COUNTY OF RIVERSIDE

STATE OF CALIFORNIA

FISCAL YEAR 2017/18

Midyear Budget Report

Prepared by
George A. Johnson
County Executive Officer

COUNTY OF RIVERSIDE

EXECUTIVE OFFICE

GEORGE A. JOHNSON
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LISA BRANDL
CHIEF OPERATING OFFICER

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ASSISTANT COUNTY EXECUTIVE OFFICER
COUNTY FINANCE OFFICER

February 6, 2018

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

4/5th Vote

SUBJECT: FY 17/18 Midyear Budget Report

Board members:

At midyear, most departments are hitting the fiscal targets established by reductions approved in the current budget. They understand the financial pressures and should be commended for their efforts.

As reported to you on January 9, the Executive Office remains committed to working on budget issues and communicating with you frequently and often. At this point in the fiscal year, we continue to face ongoing budget challenges. Remaining on the path to structural balance through fiscal discipline is essential in light of the potential overages that are projected.

Current year projections have been revised since the first quarter report and the presentation made to you on January 9. Departments with budget challenges continue to work with the Executive Office to reduce impacts to the general fund. This report's executive summary provides an update on those departments.

In following our proactive approach, we implemented a targeted hiring freeze, are keeping internal service rates flat, and have focused on maximizing revenue and full cost recovery. Departments are working to eliminate processes to improve productivity. For example, LEAN implementation at RUHS reduced emergency wait times by 82 percent, and the Probation Department's LEAN implementation saved $1 million in savings. Aggressive refinancing on projects such as the Indio Law Building will save the county $5.2 million over the remainder of its term. These initiatives are part of a multi-pronged strategy to lessen the burden on the general fund and maintain healthy reserves. We also are re-evaluating service levels, identifying our true constitutionally mandated services, and eliminating duplicative functions.

All departments face fiscal pressures as they absorb increased labor costs and pension obligations, which are set to increase annually for the next decade or more. It is crucial that each department look inward and be innovative as we move ahead.

Along those lines, the Purchasing department is building its new procurement system that, for the first time, will track all contracts and purchases via automation. This system paves the way toward identifying the county's overall spend, a crucial step needed to take advantage of volume discount pricing. It also creates a countywide contract management system, which has never existed before. The Human Resources department is replacing our personnel management system, which will streamline the way the county delivers services to departments and job seekers. Other departments, such as the Transportation and Land Management Agency (TLMA), Veteran's Services, Department of Child Support Services, Probation, Emergency Management Department and Environmental Health, have embraced technologic tools and automated processes to meet residents' needs and demands.

The Executive Office is working with all departments to develop key performance indicators (KPIs) that will provide measurable outcomes tied to the county's overall vision and strategy. These KPIs will be integrated into the budget document, provide information for bi-annual performance accountability reviews, and help department heads make data-driven decisions.

Later in the month, the Executive Office will present a KPMG update about the various efficiency measures going on countywide. These efforts would not be possible without engagement by the Sheriff, District Attorney, Public Defender and Probation department. Other efforts have been implemented or are in progress in TLMA, the Economic Development Agency, Human Resources, Purchasing and Fleet Services, and our human services departments, which are implemented or in progress. With KPMG's analysis and recommendations, many operations countywide are transforming to become more customer-oriented and cost-conscious. Change is difficult but information, context, and data that leaders in these departments are providing to KPMG and the Executive Office will change our culture.

As we deal with budget challenges, we continue our work on other issues that affect our county. For example, the recent approval to create a countywide homeless coordinator position establishes a single point-person to work across all departments and interact with stakeholders and municipalities, adding a coordinated, regional focus. The Executive Office is working with the Sheriff's office to determine optimal staffing levels for detention centers and patrol stations in order to implement the best methods for keeping residents, communities, and officers safe.

As promised in the first quarter report, updates and information will be communicated frequently. We have met with all county departments to discuss our budget issues. We met with two union leadership teams, and we continue to reach out to our other unions so all parties understand our challenges. We remain focused on maintaining the Board-mandated reserve level of $150 million or more to position the county to deal with future economic slowdowns.

The Executive Office is committed to working with departments to achieve the efficiencies necessary to meet the needs of our residents and to maintain healthy reserves. I am confident our leadership team will continue to embrace change, maintain fiscal discipline, and transform Riverside County to become a higher performing, effective and efficient organization.

IT IS RECOMMENDED that the Board of Supervisors:

1) Receive and file the FY 17/18 midyear budget report; and,

2) Approve the recommendations and direct the Auditor-Controller to make the budget adjustments contained in Attachment A.

Respectfully,

George A. Johnson
County Executive Officer

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY Mwang

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EXECUTIVE SUMMARY

The multi-year model is revised to include $27.6 million in beginning fund balance, reducing projected draw on reserves this fiscal year to $8.9 million. Further modeling demonstrates how immediately containing labor costs, finding efficiencies and offsetting cost reductions, fully deploying annual departmental revenues and accumulated reserves, and maximizing cost recovery are critical to maintaining fiscal viability.

The Auditor-Controller reduced their revenue estimate for RDA residual assets by $2.2 million, which is sufficiently material to necessitate an adjustment to that revenue estimate and commensurate reduction in contingency. Together the adjustments in this report result in a net draw of $2 million on contingency, bringing the current balance to $17.4 million.

The Public Defender's Office reduced their projected year-end overage to $1.56 million, while the District Attorney's Office reduced their projected overage to $4.6 million.

The Probation department projects being within their net cost allocation at year-end.

The Sheriff reports that by managing the effect of absorbing cost increases through attrition the patrol ratio in the unincorporated area has fallen to an unacceptable level, and continues pressing for additional funding.

The Medical Center continues to report needing $13-15 million by year-end due to under reimbursement of some programs, underperformance of certain revenues, and a continual decline of federal and state reimbursements. Correctional Health & Detention Behavioral Health now project $2 million in combined savings, a $3.4 million swing from their first quarter projection of a $1.4 million overage. The Executive Office is working with the Medical Center to resolve issues involving Correctional Health and Exclusive Care.

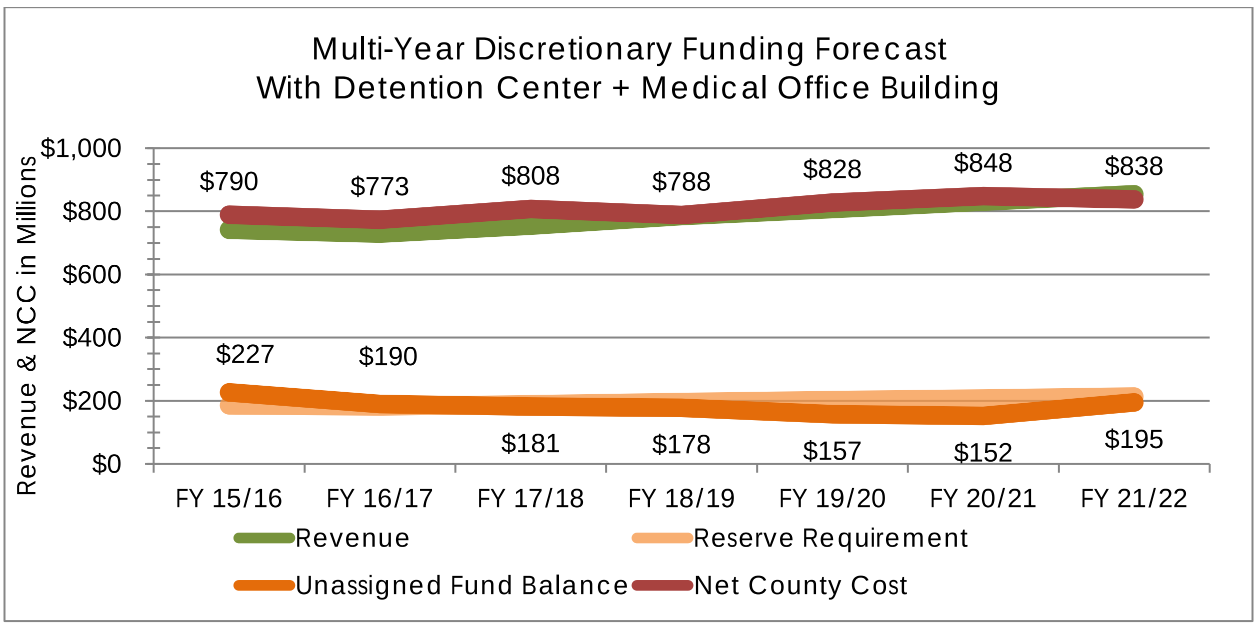
In January, the County Executive Officer issued a hiring freeze intended to contain cost increases and mitigate such projected overages. This measure is also intended to position departments to absorb additional increases in pension obligations and other costs anticipated in FY 18/19.

MULTI-YEAR BUDGET OUTLOOK

MULTI-YEAR DISCRETIONARY FORECAST

Based on information available prior to year-end regarding how departments would complete last year, the multi-year forecast presented with the FY 17/18 budget assumed the potential need to draw down contingency completely to cover possible overages, leaving an assumed zero balance to carry forward. Accordingly, the model further assumed a need to draw $35.6 million from the reserve for budget stabilization in FY 17/18. However, the county's FY 16/17 audited annual financial report recently filed by the Auditor-Controller confirms $27.6 million in year-end unassigned fund balance available carrying forward. This is attributable to net savings achieved across multiple departments, resulting in part to substantially less year-end draw on contingency than originally assumed. This available beginning fund balance reduces the potential need to draw down the reserve for budget stabilization, substantially lessening the gap between the projected current year-end reserve balance and the reserve requirement. Departments deserve credit for their continued hard work to achieve such savings.

The modeling also assumed somewhat slower out-year growth in ongoing discretionary revenues, particularly property-driven taxes, changes to fixed commitments over the coming years, such as debt service payments, and scheduled increases to obligations for CalFresh and In-Home Supportive Services, described in more detail below. Those assumptions remain unchanged at this time. Since the first quarter report was presented, projections for operating the John J. Benoit Detention Center currently under construction and the new RUHS medical office building that will soon begin construction have also been incorporated into the modeling. If fiscal discipline is maintained with these additional assumptions factored in, the model shown below indicates deficit spending will occur until FY 20/21, when the reserve for budget stabilization is projected to be drawn to $152 million, after which it is then projected to begin replenishment.



Anticipated Cost Challenges

Labor and Pension Costs

Although no cost of living increases have been negotiated, labor costs are expected to rise as step increases lift wages. In addition, annual pension obligations are projected to rise each year before leveling off in 2030. Containing the rate of cost increases and achieving efficiencies remain pivotal.

New Facilities

The John J. Benoit Detention Center is slated to open in FY 18/19, and funding both for fixed costs and staffing of this new facility are now being factored into forward-looking projections. Continued work with the Sheriff on a phased operational plan is imperative.

Inmate Legal Settlement

The terms of a federal court settlement connected with a suit filed on behalf of county jail inmates remains a central focus of operational planning for correctional health and behavioral health services, as well as facilities planning and security. The Executive Office continues working with related departments to scope the measures necessary to maintain progress on these complex issues.

In-Home Supportive Services

Realignment of In-Home Supportive Services costs will require net cost increases of $4-5 million each year over the next several years. Substantial but as-yet unquantified additional increases are anticipated in out-years as well. Counties statewide continue to work with the California State Association of Counties to quantify the ongoing cost burden.

