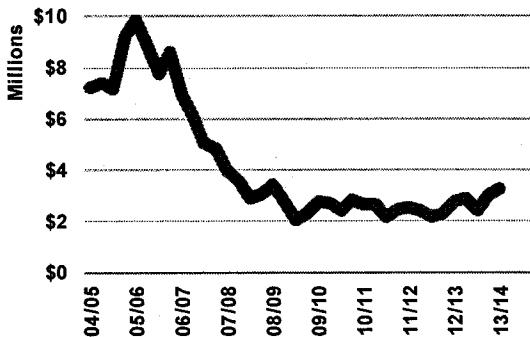
During FY 13/14, Riverside County median home values increased 13.2 percent. Since July 1, median home values in the county have remained close to \$300,000. The annual California Consumer Price Index, used to compute the Prop. 13 inflationary factor, is expected to be 2 percent, the maximum increase allowed. Accordingly, the Assessor reports the traditional 2 percent Prop. 13 property increase will likely be applied to next year's assessment roll valuation.

Property taxes for many homeowners, however, will likely increase more than 2 percent because of Prop. 8. Updates will be forthcoming once the annual California Consumer Price Index is finalized.

**Recordation Activity**

Document recording activity through the first quarter is 16.8 percent lower compared to the same period last year. Despite the continuing downtrend in recordings and related revenue, documentary transfer tax revenue will likely meet the budget target because of the increased values of properties included in the transactions.

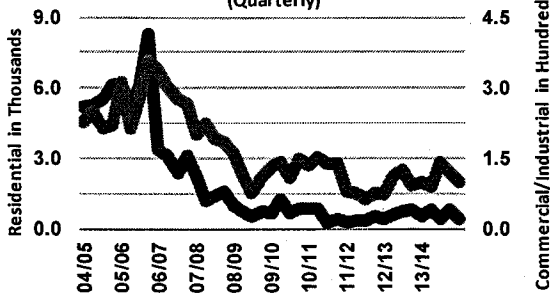
**Documentary Transfer Tax (Quarterly)**



**Building Permits**

During the first quarter, the Building and Safety Department issued 419 new residential building permits, a drop from the 811 permits issued during the fourth quarter of FY 13/14, and 33 percent below the eight quarter trailing average. The department issued 99 new commercial/industrial building permits, down from the 118 permits issued during the fourth quarter of FY 13/14, and 7 percent below the eight quarter trailing average.

**Building Permit Activity (Quarterly)**



— New Residential — New Commercial / Industrial

Source: Building & Safety Department

During the first quarter of FY 14/15, Building and Safety accepted 3,100 new applications, up 4 percent from 2,979 for the same period last fiscal year. New applications brought in \$2.1 million in receipts compared to \$1.9 million for the same period last fiscal year, a 9 percent increase.

Planning applications for the first quarter

increased by 24 cases to 185 compared to 161 for the same period last year, a 15 percent increase. Receipts for the first quarter decreased by \$119,928 to \$1.3 million compared to \$1.4 million for the same period last year, an 8 percent decrease. Customer count at the TLMA's two regional offices has increased by 18 percent in the first quarter, from 5,701 in FY 13/14 to 6,745 in FY 14/15.

### ***FEDERAL UPDATE***

The House and the Senate both approved a short-term continuing resolution to keep the federal government open into the new fiscal year. The resolution keeps federal agencies and programs operating through December 11, 2014. Following the elections, Congress will determine whether to resume work on appropriations bills for an omnibus spending measure to extend the continuing resolution into the new calendar year; and if so, whether to do so for the entire federal fiscal year or leave the remainder to be dealt with by the new Congress. The lame duck session is set to begin November 12.

### ***STATE UPDATE***

While the state's fiscal picture continues to improve, the Governor has not changed his attitude toward spending. He has rebuffed efforts to expand health and human services, except where he must by law, and has been unwilling to revisit any redevelopment funding issues. The Governor did approve tax credit proposals addressing both film production and investments by the defense and aerospace industries.

The State Controller recently reported revenue performance for the fiscal year to date has surpassed projections by \$645 million, or 3 percent. Coupled with reduced state spending (\$1.7 billion or 4.4 percent), the state's borrowing requirements totaled \$13.4 billion, \$2.4 billion below projections for this time of year. The deficit is being covered with \$10.6 billion of internal borrowing and \$2.8 billion of external borrowing. Personal income taxes, California's dominant revenue source, exceeded projections by 4.7 percent, coming in at \$639 million above projections. Estimated income taxes were much higher than anticipated, as high income households recognized capital gains and other income increases. Also, corporate taxes were well above projections by \$428.6 million, or 37.8 percent. Sales taxes, however, fell below projections by 8.1 percent.

## **C. MULTIYEAR BUDGET OUTLOOK**

### ***LONG-RANGE PLAN***

In September 2013, the Executive Office presented the five-year public safety plan projecting additional operating expenditures and increased debt service costs, together with anticipated growth in estimated discretionary general fund revenue. As the table below reflects, the plan outlines the cumulative fiscal effect of Board-approved initiatives over the next five years weighed against projected revenue growth, including FY 14/15 final budget actions and current information. The Sheriff was provided half the funding to move toward a patrol ratio of 1.2 officers per 1,000 residents, with additional funding provided as needed. Previous estimates included debt service for new buildings, funding for which the Executive Office expects will not be needed until FY 15/16.

**Five-Year Public Safety Master Plan**  
(cumulative additional amounts – dollars in millions)

	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
<b>PROJECTED REVENUES</b>					
Discretionary Revenues	\$ 46.8	\$ 74.6	\$ 101.9	\$ 130.8	\$ 160.3
Prop 172 Allocation	21.8	49.9	50.1	50.2	50.4
<b>PROJECTED REVENUES</b>	<b>\$ 68.6</b>	<b>\$ 124.5</b>	<b>\$ 152.0</b>	<b>\$ 181.0</b>	<b>\$ 210.7</b>

**BOARD COMMITMENTS**

Operational Costs	Pos	Amt	Pos	Amt	Pos	Amt	Pos	Amt	Pos	Amt
Sheriff	271	24.3	589	80.9	617	107.9	645	131.4	673	152.9
Correctional Health		10.0		10.0		10.0		10.0		10.0
Fire - Salaries & Benefits	9	10.1	9	13.0	9	13.4	9	13.8	9	14.5
Fire - PSEC		1.5		1.5		1.5		1.5		1.5
Probation	92	4.6	104	6.9	117	9.3	117	12.7	117	12.9
<b>Total Labor Costs</b>	<b>372</b>	<b>\$ 50.5</b>	<b>702</b>	<b>\$ 112.3</b>	<b>743</b>	<b>\$ 142.1</b>	<b>771</b>	<b>\$ 169.4</b>	<b>799</b>	<b>\$ 191.8</b>
Capital Costs		2.6		15.9		19.9		20.4		20.4
Final Recommendations		5.5		7.7		8.5		8.7		8.9
NCC Adjustments		(6.6)								
Contingency		3.2								
Budget Stabilization Reserves		13.7								
		5.5								
<b>TOTAL COMMITMENTS</b>		<b>\$ 74.4</b>		<b>\$ 135.9</b>		<b>\$ 170.5</b>		<b>\$ 198.5</b>		<b>\$ 221.1</b>
<b>BALANCE/(DEFICIT)</b>		<b>\$ (5.8)</b>		<b>\$ (11.4)</b>		<b>\$ (18.5)</b>		<b>\$ (17.5)</b>		<b>\$ (10.4)</b>

Additions:

Correctional Health	5.0
Fire salaries & benefits per labor agt	2.6

Note: Per Board direction, District Attorney shortfall (\$9.5 million) to be addressed in January 2015.

**D. FIRST QUARTER ACTIVITY**

**DISCRETIONARY REVENUE**

**Property Taxes**

Property tax revenue was budgeted at \$295.8 million based on a forecasted 7.75 percent increase in assessed values. The Auditor-Controller projects property tax revenue will exceed the original forecast by \$3.3 million. The Executive Office continues monitoring revenue closely and will make additional recommendations when more data is available.

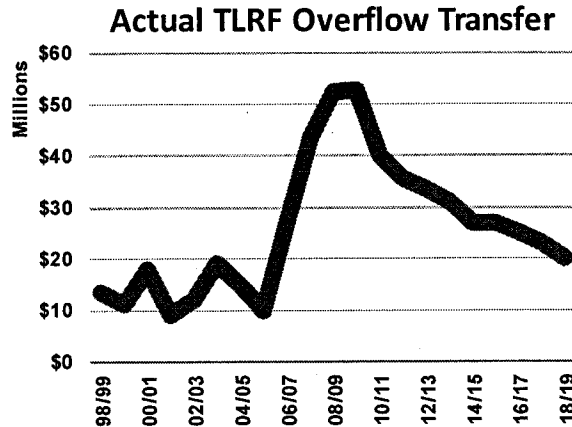
**Redevelopment Dissolution Related Revenue**

In 2011, the Governor signed ABX1 26, dissolving redevelopment agencies throughout the state, and the courts upheld the law. Consequently, redevelopment agencies statewide were dissolved February 1, 2012. Under ABX1 26, redevelopment agencies'

assets not essential to meet enforceable obligations must be liquidated and distributed to taxing entities, such as the county. At this time, the Auditor-Controller's Office anticipates allocating \$5.6 million in residual assets to the county general fund this fiscal year, \$3.6 million more than currently budgeted. Presently, the Executive Office recommends deferring action regarding the additional residual assets until the third quarter, when the full year's allocations will be more certain.

**Teeter Tax Losses Reserve Fund (TLRF) Overflow**

Under the California Teeter plan, the county advances participating local agencies their property tax allocations based on enrolled assessed valuation. In return, the county collects and retains the actual taxes received, including any penalties and interest on delinquent taxes. The tax losses reserve fund manages revenues and expenditures associated with the program. Revenue exceeding financing costs and the necessary tax loss reserve is discretionary revenue released to the general fund. As delinquency rates continue to decline, the associated overflow projection of \$27 million remains unchanged for this fiscal year. As the real estate market stabilizes over the next several years, this revenue will continue to erode, as projected in the chart at left.



**Sales and Use Taxes**

Total sales and use tax receipts from the most recent quarter rose 6.8 percent from the same quarter a year ago for all jurisdictions in the county, according to Hinderliter de Llamas & Associates (HdL), Riverside County's sales tax consultant. This is notably higher than reported among other counties in the region, and the state as a whole. The state's overall growth rate was 5.2 percent over the same quarter a year ago.

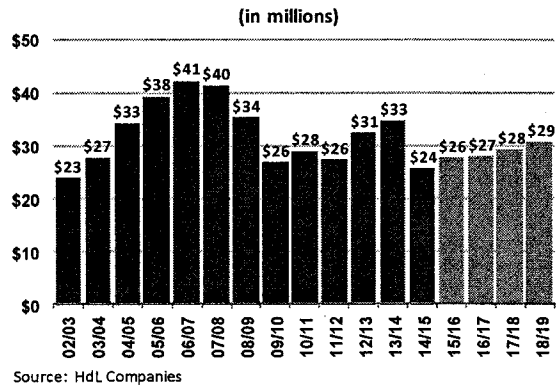
Adjusted for one-time allocations and corrections, the county's year-over-year change in sales and use taxes declined 4.1 percent last quarter, driven by a 38.3 percent continued pullback from the energy sector as construction of two solar projects draws to a close. However, gains in sales of consumer goods at the factory outlet stores in Cabazon, building and construction materials, and service stations remain strong. Growth in sales at the wineries showed a year-to-year increase of 5.1 percent over the same quarter last year, as that sector gradually emerges as a stable revenue contributor.

Short-term receipts from construction of solar projects drove a temporary increase both in Riverside County's share of the pooled use tax allocated within the county and the county's Prop. 172 allocation factor. While significant construction-related sales and use tax receipts from solar projects were achieved over the last two fiscal years, such projects are short-lived, and receipts on current projects are declining. While we antici-

pate that other recently approved energy projects will begin generating sales and use tax revenue soon, we cannot forecast exactly when that will occur. Consequently, HdL's revenue forecast of \$24 million did not include speculative assumptions regarding the energy and utilities sector.

The county's FY 14/15 budgeted estimate for sales and use tax revenue is \$33.5 million, which does assume some continued receipts from solar projects this fiscal year, as well as growth in other sales sources. The recent expansion of the factory outlets in Cabazon is expected to substantially increase sales tax revenue beginning this fiscal year. However, the Board's recent decision to set aside a portion of the revenue from that growth will dampen the effect when it occurs.

**Sales Tax Revenue**



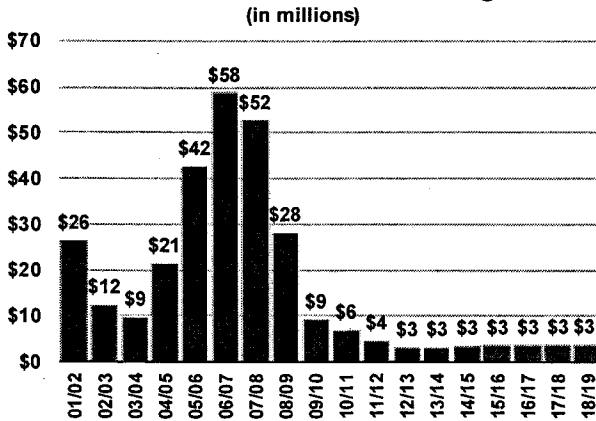
The Executive Office anticipates that an adjustment correcting a recently confirmed error by the state in computing the gas tax swap will be paid by the state this fiscal year. This one-time adjustment was not built into budget assumptions. Additional economic detail from HdL is contained in Attachment C.

**Interest Earnings**

The tapering of the open market bond purchases as part of the Federal Reserve's quantitative easing program (QE3) had been expected to end in October 2014. Although current sentiment is for a mid-2015 interest rate increase, the timing of this increase will not likely have a material impact on interest earnings this fiscal year barring any upside surprises.

Events that can impact Federal Reserve activity and impede growth in the financial markets include a weakening and deflationary European economy, geopolitical unrest in the Middle East, and the growing Ebola crisis. These events will impact treasury securities in the U.S. bond market and place downside pressure on interest rates.

**General Fund Interest Earnings**



Currently, the Federal Reserve's monetary policies are geared toward supporting low interest rates to encourage economic growth by fostering maximum employment and price stability. Consequently, the Treasurer's estimate for general fund interest remains unchanged at \$2.9 million. Updates will be forthcoming if there are any material changes.

