

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



18-2

1:30 p.m. being the time set for a Workshop April 18, 2017 on the Receive and file of the Interim Budget Report for Fiscal Year 2016/2017 and Fiscal Year 2017/2018.

Executive Office:

Paul McDonnell, Assistant County Executive Officer presented a PowerPoint Presentation

- General fund revenue has barely returned to pre-Great Recession levels
- Recent budgets have included a structural deficit
- The cost of the Gray Case Settlement is \$18 million for FY 16/17 and is projected to be in excess of \$30 million in FY 18/19
- Fall-off in Prop 172 revenue is \$18 million for the current year and totals \$40 million over the next three years
- Increased costs for CalFire and In Home Supportive Services represent 7% of discretionary revenues
- Revenue trends show a slight dampening in projected growth
- Increased CalPERS costs in FY 18/19 due to a lower assumed rate of return
- John Benoit Detention Center operations will require millions upon opening
- Increased costs due to the unwinding of the Affordable Care Act are possible
- Adopt a workable budget for FY 17/18, then shift gears to a longer term strategy
- Across the Board 6.5% cuts to Net County Contribution to departments for FY 17/18
- Maintain reductions as a bridge to next year's budget, even if some relief is granted for IHSS costs
- Limit any Addbacks to critical needs only-any increased funding to be offset by additional cuts
- Longer-term strategy has to include operational efficiencies, mandate relief and shared savings for state and federal programs
- Provide direction regarding alternatives for the Fire Department
- Confirm FY 17/18 Budget targets
- Receive and file the Interim Budget Report and Return May 9th with more details and recommendations

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on April 18, 2017 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors

Dated: April 18, 2017

Kecia Harper-Ihem, Clerk of the Board of Supervisors, in
and for the County of Riverside, State of California.

(seal)

By: _____

Deputy
AGENDA NO.
18-2

xc:EO

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM

(ID # 4073)

MEETING DATE:

Tuesday, April 18, 2017

FROM : EXECUTIVE OFFICE:

SUBJECT: Interim Budget Report

RECOMMENDED MOTION: That the Board of Supervisors receive and file the attached interim report on the FY 16/17 and FY 17/18 budgets.

ACTION: Policy

MINUTES OF THE BOARD OF SUPERVISORS

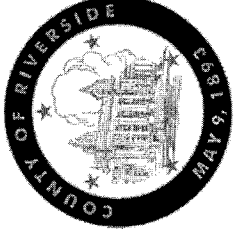
**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$	\$	\$	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS:			Budget Adjustment:	NO
			For Fiscal Year:	

C.E.O. RECOMMENDATION: APPROVE.

BACKGROUND:

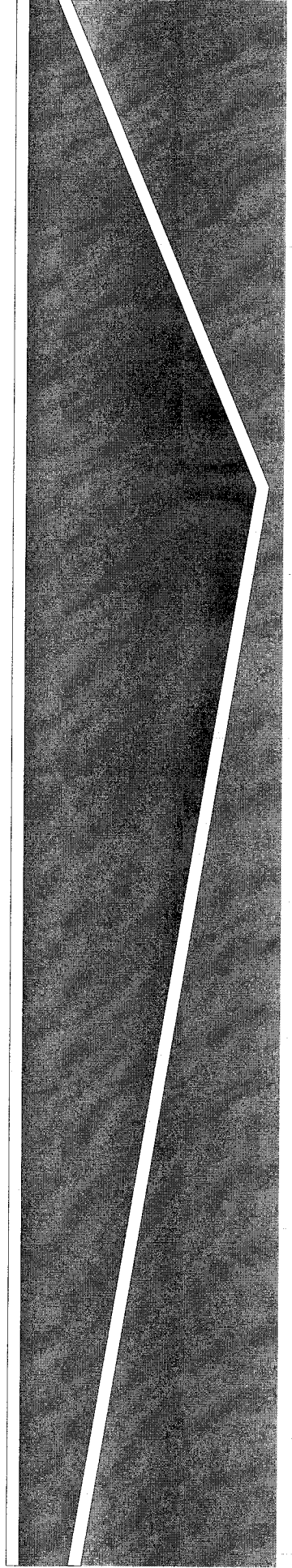
Summary



**COUNTY OF RIVERSIDE
FISCAL YEAR 2017 / 18
BUDGET UPDATE**

PRESENTED BY THE
COUNTY EXECUTIVE OFFICE

APRIL 18, 2017



RECENT BUDGET CHALLENGES

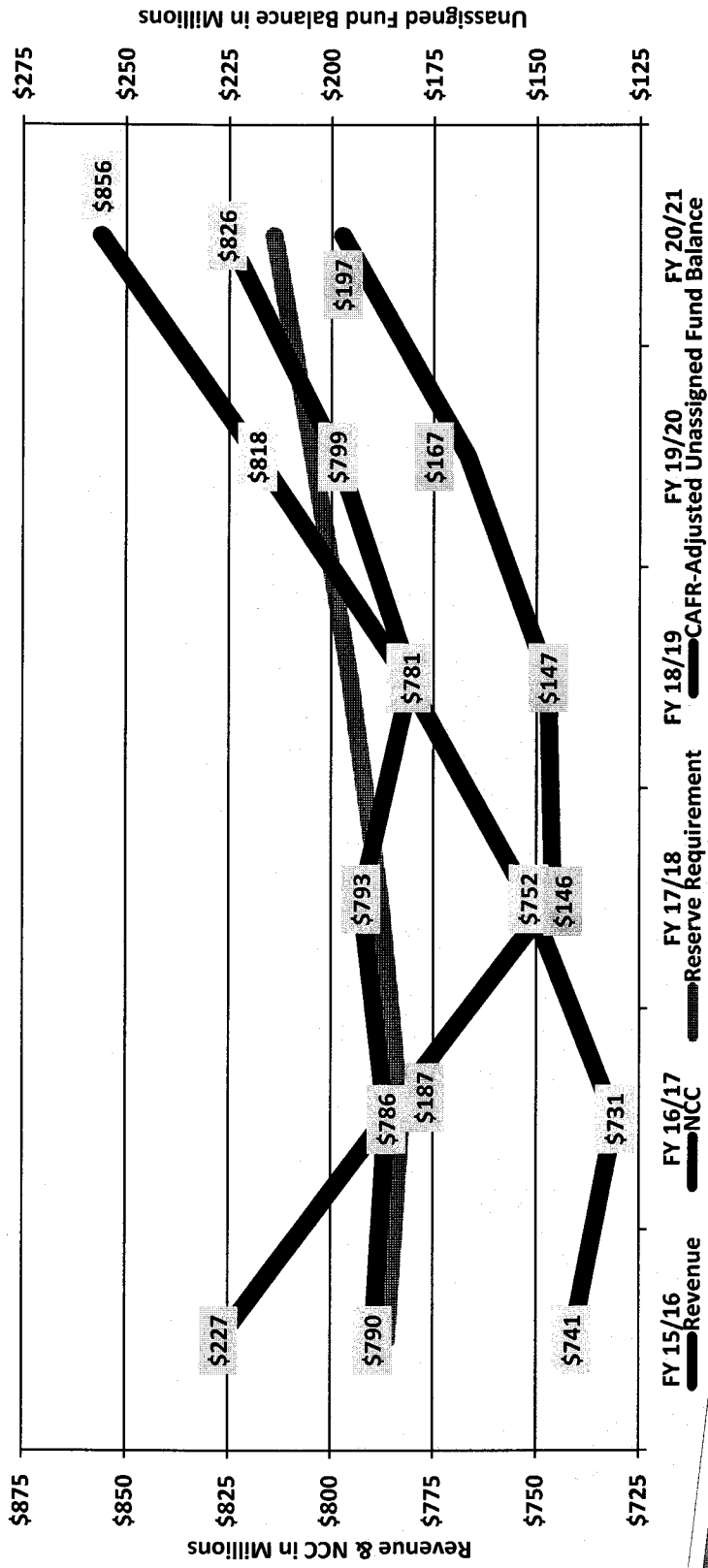
- ▶ General fund revenue has barely returned to pre-Great Recession levels.
- ▶ Recent budgets have included a structural deficit.
- ▶ The cost of the Gray Case Settlement is \$18 million for FY 16/17 and is projected to be in excess of \$30 million in FY 18/19.
- ▶ Fall-off in Prop 172 revenue is \$18 million for the current year and totals \$40 million over the next three years.
- ▶ Increased costs for CalFire and In Home Supportive Services represent 7% of discretionary revenues.

CHALLENGES ON THE HORIZON

- ▶ Revenue trends show a slight dampening in projected growth.
- ▶ Increased CalPERS costs in FY 18/19 due to a lower assumed rate of return.
- ▶ John Benoit Detention Center operations will require millions upon opening.
- ▶ Increased costs due to the unwinding of the Affordable Care Act are possible.

CURRENT MULTI YEAR FORECAST

Multi-Year Discretionary Funding Forecast



KEY ASSUMPTIONS

- ▶ Flat NCC funding to most departments.
- ▶ Growth in IHSS costs based upon DPSS' projections.
- ▶ Revenue growth of approximately 4%.
- ▶ No funding set aside for new detention center.
- ▶ Assumes any departmental overruns this year will be funded from contingency.