Additional Cost Challenges

A significant number of other potential obligations have been brought forward which, if departmental resources cannot be found or offsetting cost savings are not achieved, collectively pose a serious near-term threat to the viability of the general fund. These include ongoing backfill of projected departmental overages, coverage of pension obligations, general liability costs, and requested program or facilities expansions.

The Executive Office is cognizant that all departments face pressure from increasing labor costs resulting from the rise in wages due to step increases and rising pension obligations set to increase annually for the next decade or more. Given the Board direction for departments to absorb such costs, these cost increases represent de facto cuts to departments that cannot pass such costs onto other funding agencies or contract cities. The Executive Office is examining opportunities to restructure funding obligations, implement efficiencies, and other areas to achieve targeted cuts. In addition, the Executive Office is examining ways to better leverage all available funding sources to cover these additional obligations without increasing overall discretionary spending. However, if these efforts are not sufficient, across-the-board cuts may be required. Maintaining fiscal discipline and holding the line on discretionary spending is absolutely critical to achieving structural balance and rebuilding reserves.

Discretionary Revenue Projections

Discretionary revenue growth continues to be substantially outpaced by escalating cost increases. While growth in assessed valuation continues to improve, growth in sales and use tax and Prop. 172 public safety sales tax continues to slow. State and federal funding has not kept pace with county caseloads, and keeping CalFresh funding requires ramping up the county match. Projected discretionary revenue estimates remain relatively stable, as summarized at right, although there is a notable reduction in the revenue anticipated from liquidation of former RDA assets. Highlights of the county's key general-purpose revenues are noted below.

General Fund
Projected Discretionary Revenue
(in millions)

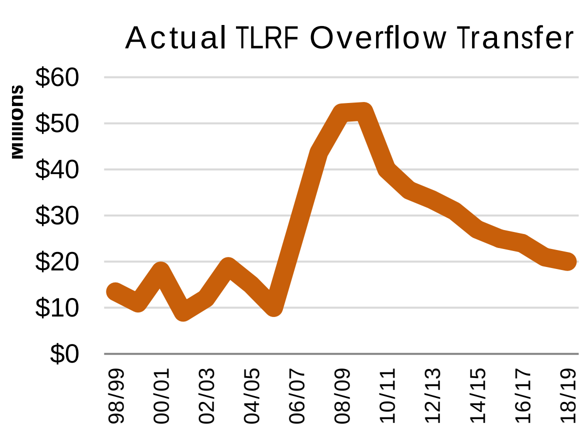
	Budget Estimate	Current Quarter Estimate	Variance
Property Taxes	$353.3	$354.0	$0.7
RDA Residual Assets	9.7	7.7	(2.2)
Motor Vehicle In Lieu	243.0	243.6	0.6
Tax Loss Reserve Overflow	21.0	21.0	-
Fines and Penalties	18.3	18.9	0.6
Sales & Use Taxes*	28.9	28.5	(0.4)
Documentary Transfer Tax	14.5	14.5	-
Franchise Fees	7.3	7.2	(0.1)
Interest Earnings	11.4	11.4	-
Misc. Federal and State	8.2	7.4	(0.8)
Rebates & Refunds	6.1	6.1	-
Realignment	0	0	-
Other Prior Year & Misc.	15.1	15.2	0.1
Operating Transfers In	7.8	7.8	-
Total	754.7	750.7	(1.5)
Prop. 172 Public Safety Sales Tax	172.1	171.9	(0.2)
	$926.8	$922.6	$(1.7)

Property Taxes

Property tax revenue was budgeted at $353.3 million based on a forecasted 5.5 percent growth in assessed values. The Auditor-Controller continues to project property tax revenue as budgeted. Motor vehicle fee revenue received in-lieu of property taxes is estimated at $234.6 million, and residual assets distributed from former redevelopment agencies are estimated at $7.7 million. This is down $2.2 million from the original budgeted estimate of $9.7 million due to a recalculation of funds.

Teeter Tax Losses Reserve Fund (TLRF) Overflow

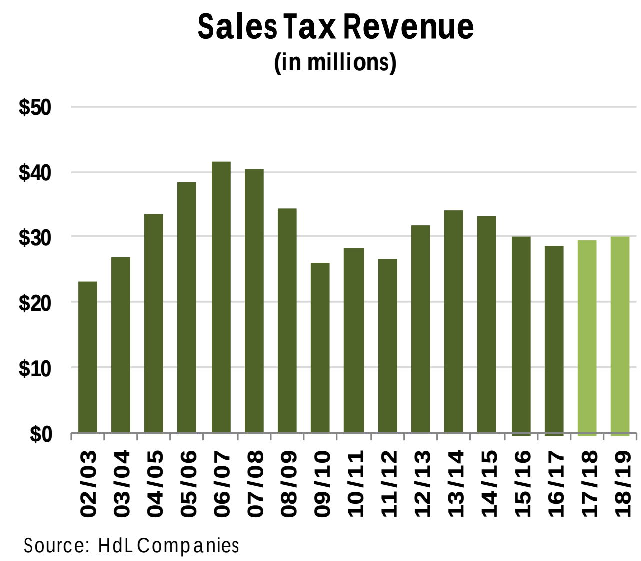
Under the California Teeter plan, the county advances participating agencies property tax allocations based on enrolled assessed valuation. In return, the county retains the actual taxes received, plus penalties and interest on delinquent taxes. The Tax Losses Reserve Fund captures revenues and expenditures associated with the program. Revenue exceeding financing costs and the necessary tax loss reserve is discretionary revenue released to the general fund annually. The annual release is in accordance with the revenue and taxation code, and consistent with prudent risk management. As delinquency rates decline, this revenue source generally tapers off; the delinquency rate hit an all-time low of 1.35 percent last fiscal year. This is the ninth consecutive year of decline.



For FY 16/17, the TLRF transfer was $24 million. For FY 17/18, $21 million was forecast. Based on present analysis of projected reserve obligations, the Executive Office currently estimates the reserve requirement balance is in excess of $8 million, allowing an increase in estimated revenue from the Tax Losses Reserve Fund, as noted later in this report.

Sales and Use Taxes

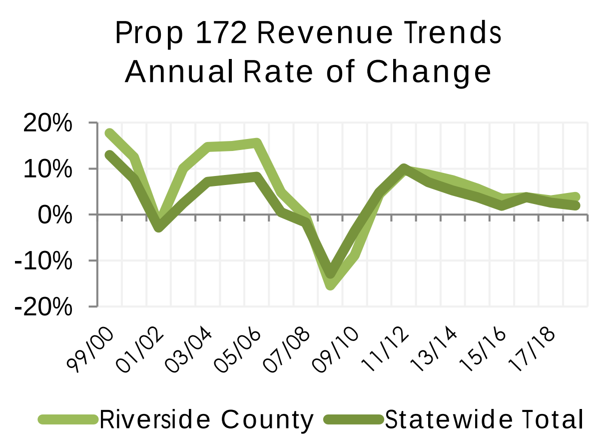
In the last quarter, the county's economically adjusted quarterly sales and use tax allocations increased 3.5 percent on a year-over-year basis. This increase continues to be due primarily to rebounds in the building and construction, business and industry, fuel, and autos and transportation sectors. Consumer goods, predominantly from sales at the factory outlets, declined 5.8 percent from the same quarter a year ago, continuing an ongoing lag in that sector.



The county's budget estimate for Bradley Burns sales and use tax is $28.9 million, reduced from previous years' estimates based on HdL Companies' somewhat lower projection reflecting a softening trend in taxable sales anticipated to extend into FY 18/19. The Executive Office is closely watching this trend.

Prop. 172 Public Safety Sales Tax

The county's Prop. 172 public safety sales tax revenue is affected both by changes in the overall statewide pool of revenue as well as changes in the county's pro rata share of that pool relative to other participants. As shown in the chart at right, during the recession, the statewide pool of Prop. 172 revenue shrank, and then grew again as economic activity in the state's major metropolitan centers rebounded. Since that rebound, however, the rate of statewide growth has steadily declined gradually. As other counties emerged from the recession more rapidly, their allocation factors grew, causing the allocation factors of lagging counties such as Riverside to shrink. Consequently, while Riverside enjoyed double-digit growth in Prop. 172 revenue for several years, that growth rate slowed substantially in recent years. In FY 16/17, this required reassessment of assumptions and restructuring of the disbursements to departments. While the growth rate of the county's allocation factor is improving slightly, it will still be several years before the annual revenue received from Prop. 172 equals what had previously been allocated to departments. Trends in this revenue continue to be watched

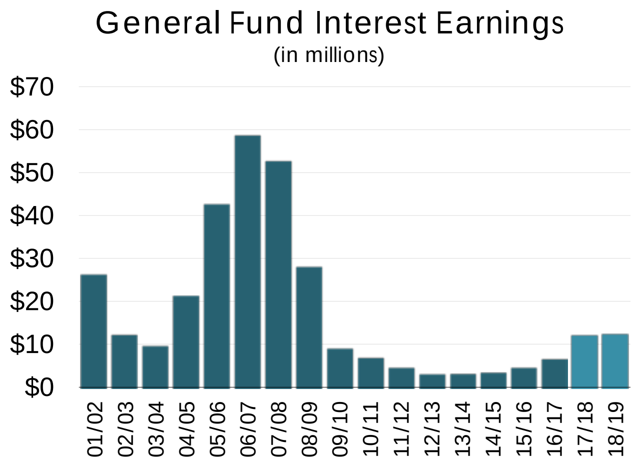


closely, and no adjustments to the disbursement ratios are recommended at this time.

Interest Earnings

The Treasurer's estimate for FY 17/18 county general fund interest earnings include several factors such as general fund balances in the Treasurer's Pooled Investment Fund, current level of interest rates, and U.S. Federal Reserve monetary policy.

On December 13, 2017, the Federal Open Market Committee (FOMC) voted to raise federal fund rates by 25 basis points. The federal fund rate range is now 1.25 to 1.50 percent. In the announcement of its decision, the FOMC noted that market conditions continued to strengthen and suggested that real gross domestic product (GDP) was rising at a solid pace in the second half of 2017. While inflation remained below 2 percent, total non-farm payroll employment increased strongly in October and November. The FOMC cited that tax reform and the flattening yield curve would potentially have an impact on future FOMC activity.



The FOMC stated, "…it expects that economic conditions will evolve in a manner that will warrant future gradual increases in the federal funds rate if economic conditions continue to evolve in the current path". The Federal Reserve remains data dependent; the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data. The most widely watched economic indicators that can alter Federal Reserve activity include inflation expectations and payroll data. Financial market reaction to the changing global economic outlook, as well as geopolitical events, can also contribute to the Federal Reserve's decision in changing policy direction and tone.

The Treasurer's FY 17/18 county general fund interest earnings estimate is $11.4 million. The Treasurer will likely increase earnings estimates should the FOMC take further action, although such an increase would have a minor effect on the general fund for the remainder of the fiscal year, due to the weighted average maturity profile of the investment pool.

BUDGET STRATEGY

Current Year

Based on concerns raised in the first quarter report regarding departments projecting ongoing cost overruns, in January the CEO directed a hiring freeze on all departments receiving discretionary funding, internal service funds, and for procurement and HR job classifications. The intent of this freeze is to contain costs overall in the current year and preserve departments' ability to absorb increased pension obligations and labor costs in coming years. This measure was deemed necessary to preserve the county's ability to meet other mission critical obligations and rebuild reserves.