**Revenue Summary**

**General Fund  
Projected Discretionary Revenue**  
(in millions)

	Budgeted Estimate	Current Quarter Estimate	Variance
Property Taxes	\$295.8	\$299.1	\$3.3
RDA Residual Assets	2.0	5.6	3.6
Motor Vehicle In Lieu	208.6	208.6	0.0
Tax Loss Reserve	27.0	27.0	0.0
Fines and Penalties	22.8	22.8	0.0
Sales & Use Taxes *	33.5	33.5	0.0
Tobacco Tax	10.0	10.0	0.0
Documentary Transfer	12.4	12.4	0.0
Franchise Fees	5.0	5.0	0.0
Interest Earnings	2.9	2.9	0.0
Misc. Federal and State	10.7	10.7	0.0
Other (Prior Year & Misc.)	6.7	6.7	0.0
<b>Total</b>	<b>\$637.4</b>	<b>\$644.3</b>	<b>\$6.9</b>

\* Does not include public safety sales tax revenue

Projections of discretionary general fund revenues continue to remain stable through the first quarter, summarized in the chart at left. Overall, net general fund discretionary revenues appear likely to be \$6.9 million higher than originally estimated, due primarily to one-time receipts of \$3.6 million in residual redevelopment assets and an increase in forecasted property tax revenue. The Executive Office recommends only minor adjustments to property tax revenue estimates at this time to accommodate unavoidable contractual obligations.

**FUND BALANCE**

Based on information from departments during the first quarter, the FY 14/15 general fund beginning fund balance was an estimated \$30 million. That amount reflected anticipated departmental savings, discretionary revenue, and draws on contingency for the duration of last fiscal year. Based on current FY 13/14 financial information, the balance carried over into FY 14/15 remains \$30 million. The final actual audited fund balance will be provided in the mid-year budget report.

**General Fund Commitments and Designations**

(in millions)

	FY 12/13 Ending Balances	FY 13/14 Ending Balances	Adj. for Budget Use	FY 14/15 Beginning Balances	Balance Upon Approval
Economic uncertainty	\$124.7	\$124.7	\$0.0	\$124.7	\$124.7
Budget stabilization	34.1	53.9	0.0	\$53.9	53.9
Disaster relief	15.0	15.0	0.0	\$15.0	15.0
Property tax system	6.1	0.0	0.0	\$0.0	0.0
SB90 deferral	1.4	1.4	0.0	\$1.4	1.4
Historic courthouse remodel	0.5	0.5	0.0	\$0.5	0.5
CAC remodel	0.5	0.5	0.0	\$0.5	0.5
Community improvement	0.0	0.0	2.0	\$2.0	2.0
ACO internal audits unit	0.1	0.1	0.0	\$0.1	0.1
DPSS realignment growth	4.3	4.3	0.0	\$4.3	4.3
Legal liabilities	3.7	3.7	0.0	\$3.7	3.7
<b>TOTAL</b>	<b>\$190.4</b>	<b>\$204.1</b>	<b>\$2.0</b>	<b>\$206.1</b>	<b>\$206.1</b>

**General Fund Commitments and Designations**

The county maintains a number of Board-established general fund commitments and fund balance designations. The listing of these at right takes into account the recommendations in this report. The Board's previously established objective is to maintain at least \$250 million in unrestricted general fund reserves.

**APPROPRIATIONS FOR CONTINGENCY**

Appropriations for contingency are intended to cover urgent, unforeseeable events such as discretionary revenue shortfalls, unanticipated expenditures, uncorrectable departmental budget overruns and other mission-critical issues at the Board's discretion. The Board-approved contingency level at the beginning of FY 14/15 was \$24.1 million, or 1.6 percent of ongoing discretionary revenue.

**Use of General Fund Appropriations for Contingency**

	Cost Adjustment	Revenue Adjustment	Total Adjustment	Balance Available
Beginning Balance:				\$24,060,882
Adjustments to date:	-	-	-	
Actions recommended in this report:	-	-	-	
Contingency balance upon approval of this report =				<u>\$24,060,882</u>

**E. DEPARTMENTAL STATUS**

**INTERDEPARTMENTAL AND CAPITAL PROJECTS**

**Contributions to Other Funds**

The county signed a revenue sharing agreement with the March Joint Powers Authority (JPA) in 2007 that requires the county to pay over to them specified portions of the county's sales tax and franchise revenue. After the agreement was established, sources of county franchise revenue originating within the March JPA were identified and the revenue generated has been passed along to the JPA per the agreement. Initially, a waste franchise was not identified; however, after further research by the Environmental Health Department, the presence of a relevant waste franchise agreement was discovered. Consequently, the county owes the JPA revenue that the waste franchise generated within the JPA since the effective date of the agreement. That amount totals just under \$131,860. Based on the current trend, the Executive Office estimates the annual franchise revenue owed will likely be approximately \$21,500. The Executive Office recommends increasing estimated property tax revenue to cover the amount back due and having Environmental Health absorb the contribution to the JPA moving forward.

**Recommendation 1:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Contributions to Other Funds, the Department of Environmental Health, and the Accumulative Capital Outlay fund by \$153,360, as follows:*

Increase appropriations:		
10000-1101000000-551100	Contributions to other county funds	\$131,860
10000-4200400000-551100	Contributions to other county funds	<u>21,500</u>
	Total	153,360
Increase estimated revenues:		
10000-1300100000-700020	Property tax – current secured	131,860
Decrease appropriations:		
10000-4200400000-525440	Professional services	21,500
Decrease unassigned fund balance:		
10000-1101000000-370106	Unassigned fund balance for budget stabilization	131,860



Increase unassigned fund balance:		
10000-1300100000-370106	Unassigned fund balance for budget stabilization	131,860
Increase estimated revenue:		
30000-1100300000-790600	Contributions from other county funds	153,360
Increase appropriations:		
30000-1100300000-536200	Contribution to non-county agency	153,360

**GENERAL GOVERNMENT**

**Health and Juvenile Services Fund**

The Executive Office administers the Health and Juvenile Services Fund, established pursuant to a redevelopment pass-through agreement with the City of Palm Desert. A general tax-sharing clause in that agreement requires the county be paid an amount equal to the sales and use tax the city receives quarterly from the Monterey Power Center. Under a separate agreement, the county pays the Regional Access Project Foundation the amount received to provide health and juvenile services in eastern Riverside County.

Due to timing issues related to the pass-through allocation schedule established under ABX1 26, true-up adjustments will be necessary at times to account for underestimated allocations in the previous year. In FY 13/14, the amount allocated to and distributed by the county was \$27,889 less than the actual amount of sales and use tax received by the city. Consequently, in the January 2015 allocation the county will receive \$27,889 from the City of Palm Desert Successor Agency back due from FY 13/14. The Executive Office recommends a budget adjustment at this time to reflect this additional amount.

**Recommendation 2:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Health and Juvenile Services Fund by \$27,889, as follows:*

Increase estimated revenues:		
22430-1100100000-781000	Contractual revenue	\$27,889
Increase appropriations:		
22430-1100100000-536200	Contribution to non-county agency	27,889

**Casa Blanca Pass-through Fund**

According to the pass-through agreement between the County of Riverside and the City of Riverside approved by the Board of Supervisors on September 1, 1992 (Item 3.35), specified pass-through revenue from the city's Casa Blanca redevelopment project area is obligated toward operating the county's health clinic built in the Casa Blanca neighborhood with the assistance of the city redevelopment agency. In FY 11/12 and FY 12/13, this pass-through was allocated to the general fund. At this time, the Executive

Office recommends a budget adjustment that will enable correction of these allocations, and offsetting this with an increase in estimated property tax revenue.

**Recommendation 3:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for Contributions to Other Funds and estimated revenue by \$358,892, and increasing appropriations, estimated revenue, and restricted fund balance for the Casa Blanca pass-through fund by a net amount of \$298,647, as follows:*

Increase appropriations:		
10000-1101000000-536200	Contribution to non-county agency	\$358,892
Decrease unassigned fund balance:		
10000-1101000000-370106	Unassigned fund balance for budget stabilization	358,892
Increase estimated revenues:		
10000-1300100000-700020	Property tax – current secured	358,892
Increase unassigned fund balance:		
10000-1300100000-370106	Unassigned fund balance for budget stabilization	358,892
Increase appropriations:		
22850-1100100000-536200	Contribution to non-county agency	27,342
Increase estimated revenue:		
22850-1100100000-781000	Contractual revenue	325,989
Increase restricted fund balance:		
22850-1100100000-321101	Restricted program money	298,647

**Recommendation 4:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue to establish a budget for the Casa Blanca pass-through fund of \$227,125, as follows:*

Increase appropriations:		
22850-1100100000- 551100	Contribution to other funds	\$227,125
Increase estimated revenue:		
22850-1100100000-781000	Contractual revenue	227,125

### **County Counsel**

Due to organizational changes deemed necessary and urgent by the newly appointed County Counsel, during September 2014 the Executive Office administratively authorized addition of a second Assistant County Counsel position. County Counsel projects this added position will cost \$236,930 *pro rata* in the current year and a projected \$293,342 annually. Since County Counsel anticipates potential current-year salary savings on under filled positions, at this time the Executive Office recommends monitoring the department's budget position and deferring consideration of one-time appropriations to cover the added cost of this position until the third quarter report.

In the FY 14/15 final budget, the Board approved two additional legal support positions as part of County Counsel's reorganization. County Counsel intends that these positions, along with a realignment of existing attorney positions and the addition of the second Assistant County Counsel position, will improve productivity and enable the office to take on more work in line with the Board's priorities. The Executive Office is working with County Counsel on measuring whether these intended goals are met, and will report back in future quarterly reports.

Finally, at the end of FY 13/14, County Counsel's office arranged with the Treasurer-Tax Collector to use in-house staff for specific legal work related to collection efforts in bankruptcy cases. The resulting added costs and revenue were not factored into County Counsel's FY 14/15 budget, and the department consequently requests adjustments to account for this cost and revenue. The Executive Office recommends approving the requested budget adjustment for this item, which will be factored into future budgets.

**Recommendation 5:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for services and supplies for County Counsel by \$200,000 off-set by an equal amount of intrafund transfer, as follows:*

Increase appropriations:		
10000-1500100000-525440	Professional services	\$ 150,000
10000-1500100000-528140	Conference/registration fees	50,000
10000-1500100000-572800	Intrafund expense – miscellaneous	<u>(200,000)</u>
	Total	0

**Assessor-County Clerk-Recorder**

ACR requested \$3.3 million in additional general fund support for FY 14/15. The Board approved \$800,000 of the request so that department could upgrade its IT system backup and obtain needed maintenance. The balance would be provided during the fiscal year as needed. The Assessor reports it will require the additional support to sustain operations. At this point, the department recommends deferring any budget actions until second quarter, when operational needs are more definitive.

**Human Resources (HR)**

Human Resources reinstated the classification and compensation team to address the changing structure of positions countywide and the changes in evolving responsibilities as the department attempts to consolidate separate functions into newly designed jobs. Adding this team has increased salaries, benefits, training, and professional services costs, which will be covered by agreed-upon charges to user departments.

**Recommendation 6:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Human Resources by \$270,000, as follows:*

Increase estimated revenues:		
10000-1130100000-790600	Contribution from other county funds	\$270,000

Increase appropriations:

10000-1130100000-510040	Regular salaries	482,000
10000-1130100000-518100	Budgeted benefits	240,000
10000-1130100000-525440	Professional services	188,000
10000-1130100000-572800	Intrafund expense – miscellaneous	<u>(640,000)</u>
	Total	270,000

**Registrar of Voters (ROV)**

The Registrar of Voters (ROV) expects to meet its net county cost target for FY 14/15. The ROV's current budget assumes two mandated elections: the November 2014 consolidated general election, which is a major election involving all registered voters in the county, and the June 2015 Riverside City Council all-mail ballot election. The department is monitoring its budget closely and will report any additional spending needs after the November 2014 election is certified.

The ROV is evaluating the possibility of relocating to obtain additional office space. As a temporary solution, the department is considering improved space planning of the current facility. The ROV also is evaluating the need for a new voting system in the near future.

**Economic Development Agency/Facilities Management (EDA/FM)**

**Aviation**

Aviation requests a budget adjustment of \$46,398 to purchase Airport Business Manager (ABM) software. This item was approved at the August 5, 2014, Board meeting (Item 3-12). ABM tracks leases, billings, aircraft insurance, utilities management, grant management, and airport mapping. This will provide greater convenience and reliability to businesses operating at county airports whose financial and administrative functions interface with the county.

**Recommendation 7:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of assigned fund balance for the County Airports by \$46,398, as follows:*

Increase appropriations:

22100-1910700000-546280	Capitalized software	\$46,398
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Use of assigned fund balance:

22100-1910700000-350100	AFB for program money	46,398
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**Water Service Fiduciary Fund**

On June 3, 2014, (Item 3-87), the Board of Supervisors took emergency actions to intercede and provide water service to 140 families receiving substandard water from the County Water Company, a privately held corporation, pending court action on receivership. These actions include directing establishment of a fiduciary fund through which to accept utility payments and to purchase water from the Elsinore Valley Municipal Water District until new waterlines can be constructed to connect customers' homes to reliable

water service. Budget adjustments are necessary at this time to enable the county to pay for the water provided to these families this fiscal year.

**Recommendation 8:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Water Service fiduciary fund by \$150,000, as follows:*

Increase appropriations:		
65964-7200600000-529550	Water	\$150,000
Increase estimated revenues:		
65964-7200600000-777610	Utilities	150,000

**PUBLIC PROTECTION**

**Fire**

The Fire Department reports a \$4.2 million budget deficit. Approximately \$2.6 million is due to projected increases in salaries and benefits for state firefighters. The bargaining agreement is still tentative; however, the majority of the increase is expected to begin January 2015. The \$2.6 million is the county's portion and reflects six months of costs. The department will keep the Executive Office updated as to when a final bargaining agreement is in place. The remaining \$1.6 million is for station repairs, vehicle maintenance and repairs, administrative rate adjustment, training, and a lease not funded in the final budget. As with previous years, the department will look at cost-saving measures to reduce the deficit.

Pursuant to Board direction on April 8, 2014 (Item 3-12) as fulfilled elsewhere in this report, net proceeds from sale of property in Temescal Canyon in the amount of \$225,845 is being accepted from Facilities Management into Fire's construction and land acquisition fund. The funds will be used in the future to replace the closed El Cerrito Fire Station No. 15.

The department transfers structural fire protection revenue monthly from a restricted fund into the general fund to offset expenses. As the Fire Department anticipates an increase in the growth rate in structural fire protection taxes from 4 percent to 7 percent this fiscal year, the department requests a \$968,725 budget adjustment to transfer the anticipated amount when received.

