

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



ITEM
3.40
(ID # 6106)

MEETING DATE:

Tuesday, January 9, 2018

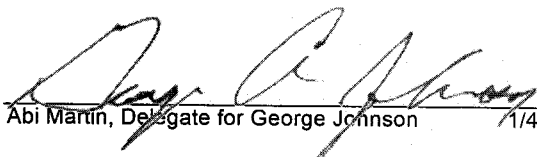
FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Budget Recommendations and John J. Benoit Detention Center Staffing.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the budget update; and
2. Approve initial staffing recommendation as determined by the Executive Office for staffing of Phase I of the John J. Benoit Detention Center.

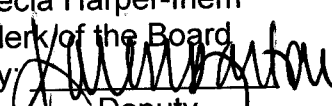
ACTION:


Abi Martin, Delegate for George Johnson 1/4/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Perez and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington and Perez
Nays: None
Absent: Ashley
Date: January 9, 2018
xc: EO

Kecia Harper-Ihem
Clerk of the Board
By 
Deputy

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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:	17/18

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

As directed at the adoption of the First Quarter Budget Report, the Executive Office is returning with an update on identified budget challenges.

First Quarter Budget Report Follow Up

The Executive Office is committed to working on budget issues throughout the year, reporting on concerns early, and taking steps to remedy those situations. In November, the Executive Office met with those departments that identified current and future budget issues. Specifically, the Sheriff's Department, the Law Office of the Public Defender, the District Attorney's Office, the Probation Department, and the Riverside University Health System. The departments participated in discussions to help better understand their budget concerns and to identify steps that would align their budgets with currently allocated net county costs.

As a result of those meetings, we have updated our multi-year forecast to show year-over-year impacts to our reserves. Among the obligations, the multi-year forecast includes phased staffing of the John J. Benoit Detention Center (JJBDC). If nothing is done to bring balance to these departments, our reserves will dip to its lowest point in FY 20/21, to an estimated \$8M (ATTACHMENT A). This untenable position leaves no room for any unforeseen impact, either from an economic nature or natural disaster. We must take steps now in order to maintain adequate reserves and have a fiscally balanced budget.

After meeting with the departments, the Executive Office worked with other county departments to identify potential issues that could impact the general fund. Some of the costs we have mentioned include, but are not limited to: In-Home Supportive Services (IHSS), improvements to medical and behavioral health services in our county correctional facilities, CREST, state-negotiated COLA increases for Fire employees, rising general liability insurance costs, and "last mile costs" relating to broadband capabilities at various county facilities (ATTACHMENT B). We also have some discretion over unquantified potential impacts, such as deferred maintenance and a new financial system.

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Of all potential impacts, one that we have no control over, but affects us most are pension obligations. These obligations are for existing employees and must be paid by the county. Based on work with our actuarial consultant and the PARC Committee, we have an estimated pension-obligation forecast for the next five years.

The forecast for new pension obligations for existing employees countywide are as follows (in millions):

	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
General Fund	\$ 17.2	\$ 28.4	\$ 41.0	\$ 51.1	\$ 60.4
Non GF	<u>\$ 62.3</u>	<u>\$103.0</u>	<u>\$149.0</u>	<u>\$185.4</u>	<u>\$219.1</u>
Grand Total	\$ 79.5	\$131.4	\$190.1	\$236.5	\$279.5

Pension rate increases are affected by many factors, such as mortality rate and lowered rate on assumptions of return, as directed by the CalPERS Board. All departments will be expected to absorb the pension obligations in future fiscal years. We have also asked departments to focus on their own operations and provide recommendations that may present savings or opportunities for revenue growth. The pension obligation anticipated costs have not been factored into our multi-year forecast. Because these costs exceed projected revenue, departments will have to reduce their operational expenses across the county to offset those upcoming increases. A series of meetings are underway now to prepare for the upcoming budget season and start the work to strategize, find solutions, and make difficult decisions. The next annual PARC report is due to the Board of Supervisors at the end of this month or early February and will include additional information.

The Executive Office continues to work with departments to identify solutions to our shared budgetary challenges. As a first step, the CEO has issued a memorandum to all department heads directing a hiring freeze that is immediately in effect for all general fund and ISF departments and that hiring requests for HR and procurement classifications will be denied. (While not directly impacted at this time, it is expected that non-general fund and non-ISF departments should closely review any hiring plans and needs before hiring additional employees.) Exceptions to the hiring freeze may be granted by the CEO only after the departments provide sufficient justification.

Additionally, the Executive Office and Human Resources reached out to union leadership to schedule meetings to present the county's budget situation and answer any questions. Those meetings are being scheduled during January/February.

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John J. Benoit Center – Phase I Staffing Recommendation

The Executive Office and the Sheriff's Department have been meeting to discuss the staffing needed for the phased opening of JJBDC.

In the first phase, two of the jail's housing units will open with 388 beds. Other essential functions that include administration, booking, release, transportation, classification, and business office operations must also be staffed. This first phase opening is required so that the old Indio Jail, with 353 beds, can be torn down to complete the JJBDC construction project. To open JJBDC, the Sheriff's Department is requesting additional positions, including sworn, correctional, management, supervision and line staff. The additional positions, along with currently funded positions at the existing Indio Jail, will be used to safely operate the two housing units within JJBDC when the facility is completed in the summer of 2018.

Due to the size and design of JJBDC, the additional positions are needed to provide a safe and secure environment for the staff and inmates housed within the facility. The positions will be utilized to provide the necessary staff on each shift to effectively operate the essential functions of the facility.