Over the next several years, maintaining fiscal discipline over discretionary spending will remain critical to build reserves and ultimately close the gap between ongoing expenses and general-purpose revenues. Given commitments to additional obligations, achieving cost savings in other areas is essential. Holding the line on a disciplined, pragmatic approach as outlined in the multi-year strategy is essential to achieving structural balance.

Proposed FY 18/19 Budget Cycle

Budget Policies

At first quarter, the Executive Office recommended and the Board approved budget policies for FY 18/19. Given the measures taken in January to contain costs, key budget policies bear emphasizing here:

- Rollover ongoing FY 17/18 net county cost allocations, with adjustments as necessary for limited upcoming obligations.
- Eliminating limited one-time allocations made in FY 17/18.
- No cost of living adjustments beyond current contracts.
- Departments absorbing any increases in fixed costs for pension obligations, insurance, and internal services.
- Apply one-time revenues toward rebuilding reserves or mission critical one-time costs.
- Assume departmental revenue shortfalls will not be backfilled with discretionary revenue.
- Recognize and use departmental revenues in the fiscal year received, unless otherwise legally restricted, to ensure departmental resources are maximized and discretionary general fund support is minimized. This includes full cost recovery for services provided under contracts with other jurisdictions.

Long-Range Budget Schedule

The Executive Office further recommended and the Board approved in concept the following budget schedule, which remains subject to change as necessary and appropriate:

- Third quarter report and budget workshop on Tuesday, May 22, 2018;
- Presentation of the FY 18/19 recommended budget and opening of budget hearings on Monday, June 11;

- Presentation of Board-directed amendments to the budget on Tuesday, July 31, 2018; and,
- Formal adoption of the budget on Tuesday, September 25, 2018.

These dates have been coordinated to work with the Board's approved 2018 meeting calendar.

CURRENT BUDGET STATUS

APPROPRIATIONS FOR CONTINGENCY

Contingency covers urgent, unforeseeable events such as revenue shortfalls, unanticipated expenditures, uncorrectable budget overruns and mission-critical issues at the Board's discretion. The FY 17/18 adopted budget appropriated $20 million for contingency or 2.6 percent of ongoing discretionary revenue. This report contains a net decrease of $2 million at this time, taking the contingency level to $17.4 million, as summarized in the table below.

Beginning Balance:					**$ 20,000,000**
Adjustments to date:					
10/31/17	ACO FY 17 Q3 cash shortage report	27		(27)	
10/31/17	ACO FY 17 Q4 cash shortage report	172		(172)	
Rec. 2	Increased TRANs Interest	678,036		(678,036)	
Rec. 50	Return from Water Receivership		198,156	198,156	
Rec. 51	Donation for cemetery redistricting	50,000		(50,000)	
		728,235	198,156	(530,079)	**19,469,921**
Actions recommended in this report:					
Rec. 1	RDV residual assets		(2,200,000)	(2,200,000)	
Rec. 2	Board chambers AV system	94,059		(94,059)	
Rec. 3	City of Banning agreements	521,717		(521,717)	
Rec. 5	Solar Payment Fund		771,396	771,396	
				-	
				-	
		615,776	(1,428,604)	(2,044,380)	
	Total adjustments to Contingency =	1,344,011	(1,230,448)	(2,574,459)	
	Contingency balance upon approval of this report =				**17,425,541**

In the second quarter, general fund revenue estimates show a decline of 0.2 percent from the adopted budget. Notably, the redevelopment property tax revenue estimate is $2.2 million less than originally projected. This is due to the updating of the county CIP residual methodology for three agencies (Moreno Valley, Palm Desert, and Riverside) which was approximately $2.2 million in FY 16/17. The Executive Office recommends reducing budgeted estimates to align with this decline in revenue.

Recommendation 1: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments decreasing estimated revenue and appropriations and increasing fund balance for contingency by $2,200,000, as follows:*

Decrease estimated revenue:

10000-1300100000-715070	RDV Property Tax, LMIH Residuals	$2,200,000

Anticipated use of fund balance:		
10000-1300100000-370100	Unassigned fund balance	2,200,000
Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingencies	2,200,000
Anticipated increase in fund balance:		
10000-1109000000-370100	Unassigned fund balance	2,200,000

FINANCE & GOVERNMENT SERVICES

Board of Supervisors / Clerk of the Board

The Board of Supervisors is requesting an increase to its current budget to cover the costs of recent audio/visual enhancements completed to the County Administrative Center Board Chambers. These enhancements assure that technology is current and meets today's standards, and will allow for better service to the public and other county agencies. The department is requesting use of contingency to cover these appropriations.

Recommendation 2: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing expenditure appropriations and decreasing appropriations for contingency by $94,059, as follows:*

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	$94,059
Anticipated increase in fund balance:		
10000-1109000000-370100	Unassigned fund balance	94,059
Increase appropriations:		
10000-1000100000-510040	Regular salaries	4,556
10000-1000100000-518100	Budgeted benefits	1,911
10000-1000100000-523640	Computer equipment - non fixed assets	37,637
10000-1000100000-525440	Professional services	49,955
	Total	94,059
Anticipated use of fund balance:		
10000-1000100000-370100	Unassigned fund balance	94,059

Executive Office

Executive Office Sub-Fund

On December 19, 2006, (Item 3.60), the Board approved a general fund subvention to enhance public safety in the City of Banning in conjunction with the expansion of the Smith Correctional Facility in unincorporated county land south of the city limits. This memorandum of understanding provides the City of Banning with a contribution of $450,000 annually, with a cost of living adjustment not to exceed 4 percent each year. This was inadvertently left out of the budget and the payment is now due.

Recommendation 3: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Executive Office and decreasing appropriations for contingency by $521,717, as follows:*

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	$521,717
Anticipated increase in fund balance:		
10000-1109000000-370100	Unassigned fund balance	521,717
Increase appropriations:		
10000-1101000000-536200	Contributions to non - county agency	521,717
Anticipated use of fund balance:		
10000-1101000000-370100	Unassigned fund balance	521,717

Contribution to Other Funds

On April 5, 2016, the Board approved Policy B-32 establishing a process for the deposit of proceeds from the disposition of real property. The policy states that proceeds from the sale of any property using general fund money shall be deposited into a sub-fund of the general fund to be used to offset costs related to real estate. Unanticipated proceeds from the sale of real estate were received and will therefore offset costs associated with acquiring property. A budget adjustment is needed to reimburse these costs.

Recommendation 4: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue by $744,000, as follows:*

Increase estimated revenue:		
10000-1103800000-790020	Sale of real estate	$744,000
Increase appropriations:		
10000-1103800000-525440	Professional services	744,000

Solar Payment Fund

Per Board Policy B-29, 75 percent of the annual revenue received by the Solar Payments Fund from agreements with solar power plant developers is general purpose and is transferred to the county general fund, and 25 percent is for community benefit and remains in the Solar Payment Fund for use toward Board-approved projects of benefit to the communities impacted by solar development. At the end of FY 16/17, $771,396 of the general-purpose portion of that year's revenue remained in the fund and was carried over into the current year. The Executive Office recommends appropriations at this time to transfer that balance to the general fund, and committing the remaining available balance forward toward community benefit.

Recommendation 5: *That the Board approve and direct the Auditor-Controller to make budget adjustments to appropriations and fund balance for the Solar Payment Fund and Contingency by $771,396, as follows:*

Increase appropriations:		
22840-1104100000- 551100	Contributions to other funds	$771,396
Anticipated use of fund balance:		
22840-1104100000-370100	Unassigned fund balance	771,396
Increase estimated revenue:		
10000-1100100000-790600	Contribution from other county funds	771,396
Anticipated increase in fund balance:		
10000-1100100000-370100	Unassigned fund balance	771,396
Increase appropriations:		
10000-1109000000-581000	Appropriation for contingencies	771,396
Anticipated use of fund balance:		
10000-1109000000-370100	Unassigned fund balance	771,396

Recommendation 6: *That the Board approve and direct the Auditor-Controller to make budget adjustments to commit available fund balance for community benefit in the Solar Payment Fund by $621,978, as follows:*

Decrease fund balance:		
22840-1104100000-370100	Unassigned fund balance	$621,978
Increase fund balance:		
22840-1104100000-330156	Committed fund balance for community benefit	621,978

PUBLIC SAFETY

Emergency Management Department

Emergency Management Department (EMD) provides support to Riverside County's whole communities, tribes, special districts, and municipalities, giving them the ability to plan, respond, recover and mitigate natural hazards and disasters. EMD has focused on key project areas identified as priorities by the County of Riverside Emergency Management Executive Committee, as well as the EMD Director and management team. During the budget process, the revenue and expenses for the Local Hazard Mitigation Program were allocated incorrectly to the PHEP special fund instead of the general fund. This adjustment is requested to correct this technical mistake made in the budget.

Recommendation 7: *That the Board approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for Emergency Management Department by $134,366, as follows:*

Decrease estimated revenues:		
21800-2000100000-767220	Federal – other operating grants	$134,366
Increase appropriations:		
21800-2000100000-537200	Interfund expense – supportive services	459,740

21800-2000100000-536780	Interfund expense – capital projects	75,000
	Total	534,740

Decrease appropriations:

21800-2000100000-510320	Temporary salaries	102,569
21800-2000100000-510240	Per diem salaries	1,161
21800-2000100000-523700	Office supplies	3,200
21800-2000100000-523760	Postage - mailing	1,000
21800-2000100000-523800	Printing/binding	2,000
21800-2000100000-525340	Temporary help services	3,200
21800-2000100000-525440	Professional services	478,476
21800-2000100000-529040	Private mileage reimbursement	2,500
21800-2000100000-546160	Equipment - other	75,000
	Total	669,106

Increase estimated revenues:

10000-2000100000-767220	Federal – other operating grants	134,366

Increase appropriations:

10000-2000100000-510320	Temporary salaries	103,730
10000-2000100000-520705	Food	200
10000-2000100000-523700	Office supplies	3,000
10000-2000100000-523760	Postage - mailing	1,000
10000-2000100000-523800	Printing/binding	2,000
10000-2000100000-525340	Temporary help services	3,200
10000-2000100000-525440	Professional services	18,736
10000-2000100000-529040	Private mileage reimbursement	2,500
	Total	134,366

Fire

The Fire Department is currently on track to meet budget targets for FY 17/18. The Fire Department received a FY 16/17 supplemental invoice totaling $2,278,976 from the CalFire Cooperative Agreement for the retroactive labor cost of living increases approved by CalFire in June 2017. Of this amount, $1,040,956 is county responsibility and $1,238,020 is from contract city partners. These costs were anticipated and the funding is available. The Fire Department is requesting a budget adjustment for the additional expenditures, tax fund transfer, and city partner revenues.