**Recommendation 9:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Fire Protection by \$968,725, as follows:*

Increase estimated revenues:		
21000-2700300000-700020	Property tax current secured	\$968,725
Increase appropriations:		
21000-2700300000-536900	Interfund expense – fire services	968,725

The Fire Department's budget was developed using preliminary estimates for revenue and expenses related to contract city partners and rates from CalFire. Because of updated rate estimates from CalFire, the department requests a \$5,306,881 budget adjustment to reflect this revised estimate. This adjustment has no impact on the general fund.

**Recommendation 10:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Fire Protection Contract Services by \$5,306,881, as follows:*

Increase estimated revenues:		
10000-2700400000-779050	Fire protection	\$5,306,881
Increase appropriations:		
10000-2700400000-525440	Professional services	5,306,881

### **Sheriff**

At the first quarter mark, the Sheriff projects a \$46 million overall deficit as detailed at the Board's September 8, 2014, budget impact workshop. The shortfall stems from negotiated salary and benefits increases calculated at \$34 million over three years; direction to incrementally increase the unincorporated patrol staffing ratio to one deputy per 1,000 residents; and hiring for the jail expansion in Indio. Internal service fund increases are \$9 million and prior year encumbrances total \$3 million.

Realignment of trial court funding combined with a legal security staffing requirement in all Superior Courts guarantees an ongoing deficit. The Board remedied this situation in the third quarter last fiscal year as well as in FY 12/13. The current-year shortfall in this area is projected at \$2.1 million.

Department overtime totaled \$35 million in FY 13/14, although \$22 million came from various sources in addition to the general fund. The Sheriff expects high costs to continue due to realignment, emergencies and continued minimum staffing requirements. The Patrol budget deficit is projected at \$29 million. Although \$21 million is for negotiated raises, the deficit increased because of overtime, increased unincorporated patrol staffing, unanticipated retirements, and the Board-approved grievance settlement. Realignment continues to significantly impact Corrections, and the Sheriff is adamant that state funding is insufficient. Even as positions are filled, overtime costs are anticipated to exceed \$3 million.

The department reduced the FY 13/14 deficit by saving \$14 million in service and supply accounts across all bureaus and stations. It is not realistic to expect that this will be a trend. The Sheriff is committed to working with the Board and the Executive Office to provide accurate information and to work as a member of the county family.

### **District Attorney**

The office anticipates a year-end deficit due to negotiated salaries and benefits. However, the deficit projected by the District Attorney at September budget impact hearings

dropped by 5 percent, from \$10 million to \$9.5 million, due to receipt of grant funding not anticipated at the budget submission. The District Attorney requests a series of budget adjustments based on the additional revenue.

**Recommendation 11:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the District Attorney's Victim Legal Advocacy Project in the amount of \$22,217, as follows:

Increase estimated revenue:		
10000-2200100000-767280	Federal revenue	\$22,217
Increase appropriations:		
10000-2200100000-510040	Regular salaries	14,200
10000-2200100000-518100	Budgeted benefits	<u>8,017</u>
	Total	22,217

**Recommendation 12:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the District Attorney's Workers Compensation Insurance Fraud Project in the amount of \$58,669, as follows:

Increase estimated revenue:		
10000-2200100000-755360	CA workers comp insurance fraud	\$58,669
Increase appropriations:		
10000-2200100000-520220	County radio 700MHZ system	5,000
10000-2200100000-523840	Computer equipment/software	15,000
10000-2200100000-527840	Training – education/tuition	20,000
10000-2200100000-528920	Car pool expense	<u>18,669</u>
	Total	58,669

**Recommendation 13:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the District Attorney's Auto Insurance Fraud Project in the amount of \$107,859, as follows:

Increase estimated revenue:		
10000-2200100000-755360	CA – workers compensation insurance fraud	\$107,859
Increase Appropriations:		
10000-2200100000-510040	Regular salaries	30,000
10000-2200100000-518100	Budgeted benefits	13,000
10000-2200100000-520200	Communications	5,000
10000-2200100000-520220	County radio 700MHZ System	5,000
10000-2200100000-523840	Computer equipment/software	5,000
10000-2200100000-523700	Office supplies	5,000
10000-2200100000-527840	Training – education/tuition	4,859
10000-2200100000-528920	Car pool expense	<u>40,000</u>
	Total	107,859

**Recommendation 14:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the District Attorney's Indian gaming effort in the amount of \$280,435, as follows:

Increase estimated revenue:		
10000-2200100000-755740	CA Indian gaming	\$280,435
Increase appropriations:		
10000-2200100000-510040	Regular salaries	137,565
10000-2200100000-518100	Budgeted benefits	64,000
10000-2200100000-520200	Communications	10,000
10000-2200100000-520220	County radio 700MHZ system	5,000
10000-2200100000-523840	Computer equipment/software	5,000
10000-2200100000-523820	Subscriptions	5,000
10000-2200100000-524560	Auditing and accounting	10,000
10000-2200100000-527840	Training – education/tuition	5,000
10000-2200100000-528920	Car pool expense	38,870
	Total	280,435

**Recommendation 15:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the District Attorney's Life and Annuity Consumer Protection Project in the amount of \$10,000, as follows:

Increase estimated revenue:		
10000-2200100000-755840	CA life annuity consumer protection	\$10,000
Increase appropriations:		
10000-2200100000-520200	Communications	5,000
10000-2200100000-520220	County radio 700MHZ system	1,000
10000-2200100000-528920	Car pool expense	4,000
	Total	10,000

### **Department of Child Support Services**

The department expects to be on budget at the end of the year. A primary concern is that state and federal reimbursement for the fourth quarter is often delayed.

### **Probation Department**

During the first quarter, the department continued to recruit and hire for vacant positions as well as those added to eventually staff the Youth Treatment and Education facility under way next to the Van Horn Youth Center. Efforts to reduce expenditures continue, and the year-end projected fund balance is \$214,672.

In November 2010, the county received \$24.7 million to construct a youthful offender rehabilitative facility. This facility will replace the Van Horn Youth Center in April 2016. The department submitted an operational program statement and staffing plan to the



Board of State and Community Corrections to comply with the state requirement that the building be operational within 90 days of completion. When the Van Horn and Twin Pines facilities closed, staff moved to vacant positions. The department is filling open positions with \$2.2 million from the Board's approved Road Map for Public Safety, however the department requests using a portion of that budgeted funding to add 10 support positions for the new facility that were not added at that time.

**Recommendation 16:** *That the Board of Supervisors approve amending Ordinance No. 440 by adding four (4) Correctional Cooks, one (1) Correctional Food Services Supervisor, two (2) Correctional Senior Food Service Workers, one (1) Laundry Worker, one (1) Sewing Services Worker and one (1) House Manager.*

The California Juvenile Justice Crime Prevention Act (JJCPA) created a funding source for programs that effectively curb crime and delinquency among at-risk youth and young offenders (Government Code §30061 et seq.). Since JJCPA inception, Riverside County has supported school-based Youth Accountability Teams (YAT). The countywide middle school and high school YATs include probation and law enforcement officers, deputy district attorneys, and community-based paraprofessional counselors. The department requests five (5) new vehicles to replace those purchased in 2001, the annual cost of which is to be offset by reducing appropriations for salaries. Authorization of these vehicles and an associated budget adjustment for Fleet Services are included in the recommended motions under Fleet Services section elsewhere in this report.

**Recommendation 17:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations for the Probation Department for vehicles for the Youth Accountability Teams totaling \$140,000, as follows:*

Decrease appropriations:		
10000-2600200000-510040	Regular salaries	140,000
Increase appropriations:		
10000-2600200000-528920	Car pool expense	140,000

In the fourth year of realignment, the Community Corrections Partnership Executive Committee (CCPEC) continues to meet and develop local criminal justice strategies. The FY 14/15 \$47.7 million allocation will support treatment, supervision, alternatives to incarceration, programs, and incarceration of non-violent, non-serious, non-high risk sex offenders. The county also expects an additional \$4.9 million of public safety sales tax growth funds. The CCPEC approved Probation's request for 16 positions to create and operate a Southwest Day Reporting Center, a Transition and Re-entry Unit, and expansion of pre-trial services.

**Recommendation 18:** *That the Board of Supervisors approve amending Ordinance No. 440 to add one (1) Supervising Probation Officer, two (2) Senior Probation Officers, ten (10) Deputy Probation Officer II positions, one (1) Probation Specialist, and two (2) Office Assistants.*

Three multi-agency post-release accountability and corrections teams (PACT) augment

Probation's efforts to supervise high-risk offenders and apprehend absconders, individuals who pose the greatest risk to public safety. Probation requests three additional cars to support PACT, the annual cost of which is offset by reducing appropriations for salaries. Authorization of these vehicles and an associated budget adjustment for Fleet Services are included in the recommended motions under Fleet Services section elsewhere in this report.

**Recommendation 19:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations for the Probation Department for vehicles for the PACT teams totaling \$84,000, as follows:*

Decrease appropriations:		
10000-2600200000-510040	Regular salaries	\$84,000
Increase appropriations:		
10000-2600200000-528920	Car pool expense	84,000

Probation continues to monitor the status of federal Title IV-E administrative funds that support foster care candidacy cases at imminent risk of removal into foster care. California counties have been unable to claim funds since December 2013 due to a review of two counties determined non-compliant. The California Department of Social Services (DCSS) and the Chief Probation Officers of California (CPOC) partnered to address the federal recommendations. They developed corrective actions including guidance for identifying and documenting administrative costs related to foster care candidacy, provided statewide training and revised the state's cost allocation plan. In August, DCSS and CPOC requested federal approval of the actions taken. If approved, payments would be retroactive to October 2013. If unresolved, Probation's revenue loss for FY 14/15 will be \$1.9 million. The department will continue to monitor the situation and communicate any impacts to the Executive Office.

#### ***Law Office of the Public Defender***

The Law Office of the Public Defender expects to remain within budget. This includes a project for a countywide courtroom wireless system that will be paid by the general fund if the department is over budget at year-end. The department is working diligently to absorb labor costs through attrition. Shortages in AB109 funding and possible lawsuit arbitration costs could affect the budget. Any adjustments will be determined in the third quarter report.

In July 2013, \$19 million in renovation costs were debt-financed to renovate the former District Attorney building on Main Street in Riverside for use by the Public Defender and Probation. However, construction was delayed and completion is now expected in FY 15/16.

#### ***Indigent Defense***

The Executive Office expects Indigent Defense to remain within budget for FY 14/15. However, the number of cases that require indigent defense or capital conflict counsel will ultimately determine this. The budget will be monitored throughout the year.

**Grand Jury**

The department anticipates meeting FY 14/15 budget targets.

**Department of Animal Services**

The FY 14/15 final budget included \$200,000 to add three Animal Control Officers. These positions will improve field service response times. Human Resources is processing the department's request to add the positions, and recruitments will be conducted thereafter.

**Agricultural Commissioner**

The Agricultural Commissioner anticipates ending the year within budget and on target through continued fiscal restraint.

**PUBLIC WAYS AND FACILITIES**

**Transportation Land Management Agency (TLMA)**

**Supervisory Road District No. 4**

The Transportation department requests a budget adjustment to Supervisory Road District No. 4 for Project C50047 located on Buchanan Street between 58th Avenue and Airport Boulevard in the amount of \$409,964. The adjustment is necessary due to an anticipated increase in the estimated unit cost of labor and materials based on experience in the field on recently completed projects of similar scope.

**Recommendation 20:** That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for Supervisory Road District No. 4 by \$409,964, as follows:

Increase appropriations:		
22400-3130400000-528060	Materials	\$136,655
22400-3130400000-537160	Interfund expense – road maintenance grading	<u>273,309</u>
	Total	409,964
Use of restricted fund balance:		
22400-3130400000-321101	Restricted program money	409,964

**HEALTH AND SANITATION**

**Department of Public Health**

FY 14/15 final budget recommendations included \$300,000 to conduct health screenings and assessments, and develop a pilot project aimed at preventing obesity, diabetes, asthma, and other chronic diseases through nutrition and increased physical activity. The project includes three staff and administrative functions in the Community Translational Research Institute (CTRI), a collaborative effort of Inland Empire Health Plan, Claremont Graduate University School of Community and Global Health (CGU), the University of California, Riverside, School of Medicine and the Riverside County

Public Health Department. As work transitions from CGU to CTRI, the department is negotiating a new agreement with CTRI. The department anticipates this agreement will be in place before the current agreement expires on November 30, 2014.

The Department of Public Health requests budget adjustments for unplanned program changes. The department entered into an agreement with the Mental Health Department for a post-partum depression program, but that agreement was later terminated. In addition, the Emergency Medical Services division is contracting with County Fire for consulting services, including addition of one Registered Nurse V position.

**Recommendation 21:** That the Board of Supervisors 1) approve amending Ordinance No. 440 to add one (1) Registered Nurse V position; and 2) approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenue for Public Health totaling \$301,314, as follows:

Increase estimated revenue:

10000-4200100000-762040	Fed – health grants	\$ 10,457
10000-4200100000-767220	Fed – other grants	135,200
10000-4200100000-781360	Other miscellaneous revenue	<u>155,657</u>
	Total	301,314

Increase appropriations:

10000-4200100000-510240	Per diem salaries	2,719
10000-4200100000-510320	TAP salaries	44,000
10000-4200100000-520200	Communications	821
10000-4200100000-525440	Professional services	90,604
10000-4200100000-527180	Operational supplies	<u>14,803</u>
	Total	152,947

Decrease appropriations:

10000-4200100000-510040	Salaries	440,122
10000-4200100000-510520	Bilingual pay	6,240
10000-4200100000-518100	Budgeted benefits	195,819
10000-4200100000-520230	Cellular phone	2,400
10000-4200100000-520250	Communications – equipment installation	582
10000-4200100000-520320	Telephone services	519
10000-4200100000-520705	Food	1,000
10000-4200100000-520820	Janitorial services	48
10000-4200100000-521540	Maintenance – office equipment	375
10000-4200100000-521700	Maintenance – alarms	594
10000-4200100000-522310	Maintenance – building and improvement	82
10000-4200100000-523620	Books/publications	500
10000-4200100000-523700	Office supplies	2,300
10000-4200100000-523760	Postage – mailing	850
10000-4200100000-523800	Printing/binding	5,000
10000-4200100000-524960	Interpreters – translator fees	500
10000-4200100000-526420	Advertising	180
10000-4200100000-525440	Professional services	3,441
10000-4200100000-526720	Rent – lease storage	250
10000-4200100000-527780	Special program expense	3,500

10000-4200100000-527840	Training – education/tuition	700
10000-4200100000-528140	Conference/registration fees	3,450
10000-4200100000-528900	Air transportation	3,615
10000-4200100000-528920	Car pool expense	14,439
10000-4200100000-528960	Lodging	900
10000-4200100000-528980	Meals	525
10000-4200100000-529000	Miscellaneous – travel expense	460
10000-4200100000-529040	Private mileage reimbursement	19,876
10000-4200100000-529060	Public service transportation	105
10000-4200100000-529080	Rental vehicles	200
10000-4200100000-529540	Utilities	135
10000-4200100000-537120	Interfund expense – professional & special services	100
10000-4200100000-572200	Intrafund expense – grant	(857,174)
	Total	(148,367)

**Department of Environmental Health**

The Department of Environmental Health’s revenue and expenditures to date are within FY 14/15 first quarter parameters.