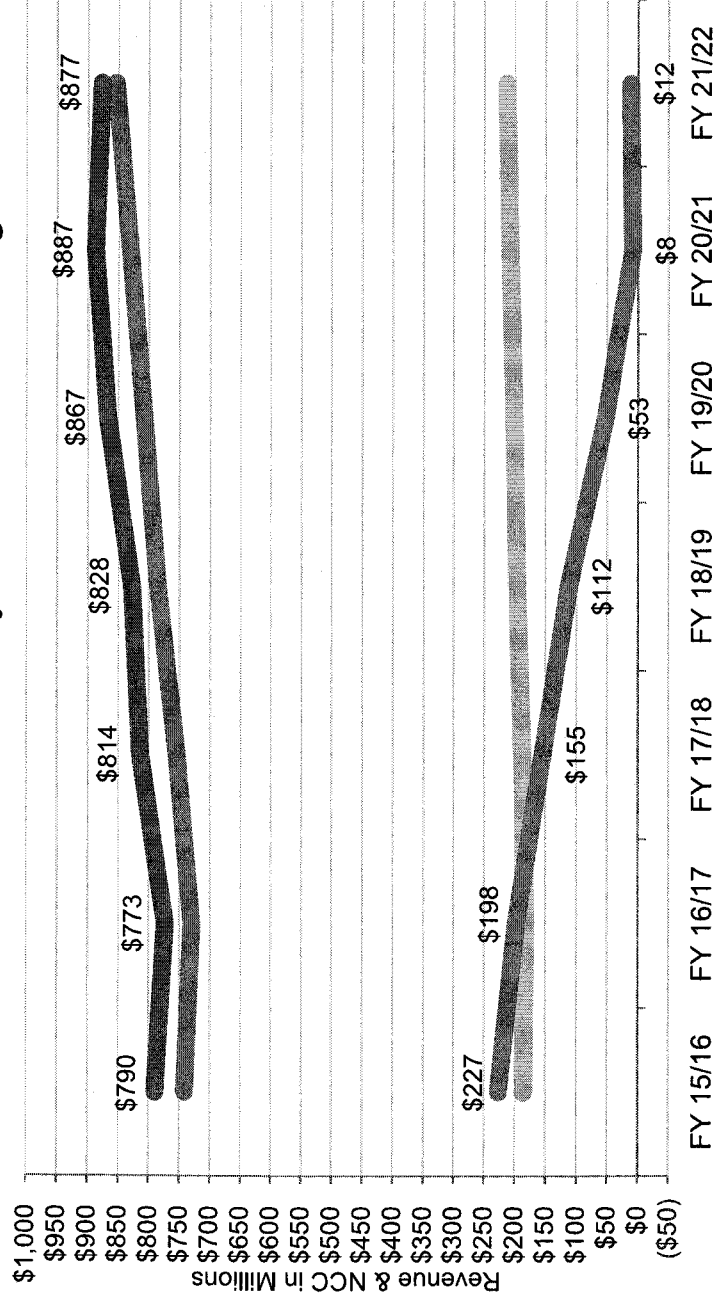
The estimated annual cost is \$7 million for Phase I of the JJBDC staffing plan and any necessary budget adjustment will be presented in the Third Quarter Budget Report. Further discussions for future phases will continue during the Fiscal Year 2018-2019 budget process.

Conclusion

As committed by the Executive Office, communication is ongoing and will be complete, direct and often. While there is only so much in discretionary revenue to allocate, it is expected all departments will work together to meet this challenge head-on. The Executive Office is committed to collaborating and leveraging resources, as well as solving challenges as soon as possible. The Executive Office, working together with departments, will present periodic updates to the Board.

With Department-Projected Overages

Multi-Year Discretionary Funding Forecast
+ JJBDC +MOB + Projected FY 17/18 Overages



Projections:

Projected FY18 Overages:

Public Defender	+ \$2.2M
District Attorney	+ \$5.0M
Det. Behavioral	+ \$1.1M
Det. Health	+ \$0.3M
Medical Center	+ \$15.0M
Total	= \$23.6M

Assumes overages are covered and become permanent costs.

Assumes Sheriff will manage budget to avoid projected \$9.3M overage, per historic trend.

Other Potential Obligations

	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	Total
JJBD Ongoing Operations		7.4	28.4	43.4	43.4	122.6
Medical Office Building			10.0	10.2	10.4	30.6
DA	5.0	5.0	5.0	5.0	5.0	25.0
PD	2.1	2.1	2.1	2.1	2.1	10.5
Correctional Health	1.1	1.1	1.1	1.1	1.1	5.5
Detention Behavioral Health	0.3	0.3	0.3	0.3	0.3	1.5
RUHS	15.0	15.0	15.0	15.0	15.0	75.0
Known IHSS	4.0	8.0	12.5	17.5	22.5	64.5
Unknown IHSS						
Sheriff - Patrol		7.0	7.0	7.0	7.0	28.0
Sheriff - Inmate Settlement		7.0	7.0	7.0	7.0	28.0
Probation		11.0	11.0	11.0	11.0	44.0
CREST		8.5	6.0	4.0	4.0	22.5
Fire COLAS	-	4.0	8.0	12.0	16.0	40.0
Pension Obligations (NCC @ 21.6%)	8.1	17.2	28.4	41.0	51.1	145.8
Behavioral Health Hospital Soft Costs						
EOC	8.0					8.0
Last Mile Costs	2.2					2.2
Deferred Maintenance						
Financial Management System						
Total =	\$45.8	\$93.6	\$141.8	\$176.6	\$195.9	\$653.7
Annual Pension Obligation Increase	37.5	42.0	51.9	58.7	46.4	
Total Projected Pension Obligation	\$37.5	\$79.5	\$131.4	\$190.1	\$236.5	