Recommendation 8: *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for County Structural Fire Protection fund by $1,040,956, as follows:*

Increase appropriations:

21000-2700300000-536900	Interfund expense fire services	$1,040,956

Anticipated use of fund balance:

21000-2700300000-321101	Restricted program money	1,040,956

Recommendation 9: *That the Board approve and direct the Auditor-Controller to make* *budget adjustments increasing appropriations and estimated revenues for Fire Protection by $1,040,956, as follows:*

Increase estimated revenues:		
10000-2700200000-778120	Interfund fire services	$1,040,956
Increase appropriations:		
10000-2700200000-525440	Professional services	1,040,956

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 $1,238,020, as follows:*

Increase estimated revenues:		
10000-2700400000-779050	Fire protection	$1,238,020
Increase appropriations:		
10000-2700400000-525440	Professional services	1,238,020

Law Office of the Public Defender

Starting from the projected first quarter deficit of $2.2 million, the Public Defender took difficult, but significant steps that reduced the projected second quarter deficit to $1.56 million. This was accomplished primarily through staff attrition and not backfilling positions as they became available. The department plans to continue this approach during the third quarter and for as long as possible in order to reduce their projected deficit. However, the department reports being in critical need of filling several mission-important positions. In light of the recent declaration of a hiring freeze, the Executive Office will continue working on this issue with the department, which pledges to continue to do all they can to reduce their projected deficit further as the year progresses.

Office of District Attorney

The District Attorney's Office has reduced their original projected deficit to $4.6 million dollars, primarily due to an austerity plan implemented by the department to meet its commitment to make every legitimate effort to come within the approved county budget. This number represents nearly a 50 percent reduction from the original projected deficit of $9.3 million (after the additional $2 million net county cost (NCC) augmentation). The department's current projected costs are $4.7 million above FY 17/18 approved NCC.

The District Attorney's Office alerts the Board to ongoing unfunded mandates including Propositions 47, 57, 63, 64, 66, and Senate Bills 179 and 620, Body Worn Camera initiatives, as well as the rollout of the KPMG recommended paralegal project, which may alter their final position.

The District Attorney's Office is in the process of working through the Executive Office to complete implementation of the District Attorney's multi-disciplinary office restructure that will realize greater cost-savings and offset the projected deficit. The department has met with key members of the executive team and Board of Supervisors to share their plan and to secure their ongoing commitment to support these cost-saving modernization and streamlining efforts. In the interim, the District Attorney's Office continues to meet regularly with members of the Executive Office to share issues of concern to the public safety and to ensure fiscal transparency.

Probation Department

The Probation Department is projecting that, overall, expenditures will be within appropriations and net county cost allocations at year-end.

During the second quarter, the department continued its efforts to meet service demands while operating with limited or reduced resources. Additionally, the department continues to work on implementing new state legislation such as SB190 and Prop. 63 that went into effect on January 1, 2018. These laws have a direct impact on the department and service delivery to clients. SB190, repeals county authority to charge certain administrative fees to families with youth in the juvenile system. Prop. 63 requires the court to implement a new process for removing firearms from prohibited persons after conviction, and requires probation officers to investigate defendants as to whether they legally sold or otherwise disposed of their firearms. Probation is still in the process of analyzing the potential cost of this additional workload. The department will report back to the Executive Office on additional resources when they are required.

In anticipation of the FY 18/19 budget shortfalls, the department has already begun the process of shrinking its workforce through attrition. Since the development of the department's budget, Probation's vacancy rate has increased from 12.8 percent to 17.4 percent, or 52 positions. The department has already begun to see the impacts of the staff reductions in Field Services. With fewer probation officers to provide a high level of supervision, there is a reduction in the engagement time with clients. Increases in probation violations will also adversely impact Probation's partner agencies within the criminal justice system – Sheriff, District Attorney and Public Defender – all of which are reporting budget shortfalls.

The immediate impact to institution services is increased overtime at juvenile facilities to meet state-mandated staffing levels as outlined in Title 15, Section 1321 of the California Government Code. The department has seen an 8 percent increase in the cost of overtime since July 1, 2017. To ensure compliance with Title 15 and mitigate the increase in overtime, the department has increased its effort to fill vacant Probation Correction Officers positions, a hard to recruit classification.

The Probation Department met with the County Executive Office in November 2017 to share budget concerns and the impacts to the department. Probation will continue to work closely with the Executive Office to address these ongoing challenges and report any additional budget concerns.

Sheriff's Department

The Sheriff has been and remains a good fiscal partner, regularly meeting the budget targets as set by the Board of Supervisors. The Sheriff reports that the department is planning for and committed to a balanced budget in the current fiscal year, despite fiscal challenges resulting from an ongoing structural deficit. During the budget hearings, the Sheriff formally outlined to the Board the challenges facing the department and made a request totaling more than $50 million of additional funding to meet the described need. Specifically, $6.3 million in raises prescribed by MOUs, a reduction of Prop 172 of $12.3 million, costs related to the Prison Law Office Federal court consent decree in the amount of $7.2 million, increased internal service fund (ISF) costs of $6.6 million, and a recommended reduction to net county cost (NCC) of 6.5 percent resulting in a proposed cut of $17.9 million. The Board approved restoring the 6.5 percent NCC reduction of $17.9 million, leaving a reported deficit of $32.4 million. Meeting this reduction, within the approved budget funding, requires managing the loss of staffing across the department through routine personnel attrition with sharply reduced hiring to offset only a portion of those lost.

This attrition impacts all areas of the department. The Sheriff reported that this is the second consecutive fiscal year the department is required to balance its budget shortfalls through staff attrition. The department indicated that this comes at a high cost because the reduction in county NCC funding has disproportionally impacted the unincorporated areas and the countywide jail system. The Sheriff also signaled seeing a higher resignation rate for uniformed personnel. Although the department stated they have realized some savings, they continue to see higher overtime costs due to attrition of staff. The Sheriff reports they are also incurring a significant amount of unplanned, and therefore unbudgeted, retirement payouts. As of the second quarter, the Sheriff's current projection for retirement payouts is $9.2 million higher than was projected at the start of this fiscal year.

In January, the Board approved an estimated $7 million for the department to begin hiring for phase I of the John J. Benoit Detention Center (JJBDC) staffing plan. The Executive Office will present the necessary budget adjustment in the third quarter budget report. The Sheriff states any additional cuts or cost increases to the budget will have a negative impact on their ability to hire for phase I of JJBDC and continue to impact other areas of the department.

The Sheriff states that Trial Court Funding (TCF) realignment created a department revenue deficit of $1.4 million and that the Executive Office has agreed to add the revenue to the budget by the end of the fiscal year to cover the shortfall in unallowable TCF.

The Sheriff reports that the department is increasingly concerned about the continued reductions in staffing on the safety of its employees, and the ability to properly safeguard the public through patrol, jail, court, and coroner operations, with uniformed 24/7 emergency first-responder force, as required under the law. The Sheriff stated at a minimum, in the face of the county's fiscal challenges, further degradation in staffing levels needs to stop and not plummet any lower, and planning is needed now to find appropriate funding to repair damage to the public safety net that has already taken place. The Executive Office is committed to working with the Sheriff to identify and meet their critical staffing needs across the department.

HEALTH & HOSPITAL SERVICES

Riverside University Health System

Medical Center

The Riverside University Health System – Medical Center (RUHS-MC) continues on the path as outlined in the strategic plan that has been regularly communicated to county leadership and the Board of Supervisors over the past three years. The cost of care remains consistent with anticipated projections, but was not reflected in the FY 17/18 county budget. For RUHS-MC, the operating expenditures are $585.6 million, revenues of $570.3 million and capital expenditures of $32 million for FY 17/18. The estimated operating deficit (before capital expenditures) was originally budgeted at $13 million and was revised to $15 million at the end of the first quarter. The Executive Office will work closely with RUHS – MC to monitor the situation and present additional details for the Board's consideration.

The medical center team continues the efforts on a number of initiatives to improve patient volumes and payor mix, and to carefully manage operating expenses. These initiatives include continued work with our partners and maturing the clinically integrated network, negotiating focused new commercial payor contracts, maximizing reimbursement from various government-sponsored incentive programs, enhancing and continued integration of Huron's productivity standards against operating volumes, improving patient revenue collections, and continued efforts to improve operational efficiencies while working closely to reduce supply expense where ever possible.

Many uncertainties continue to exist, and future regulatory and legislative actions at both the federal and state levels may have unfavorable financial consequences, the degree of which remain unknown. For example, recent changes to Section 340B pharmaceutical regulations are anticipated to reduce Medicare reimbursement for 340B medications by as much as 30 percent effective January 1, 2018. In addition, MediCal managed care reimbursement methodologies are being modified, and the outcome to the Medical Center, which will be retroactive to July 2017, is still unknown. Given the uncertain outcome of all of these challenges and opportunities, management believes it would be premature to recommend an adjustment to the RUHS-MC FY 17/18 operating budget at this time.

Behavioral Health Detention and Correctional Health

The first quarter outlook for RUHS – Behavioral Health Detention and Correctional Health reported the potential need for additional county resources to cover the shortfall resulting from reductions to AB109 funding. Updated midyear projections now reflect that, combined, Behavioral Health Detention and Correctional Health are expected to end the year within budgeted net county costs (NCC). Between increased salary savings and the growth of AB109 funding, Behavioral Health Detention is projected to save $3 million of NCC this year. Despite the growth in AB109 funding, Correctional Health is anticipated to exceed budgeted NCC by $600,000 by year-end. Combined, the inmate health care programs are expected to be under NCC by approximately $2 million.

Behavioral Health – Public Guardian

Behavioral Health – Public Guardian is anticipating a savings of $250,000 as a result of salary savings of new positions not filled for the entire year. Next year's budget will include the full cost of these positions approved during the FY 17/18 budget process.

Department of Public Health

Public Health, California Children Services, and Community Action Partnership programs are tracking on budget. However, the department was awarded several grants for which they request budget adjustments at this time. The State of California awarded the department's HIV/STD (human immunodeficiency virus/sexually transmitted disease) branch $29,447 to support STD control activities for three years. The Maternal, Child, Adolescent Health (MCAH) branch was awarded $560,648 for the Adolescent Family Life Program. The Disease Control branch received $21,279 for public health emergency preparedness and $22,943 for Zika preparedness. Together, these grant awards total $634,317. In addition, the Nutrition branch also requests approval for a $38,000 capital purchase of five routers to replace current routers at the end of their useful life.

Recommendation 11: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenue for Public Health by $634,317, as follows:*

Increase estimated revenue:		
10000-4200100000-751680	CA – state grant revenue	590,095
10000-4200100000-778200	Interfund miscellaneous	44,222
	Total	634,317
Increase appropriations:		
10000-4200100000-510040	Salaries	$346,038
10000-4200100000-510240	Per diem salaries	21,600
10000-4200100000-518100	Budgeted benefits	155,783
10000-4200100000-520320	Telephone Services	8,365
10000-4200100000-521540	Maintenance - office equipment	2,606
10000-4200100000-521640	Maintenance – software	3,541
10000-4200100000-522890	Pharmaceutical	12,779
10000-4200100000-523640	Computer equipment - non fixed asset	10,617
10000-4200100000-523680	Office equipment - non fixed asset	1,500
10000-4200100000-523700	Office supplies	1,259
10000-4200100000-524500	Administrative support - direct	2,989
10000-4200100000-525100	Medical – lab services	5,000
10000-4200100000-526700	Rent - lease buildings	19,354
10000-4200100000-527780	Special program expense	21,568
10000-4200100000-527840	Training - education/tuition	2,000
10000-4200100000-528920	Car pool expense	3,521
10000-4200100000-529040	Private mileage reimbursement	5,600
10000-4200100000-528140	Conference/registration fees	6,197
10000-4200100000-528960	Lodging	2,000
10000-4200100000-528980	Meals	2,000
10000-4200100000-546080	Equipment – computer	38,000
	Total	672,317

Decrease appropriations:		
10000-4200100000-526700	Rent - lease buildings	38,000

The Nutrition branch requests a $1.38 million budget transfer from the general fund to a new special revenue fund for the Tobacco Control Program established to comply with California Tobacco Control Program requirements to keep interest earnings on the state funding with the program.