**Riverside County Regional Medical Center General Fund Programs**

**Correctional Health**

Correctional Health Services (CHS), (previously Detention Health), is working with the Riverside County Information Technology department to implement electronic health records in the jail system. The department will return to the Board with a recommendation along with a request for funding.

In FY 13/14, CHS requested and received Board approval to replace x-ray equipment in the Robert Presley Detention Center that has reached the end of its useful life. Because that effort was not completed in FY 13/14, the department requests the Board renew approval of the purchase in FY 14/15. In addition, x-ray equipment at the Southwest Justice Center also is at the end of its useful life and needs replacement. The department will return with a funding request to replace that equipment once a vendor is selected and the costs are known.

**Recommendation 22:** *That the Board authorize of the purchase of two (2) x-ray machines for the Correctional Health Services program to replace obsolete equipment at the Robert Presley Detention Center and Southwest Detention Center.*

**PUBLIC ASSISTANCE**

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

Department of Public Social Services’ (DPSS) caseload growth from August 2013 through August 2014 showed demand for Medi-Cal services continuing an upward trend, with a 37 percent increase. The other self-sufficiency and social services programs also showed caseload increases, but in lesser percentages: welfare-to-work increased 8 percent, in-home supportive services increased 7 percent, child welfare ser-

vices increased 6 percent, adult protective services and foster care increased 5 percent, CalFresh increased 4 percent, adoptions increased 2 percent and CalWORKs was almost flat with a 1 percent increase.

Approximately 113,500 Medi-Cal applications and an average of 11,280 calls from Covered California were received during the open enrollment period of October 1, 2013, through April 15, 2014. Medi-Cal-eligible individuals are able to enroll at any time, so new applications are received every month. During the first quarter of this fiscal year, monthly Medi-Cal enrollment averaged 22,377, which is a 19 percent increase over the same period in FY 13/14.

To deal with the continuing caseload growth and an 11 percent annual attrition rate, personnel recruitments are being conducted at a rapid pace. Some use of temporary assistance and overtime is required to bridge the gap in staffing, but both are carefully monitored and kept to the minimum.

The department requests budget adjustments to: 1) enable partial use this fiscal year of a California Health Care Services Medi-Cal outreach and enrollment allocation; 2) enable use of California Department of Social Services funding to provide housing and supportive services for homeless families of the Family Stabilization and CalWORKs programs; and, 3) account for a \$2.2 million increase in Expanded Subsidized Employment program funding.

**Recommendation 23:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Department of Public Social Services in the amount of \$3,780,819, as follows:*

Increase appropriations:		
10000-5100100000-525440	Professional services	\$ 580,819
10000-5100100000-530440	Client services	<u>3,200,000</u>
	Total	<u>3,780,819</u>

Increase estimated revenue:		
10000-5100100000-760000	Federal – public assistance administration	3,780,819

**Riverside County Children and Families Commission (RCCFC)**

The approved budget anticipated using \$6.4 million in fund balance. However, as a result of reduced spending on health contracts, the currently projected use of fund balance is \$5.8 million. Funds unused this fiscal year remain available for service contracts through FY15/16. The year-end projected fund balance is \$36.9 million. The Commission has obligated nearly all of this balance for services in subsequent years.

During the first quarter of FY 14/15, the Children and Families Commission approved a six month agreement in the amount of \$210,000 with the Riverside County Department of Education for services of an interim executive director. The Commission also entered into an agreement with a consultant in the amount of \$28,060 for development of a strategic plan. First 5 Riverside is also working closely with the EDA Real Estate Division

and DPSS facilities staff to complete tenant improvements on their business office. The estimated occupation date is January 2015.

**Community Action Partnership (CAP)**

The Community Action Partnership (CAP) budget is on target for FY 14/15. In a monitoring report dated June 2, 2014, the Department of Community Services and Development (CSD) identified questionable costs in the amount of \$987,530 from seven energy contracts covering the period of 2009 through 2012. CAP responded to CSD contesting \$951,974 of the questionable costs. CAP has submitted required documents to the state to address the issues identified, and reminded CSD that over the 3.5-year timeframe in question, CAP received 30 monitoring visits – 19 from CSD – all without significant findings. CAP also expressed concern to CSD that the costs identified were not reported to CAP until recently – after the contracts had already ended. This did not allow CAP time to remedy noted concerns prior to the close of the contracts. CAP is waiting the final determination report from CSD.

The Board approved the AmeriCorps contract on June 3, 2014 (Item 3-5), but it was not signed by the funder in time to receive the revenue before fiscal year end 2014. Consequently, CAP requests a budget adjustment to reflect receipt and appropriation of this funding in FY14/15.

**Recommendation 24:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Community Action Partnership by \$49,500, as follows:*

Increase estimated revenue:		
21050-5200300000-781360	Other miscellaneous revenue	\$49,500
Increase appropriations:		
21050-5200300000-527780	Special program expense	49,500

CAP also requests a budget adjustment to reflect funding that will be used in FY 14/15 for the Riverside County Individual Development Account Program (RivCo.IDA). This is a matched savings incentive program for low income residents in which every dollar saved up to \$1,000 is matched with two federal and two local dollars for a maximum of \$4,000. The money is held in a savings account until the participant has attained their savings goal of home ownership, higher education, or small business creation or expansion. CAP requests a \$115,000 budget adjustment drawn from available restricted fund balance to fund this program.

**Recommendation 25:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Community Action Partnership by \$115,000 as follows:*

Decrease restricted fund balance:		
21050-5200100000-321101	Restricted program money	\$1,548,822
21050-5200200000-321101	Restricted program money	<u>523,936</u>
	Total	2,072,758

Increase in restricted fund balance:		
21050-5200300000-321101	Restricted program money	2,072,758
Increase appropriations:		
21050-5200300000-527780	Special program expense	115,000
Use of restricted fund balance:		
21050-5200300000-321101	Restricted program money	115,000

### **Veterans' Services**

Veterans' Services is on target to meet its FY 14/15 net county costs.

### **Office on Aging**

Office on Aging remains on a continuing resolution without approval of U.S. Senate Bill 1562 to reauthorize the Older Americans Act of 1965, and may be subject to future Budget Control Act (BCA) effects. The department will monitor federal activity and the possible impact of sequestration on the department, and will provide an update as necessary in the midyear report.

Office on Aging receives federal and state funding to support the provision of services, programs and other activities for senior citizens countywide in accordance with Titles III and Title VII of the Older Americans Act and the Older Californians Act. The services include supportive services and senior centers, congregate and home delivered nutrition, preventive health and medication management, national family caregiver support, long-term care ombudsman services, and elder abuse prevention.

The FY 14/15 Titles III and VII estimated program revenue budgeted for the 12-month period of July 1, 2014, through June 30, 2015, is \$6,974,024. The actual Titles III and VII and Nutrition Services Incentive Program funding allocated to Office on Aging by the state in July 2014 is \$7,262,811. The department requests a budget adjustment increasing appropriations and estimated revenue by \$288,787 to reconcile with the federal and state allocations. In addition, Office on Aging anticipates the receipt of one-time-only funds approved from the state budget in the current fiscal year. Office on Aging continues to exercise sound fiscal management and is closely monitoring expenditures. Current year revenue and expenditures are within budget and tracking as projected through the first quarter of FY 14/15.

**Recommendation 26:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing estimated revenue and appropriations in the amount of \$288,787 for Office on Aging, as follows:*

Increase estimated revenues:		
21450-5300100000-767140	Federal - miscellaneous reimbursement	\$288,787
Increase appropriations:		
21450-5300100000-527780	Special program expense	288,787



**EDUCATION, RECREATION, AND CULTURE**

**Community Center Administration**

The Economic Development Agency requests a \$70,000 budget adjustment to fund the three community centers located in the eastern desert area of Riverside County. The county is in the process of entering into an agreement with the Desert Recreation District (DRD) by January 2015 to manage the centers. The HUD Community Development Block Grant program provided \$70,000, and the department now needs to increase appropriations to cover salaries and utilities for these centers until an executed agreement with the Desert Recreation District (DRD) is completed.

**Recommendation 27:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Community Center administration by \$70,000, as follows:

Increase estimated revenues:		
21140-1900800000-778280	Interfund revenue – reimbursement for service	\$70,000
Increase appropriations:		
21140-1900800000-537180	Interfund expense – salary reimbursement	40,000
21140-1900800000-537240	Interfund expense – utilities	<u>30,000</u>
	Total	<u>70,000</u>

**Cooperative Extension**

At first quarter, the Cooperative Extension is within FY 14/15 budget parameters.

**ENTERPRISE FUNDS**

**Housing Authority**

On May 20, 2014, the Board acting as of Commissioners of the Housing Authority adopted Housing Authority Resolution No. 2014-004 authorizing the transfer of approximately \$17 million from the Housing Authority’s Low-Moderate Income Housing Asset fund to the county’s Successor Agency. However, a budget adjustment was not also concurrently approved by the Board of Supervisors to provide sufficient appropriations to the Housing Authority for that transfer to occur. At this time, the Housing Authority requests such a \$17,397,591 budget adjustment to enable that transfer.

**Recommendation 28:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unrestricted net assets for the Housing Authority by \$17,397,591, as follows:

Increase appropriations:		
40610-1900400000-551100	Contribution to other funds	\$17,397,591
Use of unrestricted net assets:		
40610-1900400000-380100	Unrestricted net assets	17,397,591

In addition, the Housing Authority requests removing \$5,895,994 of program income from the Low-Moderate Income Housing Asset fund to develop affordable housing.

**Recommendation 29:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unrestricted net assets for the Housing Authority by \$5,895,994, as follows:*

Increase appropriations:		
40610-1900400000-551100	Contribution to other funds	\$5,895,994
Use of unrestricted net assets:		
40610-1900400000-380100	Unrestricted net assets	5,895,994

**Riverside County Regional Medical Center (RCRMC)**

Riverside County Regional Medical Center (RCRMC) ended FY 13/14 with a negative cash balance of \$40.9 million. In September, Interim Hospital CEO Lowell Johnson reported that he expected FY 14/15 revenue and expenditures projections to balance, in part due to implementation of Huron and RCRMC labor and non-labor cost saving initiatives, and projected increases in patient revenue collections. RCRMC continues to face challenges in FY 14/15 that include dependence on government funding for operations, payer mix imbalance, patient throughput, and the need to replace critical capital equipment.

The Executive Office continues to work with RCRMC to develop a multi-year budget forecast that takes into account the changing health care environment as well as repayment of the cash transfer from Waste Management to pay for Huron's consulting services.

**Waste Management**

To date, Waste Management's revenue and expenditures are within expectations.

**INTERNAL SERVICE FUNDS**

**Facilities Management**

**Custodial Services**

Facilities Management's Custodial Services Division estimates ending the year with a \$432,167 budget deficit, as current approved rates do not provide for full cost recovery. Sufficient cash is available continue operations through FY 14/15. On July 15, 2014, the Board approved item 3-25, an extension to repay the general fund loan provided to EDA's internal service funds until June 30, 2020. The loan amount for Custodial Services was \$1,240,091. To maintain adequate working capital, the division will defer the FY 14/15 annual payment on the loan. For the long-term, EDA plans to request an increase in ISF rates for FY 15/16 to bring revenue up to spending levels.

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**Maintenance**

Facilities Management's Maintenance Services Division projects ending the year with a \$412,744 budget deficit under its current rate structure. However, during the FY 14/15 budget workshop held September 9, 2014, the Board of Supervisors approved processing a rate increase to address the increase in crisis maintenance activities due to building aging. The department intends to request the Board adopt the rate increase on November 25, 2014, to start effective December 11, 2014. The general fund loaned the Maintenance division \$2,102,000 in working capital to establish the ISF. Pursuant to Board item 3-25 of July 15, 2014, the Maintenance division plans to defer the FY 14/15 loan repayment to maintain adequate working capital.

**Real Estate**

On April 8, 2014, the Board approved item 3-12 regarding sale of 1.385 acres of vacant land located in Temescal Canyon with direction that the net proceeds from this sale go to the Fire Department. The gross proceeds of that sale were \$230,000, and the amount retained by Facilities Management to cover costs of the sale was \$4,158. Pursuant to that direction, Facilities Management currently requests Board approval to complete transfer of the net proceeds in the amount of \$225,842.

**Recommendation 30:** *That the Board of Supervisors approve and authorize Facilities Management to transfer \$225,842 to the Fire Department from the sale of real property in Temescal Canyon.*

**Parking**

The Parking division estimates ending the year with a budget deficit of \$224,051. Construction of the new Indio parking structure will be complete in February 2015, and will provide the division with additional revenue, as well as increased costs for staffing. EDA will evaluate the potential to recover costs of parking at some of the facilities, including the Orange Street garage.

**Facility Renewal (Formerly Deferred Maintenance)**

In order to mitigate operational risk due to postponed deferred maintenance activities, EDA requested and was approved for an additional \$700,000 to address high priority, at-risk life-cycle and regulatory requirements. The additional funds will ensure continuity of service and regulatory compliance. The additional budget allocation will fund boiler and HVAC chiller replacement at the following facilities: Robert Presley Detention Center, Riverside County Administrative Center, Riverside Neighborhood Health Clinic, Academy of Justice Center, Juvenile Probation Building, and U.S. District Court. Three of the projects are currently in the procurement phase, and four projects are in the design phase. Monthly status reports are provided to the Executive Office.

**Purchasing & Fleet Services****Central Purchasing**

Purchasing is on track to remain within FY 14/15 budget targets as long as service

agreements with county departments remain intact. Recruitment is underway for two Central Purchasing Procurement Contract Specialists approved in the final budget.