OUR STRATEGY

- ▶ Adopt a workable budget for FY 17/18, then shift gears to a longer term strategy.
- ▶ Across the Board 6.5% cuts to Net County Contribution to departments for FY 17/18.
- ▶ Maintain reductions as a bridge to next year's budget, even if some relief is granted for IHSS costs.
- ▶ Limit any Addbacks to critical needs only-any increased funding to be offset by additional cuts.
- ▶ Longer-term strategy has to include operational efficiencies, mandate relief and shared savings for state and federal programs.

SUMMARY OF BUDGET CUTS

	FY17/18	6.5% NCC Cut
Agricultural Commissioner	(54,770)	
Animal Services	(818,499)	
Assessor-Clerk-Recorder	(782,386)	
Auditor-Controller	(247,134)	
Behavioral Health	(360,356)	
Board Of Supervisors	(278,221)	
County Counsel	(137,738)	
District Attorney	(4,119,818)	
DPSS	(1,643,366)	
Edward Dean Museum	(4,770)	
Emergency Management Department	(182,373)	
Executive Office	(5,973,938)	
Human Resources	(30,128)	
Planning	(333,831)	
Probation	(2,749,889)	
Public Defender	(2,371,209)	
Public Health	(845,623)	
Purchasing	(79,045)	
Registrar Of Voters	(305,500)	
RUHS	(144,564)	
Sheriff	(17,878,125)	
Treasurer-Tax Collector	(56,663)	
Veterans Services	(74,748)	
Grand Total	(39,472,696)	

ALTERNATIVES ARE LIMITED

- ▶ Additional non-Safety Cuts Would be deep
 - Freeing up \$10 million would require cuts of 9.5%
 - Freeing up \$20 million would require cuts of 19.1%

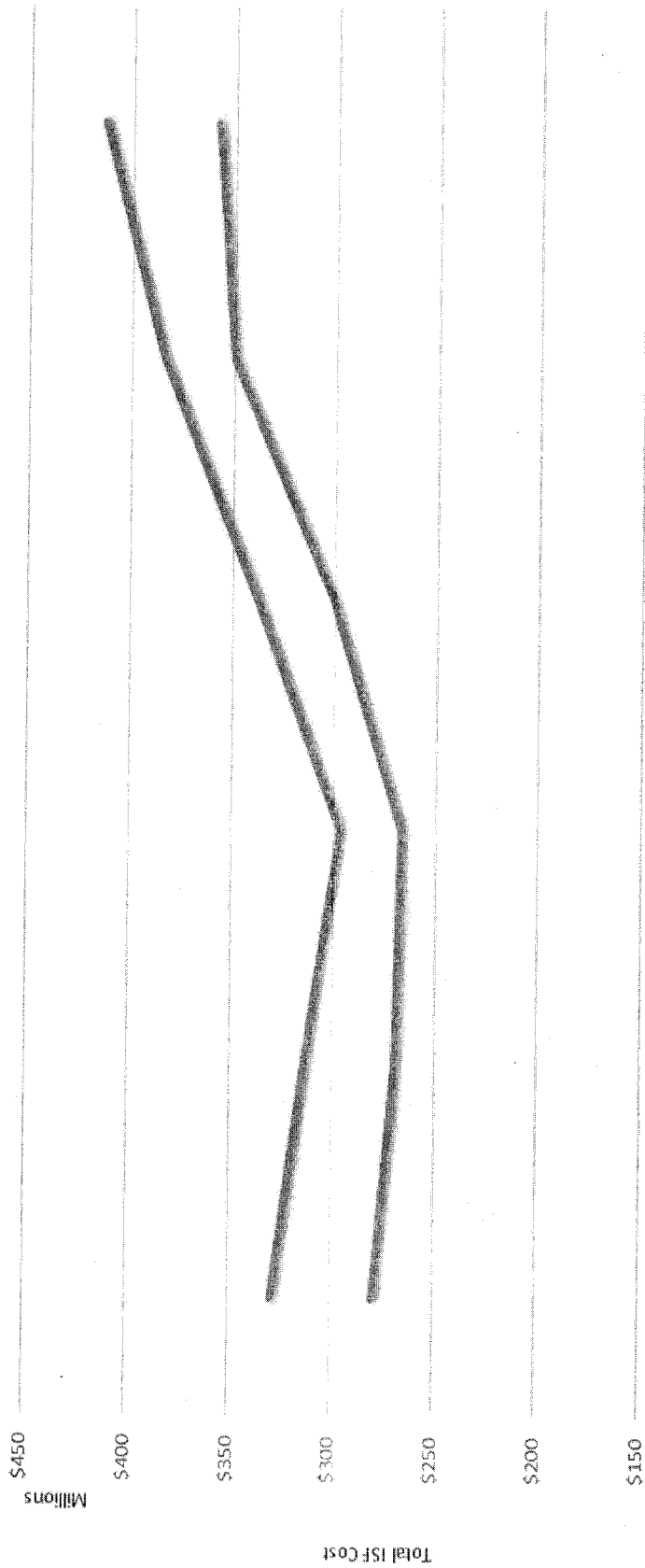
- ▶ Other than RUHS, most discretionary commitments are modest.