Recommendation 12: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenue for Public Health by $1,383,869, as follows:*

Decrease estimated revenue:		
10000-4200100000-754010	CA - tobacco tax prop. 99	$1,383,869
Decrease appropriations:		
10000-4200100000-510040	Regular salaries	603,778
10000-4200100000-515260	Unemployment insurance	1,255
10000-4200100000-517000	Workers comp insurance	18,892
10000-4200100000-518100	Budgeted benefits	263,832
10000-4200100000-520230	Cellular phones	2,900
10000-4200100000-520320	Telephone services	1,036
10000-4200100000-520705	Food	190
10000-4200100000-520930	Insurance – liability	14,394
10000-4200100000-523640	Computer equipment - non fixed asset	11,000
10000-4200100000-523700	Office supplies	5,052
10000-4200100000-523760	Postage - mailing	1,900
10000-4200100000-523800	Printing/binding	3,300
10000-4200100000-524500	Administrative support - direct	155,461
10000-4200100000-524560	Auditing & accounting	1,365
10000-4200100000-524740	COWCAP	19,492
10000-4200100000-525140	Personnel services	13,633
10000-4200100000-525440	Professional services	110,000
10000-4200100000-525840	RCIT device access	23,522
10000-4200100000-526420	Advertising	74,945
10000-4200100000-526700	Rent - lease buildings	24,050
10000-4200100000-527780	Special program expense	6,577
10000-4200100000-528140	Conference/registration fees	1,675
10000-4200100000-528900	Air transportation	6,858
10000-4200100000-528920	Car pool expense	5,500
10000-4200100000-528960	Lodging	3,640
10000-4200100000-528980	Meals	1,800
10000-4200100000-529000	Miscellaneous - travel expense	800
10000-4200100000-529040	Private mileage reimbursement	5,500
10000-4200100000-529060	Public service transportation	800
10000-4200100000-529540	Utilities	722
	Total	1,383,869

Increase estimated revenue:		
21840-4200100000-754010	CA - tobacco tax prop. 99	1,383,869
Increase appropriations:		
21840-4200100000-510040	Regular salaries	603,778
21840-4200100000-515260	Unemployment insurance	1,255
21840-4200100000-517000	Workers comp insurance	18,892
21840-4200100000-518100	Budgeted benefits	263,832
21840-4200100000-520230	Cellular phones	2,900
21840-4200100000-520320	Telephone services	1,036
21840-4200100000-520705	Food	190
21840-4200100000-520930	Insurance – liability	14,394
21840-4200100000-523640	Computer equipment - non fixed asset	11,000
21840-4200100000-523700	Office supplies	5,052
21840-4200100000-523760	Postage - mailing	1,900
21840-4200100000-523800	Printing/binding	3,300
21840-4200100000-536720	Interfund - admin support - direct	155,461
21840-4200100000-524560	Auditing & accounting	1,365
21840-4200100000-524740	COWCAP	19,492
21840-4200100000-525140	Personnel services	13,633
21840-4200100000-525440	Professional services	110,000
21840-4200100000-525840	RCIT device access	23,522
21840-4200100000-526420	Advertising	74,945
21840-4200100000-526700	Rent - lease buildings	24,050
21840-4200100000-527780	Special program expense	6,577
21840-4200100000-528140	Conference/registration fees	1,675
21840-4200100000-528900	Air transportation	6,858
21840-4200100000-528920	Car pool expense	5,500
21840-4200100000-528960	Lodging	3,640
21840-4200100000-528980	Meals	1,800
21840-4200100000-529000	Miscellaneous - travel expense	800
21840-4200100000-529040	Private mileage reimbursement	5,500
21840-4200100000-529060	Public service transportation	800
21840-4200100000-529540	Utilities	722
	Total	1,383,869

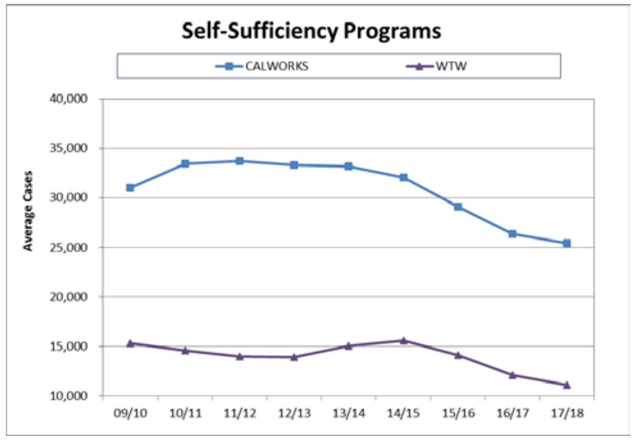
Within the approved FY 17/18 budget, Public Health included $247,000 in appropriations for fixed assets. However, the fixed asset detail was omitted from the budget, so the department is submitting the necessary information for Board approval of acquisition of those fixed assets at this time. The fixed asset detail consists of the following: six servers costing $162,000; tape drive replacements costing $60,000; and UPS battery replacement costing $25,000. These approvals are necessary for the department to proceed with procurement of these assets. No additional appropriations are necessary.

Recommendation 13: *That the Board of Supervisors approve the acquisition of six servers totaling $162,000, tape drives totaling $60,000, UPS battery replacement totaling $25,000 for Public Health for a sum total of $247,000.*

HUMAN SERVICES

Department of Social Services

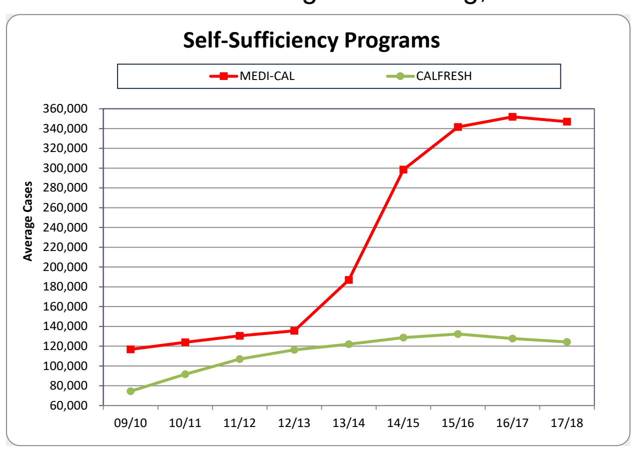
The Department of Public Social Services (DPSS) reports annualized growth of 10 percent in In-Home Supportive Services through November 2017. Other social services and self-sufficiency programs also showed increases, but in the following lesser percentages: adoptions 3 percent and Medi-Cal 2 percent. The following programs experienced negative movement: welfare-to-work decreased 14 percent, foster care decreased 12 percent, adult protective services decreased 10 percent, CalWORKs decreased 7 percent, child welfare services decreased 7 percent and CalFresh decreased 5 percent.



The department continues to carefully monitor self-sufficiency program staffing levels to operate within state-allocated funding, while maintaining ongoing operations. In an effort to maximize efficiencies, DPSS will continue cross-training eligibility staff in Medi-Cal and CalFresh programs and leverage technology policy changes to modify business processes. Desired outcomes include providing customers with more service access options, efficiency and timely service.

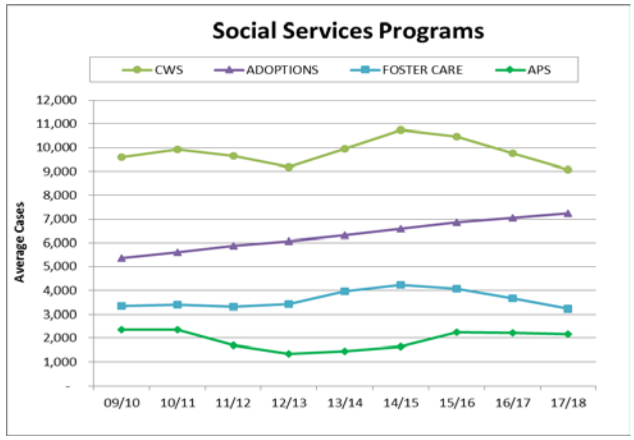
In addition, the department continues to lobby the state for appropriate funding levels to administer the Medi-Cal and CalWORKs programs.

DPSS reported a number of factors affecting counties and contributing to a statewide backlog in processing Medi-Cal renewals, including: increased Affordable Care Act caseload, issues with the state's case management enrollment system, state policy changes and limited support resources. In response, the department focused its efforts on eliminating the backlog, while concurrently processing new applications. These activities are being performed without adjustment to administrative funding. DPSS' backlog was reduced by 95 percent during the first half of FY 17/18 and the department anticipates resolving the balance by the end of the fiscal year.



In January 2017, the state implemented Continuum of Care Reform (CCR) statewide. The initiative's key objectives included: reducing the number of children living in congregate care; improving recruitment, selection and training of relatives and foster families caring for abused/neglected children; enhancing the quality of therapeutic interventions available for at-risk youth. One important element of CCR is the Resource Family Approval (RFA) Program. RFA was designed to be a family-friendly, child-centric approval process that included requirements similar to those of foster care placements, relative approvals, adoptions and guardianship. To date, the department received 983 RFA applications from individuals and families interested in becoming resource families. Of those, 108 received approval and the remaining applications are in various stages of the screening/assessment process.

To meet CCR requirements, existing group home providers must transition to a Short-Term Residential Treatment Program (STRTP) by December 31, 2018. All STRTP must offer: specialized/intensive care; supervision, treatment and access to medication management; behavioral health services; crisis intervention and targeted case management. The department continues to collaborate with the Riverside County Office of Education, Behavioral Health and Probation Department to assist group homes and Foster Family Agencies to prepare for transition to a STRTP.



During the period FY 15/16 through 16/17, Adult Protective Services (APS) experienced an 11 percent reduction in reports of abuse and a 2 percent reduction in total client count. However, APS increased investigations by 2 percent, with increased rates of referrals requiring investigation from 77 percent to 90 percent. Consistent with National Adult Protective Services Association (NAPSA) standards, APS continues to target an average of 25 open cases per social worker, per month. This is a combined workload of new investigations and ongoing cases.

County-funded foster care expenditures have recently been on the rise for a number of reasons, including: extended placements for foster youth not approved for emancipation; rate patches for foster homes where the child's mental health and medical needs exceed the existing foster care rate; court ordered placements with relatives pending background clearance; and foster care for undocumented children. Another reason for the rise is an increase in placements requiring care for only one higher needs child which generally requires more specialized care and results in a higher monthly rate patch.

When compared to prior year expenditure levels, DPSS is projecting a 14 percent increase in the county-funded foster care assistance program, partially offset by a 10 percent decrease in the general relief/homeless program. The department anticipates the overall impact to be a $600,000 increase in expenditures and requests a budget adjustment to shift available appropriations in foster care and adoptions to county-funded foster care.