**Fleet Services**

Storm damage to the roof of the Fleet Services Hemet garage occurred after submission of the FY 14/15 requested budget. Fleet Services requests a \$26,550 budget adjustment using unrestricted net assets to pay for repairs. Fleet Services also requests approval for addition of an Administrative Services Analyst II position to assist staff with vehicle aging reports, annual renewals on contracts, correspondence, value pricing analysis, vehicle receiving and documentation. The position will also assist with bid documentation and organization of fleet vehicle purchases, and allow existing staff to focus on other core functions of the department. The current year \$69,139 *pro rata* cost for this position will be funded from unrestricted net assets and have no impact on existing FY 14/15 rates.

In the September 8, 2014, budget workshop, the Board of Supervisors increased FY 14/15 rates for Facilities Management. The impact of the increase on Purchasing and Fleet Services' FY 14/15 budget is \$45,627. As this amount was not included in the requested budget, at this time Fleet Services requests a \$45,627 budget adjustment using unrestricted net assets to cover this expense.

**Recommendation 31:** *That the Board of Supervisors 1) approve amending Ordinance No. 440 to add one (1) Administrative Services Analyst II position for Fleet Services; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations estimated revenue, and use of available net assets for Fleet Services by \$141,316, as follows:*

Increase appropriations:		
45300-7300500000-510040	Regular salaries	\$ 46,485
45300-7300500000-518100	Budgeted benefits	22,654
45300-7300500000-522310	Maintenance – buildings	<u>72,177</u>
	Total	141,316

Use of unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	141,316

Fleet Services gradually continues to liquidate aged county vehicles. Between April 1, 2014, and September 30, 2014, the departments retired 7 patrol and 37 general use vehicles, a total of 44 vehicles, which are now pending sale. During the same period, 267 previously retired vehicles were sold, 49 patrol and 218 general use, recovering \$455,046 from the sales. As a result, county departments saved \$334,551 in mileage charges and fuel costs during the last quarter. Attachment E includes additional detail.

During FY 13/14, there were a number of authorized vehicle acquisitions that Fleet Services did not initiate in sufficient time to be purchased during that fiscal year, and for which authorization consequently expired when the fiscal year ended. A number of these vehicles are still required by departments, and Fleet Services requests reauthori-

zation of those vehicles at this time. The annual expense of these vehicles will be recovered through chargebacks previously budgeted by these departments.

**Recommendation 32:** That the Board 1) reauthorize and direct the Purchasing Agent to acquire ten (10) vehicles for Probation and five (5) vans for Mental Health originally authorized in FY 13/14; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and use of available net assets for Fleet Services by \$598,800, as follows:

Increase appropriations:		
45300-7300500000-535560	Depreciation – equipment	\$ 81,000
45300-7300500000-546320	Vehicles – cars/light trucks	<u>405,000</u>
	Total	486,000
Increase estimated revenue:		
45300-7300500000-777620	Vehicle cost recovery	405,000
Use of unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	81,000

To date, the Board has authorized purchase of six (6) additional vehicles for the Sheriff, and approved three (3) additional vehicles for Probation. However, appropriations for those acquisitions were not added to Fleet Services' budget. Consequently, the department requests a budget adjustment at this time to accommodate purchase of those vehicles.

**Recommendation 33:** That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and use of available net assets for Fleet Services by \$226,970, as follows:

Increase appropriations:		
45300-7300500000-532600	Capital lease – principal	\$ 9,100
45300-7300500000-533720	Capital lease – interest	800
45300-7300500000-535515	Amortization – vehicles	9,400
45300-7300500000-535560	Depreciation – equipment	26,400
45300-7300500000-546320	Vehicles – cars/light trucks	<u>191,170</u>
	Total	236,870
Increase estimated revenue:		
45300-7300500000-777620	Vehicle cost recovery	201,070
Use of unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	35,800

At this time, Probation requests authorization of an additional eight (8) vehicles, as detailed elsewhere in this report. In addition, Mental Health also requests nineteen (19) additional hybrid sedans.

**Recommendation 34:** That the Board 1) authorize and direct the Purchasing Agent to

acquire eight (8) vehicles for Probation and nineteen (19) hybrid sedans for Mental Health; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and use of available net assets for Fleet Services by \$865,440, as follows:

Increase appropriations:		
45300-7300500000-535560	Depreciation – equipment	\$ 75,600
45300-7300500000-546320	Vehicles – cars/light trucks	<u>756,000</u>
	Total	831,600

Increase estimated revenue:		
45300-7300500000-777620	Vehicle cost recovery	756,000

Use of unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	75,600

### **Supply Services**

System furniture sales continue to exceed expectations. Supply Services anticipates an increase in systems furniture sales due to projects in process such as the Indio Law Building (projected at \$2 million) and upgrades to the Rustin Building for Mental Health. Therefore, Supply Services requests a \$4,500,000 budget adjustment offset by department revenue. Supply Services does not charge a markup on system furniture sales.

**Recommendation 35:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Supply Services in the amount of \$4,500,000, as follows:

Increase estimated revenue:		
45700-7300400000-781600	Systems furniture	\$4,500,000

Increase appropriations:		
45700-7300400000-527600	Indirect materials	4,500,000

### **Riverside County Information Technology (RCIT)**

Riverside County Information Technology (RCIT) reports implementation of corrective measures to rectify a budget deficit in FY 14/15. These measures include a hiring freeze, reducing travel authorizations for training and conferences, and reducing authorized overtime and standby hours. In addition, the department anticipates generating revenue through leasing space in the Innovation Center, and providing data center-related services for external agencies and county departments. RCIT anticipates resolving \$3.8 million of the deficit through cost-cutting actions and increased revenue. RCIT worked with the Executive Office on a plan to address the FY 13/14 \$4 million budget shortfall and will update the Board on progress made during the midyear and third quarter budget reports.

Finally, RCIT is rebranding itself and placing greater focus on customer support and satisfaction. Steps to achieving this change include short and long-term planning, engaging end-users in project design/functionality, providing professional project management

and demonstrating urgency in problem resolution. A letter providing additional information from the Interim Chief Information Officer is included in Attachment D.

**Human Resources**

**Temporary Assistance Pool (TAP)**

Human Resources is working to ensure the Temporary Assistance Pool (TAP) meets budget targets by the end of this fiscal year. TAP will begin recouping occupational health, Livescan, and background check fees paid by the fund from user departments. However, these additional revenues are not sufficient to cover all projected expenses. Human Resources will continue to work towards a solution before year-end.

**Recommendation 36:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Human Resources' Temporary Assistance Pool by \$955,000, as follows:*

Increase estimated revenues:		
47000-1131800000-773550	Fingerprinting	\$ 50,000
47000-1131800000-777520	Reimbursement for services	<u>945,000</u>
	Total	995,000
Increase appropriations:		
47000-1131800000-525060	Medical examinations – physicals	625,000
47000-1131800000-525310	ESD processing – HRMS	275,000
47000-1131800000-523840	Computer equipment/software	<u>95,000</u>
	Total	995,000

**SPECIAL DISTRICTS AND OTHER AGENCIES**

**Flood Control and Water Conservation District**

The Flood Control and Water Conservation District is within its FY 14/15 budget target and continues to exercise prudent budget practices. Flood Control's intradepartmental Board-approved rates were re-evaluated while considering the effects of a rebounding economy on the revenue and expense streams, and factoring the trends of cost recovery into proposed rates. However, there is still accumulation of excess fund balances that the district requests to transfer back to the ten special revenue funds that paid for these services. These include seven funds serving the district's seven tax zones by funding for maintenance, design and construction programs, as well as three funds serving the Watershed Protection division that include water quality planning and the National Pollutant Discharge Elimination System program.

**Flood Control Garage/Fleet Operations**

Flood Control's Garage/Fleet Operations division requests budget adjustments to allocate excess fund balance accumulated from payment for services provided by its ISF in prior years. Rates were evaluated at the end of FY 13/14 and have been adjusted accordingly.

**Recommendation 37:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, unrestricted net assets, and committed fund balance for Flood Control Garage/Fleet Operations by \$400,000, as follows:

Increase appropriations:		
48020-947260-551000	Operating transfers – out	\$400,000
Use of unrestricted net assets:		
48020-947260-380100	Unrestricted net assets	400,000
Increase estimated revenues:		
15100-947200-790500	Operating transfers – in	4,986
Increase unassigned fund balance:		
15100-947200-370100	Unassigned fund balance	4,986
Increase estimated revenues:		
25110-947400-790500	Operating transfers – in	66,770
Increase committed fund balance:		
25110-947400-330100	Committed fund balance	66,770
Increase estimated revenues:		
25120-947420-790500	Operating transfers – in	54,435
Increase committed fund balance:		
25120-947420-330100	Committed fund balance	54,435
Increase estimated revenues:		
25130-947440-790500	Operating transfers – in	19,091
Increase committed fund balance:		
25130-947440-330100	Committed fund balance	19,091
Increase estimated revenues:		
25140-947460-790500	Operating transfers – in	130,927
Increase committed fund balance:		
25140-947460-330100	Committed fund balance	130,927
Increase estimated revenues:		
25150-947480-790500	Operating transfers – in	15,236
Increase committed fund balance:		
25150-947480-330100	Committed fund balance	15,236
Increase estimated revenues:		
25160-947500-790500	Operating transfers – in	48,737



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Increase committed fund balance:		
25160-947500-330100	Committed fund balance	48,737
Increase estimated revenues:		
25170-947520-790500	Operating transfers – in	46,015
Increase committed fund balance:		
25170-947520-330100	Committed fund balance	46,015
Increase estimated revenues:		
25180-947540-790500	Operating transfers – in	708
Increase committed fund balance:		
25180-947540-330100	Committed fund balance	708
Increase estimated revenues:		
25190-947560-790500	Operating transfers – in	916
Increase committed fund balance:		
25190-947560-330100	Committed fund balance	916
Increase estimated revenues:		
25200-947580-790500	Operating transfers – in	1,271
Increase committed fund balance:		
25200-947580-330100	Committed fund balance	1,271
Increase estimated revenues:		
40650-947120-790500	Operating transfers – in	330
Increase unrestricted net assets:		
40650-947120-380100	Unrestricted net assets	330
Increase estimated revenues:		
40660-947140-790500	Operating transfers – in	166
Increase unrestricted net assets:		
40660-947140-380100	Unrestricted net assets	166
Increase estimated revenues:		
40670-947160-790500	Operating transfers – in	473
Increase unrestricted net assets:		
40670-947160-380100	Unrestricted net assets	473
Increase estimated revenues:		
48000-947240-790500	Operating transfers – in	1,221
Increase unrestricted net assets:		
48000-947240-380100	Unrestricted net assets	1,221

Increase estimated revenues:		
48020-947260-790500	Operating transfers – in	8,625
Increase unrestricted net assets:		
48020-947260-380100	Unrestricted net assets	8,625
Increase estimated revenues:		
48040-947280-790500	Operating transfers – in	35
Increase unrestricted net assets:		
48040-947280-380100	Unrestricted net assets	35
Increase estimated revenues:		
48060-947300-790500	Operating transfers – in	4
Increase unrestricted net assets:		
48060-947300-380100	Unrestricted net assets	4
Increase estimated revenues:		
48080-947320-790500	Operating transfers – in	54
Increase unrestricted net assets:		
48080-947320-380100	Unrestricted net assets	54

**Flood Control Project/Maintenance Operations**

Flood Control's Project/Maintenance Operations division requests budget adjustments to allocate the excess fund balance accumulated from payment for services provided by its ISF in prior years. Rates were evaluated at the end of FY 13/14 and have been adjusted accordingly.

**Recommendation 38:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, unrestricted net assets, and committed fund balance for Flood Control's Project/Maintenance Operations by \$40,000, as follows:*

Increase appropriations:		
48040-947280-551000	Operating transfers – out	\$40,000
Use of unrestricted net assets:		
48040-947280-380100	Unrestricted net assets	40,000
Increase estimated revenues:		
15100-947200-790500	Operating transfers – in	38
Increase unassigned fund balance:		
15100-947200-370100	Unassigned fund balance	38
Increase estimated revenues:		
25110-947400-790500	Operating transfers – in	13,313

Increase committed fund balance:		
25110-947400-330100	Committed fund balance	13,313
Increase estimated revenues:		
25120-947420-790500	Operating transfers – in	7,521
Increase committed fund balance:		
25120-947420-330100	Committed fund balance	7,521
Increase estimated revenues:		
25130-947440-790500	Operating transfers – in	2,454
Increase committed fund balance:		
25130-947440-330100	Committed fund balance	2,454
Increase estimated revenues:		
25140-947460-790500	Operating transfers – in	10,935
Increase committed fund balance:		
25140-947460-330100	Committed fund balance	10,935
Increase estimated revenues:		
25150-947480-790500	Operating transfers – in	743
Increase committed fund balance:		
25150-947480-330100	Committed fund balance	743
Increase estimated revenues:		
25160-947500-790500	Operating transfers – in	2,190
Increase committed fund balance:		
25160-947500-330100	Committed fund balance	2,190
Increase estimated revenues:		
25170-947520-790500	Operating transfers – in	2,806
Increase committed fund balance:		
25170-947520-330100	Committed fund balance	2,806

**Flood Control Mapping Services**

Flood Control's Mapping Services division requests authorization and a budget adjustment for purchase of an additional high-volume color copier/scanner for the reproduction section to improve productivity. Further, the copier/scanner will enable the reproduction section to meet current and future high-volume print requests, reduce maintenance costs, and reduce the amount of hard copy documents produced.

**Recommendation 39:** That the Board of Supervisors 1) authorize purchase of one high-volume color copier/scanner; and 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unrestricted net assets

for Flood Control by \$42,500, as follows:

Increase appropriations:		
48060-947300-546140	Equipment – office	\$42,500
Use of unrestricted net assets:		
48060-947300-380100	Unrestricted net assets	42,500

**National Pollutant Discharge Elimination System (NPDES)**

The NPDES fund is within the first quarter FY 14/15 budget parameters.

**Regional Parks and Open Space District**

The District’s Operating Fund accounts for expenditures related to the Interpretive Program. Staff has identified several repair and maintenance projects that were not initially budgeted and will impact the integrity of buildings and historical collections if they are not addressed in a timely manner.

At Gilman Ranch, the wagon museum’s air conditioner needs servicing, and the collection room is infested with rats and other pests which will require extensive professional extermination and cleanup services. The exterior of Louis Robidoux Nature Center is in poor condition and the siding needs to be replaced and painted. In order to maintain a current inventory of the collections and historical items stored at each interpretive site, staff is requesting two laptops and special software for tracking such items.