STAYING ON TRACK

- ▶ The success of our annual budgets and forecasts relies upon budgetary performance.
- ▶ Several departments will likely miss their targets this year.
- ▶ Next year's budget will be challenging for a number of departments: DPSS, fire, the Sheriff, the DA, the ROV, and the PD.
- ▶ Since departments have just submitted their numbers, we'll return on May 9th with more details and recommendations.

ISF COST TRENDS

ISF Budget vs. Actuals



	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16
Budget	\$329,468,018	\$314,310,987	\$297,530,072	\$339,552,828	\$384,870,937	\$414,276,056
Actuals	\$280,183,619	\$270,004,983	\$267,025,712	\$301,916,930	\$350,540,096	\$359,017,840

CONTROLLING ISF COSTS

Fund Name	FY16/17 Budget	FY17/18 Budget	%Change
Records Management & Archives Program	1,955,133	1,622,128	-17%
General Fund-Payroll	885,853	867,945	-2%
General Fund-County Counsel	5,435,820	5,882,168	8%
General Fund-HR	6,750,159	11,579,754	72%
ISF-Liability & Property Insurance *	56,001,392	62,101,620	11%
ISF-Malpractice Insurance	6,149,126	8,978,130	46%
ISF-Property Insurance Fund *	-	-	0%
ISF-Safety Loss Control	2,650,625	2,882,705	9%
ISF-Workers Comp Insurance/EAS	37,987,689	38,593,649	2%
ISF-Occupational Health & Wellness	4,731,299	4,541,441	-4%
Temporary Assistance Pool	6,559,850	6,475,516	-1%
ISF-Automotive Maintenance	50,891,156	47,753,966	-6%
ISF-Printing Services	2,985,929	578,143	-81%
ISF-Central Mail Services	3,460,514	3,437,262	-1%
ISF-Supply Services	15,874,928	4,890,509	-69%
General Fund - Project Management	8,040,267	7,199,757	-10%
EDA-Custodial Services	15,568,409	14,968,513	-4%
EDA-Maintenance Services	29,035,151	29,264,077	1%
EDA-Real Estate	72,181,004	71,516,109	-1%
Geographical Information System	1,867,222	1,867,222	0%
ISF-Information Technology	90,730,306	89,045,137	-2%
Total ISF Costs	419,741,832	414,045,751	-1%

TRANSFORMING ISF OPERATIONS

- ▶ Controlling certain costs such as, insurance, is extremely difficult.
- ▶ KPMG has looked closely at the “Big Three” operations and will present their recommendations.

FIRE ALTERNATIVES

AdHoc Committee Recommendations		
Eliminate one Hazmat Team		300,000
Conversion of E43 to Medic Squad at FS44		600,000
Eliminate Medic Squad at FS 40		1,200,000
Reconfigure Municipal Staffing		2,000,000
Eliminate 1 vacant BC		220,000
Eliminate 3 ADMIN Positions		256,000
State Admin Personnel Reductions		658,000
Use of Fund Balance		2,500,000
Subtotal		7,734,000
Current Deficit		11,900,000
	BALANCE	4,166,000
Previous Recommendations Presented by Fire		
Create EMS Fee		3,600,000
Fire Station Staffing Reduction & Change to 2-Pers Medic Patrol, E51 to MP51		600,000
Fire Station Staffing Reduction & Change to 2-Pers Medic Patrol, E53 to MP53		600,000
Fire Station Staffing Reduction & Change to 2-Pers Medic Patrol, E96 to MP96		600,000
Fire Station Staffing Reduction & Change to 2-Pers Medic Patrol, E63 to MP63		600,000
Fire Station Staffing Reduction & Change to 2-Pers Medic Patrol, E41 to MP 41		600,000

CONFIRMATION OF NCC REDUCTIONS

	FY17/18 6.5% NCC Cut
Agricultural Commissioner	(54,770)
Animal Services	(818,499)
Assessor-Clerk-Recorder	(782,386)
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CONCLUSION

Revisit Longer term strategy: operational efficiencies, mandate relief and shared savings for state and federal programs.

Recommendations:

1. Provide direction regarding alternatives for the Fire Department.
2. Confirm FY 17/18 Budget targets.