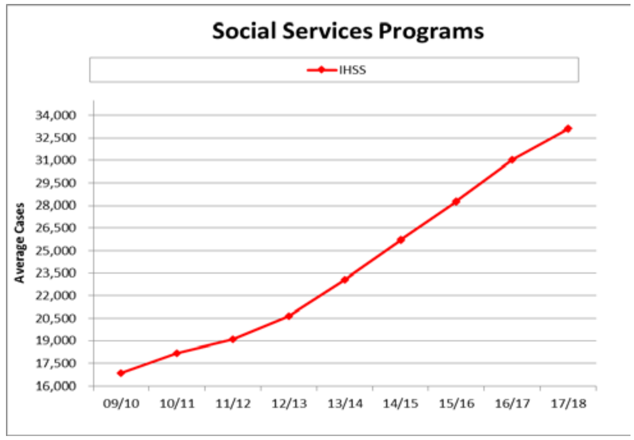
Recommendation 14: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations for the Department of Public Social Services by $600,000, as follows:*

Decrease appropriations:		
10000-5100300000-530480	Categorical assistance	$600,000
Anticipated increase in fund balance:		
10000-5100300000-370100	Unassigned fund balance	600,000

Increase appropriations:		
10000-5100400000-530520	County funded assistance	600,000
Anticipated use of fund balance:		
10000-5100400000-370100	Unassigned fund balance	600,000

In-Home Supportive Services

The final state budget included an increase in the In-Home Supportive Services Maintenance of Effort (IHSS MOE), partially offset by additional state revenue. The IHSS MOE included revised escalator rates, new caps on state IHSS participation costs and changes in the administration of IHSS provider collective bargaining processes.



Although most of the changes to the funding methodology are known, the Governor's January budget is expected to provide updated figures on estimated revenue to support the program. These revenue updates and the change in funding methodology may require a budget adjustment in the third quarter report. However, the department is optimistic additional general funds will not be required, beyond what is included in the FY 17/18 approved budget.

In-Home Supportive Service – Pubic Authority (IHSS PA)

The above referenced change in IHSS MOE methodology also affects the In-Home Supportive Services Public Authority (IHSS PA). State participation in IHSS PA expenditures will be capped at $2.4 million and the county MOE level will be capped at $223,896 for the Public Authority Administration. The department will continue to monitor the situation and provide updates when available.

Riverside County Children and Families Commission (RCCFC)

The Riverside County Children and Families Commission (RCCFC) receives state funding from Prop. 10, tobacco tax revenue, to invest in partnerships supporting and enhancing the health and early development of children, ages 0-5, their families and communities.

Declining Prop. 10 revenue is creating challenges in meeting growing community needs, spurring increased efficiency and innovative approaches. Financial projections indicate funds will decline by FY 20/21, although birth projections show a marked increase in the same period.

To supplement Prop. 10 revenue, RCCFC obtained $12 million in additional funding from the California Department of Health Care Services. The RCCFC will partner with First 5

San Bernardino and oral health stakeholders to increase preventative services for children, increase caries (tooth decay) risk assessment/disease management and increase continuity of care through two innovative strategies – Virtual Dental Home and Early Childhood Oral Health Assessment.

At the commission's January 10, 2018 meeting, staff presented a midyear budget revision, including a net revenue decrease, in the amount of $1,021,826, primarily due to a delay in the commencement date for the Local Dental Pilot Project - Inland Empire. This was partially offset by a projected year-end net expenditure decrease, in the amount of $520,312, largely due to a reorganization and elimination of two classifications totaling six positions. Further adjustments will reflect four additional positions funded through a combination of the Dental Transformative Initiative Grant, Prop. 10 and DPSS, and corrections to salaries. Finally, adjustments were made to operating expenses, contracts and capital expenses.

Department of Child Support Services

In the first quarter budget report, a budget adjustment was included for redistribution of recoupment revenue from the Department of Public Social Services (DPSS) to the Department of Child Support Services (DCSS), in the amount of $500,000. The action was taken to support welfare recoupment activities and match federal funding, in the amount of $970,588. However, DCSS anticipated the additional revenue in their FY 17/18 budget submission, so the budget adjustment overstated the department's revenue and appropriations. A correcting budget adjustment is requested to reverse the prior action.

Recommendation 15: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for the Department of Child Support Services by $1,469,415, as follows:*

Decrease estimated revenues:		
10000-2300100000-781360	Other miscellaneous revenue	$ 498,827
10000-2300100000-761020	Federal family support reimbursement	970,588
	Total	1,469,415
Decrease appropriations:		
10000-2300100000-520330	Communication services	970,588
10000-2300100000-510040	Regular salaries	498,827
	Total	1,469,415

Office on Aging

The Office on Aging (OoA) efficiently, effectively and strategically performs its core services for the county's most frail and vulnerable older adults and persons with disabilities, in accordance with Title III and Title VII of the Older Americans Act and Older Californians Act. As reported in the first quarter report, in September 2017, Congress passed a continuing resolution that temporarily holds federal funds static at 2017 levels for federally funded programs. Although the direct impact to OoA is unknown at this time, the department will continue monitoring federal activity and will provide an update in the third quarter budget report.

Office on Aging requests a budget adjustment to reflect a reduction in federal health insurance counseling advocacy program funds, in the amount of $20,142. Also, to account for sponsorship donations received for the Retired Senior Volunteer Program Volunteer Recognition Luncheon, in the amount of $5,500.

Recommendation 16: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for the Office on Aging by $14,642, as follows:*

Decrease estimated revenues:		
21450-5300100000-767140	Federal – miscellaneous reimbursement	$20,142
Decrease appropriations:		
21450-5300100000-510040	Regular salaries	2,014
21450-5300100000-536200	Contributions to other non-county agency	18,128
	Total	20,142
Increase estimated revenues:		
21450-5300100000-781220	Contributions & donations	5,500
Increase appropriations:		
21450-5300100000-527780	Special program expense	5,500

Veterans' Services

Veterans' Services requests a budget adjustment to enable use of grant funds budgeted in FY 16/17 and received in FY 17/18. On May 24, 2016, agenda item 3.22, a Mental Health Services Act (Prop. 63) grant, in the amount of $45,000, was accepted on behalf of Veterans' Services. Grant payments were received on a quarterly basis, with three of the four payments received within the year budgeted. The final payment was received in FY 17/18, but was not accrued to the prior fiscal year. Through this grant, referred Veterans received equine therapy in response to a post-traumatic stress disorder diagnosis.

Recommendation 17: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for Veterans' Services by $11,250, as follows:*

Increase estimated revenues:		
10000-5400100000-755680	CA - other operating grants	$11,250
Increase appropriations:		
10000-5400100000-527780	Special program expense	11,250

PUBLIC WORKS

Transportation & Land Management Agency

The Transportation Land Management Agency (TLMA) Administration Department's revenue is less than anticipated. However, revenue is expected to increase during the remainder of the year. TLMA's implementation of PLUS, the new land management system, has required additional staffing from Riverside County Information Technology, which will require an appropriation transfer in the third quarter. However, there are projected savings in the amount of $249,000 as a result of the software cost from the PLUS implementation and an additional savings of $274,000 under salaries and benefits due to vacated and unfilled positions.

Transportation

The expenditures for the developer agreement fund came in under budget leaving an unexpended fund balance for FY 17/18. The Board of Supervisors approved a budget adjustment in the first quarter and the department anticipates submitting paperwork to close out the fund in the third quarter.

The Operations' revenue fund will exceed the approved budgeted amount due to the sale of the Transportation Department's Pedley Yard, which results in an additional $5 million towards the net operating position. Despite the increase in revenue, Operations will continue to utilize the Highway Users Tax Account (HUTA) to cover operating expenses to save the revenue generated from the sale for future use.

Building and Safety

There is a projected increase in revenue in Building & Safety with the implementation of SB1186 and AB1179. The new bills allow the county to charge a $4 fee on all permits as of January 1, 2018, as opposed to a $1 fee prior to the approval of the bills. With the implementation of PLUS, Building & Safety anticipates a savings on bank charges as customers are now able to pay the credit card fees upfront. However, due to the shortage of county building inspectors, there is an anticipated increase in the utilization of consultants that may require an appropriation transfer in either the third or fourth quarter.

Code Enforcement

Significant general fund reduction led Code Enforcement to restructure operations by region to increase efficiencies and reduce costs. Code Enforcement continues to adjust to these changes and will exceed budget amounts due to changes in staffing. An appropriation transfer is projected to be submitted in the third quarter. However, Code Enforcement anticipates $360,000 of savings under salaries and benefits due to four retirements occurring in FY 17/18.

Flood Control and Water Conservation District

The Flood Control and Water Management District (District) is in good financial condition and is operating within budget. Although there are no financial issues in the District, the Executive Office will closely monitor operation expenditures.

ECONOMIC & COMMUNITY DEVELOPMENT

Facilities Management

Energy Management

The Energy Management division anticipates ending the year with a deficit of $89,314 over the allocated $7.8 million in net county cost. Anticipated savings created by the Opterra Solar Project are insufficient to pay debt service on the project. In addition, the largest revenue generating solar site is not yet operational. These unforeseen delays have contributed to the inability to receive the needed offset to contribute towards the debt service. Continuing solar and EV charging station projects have the potential to mitigate operating expenses by creating utility savings, once projects are implemented and operational. The division will continue monitoring projects, expenditures, and revenues closely to improve revenue attainment efforts to meet budget targets.

Parking Services

The EDA Parking Services Division anticipates ending the year with a deficit of approximately $375,000 due to extensive maintenance services needed for the parking structures and surface lots. The division continues to operate with minimal staff and requires funding for the updating of equipment that is beyond useful life and continuously in disrepair. EDA will continue to monitor expenditures, revenues, and will look for other funding opportunities.

Maintenance Services Division

The EDA Maintenance Services Division anticipates ending the year with a structural deficit of approximately $1.4 million due to the increase of investment in county buildings to ensure infrastructure is working to maximize efficiency. Additionally, in order to meet customer needs, the division completed several projects without an identified funding source. Budget trends indicate that services and supplies may exceed budget, and EDA will continue to monitor expenses. A request for a budget adjustment at third quarter may become necessary.

Real Estate Services Division

The EDA Real Estate Division anticipates ending the year with a structural deficit of approximately $1.4 million due to the rising costs of maintaining the community centers and the need to initiate projects prior to identification of a funding source. This division may exceed appropriations for services and supplies and other charges. EDA will continue monitoring expenses and may submit a request for a budget adjustment at third quarter if expenses continue at current trends.

Community Facilities District (CFD) - Maintenance

The department requests a budget adjustment of $65,562 to establish a budget for the newly formed CFD 17-3M Tierra Del Rey. The budget will fund landscaping and street light services to the community of French Valley through special tax revenues.

Recommendation 18: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Community Facility District 17-3M Tierra Del Rey by $65,562, as follows:*

Increase appropriations:		
20630-991110-522320	Maintenance - grounds	$35,000
20630-991110-529530	Street lights	7,562
20630-991110-529540	Utilities	10,000
20630-991110-536740	Interfund expense - admin support indirect	5,000
20630-991110-537180	Interfund expense - salary reimbursement	8,000
	Total	65,562

Increase estimated revenues:		
20630-991110-740020	Interest - invested funds	500
20630-991110-770100	Special assessments	62,562
20630-991110-781360	Other miscellaneous revenue	2,500
	Total	65,562

Community Development Block Grant (CDBG)

The department requests a budget adjustment in order to bring the budget in alignment with the approved HUD budget. The department took a conservative approach to budgeting in consideration of potential reductions in federal CDBG program funding. The requested increase in appropriations allows projects already incorporated into the Five-Year Consolidated Annual Performance and Evaluation Report to continue.