**Recommendation 40:** That the Board of Supervisors 1) authorize purchase of two laptop computers and collections inventory tracking software; and 2) approve and direct the Auditor Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Regional Park and Open Space District by \$18,300, as follows:

Increase appropriations:		
25400-931104-523640	Computer equipment – non-fixed asset	\$ 4,000
25400-931104-522310	Maintenance – building and improvement	<u>14,300</u>
	Total	18,300
Use of restricted fund balance:		
25400-931104-321101	Restricted program money	18,300

The District’s Habitat and Open Space Management Program requests using existing unassigned fund balance to purchase a new cab tractor for use in Arundo removal activities along the Santa Ana River. The existing tractor is not carbon compliant as required by the California Air Resources Board, and any efforts to bring that tractor into compliance would cost more than the purchase of a new tractor.

**Recommendation 41:** That the Board of Supervisors 1) authorize purchase of one new cab tractor; and 2) approve and direct the Auditor Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Regional Park and Open Space District by \$95,464, as follows:

Increase appropriations:		
25520-931107-546360	Vehicles – heavy equipment	\$95,464
Use of restricted fund balance:		
25520-931107-321101	Restricted program money	95,464

The District incurred costs for emergency repairs as a result of the recent rainstorms at Mayflower and Lake Cahuilla Parks. The well pump at Mayflower Park was pumping excessive amounts of sand and requires replacement in order to continue to supply the park with water. The entry road at Lake Cahuilla Park was completely washed out during the recent rainstorms, causing the park to be closed to all visitors until it is repaired.

**Recommendation 42:** That the Board of Supervisors approve and direct the Auditor Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Regional Park and Open Space District by \$222,000, as follows:

Increase appropriations:		
33100-931105-522400	Maintenance – improvements water	\$ 22,000
33100-931105-525440	Professional services	<u>200,000</u>
	Total	222,000
Use of restricted fund balance:		
33100-931105-322100	Restricted for construction/capital projects	222,000

The new Perris-Menifee Valley Aquatic Center (DropZone) opened for its first operating season this past summer. The district budgeted for the cost of an office copier during FY 13/14, but was not able to initiate the purchase that fiscal year. Consequently, the district requests reauthorization of and a budget adjustment for the purchase of one office copier. Revenue collected at DropZone was higher than anticipated due to the success of food service operations at the park, so the increased revenues will offset the cost of the copier purchase.

**Recommendation 43:** That the Board of Supervisors 1) authorize purchase of one office copier; and, 2) approve and direct the Auditor Controller to make budget adjustments increasing appropriations and estimated revenues for the Regional Park and Open Space District by \$10,000, as follows:

Increase appropriations:		
25420-931180-546140	Equipment – office	\$10,000
Increase estimated revenue:		
25420-931180-776740	Recreation fees	10,000

The District entered into an agreement with the Economic Development Agency (EDA) to perform maintenance and operations at several regional community centers. The district received community improvement designation funding during FY 13/14 intended for use for community center programming during the current fiscal year. However, the understanding between the District and EDA was only formalized on June 17, 2014, and a budget for FY 14/15 has not yet been established.

**Recommendation 44:** That the Board of Supervisors approve and direct the Auditor Controller to make budget adjustments increasing appropriations and estimated revenues and releasing committed fund balance for the Regional Park and Open Space District by a net total of \$953,437, as follows:

Decrease committed fund balance:		
25600-931155-330100	Committed fund balance	\$ 84,298
Increase in committed fund balance:		
25600-931156-330100	Committed fund balance	84,298
Increase appropriations:		
25600-931156-510040	Regular salaries	365,609
25600-931156-522310	Maintenance – building and improvement	113,164
25600-931156-527780	Special program expense	131,783
25600-931156-529540	Utilities	241,650
25600-931156-528440	Overhead	<u>101,231</u>
	Total	953,437
Increase estimated revenue:		
25600-931156-741000	Rents	139,500
25600-931156-776740	Recreation fees	51,500
25600-931156-778010	Interfund – CDBG	540,000
25600-931156-781360	Other miscellaneous revenue	58,437
25600-931156-790600	Contribution from other county funds	<u>79,702</u>
	Total	869,139
Use of committed fund balance:		
25600-931156-330100	Committed fund balance	84,298

## Attachment A Summary of Recommendations

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

**Recommendation 1:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Contributions to Other Funds, the Department of Environmental Health, and the Accumulative Capital Outlay fund by \$153,360, as follows:*

Increase appropriations:		
10000-1101000000-551100	Contributions to other county funds	\$131,860
10000-4200400000-551100	Contributions to other county funds	<u>21,500</u>
	Total	153,360

Increase estimated revenues:		
10000-1300100000-700020	Property tax – current secured	131,860

Decrease appropriations:		
10000-4200400000-525440	Professional services	21,500

Decrease unassigned fund balance:		
10000-1101000000-370106	Unassigned fund balance for budget stabilization	131,860

Increase unassigned fund balance:		
10000-1300100000-370106	Unassigned fund balance for budget stabilization	131,860

Increase estimated revenue:		
30000-1100300000-790600	Contributions from other county funds	153,360

Increase appropriations:		
30000-1100300000-536200	Contribution to non-county agency	153,360

**Recommendation 2:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Health and Juvenile Services Fund by \$27,889, as follows:*

Increase estimated revenues:		
22430-1100100000-781000	Contractual revenue	\$27,889

Increase appropriations:		
22430-1100100000-536200	Contribution to non-county agency	27,889

**Recommendation 3:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for Contributions to Other Funds and estimated revenue by \$358,892, and increasing appropriations, estimated revenue, and restricted fund balance for the Casa Blanca pass-through fund by a net amount of \$298,647, as follows:*

Increase appropriations:  
 10000-1101000000-536200      Contribution to non-county agency      \$358,892

Decrease unassigned fund balance:  
 10000-1101000000-370106      Unassigned fund balance for budget stabilization      358,892

Increase estimated revenues:  
 10000-1300100000-700020      Property tax – current secured      358,892

Increase unassigned fund balance:  
 10000-1300100000-370106      Unassigned fund balance for budget stabilization      358,892

Increase appropriations:  
 22850-1100100000-536200      Contribution to non-county agency      27,342

Increase estimated revenue:  
 22850-1100100000-781000      Contractual revenue      325,989

Increase restricted fund balance:  
 22850-1100100000-321101      Restricted program money      298,647

**Recommendation 4:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue to establish a budget for the Casa Blanca pass-through fund of \$227,125, as follows:*

Increase appropriations:  
 22850-1100100000- 551100      Contribution to other funds      \$227,125

Increase estimated revenue:  
 22850-1100100000-781000      Contractual revenue      227,125

**Recommendation 5:** *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for services and supplies for County Counsel by \$200,000 off-set by an equal amount of intrafund transfer, as follows:*

Increase appropriations:  
 10000-1500100000-525440      Professional services      150,000  
 10000-1500100000-528140      Conference/registration fees      50,000  
 10000-1500100000-572800      Intrafund expense – miscellaneous      (200,000)  
 Total      0

**Recommendation 6:** *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Human Resources by \$270,000, as follows:*

Increase estimated revenues:  
 10000-1130100000-790600      Contribution from other county funds      \$270,000

Increase appropriations:  
 10000-1130100000-510040      Regular salaries      482,000



10000-1130100000-518100	Budgeted benefits	240,000
10000-1130100000-525440	Professional services	188,000
10000-1130100000-572800	Intrafund expense – miscellaneous	<u>(640,000)</u>
	Total	270,000

**Recommendation 7:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of assigned fund balance for the County Airports by \$46,398, as follows:

Increase appropriations:		
22100-1910700000-546280	Capitalized software	\$46,398
Use of assigned fund balance:		
22100-1910700000-350100	AFB for program money	46,398

**Recommendation 8:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for the Water Service fiduciary fund by \$150,000, as follows:

Increase appropriations:		
65964-7200600000-529550	Water	\$150,000
Increase estimated revenues:		
65964-7200600000-777610	Utilities	150,000

**Recommendation 9:** That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Fire Protection by \$968,725, as follows:

Increase estimated revenues:		
21000-2700300000-700020	Property tax current secured	\$968,725
Increase appropriations:		
21000-2700300000-536900	Interfund expense – fire services	968,725

The Fire Department's budget was developed using preliminary estimates for revenue and expenses related to contract city partners and rates from CalFire. Because of updated rate estimates from CalFire, the department requests a \$5,306,881 budget adjustment to reflect this revised estimate. This adjustment has no impact on the general fund.

**Recommendation 10:** That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Fire Protection Contract Services by \$5,306,881, as follows:

Increase estimated revenues:		
10000-2700400000-779050	Fire protection	\$5,306,881

Increase appropriations:		
10000-2700400000-525440	Professional services	5,306,881

**Recommendation 11:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the District Attorney's Victim Legal Advocacy Project in the amount of \$22,217, as follows:

Increase estimated revenue:		
10000-2200100000-767280	Federal revenue	\$22,217

Increase appropriations:		
10000-2200100000-510040	Regular salaries	14,200
10000-2200100000-518100	Budgeted benefits	<u>8,017</u>
	Total	22,217

**Recommendation 12:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the District Attorney's Workers Compensation Insurance Fraud Project in the amount of \$58,669, as follows:

Increase estimated revenue:		
10000-2200100000-755360	CA workers comp insurance fraud	\$58,669

Increase appropriations:		
10000-2200100000-520220	County radio 700MHZ system	5,000
10000-2200100000-523840	Computer equipment/software	15,000
10000-2200100000-527840	Training – education/tuition	20,000
10000-2200100000-528920	Car pool expense	<u>18,669</u>
	Total	58,669

**Recommendation 13:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the District Attorney's Auto Insurance Fraud Project in the amount of \$107,859, as follows:

Increase estimated revenue:		
10000-2200100000-755360	CA – workers compensation insurance fraud	\$107,859

Increase Appropriations:		
10000-2200100000-510040	Regular salaries	30,000
10000-2200100000-518100	Budgeted benefits	13,000
10000-2200100000-520200	Communications	5,000
10000-2200100000-520220	County radio 700MHZ System	5,000
10000-2200100000-523840	Computer equipment/software	5,000
10000-2200100000-523700	Office supplies	5,000
10000-2200100000-527840	Training – education/tuition	4,859
10000-2200100000-528920	Car pool expense	<u>40,000</u>
	Total	107,859

**Recommendation 14:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the District Attorney's Indian gaming effort in the amount of \$280,435, as follows:

Increase estimated revenue:		
10000-2200100000-755740	CA Indian gaming	\$280,435
Increase appropriations:		
10000-2200100000-510040	Regular salaries	137,565
10000-2200100000-518100	Budgeted benefits	64,000
10000-2200100000-520200	Communications	10,000
10000-2200100000-520220	County radio 700MHZ system	5,000
10000-2200100000-523840	Computer equipment/software	5,000
10000-2200100000-523820	Subscriptions	5,000
10000-2200100000-524560	Auditing and accounting	10,000
10000-2200100000-527840	Training – education/tuition	5,000
10000-2200100000-528920	Car pool expense	<u>38,870</u>
	Total	280,435

**Recommendation 15:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the District Attorney's Life and Annuity Consumer Protection Project in the amount of \$10,000, as follows:

Increase estimated revenue:		
10000-2200100000-755840	CA life annuity consumer protection	\$10,000
Increase appropriations:		
10000-2200100000-520200	Communications	5,000
10000-2200100000-520220	County radio 700MHZ system	1,000
10000-2200100000-528920	Car pool expense	<u>4,000</u>
	Total	10,000

**Recommendation 16:** That the Board of Supervisors approve amending Ordinance No. 440 by adding four (4) correctional cooks, one (1) correctional food services supervisor, two (2) correctional senior food service workers, one (1) laundry worker, one (1) sewing services worker and one (1) house manager.

**Recommendation 17:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations for the Probation Department for vehicles for the Youth Accountability Teams totaling \$140,000, as follows:

Decrease appropriations:		
10000-2600200000-510040	Regular salaries	140,000
Increase appropriations:		
10000-2600200000-528920	Car pool expense	140,000

**Recommendation 18:** That the Board of Supervisors approve amending Ordinance No. 440 to add one (1) Supervising Probation Officer, two (2) Senior Probation Officers, ten (10) Deputy Probation Officer II positions, one (1) Probation Specialist, and two (2) Office Assistants.

**Recommendation 19:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations for the Probation Department for vehicles for the PACT teams totaling \$84,000, as follows:

Decrease appropriations:		
10000-2600200000-510040	Regular salaries	\$84,000
Increase appropriations:		
10000-2600200000-528920	Car pool expense	84,000

**Recommendation 20:** That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for Supervisorial Road District No. 4 by \$409,964, as follows:

Increase appropriations:		
22400-3130400000-528060	Materials	\$136,655
22400-3130400000-537160	Interfund expense – road maintenance grading	<u>273,309</u>
	Total	409,964
Use of restricted fund balance:		
22400-3130400000-321101	Restricted program money	409,964

**Recommendation 21:** That the Board of Supervisors 1) approve amending Ordinance No. 440 to add one (1) Registered Nurse V position; and 2) approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenue for Public Health totaling \$301,314, as follows:

Increase estimated revenue:		
10000-4200100000-762040	Fed-health grants	\$ 10,457
10000-4200100000-767220	Fed-other grants	135,200
10000-4200100000-781360	Other miscellaneous revenue	<u>155,657</u>
	Total	301,314
Increase appropriations:		
10000-4200100000-510240	Per diem salaries	2,719
10000-4200100000-510320	TAP salaries	44,000
10000-4200100000-520200	Communications	821
10000-4200100000-525440	Professional services	90,604
10000-4200100000-527180	Operational supplies	<u>14,803</u>
	Total	152,947
Decrease appropriations:		
10000-4200100000-510040	Salaries	440,122
10000-4200100000-510520	Bilingual pay	6,240

10000-4200100000-518100	Budgeted benefits	195,819
10000-4200100000-520230	Cellular phone	2,400
10000-4200100000-520250	Communications – equipment installation	582
10000-4200100000-520320	Telephone services	519
10000-4200100000-520705	Food	1,000
10000-4200100000-520820	Janitorial services	48
10000-4200100000-521540	Maintenance – office equipment	375
10000-4200100000-521700	Maintenance – alarms	594
10000-4200100000-522310	Maintenance – building and improvement	82
10000-4200100000-523620	Books/publications	500
10000-4200100000-523700	Office supplies	2,300
10000-4200100000-523760	Postage – mailing	850
10000-4200100000-523800	Printing/binding	5,000
10000-4200100000-524960	Interpreters – translator fees	500
10000-4200100000-526420	Advertising	180
10000-4200100000-525440	Professional services	3,441
10000-4200100000-526720	Rent – lease storage	250
10000-4200100000-527780	Special program expense	3,500
10000-4200100000-527840	Training – education/tuition	700
10000-4200100000-528140	Conference/registration fees	3,450
10000-4200100000-528900	Air transportation	3,615
10000-4200100000-528920	Car pool expense	14,439
10000-4200100000-528960	Lodging	900
10000-4200100000-528980	Meals	525
10000-4200100000-529000	Miscellaneous – travel expense	460
10000-4200100000-529040	Private mileage reimbursement	19,876
10000-4200100000-529060	Public service transportation	105
10000-4200100000-529080	Rental vehicles	200
10000-4200100000-529540	Utilities	135
10000-4200100000-537120	Interfund expense – professional & special services	100
10000-4200100000-572200	Intrafund expense – grant	(857,174)
	Total	(148,367)

**Recommendation 22:** That the Board authorize of the purchase of two (2) x-ray machines for the Correctional Health Services program to replace obsolete equipment at the Robert Presley Detention Center and Southwest Detention Center.

**Recommendation 23:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Department of Public Social Services in the amount of \$3,780,819, as follows:

Increase appropriations:		
10000-5100100000-525440	Professional services	\$ 580,819
10000-5100100000-530440	Client services	<u>3,200,000</u>
	Total	3,780,819
Increase estimated revenue:		
10000-5100100000-760000	Federal – public assistance administration	3,780,819

**Recommendation 24:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Community Action Partnership by \$49,500, as follows:

Increase estimated revenue:		
21050-5200300000-781360	Other miscellaneous revenue	\$49,500
Increase appropriations:		
21050-5200300000-527780	Special program expense	49,500

**Recommendation 25:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Community Action Partnership by \$115,000 as follows:

Decrease restricted fund balance:		
21050-5200100000-321101	Restricted program money	\$1,548,822
21050-5200200000-321101	Restricted program money	<u>523,936</u>
	Total	2,072,758

Increase in restricted fund balance:		
21050-5200300000-321101	Restricted program money	2,072,758

Increase appropriations:		
21050-5200300000-527780	Special program expense	115,000

Use of restricted fund balance:		
21050-5200300000-321101	Restricted program money	115,000

**Recommendation 26:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing estimated revenue and appropriations in the amount of \$288,787 for Office on Aging, as follows:

Increase estimated revenues:		
21450-5300100000-767140	Federal - miscellaneous reimbursement	\$288,787

Increase appropriations:		
21450-5300100000-527780	Special program expense	288,787

**Recommendation 27:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Community Center administration by \$70,000, as follows:

Increase estimated revenues:		
21140-1900800000-778280	Interfund revenue— reimbursement for service	\$70,000

Increase appropriations:		
21140-1900800000-537180	Interfund expense – salary reimbursement	40,000
21140-1900800000-537240	Interfund expense – utilities	<u>30,000</u>
	Total	70,000

**Recommendation 28:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unrestricted net assets for the Housing Authority by \$17,397,591, as follows:

Increase appropriations:		
40610-1900400000-551100	Contribution to other funds	\$17,397,591
Use of unrestricted net assets:		
40610-1900400000-380100	Unrestricted net assets	17,397,591

**Recommendation 29:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unrestricted net assets for the Housing Authority by \$5,895,994, as follows:

Increase appropriations:		
40610-1900400000-551100	Contribution to other funds	\$5,895,994
Use of unrestricted net assets:		
40610-1900400000-380100	Unrestricted net assets	5,895,994

**Recommendation 30:** That the Board of Supervisors approve and authorize Facilities Management to transfer \$225,842 to the Fire Department from the sale of real property in Temescal Canyon.

**Recommendation 31:** That the Board of Supervisors 1) approve amending Ordinance No. 440 to add one (1) Administrative Services Analyst II position for Fleet Services; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations estimated revenue, and use of available net assets for Fleet Services by \$141,316, as follows:

Increase appropriations:		
45300-7300500000-510040	Regular salaries	\$ 46,485
45300-7300500000-518100	Budgeted benefits	22,654
45300-7300500000-522310	Maintenance – buildings	<u>72,177</u>
	Total	141,316
Use of unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	141,316

**Recommendation 32:** That the Board 1) reauthorize and direct the Purchasing Agent to acquire ten (10) vehicles for Probation and five (5) vans for Mental Health originally authorized in FY 13/14; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and use of available net assets for Fleet Services by \$598,800, as follows:

Increase appropriations:		
45300-7300500000-535560	Depreciation – equipment	81,000

45300-7300500000-546320	Vehicles – cars/light trucks	405,000
	Total	486,000

Increase estimated revenue:		
45300-7300500000-777620	Vehicle cost recovery	405,000

Use of unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	81,000

**Recommendation 33:** That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and use of available net assets for Fleet Services by \$226,970, as follows:

Increase appropriations:		
45300-7300500000-532600	Capital lease – principal	\$ 9,100
45300-7300500000-533720	Capital lease – interest	800
45300-7300500000-535515	Amortization – vehicles	9,400
45300-7300500000-535560	Depreciation – equipment	26,400
45300-7300500000-546320	Vehicles – cars/light trucks	<u>191,170</u>
	Total	236,870

Increase estimated revenue:		
45300-7300500000-777620	Vehicle cost recovery	201,070

Use of unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	35,800

**Recommendation 34:** That the Board 1) authorize and direct the Purchasing Agent to acquire eight (8) vehicles for Probation and nineteen (19) hybrid sedans for Mental Health; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and use of available net assets for Fleet Services by \$865,440, as follows:

Increase appropriations:		
45300-7300500000-535560	Depreciation – equipment	\$ 75,600
45300-7300500000-546320	Vehicles – cars/light trucks	<u>756,000</u>
	Total	831,600

Increase estimated revenue:		
45300-7300500000-777620	Vehicle cost recovery	756,000

Use of unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	75,600

**Recommendation 35:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Supply Services in the amount of \$4,500,000, as follows:

Increase estimated revenue:		
45700-7300400000-781600	Systems furniture	\$4,500,000



Increase appropriations:		
45700-7300400000-527600	Indirect materials	4,500,000

**Recommendation 36:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Human Resources' Temporary Assistance Pool by \$955,000, as follows:

Increase estimated revenues:		
47000-1131800000-773550	Fingerprinting	\$ 50,000
47000-1131800000-777520	Reimbursement for services	<u>945,000</u>
	Total	995,000

Increase appropriations:		
47000-1131800000-525060	Medical examinations – physicals	625,000
47000-1131800000-525310	ESD processing – HRMS	275,000
47000-1131800000-523840	Computer equipment/software	<u>95,000</u>
	Total	995,000

**Recommendation 37:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, unrestricted net assets, and committed fund balance for Flood Control Garage/Fleet Operations by \$400,000, as follows:

Increase appropriations:		
48020-947260-551000	Operating transfers – out	\$400,000

Use of unrestricted net assets:		
48020-947260-380100	Unrestricted net assets	400,000

Increase estimated revenues:		
15100-947200-790500	Operating transfers – in	4,986

Increase unassigned fund balance:		
15100-947200-370100	Unassigned fund balance	4,986

Increase estimated revenues:		
25110-947400-790500	Operating transfers – in	66,770

Increase committed fund balance:		
25110-947400-330100	Committed fund balance	66,770

Increase estimated revenues:		
25120-947420-790500	Operating transfers – in	54,435

Increase committed fund balance:		
25120-947420-330100	Committed fund balance	54,435

Increase estimated revenues:		
25130-947440-790500	Operating transfers – in	19,091

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Increase committed fund balance:		
25130-947440-330100	Committed fund balance	19,091
Increase estimated revenues:		
25140-947460-790500	Operating transfers – in	130,927
Increase committed fund balance:		
25140-947460-330100	Committed fund balance	130,927
Increase estimated revenues:		
25150-947480-790500	Operating transfers – in	15,236
Increase committed fund balance:		
25150-947480-330100	Committed fund balance	15,236
Increase estimated revenues:		
25160-947500-790500	Operating transfers – in	48,737
Increase committed fund balance:		
25160-947500-330100	Committed fund balance	48,737
Increase estimated revenues:		
25170-947520-790500	Operating transfers – in	46,015
Increase committed fund balance:		
25170-947520-330100	Committed fund balance	46,015
Increase estimated revenues:		
25180-947540-790500	Operating transfers – in	708
Increase committed fund balance:		
25180-947540-330100	Committed fund balance	708
Increase estimated revenues:		
25190-947560-790500	Operating transfers – in	916
Increase committed fund balance:		
25190-947560-330100	Committed fund balance	916
Increase estimated revenues:		
25200-947580-790500	Operating transfers – in	1,271
Increase committed fund balance:		
25200-947580-330100	Committed fund balance	1,271
Increase estimated revenues:		
40650-947120-790500	Operating transfers – in	330
Increase unrestricted net assets:		
40650-947120-380100	Unrestricted net assets	330

Increase estimated revenues:		
40660-947140-790500	Operating transfers – in	166
Increase unrestricted net assets:		
40660-947140-380100	Unrestricted net assets	166
Increase estimated revenues:		
40670-947160-790500	Operating transfers – in	473
Increase unrestricted net assets:		
40670-947160-380100	Unrestricted net assets	473
Increase estimated revenues:		
48000-947240-790500	Operating transfers – in	1,221
Increase unrestricted net assets:		
48000-947240-380100	Unrestricted net assets	1,221
Increase estimated revenues:		
48020-947260-790500	Operating transfers – in	8,625
Increase unrestricted net assets:		
48020-947260-380100	Unrestricted net assets	8,625
Increase estimated revenues:		
48040-947280-790500	Operating transfers – in	35
Increase unrestricted net assets:		
48040-947280-380100	Unrestricted net assets	35
Increase estimated revenues:		
48060-947300-790500	Operating transfers – in	4
Increase unrestricted net assets:		
48060-947300-380100	Unrestricted net assets	4
Increase estimated revenues:		
48080-947320-790500	Operating transfers – in	54
Increase unrestricted net assets:		
48080-947320-380100	Unrestricted net assets	54

**Recommendation 38:** That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, unrestricted net assets, and committed fund balance for Flood Control's Project/Maintenance Operations by \$40,000, as follows:

Increase appropriations:		
48040-947280-551000	Operating transfers – out	\$40,000

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Use of unrestricted net assets:		
48040-947280-380100	Unrestricted net assets	40,000
Increase estimated revenues:		
15100-947200-790500	Operating transfers – in	38
Increase unassigned fund balance:		
15100-947200-370100	Unassigned fund balance	38
Increase estimated revenues:		
25110-947400-790500	Operating transfers – in	13,313
Increase committed fund balance:		
25110-947400-330100	Committed fund balance	13,313
Increase estimated revenues:		
25120-947420-790500	Operating transfers – in	7,521
Increase committed fund balance:		
25120-947420-330100	Committed fund balance	7,521
Increase estimated revenues:		
25130-947440-790500	Operating transfers – in	2,454
Increase committed fund balance:		
25130-947440-330100	Committed fund balance	2,454
Increase estimated revenues:		
25140-947460-790500	Operating transfers – in	10,935
Increase committed fund balance:		
25140-947460-330100	Committed fund balance	10,935
Increase estimated revenues:		
25150-947480-790500	Operating transfers – in	743
Increase committed fund balance:		
25150-947480-330100	Committed fund balance	743
Increase estimated revenues:		
25160-947500-790500	Operating transfers – in	2,190
Increase committed fund balance:		
25160-947500-330100	Committed fund balance	2,190
Increase estimated revenues:		
25170-947520-790500	Operating transfers – in	2,806
Increase committed fund balance:		
25170-947520-330100	Committed fund balance	2,806

**Recommendation 39:** That the Board of Supervisors 1) authorize purchase of one high-volume color copier/scanner; and 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unrestricted net assets for Flood Control by \$42,500, as follows:

Increase appropriations:		
48060-947300-546140	Equipment – office	\$42,500
Use of unrestricted net assets:		
48060-947300-380100	Unrestricted net assets	42,500

**Recommendation 40:** That the Board of Supervisors 1) authorize purchase of two laptop computers and collections inventory tracking software; and 2) approve and direct the Auditor Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Regional Park and Open Space District by \$18,300, as follows:

Increase appropriations:		
25400-931104-523640	Computer equipment – non-fixed asset	\$ 4,000
25400-931104-522310	Maintenance – building and improvement	<u>14,300</u>
	Total	18,300
Use of restricted fund balance:		
25400-931104-321101	Restricted program money	18,300

**Recommendation 41:** That the Board of Supervisors 1) authorize purchase of one new cab tractor; and 2) approve and direct the Auditor Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Regional Park and Open Space District by \$95,464, as follows:

Increase appropriations:		
25520-931107-546360	Vehicles – heavy equipment	\$95,464
Use of restricted fund balance:		
25520-931107-321101	Restricted program money	95,464

**Recommendation 42:** That the Board of Supervisors approve and direct the Auditor Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Regional Park and Open Space District by \$222,000, as follows:

Increase appropriations:		
33100-931105-522400	Maintenance – improvements water	\$ 22,000
33100-931105-525440	Professional services	<u>200,000</u>
	Total	222,000
Use of restricted fund balance:		
33100-931105-322100	Restricted for construction/capital projects	222,000

**Recommendation 43:** That the Board of Supervisors 1) authorize purchase of one office copier; and, 2) approve and direct the Auditor Controller to make budget adjustments increasing appropriations and estimated revenues for the Regional Park and Open Space District by \$10,000, as follows:

Increase appropriations:		
25420-931180-546140	Equipment - office	\$10,000
Increase estimated revenue:		
25420-931180-776740	Recreation fees	10,000

**Recommendation 44:** That the Board of Supervisors approve and direct the Auditor Controller to make budget adjustments increasing appropriations and estimated revenues and releasing committed fund balance for the Regional Park and Open Space District by a net total of \$953,437, as follows:

Decrease committed fund balance:		
25600-931155-330100	Committed fund balance	\$ 84,298
Increase in committed fund balance:		
25600-931156-330100	Committed fund balance	84,298
Increase appropriations:		
25600-931156-510040	Regular salaries	365,609
25600-931156-522310	Maintenance – building and improvement	113,164
25600-931156-527780	Special program expense	131,783
25600-931156-529540	Utilities	241,650
25600-931156-528440	Overhead	<u>101,231</u>
	Total	953,437
Increase estimated revenue:		
25600-931156-741000	Rents	139,500
25600-931156-776740	Recreation fees	51,500
25600-931156-778010	Interfund – CDBG	540,000
25600-931156-781360	Other miscellaneous revenue	58,437
25600-931156-790600	Contribution from other county funds	<u>79,702</u>
	Total	869,139
Use of committed fund balance:		
25600-931156-330100	Committed fund balance	84,298

**Attachment B Resolution No. 440-8982 Amending Ordinance No. 440****Resolution No. 440-8982**

BE IT RESOLVED by the Board of Supervisors of the County of Riverside, State of California, in regular session assembled on November 4, 2014, that pursuant to Section 4(a)(ii) of Ordinance No. 440, the Executive Office is authorized to make the following listed change(s), operative on the date of approval, as follows:

<u>Job code</u>	<u>+/-</u>	<u>Department ID</u>	<u>Class Title</u>	<u>Type</u>
54420	+4	2600107000	Correctional Cook	Regular
54422	+1	2600107000	Correctional Food Services Supervisor	Regular
54453	+2	2600107000	Correctional Sr. Food Services Worker	Regular
54611	+1	2600107000	Laundry Worker	Regular
54631	+1	2600107000	Sewing Services Worker	Regular
54480	+1	2600107000	House Manager	Regular
79534	+1	2600210000	Supervising Probation Officer	Regular
79533	+2	2600210000	Senior Probation Officer	Regular
79532	+10	2600210000	Deputy Probation Officer II	Regular
79530	+1	2600210000	Probation Specialist	Regular
13866	+2	2600210000	Office Assistant III	Regular
73992	+1	4200100000	Registered Nurse V	Regular
74106	+1	7300500000	Administrative Services Analyst II	Regular

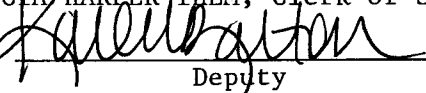
## ROLI. CALL:

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

The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Supervisors on the date therein set forth.