Recommendation 19: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue and for EDA CDBG by $2,750,000, as follows:*

Increase estimated revenues:		
21350-1900200000-766000	Federal - community redevelopment	$2,750,000
Increase appropriations:		
21350-1900200000-536200	Contributions to non-county agency	2,750,000

County Service Areas (CSA)

The department requests a budget adjustment of $15,000 to process a one-time expense for a contribution, in partnership with the San Jacinto Mountain Community Council and the Riverside County Parks and Open Space District, for a Pickle Ball Court in the Idyllwild community. Sufficient restricted program money is available to fund this effort.

Recommendation 20: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for CSA 36 by $15,000, as follows:*

Increase appropriations:		
23375-903601-536740	Interfund expense - admin support indirect	$15,000

Anticipated use of fund balance:		
23375-903601-321101	Restricted program money	15,000

The department requests a budget adjustment for the purchase of two utility carts ($20,000), a floor scrubber ($7,170), a large lawn mower ($70,000), and a top seeder ($10,000), for use at the Lake Tamarisk Golf Course in Desert Center. Solar fund revenue will offset the expenses.

Recommendation 21: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for CSA 51 and appropriations and unassigned fund balance for the Solar Payment Fund by $107,170, as follows:*

Increase appropriations:		
23525-905102-546160	Equipment - other	$107,170
Increase estimated revenue:		
23525-905102-790600	Contributions from other county funds	107,170
Increase appropriations:		
22840-1104100000-551100	Contributions to other funds	107,170
Anticipated use of fund balance:		
22840-1104100000-370100	Unassigned fund balance	107,170

Community Park & Centers

The department requests a budget adjustment of $300,705 to continue uninterrupted services at all community centers. The division anticipates ending the year with a deficit of approximately $99,000. Maintenance, security guard charges, and utility costs are higher than anticipated. Additionally, the rainy season requires more resources to control erosion and cleanup. Existing funding sources (general funds of $80,000, property taxes at $245,768, and prior year residual cash of $164,189) are exhausted.

Recommendation 22: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted program money for the EDA Community Park & Centers by $300,705, as follows:*

Increase appropriations:		
21830-7201200000-522310	Maintenance - building and improvement	$225,705
21830-7201200000-525320	Security guard services	75,000
	Total	300,705
Anticipated use of fund balance:		
21830-7201200000-321101	Restricted program money	300,705

Regional Parks and Open Space District

In FY 16/17, a county general fund contribution funded community center maintenance and operations through an agreement between the district and the county. In FY 17/18, this responsibility transferred to the Economic Development Agency. Subsequently, the district reconciled all activity associated with this agreement and as of December 31, 2017, there is $358,972 fund balance remaining, which represents the unused portion of the general fund contribution toward that activity. The district requests a budget adjustment enabling return of that balance to the county general fund.

Recommendation 23: *That the Board of Supervisors approve and direct the Auditor Controller to make budget adjustments increasing appropriations for the Regional Park and Open Space District and estimated revenue for Contributions to Other Funds by $358,972, as follows:*

Increase appropriations:		
25610-931156-551100	Contribution to other funds	$358,972
Anticipated use of fund balance:		
25610-931156-330100	Committed fund balance	358,972
Increase estimated revenue:		
10000-1101000000-790600	Contributions from other county funds	358,972
Anticipated increase to fund balance:		
10000-1101000000-370100	Unassigned fund balance	358,972

On October 24, 2017, the district requested the EDA Real Estate division to conduct an analysis of suitable locations for development of an off-highway vehicle (OHV) park. The project budget is $11,300, and the allowable funding source is the State of California OHV revenue. The district requests a budget adjustment to fund the analysis.

Recommendation 24: *That the Board of Supervisors approve and direct the Auditor Controller to adjust appropriations for the Regional Park and Open Space District by $11,300, as follows:*

Increase appropriations:		
25440-931160-525440	Professional services	$11,300
Anticipated use of fund balance:		
25440-931160-321101	Restricted program money	11,300

Registrar of Voters

The Registrar of Voters is required to conduct four elections during FY 17/18. The August 29, 2017, special district mail ballot election involved approximately 74,000 registered voters. The upcoming elections include the April 10, 2018, City of Rancho Mirage election and the June 5, 2018, gubernatorial primary election. At this time, the department budget can accommodate the scheduled elections.

INTERNAL SUPPORT

Human Resources

Delta Dental PPO

Delta Dental PPO revenues are trending higher than anticipated. In addition, claims have increased. A budget adjustment is necessary to ensure appropriations are sufficient to pay claims and other expenses through year-end.

Recommendation 25: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for Delta Dental PPO Fund by $500,000, as follows:*

Increase estimated revenues:		
45860-1130600000-781220	Contributions & donations	$300,000
45860-1130600000-781320	Insurance proceeds	200,000
	Total	500,000
Increase appropriations:		
45860-1130600000-523350	Administrative expenses	30,000
45860-1130600000-534240	Dental claims	470,000
	Total	500,000

Workers' Compensation

There is a possibility that more outstanding claims could be settled before year-end than originally expected. Revenues from stop loss payments will offset these increased claims costs. To ensure pending claims are paid before year-end, an increase in appropriations is needed. The Auditor Controller's Office is also requesting the reclassification of the funding of Employee Assistance Service by Workers' Compensation from Intra-miscellaneous to Operating transfer-out. Therefore, Human Resources is requesting budget changes to match their request. Human Resources will continue to monitor the spending on workers' compensation claim.

Recommendation 26: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for Workers' Compensation Fund by $886,000, as follows:*

Increase estimated revenues:		
46100-1130800000-777010	Stop loss reimbursement	$886,000
Increase appropriations:		
46100-1130800000-534220	Comp claims	886,000
46100-1130800000-551000	Operating transfers-out	1,528,100
46100-1130800000-572800	Intra-miscellaneous	(1,528,100)
	Total	886,000

Malpractice Insurance

There is a possibility that more outstanding claims could be settled before year-end than expected. Revenues from stop loss payments will offset these increased claims costs. Increased appropriations to pay claims are needed to ensure pending claims can be paid before year-end. Human Resources will continue to monitor the spending on malpractice claims.

Recommendation 27: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Malpractice Insurance Fund by $1,450,000, as follows:*

Increase estimated revenue:		
46000-1130900000-777010	Stop loss reimbursement	$1,450,000
Increase appropriations:		
46000-1130900000-534340	Malpractice - liability	1,450,000

General Liability Insurance

There is a possibility that more outstanding claims could be settled before year-end than expected. Revenues from stop loss payments will offset these increased claims costs. Increased appropriations to pay claims are needed to ensure pending claims can be paid before year-end. Human Resources will continue to monitor the spending on general liability claims.

Recommendation 28: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for General Liability Fund by $3,823,000, as follows:*

Increase estimated revenues:		
45960-1131000000-777010	Stop loss reimbursement	$3,823,000
Increase appropriations:		
45960-1131000000-534280	Liability adjustment expense	3,823,000

Exclusive Care

Provider claims are trending higher than budgeted. Increased appropriations are needed to ensure all claims can be paid. Human Resources is recommending budget adjustments to increase appropriations that will be offset with available unrestricted net assets.

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 Exclusive Care by $1,000,000, as follows:*

Increase appropriations:		
45800-1132000000-534480	Physician care claims	$1,000,000
Anticipated use of unrestricted net assets:		
45800-1132000000-380100	Unrestricted net assets	1,000,000

Employee Assistance Services

The Auditor Controller's Office is requesting the reclassification of the funding for Employee Assistance Services by Workers' Compensation from intra-personnel to operating transfer-in.

Recommendation 30: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Employee Assistance Services by $1,528,100, as follows:*

Increase estimated revenue:		
46100-1132200000-790500	Operating transfer-in	$1,528,100
Decrease appropriations:		
46100-1132200000-572900	Intra - personnel	(1,528,100)

Culture of Health

Innovation Awards incentives have been increased to improve the countywide impact of the program. Human Resources is recommending a budget adjustment to ensure appropriations are sufficient to encourage utilization of the program by departments.

Recommendation 31: *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 Culture of Health by $284,000, as follows:*

Increase appropriations:		
46120-1133000000-527780	Special program expense	$284,000
Decrease unrestricted net assets:		
46120-1133000000-380100	Unrestricted net assets	284,000

Purchasing & Fleet Services

Fleet Services received two new requests for vehicle purchase. The Department of Environmental Health requested 17 vehicles and the Parks District requested 7 vehicles. Both departments have sufficient appropriations in their FY 17/18 budget to cover the vehicle purchase. Fleet Services did not budget for these vehicles. Therefore, a budget adjustment of $45,602 for the 17 Department of Environmental Health vehicles and $25,182 for the Parks District vehicles is needed for Fleet Services to cover three months of financing and amortization costs.

Recommendation 32: *That the Board of Supervisors 1) approve and authorize the purchase of twenty-four (24) vehicles; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and use of net assets for Fleet Services by $70,784, as follows:*

Increase estimated revenue:		
45300-7300500000-777620	Vehicle cost recovery	$37,564

Increase appropriations:		
45300-7300500000-532600	Capital lease – purchase principal	34,524
45300-7300500000-533720	Capital lease – purchase interest	3,040
45300-7300500000-535515	Amortization – vehicles	33,220
	Total	70,784

Use of unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	33,220

Riverside County Information Technology

Riverside County Information Technology (RCIT) and RCIT - GIS report that they will not exceed budgeted targets for FY 17/18. However, RCIT is expected to lose lease revenue as the law firm moved out of the building, additional revenue loss is due to the WRCOG move to a new location. Management will look at other opportunities to increase revenue and, at the same time, is looking at all expenditures to remain within budget.

In the FY 13/14 first quarter budget report, a $2.5 million general fund loan was granted to RCIT for implementation costs of the cost-saving initiatives, with repayment anticipated through future savings, due by June 2017. However, In the FY 14/15 midyear budget report dated Feb. 3, 2015, the Executive Office (EO) recommended general fund reimbursement for specific initiatives with countywide benefit. The EO and RCIT are working on the identification and reimbursement of these expenses and expect to complete the process by the end of the fiscal year. The expenses identified will reimburse the terms of the loan. The EO will provide a further update by the end of the year.

RCIT – Public Safety Enterprise Communications (PSEC) anticipates ending the year with a deficit of approximately $215,000. RCIT – PSEC expects to use unrestricted net assets to cover this deficit. Budget adjustments are being submitted to cover this deficit.

RCIT – PSEC requests a budget adjustment for the second year lease installment related to the channel expansion project expanding channel capacity at the Northwest, Southwest, San Jacinto, Santa Rosa and Indio PSEC radio cells. The 2018 payment is the second year of the three-year lease installment. Funding for this lease is coming from the county's pass-through revenue received in the RDA Capital Improvement Fund (May 12, 2016, Agenda Item 3-23).