KECIA HARPER-IHEM, Clerk of said Board

By

  
 Deputy

**Attachment C Sales and Use Tax Update**



# Q2



# Riverside County Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2014)

## Riverside County In Brief

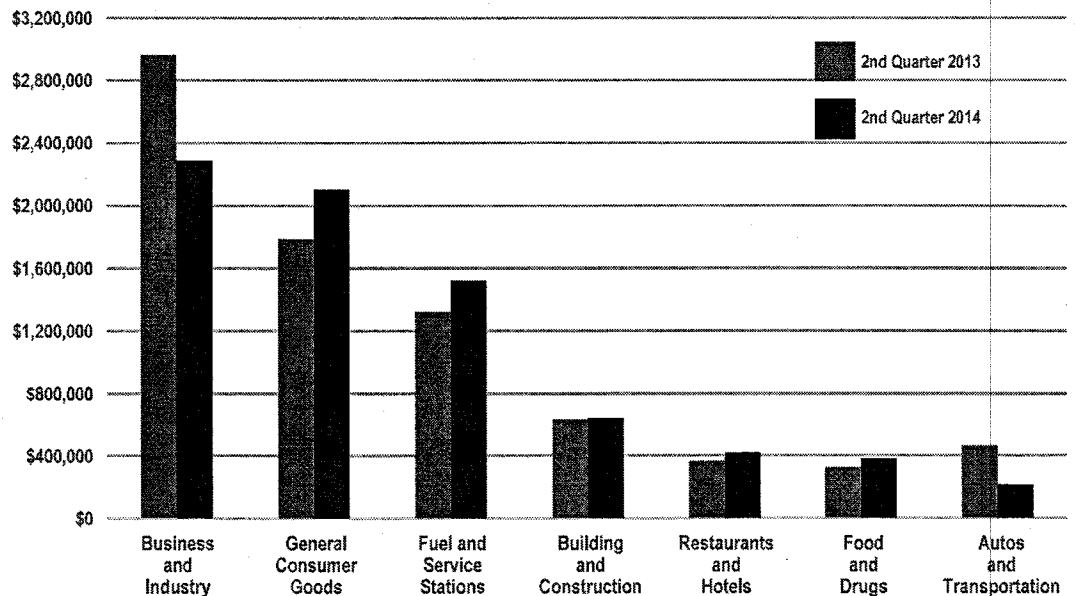
The allocation of sales and use taxes for the unincorporated area's April through June sales was 3.4% lower than the same quarter one year ago.

A drop in onetime use tax receipts generated by construction of renewable energy projects was a major factor for the overall decline. Business closeouts in garden/ agricultural supplies and the automotive group, combined with adjustments that depressed results from shoe stores, the transportation sector and a category within the building and construction group were also factors.

Recent additions and solid sales gains from some existing outlets lifted returns from warehouse/farm/ construction equipment, contractor supplies, food service equipment and supplies and several categories of general consumer goods. The correction of prior reporting problems and/or other adjustments overstated results from service stations, grocery-liquor, repair shop/equipment rentals and the impact of new outlets on quick service restaurants.

Adjusted for aberrations, taxable sales for all of Riverside County rose 6.8% over the same period; the Southern California region as a whole was up 4.8%.

## SALES TAX BY MAJOR BUSINESS GROUP



## TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Arco AM PM	Nike
Arco Travel Zone Center	Pilot Travel Center
Burberry	Prada
California Trusframe	Ralph Lauren
Calvin Klein	RDO Equipment
Chevron	Russell Sigler
Circle K	Spates Fabricators
Coach	Stater Bros
Desert Sunlight	Sysco
Dos Lagos Arco	Tesoro Refining & Marketing
Gucci	Volvo Construction Equipment
Liz Claiborne	Vons Fuel
Morongo Shell	

## REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$7,860,869	\$7,568,062
County Pool	816,862	813,284
State Pool	5,400	5,695
Gross Receipts	\$8,683,130	\$8,387,042
Less Triple Flip*	\$(2,170,783)	\$(2,096,760)

\*Reimbursed from county compensation fund

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NOTES

**California as a Whole**

Excluding onetime payment aberrations the local one cent share of state-wide sales and use tax was 5.2% higher than the second quarter of 2013.

Gains in the countywide use tax allocation pools were the largest contributor to the overall increase reflecting the growing influence of online purchases from out of state companies without nexus or a specific "point of sale" in California. The trend was also reflected by a growing shift of tax revenues from brick and mortar stores to in-state fulfillment centers that process on-line orders.

Auto sales and leases, contractor supplies and restaurants also posted major gains. These were partially offset by a decline in alternative energy projects that had previously added significant use tax revenues to the business and industry group.

The consensus among analysts is that the current pattern of increases will continue through the remainder of the fiscal year.

**Triple Flip - The End is in Sight**

California's 2014/15 budget provides for retiring the \$15 billion fiscal recovery bonds authorized in 2004 to finance that year's state budget deficit.

To guarantee the bonds, the state redirected 1/4 of local government's one cent sales tax and backfilled it with property tax revenues taken from the Educational Revenue Augmentation funds (ERAF) established for schools. The school ERAF funds were in turn replaced with state general revenues. This reshuffling became known as the "triple flip" and has caused cash flow and budget projection problems for local governments since.

The current plan is to discontinue the deductions at the end of calendar year 2015 and reimburse local governments with their final clean-up payments in January 2016.

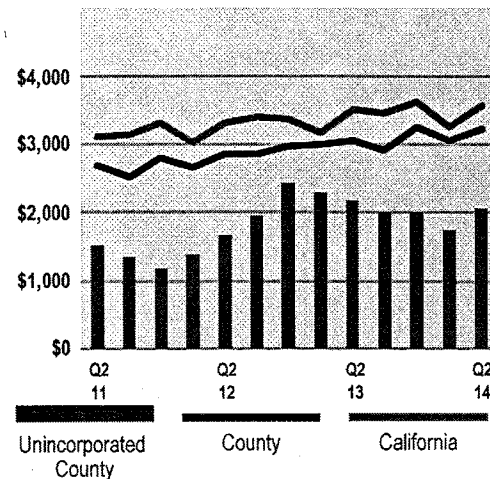
Proposition 1A, approved by the voters in 2004, prohibits the state from further extending the debt or from making additional reductions or changes to local government revenues without voter approval.

**Allocation Formulas Corrected**

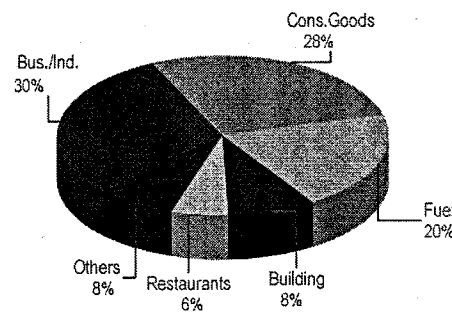
In addition to local sales tax and transactions tax overrides, counties and cities share in the half-cent public safety tax approved by the voters in 1993 to cushion the state's use of property tax revenues to finance Proposition 198's minimum educational funding requirements (ERAF). Counties also receive 1.5635 cents of state sales tax to reimburse for health, welfare and corrections functions shifted to them from the state in 1991 and 2011.

Inconsistencies in the public safety remittances brought to the state's attention by HdL revealed that allocation formulas did not reflect recent legislative changes. As a result, counties will receive onetime backfill payments totalling \$116 million in 2014/2015.

**SALES PER CAPITA**



**REVENUE BY BUSINESS GROUP**  
Riverside County This Quarter



**RIVERSIDE COUNTY TOP 15 BUSINESS TYPES**

Business Type	*In thousands			
	Unincorporated County Q2 '14*	County Change	County Change	HdL State Change
Casual Dining	77.1	-0.8%	1.4%	3.1%
Contractors	488.2	10.6%	17.4%	14.4%
Energy/Utilities	—	CONFIDENTIAL	-31.9%	-36.8%
Family Apparel	833.9	22.9%	12.4%	9.7%
Food Service Equip./Supplies	122.2	68.4%	43.2%	19.2%
Garden/Agricultural Supplies	107.1	-14.4%	4.9%	5.4%
Grocery Stores Liquor	173.9	25.6%	10.4%	5.7%
Quick-Service Restaurants	243.0	21.2%	8.2%	6.7%
Repair Shop/Equip. Rentals	82.7	48.4%	11.5%	-8.6%
Service Stations	1,506.0	16.6%	12.1%	6.7%
Shoe Stores	209.7	-7.7%	-22.4%	-21.1%
Specialty Stores	220.7	25.7%	23.5%	8.0%
Warehouse/Farm/Const. Equip.	157.7	70.0%	39.3%	13.5%
Wineries	234.1	3.5%	10.2%	6.3%
Women's Apparel	515.0	19.3%	19.3%	4.1%
<b>Total All Accounts</b>	<b>\$7,568.1</b>	<b>-3.7%</b>	<b>7.2%</b>	<b>2.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>\$819.0</b>	<b>-0.4%</b>	<b>10.9%</b>	<b>12.7%</b>
<b>Gross Receipts</b>	<b>\$8,387.0</b>	<b>-3.4%</b>	<b>7.5%</b>	<b>3.9%</b>

**Attachment D Riverside County Information Technology Status Report**



CHRISTOPHER HANS

Interim Chief Information Officer

COLBY CATALDI  
Managing Director  
G. BRIAN KOVALSKY  
Asst. Chief Information Officer, BSB  
TOM MULLEN II  
Asst. Chief Information Officer, ICB  
WESLEY P. COLVIN  
Asst. Chief Information Officer, HSB

**To:** Jay Orr, CEO

**From:** Christopher Hans, Interim CIO *chh*

**Date:** October 9, 2014

**Subject:** RCIT Status Report

As part of the First Quarter Budget Report, I am including my department's outlook for this year, as well as the initial improvements I have planned.

The situation at Riverside County Information Technology (RCIT) requires a course correction. Two years of heavy investment and aggressive change should be followed by a period of assessment, adjustment, and integration. First, RCIT will maintain a balanced budget. Second, the department needs to recapture its vision to provide top tier customer service. Third, the department needs to refocus on basic services. Finally, an emphasis will be placed on ensuring adequate controls are in place for the large number of projects underway.

RCIT has implemented a \$3.8 million budget reduction resulting from a combination of cuts and new revenue in order to restore fiscal balance. The majority of cuts come from a hiring freeze, reduced training, and by reducing overtime and standby compensation by 25 percent. Most of the new revenue comes from increased lease collection at the data center and from sharing our downtown building with Human Resources.

In addition to restoring a balance between FY 14/15 revenue and expenses, RCIT must address prior year losses estimated at up to \$4 million. The Executive Office and RCIT have agreed on a general corrective plan, and will bring an update to the Board in either the mid-year or third-quarter budget report.

Placing customers first and focusing on basic services means setting the needs of other departments first. RCIT will only be successful when it supports other departments so that they can reach their full potential. This correction is complex and will take time, particularly because it involves understanding what all county departments want and need. Toward that end, I have implemented changes that will increase the collection of customer feedback. I am asking executive staff to take ownership of customer concerns, and act with a sense of urgency to fix problems. I am in the process of reorganizing staff so that departments get satisfactory ongoing support through their contracts with us. Also, the calls to our help desk will be acted on quickly to the customer's satisfaction.

RCIT has 35 significant projects proposed or underway, and stronger project management is needed. First, I plan to create an umbrella group that will be responsible for training, oversight, holding individual project managers responsible, and global planning. Second, I have asked that some projects be placed in a second tier and deferred until next year. This will allow us to focus our limited resources this year on the 17 most critical projects.

In order to gauge our overall operations, RCIT will be utilizing existing services and tools from Gartner Consulting for a general assessment of how we allocate our resources and manage our projects.

**Attachment E Quarterly Fleet Vehicle Report**

<b>Units Sold by Departments for Periods 4/1/2014 to *9/30/2014</b>	
<b>Name</b>	<b>Total</b>
BUILDING AND SAFETY	1
COMMUNITY HEALTH AGENCY	6
DISTRICT ATTORNEY	9
DPSS	99
ECONOMIC DEVELOPMENT AGENCY	1
EDA-ADMINISTRATION	4
FIRE PROTECTION	1
INFORMATION TECHNOLOGY	1
MENTAL HEALTH	3
MOTOR POOL	12
PROBATION	3
PURCHASING AND FLEET SERVICES	11
RIDESHARE VEHICLES	22
SHERIFF	90
TRANSPORTATION	3
TREASURER-TAX COLLECTOR	1
<b>Grand Total</b>	<b>267</b>
<b>Units Pending Sale by Departments for Periods 4/1/2014 to 9/30/2014</b>	
<b>Name</b>	<b>Total</b>
AGRICULTURAL COMMISSIONER	1
COMMUNITY HEALTH AGENCY	1
DISTRICT ATTORNEY	3
DPSS	4
ECONOMIC DEVELOPMENT AGENCY	1
MOTOR POOL	6
PROBATION	1
RIDESHARE VEHICLES	12
SHERIFF	14
TLMA CODE ENFORCEMENT	1
<b>Grand Total</b>	<b>44</b>
*September 2014 units sold have yet to be received	