Recommendation 33: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue in the PSEC fund by $1,184,238, as follows:*

Increase appropriations:		
45520-7400600000-520220	County radio system	$ 162,435
45520-7400600000-532600	Capital lease – purchase principal	1,021,803
	Total	1,184,238

Increase estimated revenues:		
45520-7400600000-790600	Contributions from other funds	1,184,238

RCIT – PSEC requests a budget adjustment for operational expenses, equipment replacement, projects and capital assets not originally approved in the FY 17/18 budget. These expenditures are needed to keep the PSEC system fully operational and with sufficient redundant systems.

Recommendation 34: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unrestricted net assets in the PSEC fund by $1,410,698, as follows:*

Increase appropriations:		
45520-7400600000-522310	Maintenance - building and improvement	$1,190,698
45520-7400600000-546060	Equipment – communications	220,000
	Total	1,410,698
Use of unrestricted net assets:		
45520-7400600000-380100	Unrestricted net assets	1,410,698

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 of Supervisors approve and direct the Auditor-Controller to make budget adjustments decreasing estimated revenue and appropriations and increasing fund balance for contingency by $2,200,000, as follows:*

Decrease estimated revenue:		
10000-1300100000-715070	RDV Property Tax, LMIH Residuals	$2,200,000
Anticipated use of fund balance:		
10000-1300100000-370100	Unassigned fund balance	2,200,000
Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingencies	2,200,000
Anticipated increase in fund balance:		
10000-1109000000-370100	Unassigned fund balance	2,200,000

Recommendation 2: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing expenditure appropriations and decreasing appropriations for contingency by $94,059, as follows:*

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	$94,059
Anticipated increase in fund balance:		
10000-1109000000-370100	Unassigned fund balance	94,059
Increase appropriations:		
10000-1000100000-510040	Regular salaries	4,556
10000-1000100000-518100	Budgeted benefits	1,911
10000-1000100000-523640	Computer equipment - non fixed assets	37,637
10000-1000100000-525440	Professional services	49,955
	Total	94,059
Anticipated use of fund balance:		
10000-1000100000-370100	Unassigned fund balance	94,059

Recommendation 3: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Executive Office and decreasing appropriations for contingency by $521,717, as follows:*

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	$521,717
Anticipated increase in fund balance:		

10000-1109000000-370100	Unassigned fund balance	521,717
Increase appropriations:		
10000-1101000000-536200	Contributions to non - county agency	521,717
Anticipated use of fund balance:		
10000-1101000000-370100	Unassigned fund balance	521,717

Recommendation 4: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue by $744,000, as follows:*

Increase estimated revenue:		
10000-1103800000-790020	Sale of real estate	$744,000
Increase appropriations:		
10000-1103800000-525440	Professional services	744,000

Recommendation 5: *That the Board approve and direct the Auditor-Controller to make budget adjustments to appropriations and fund balance for the Solar Payment Fund and Contingency by $771,396, as follows:*

Increase appropriations:		
22840-1104100000- 551100	Contributions to other funds	$771,396
Anticipated use of fund balance:		
22840-1104100000-370100	Unassigned fund balance	771,396
Increase estimated revenue:		
10000-1100100000-790600	Contribution from other county funds	771,396
Anticipated increase in fund balance:		
10000-1100100000-370100	Unassigned fund balance	771,396
Increase appropriations:		
10000-1109000000-581000	Appropriation for contingencies	771,396
Anticipated use of fund balance:		
10000-1109000000-370100	Unassigned fund balance	771,396

Recommendation 6: *That the Board approve and direct the Auditor-Controller to make budget adjustments to commit available fund balance for community benefit in the Solar Payment Fund by $621,978, as follows:*

Decrease fund balance:		
22840-1104100000-370100	Unassigned fund balance	$621,978
Increase fund balance:		

22840-1104100000-330156	Committed fund balance for community benefit	621,978

Recommendation 7: *That the Board approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for Emergency Management Department by $134,366, as follows:*

Decrease estimated revenues:		
21800-2000100000-767220	Federal – other operating grants	$134,366
Increase appropriations:		
21800-2000100000-537200	Interfund expense – supportive services	459,740
21800-2000100000-536780	Interfund expense – capital projects	75,000
	Total	534,740
Decrease appropriations:		
21800-2000100000-510320	Temporary salaries	102,569
21800-2000100000-510240	Per diem salaries	1,161
21800-2000100000-523700	Office supplies	3,200
21800-2000100000-523760	Postage - mailing	1,000
21800-2000100000-523800	Printing/binding	2,000
21800-2000100000-525340	Temporary help services	3,200
21800-2000100000-525440	Professional services	478,476
21800-2000100000-529040	Private mileage reimbursement	2,500
21800-2000100000-546160	Equipment - other	75,000
	Total	669,106
Increase estimated revenues:		
10000-2000100000-767220	Federal – other operating grants	134,366
Increase appropriations:		
10000-2000100000-510320	Temporary salaries	103,730
10000-2000100000-520705	Food	200
10000-2000100000-523700	Office supplies	3,000
10000-2000100000-523760	Postage - mailing	1,000
10000-2000100000-523800	Printing/binding	2,000
10000-2000100000-525340	Temporary help services	3,200
10000-2000100000-525440	Professional services	18,736
10000-2000100000-529040	Private mileage reimbursement	2,500
	Total	134,366

Recommendation 8: *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for County Structural Fire Protection fund by $1,040,956, as follows:*

Increase appropriations:		
21000-2700300000-536900	Interfund expense fire services	$1,040,956
Anticipated use of fund balance:		
21000-2700300000-321101	Restricted program money	1,040,956

Recommendation 9: *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Fire Protection by $1,040,956, as follows:*

Increase estimated revenues:		
10000-2700200000-778120	Interfund fire services	$1,040,956
Increase appropriations:		
10000-2700200000-525440	Professional services	1,040,956

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 $1,238,020, as follows:*

Increase estimated revenues:		
10000-2700400000-779050	Fire protection	$1,238,020
Increase appropriations:		
10000-2700400000-525440	Professional services	1,238,020

Recommendation 11: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenue for Public Health by $634,317, as follows:*

Increase estimated revenue:		
10000-4200100000-751680	CA – state grant revenue	590,095
10000-4200100000-778200	Interfund miscellaneous	44,222
	Total	634,317
Increase appropriations:		
10000-4200100000-510040	Salaries	$346,038
10000-4200100000-510240	Per diem salaries	21,600
10000-4200100000-518100	Budgeted benefits	155,783
10000-4200100000-520320	Telephone Services	8,365
10000-4200100000-521540	Maintenance - office equipment	2,606
10000-4200100000-521640	Maintenance – software	3,541
10000-4200100000-522890	Pharmaceutical	12,779
10000-4200100000-523640	Computer equipment - non fixed asset	10,617
10000-4200100000-523680	Office equipment - non fixed asset	1,500
10000-4200100000-523700	Office supplies	1,259
10000-4200100000-524500	Administrative support - direct	2,989
10000-4200100000-525100	Medical – lab services	5,000
10000-4200100000-526700	Rent - lease buildings	19,354
10000-4200100000-527780	Special program expense	21,568
10000-4200100000-527840	Training - education/tuition	2,000
10000-4200100000-528920	Car pool expense	3,521
10000-4200100000-529040	Private mileage reimbursement	5,600
10000-4200100000-528140	Conference/registration fees	6,197
10000-4200100000-528960	Lodging	2,000
10000-4200100000-528980	Meals	2,000

10000-4200100000-546080	Equipment – computer	38,000
	Total	672,317
Decrease appropriations:		
10000-4200100000-526700	Rent - lease buildings	38,000

Recommendation 12: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenue for Public Health by $1,383,869, as follows:*

Decrease estimated revenue:		
10000-4200100000-754010	CA - tobacco tax prop. 99	$1,383,869
Decrease appropriations:		
10000-4200100000-510040	Regular salaries	603,778
10000-4200100000-515260	Unemployment insurance	1,255
10000-4200100000-517000	Workers comp insurance	18,892
10000-4200100000-518100	Budgeted benefits	263,832
10000-4200100000-520230	Cellular phones	2,900
10000-4200100000-520320	Telephone services	1,036
10000-4200100000-520705	Food	190
10000-4200100000-520930	Insurance – liability	14,394
10000-4200100000-523640	Computer equipment - non fixed asset	11,000
10000-4200100000-523700	Office supplies	5,052
10000-4200100000-523760	Postage - mailing	1,900
10000-4200100000-523800	Printing/binding	3,300
10000-4200100000-524500	Administrative support - direct	155,461
10000-4200100000-524560	Auditing & accounting	1,365
10000-4200100000-524740	COWCAP	19,492
10000-4200100000-525140	Personnel services	13,633
10000-4200100000-525440	Professional services	110,000
10000-4200100000-525840	RCIT device access	23,522
10000-4200100000-526420	Advertising	74,945
10000-4200100000-526700	Rent - lease buildings	24,050
10000-4200100000-527780	Special program expense	6,577
10000-4200100000-528140	Conference/registration fees	1,675
10000-4200100000-528900	Air transportation	6,858
10000-4200100000-528920	Car pool expense	5,500
10000-4200100000-528960	Lodging	3,640
10000-4200100000-528980	Meals	1,800
10000-4200100000-529000	Miscellaneous - travel expense	800
10000-4200100000-529040	Private mileage reimbursement	5,500
10000-4200100000-529060	Public service transportation	800
10000-4200100000-529540	Utilities	722
	Total	1,383,869
Increase estimated revenue:		
21840-4200100000-754010	CA - tobacco tax prop. 99	1,383,869
Increase appropriations:		
21840-4200100000-510040	Regular salaries	603,778
21840-4200100000-515260	Unemployment insurance	1,255

21840-4200100000-517000	Workers comp insurance	18,892
21840-4200100000-518100	Budgeted benefits	263,832
21840-4200100000-520230	Cellular phones	2,900
21840-4200100000-520320	Telephone services	1,036
21840-4200100000-520705	Food	190
21840-4200100000-520930	Insurance – liability	14,394
21840-4200100000-523640	Computer equipment - non fixed asset	11,000
21840-4200100000-523700	Office supplies	5,052
21840-4200100000-523760	Postage - mailing	1,900
21840-4200100000-523800	Printing/binding	3,300
21840-4200100000-536720	Interfund - admin support - direct	155,461
21840-4200100000-524560	Auditing & accounting	1,365
21840-4200100000-524740	COWCAP	19,492
21840-4200100000-525140	Personnel services	13,633
21840-4200100000-525440	Professional services	110,000
21840-4200100000-525840	RCIT device access	23,522
21840-4200100000-526420	Advertising	74,945
21840-4200100000-526700	Rent - lease buildings	24,050
21840-4200100000-527780	Special program expense	6,577
21840-4200100000-528140	Conference/registration fees	1,675
21840-4200100000-528900	Air transportation	6,858
21840-4200100000-528920	Car pool expense	5,500
21840-4200100000-528960	Lodging	3,640
21840-4200100000-528980	Meals	1,800
21840-4200100000-529000	Miscellaneous - travel expense	800
21840-4200100000-529040	Private mileage reimbursement	5,500
21840-4200100000-529060	Public service transportation	800
21840-4200100000-529540	Utilities	722
	Total	1,383,869

Recommendation 13: *That the Board of Supervisors approve the acquisition of six servers totaling $162,000, tape drives totaling $60,000, UPS battery replacement totaling $25,000 for Public Health for a sum total of $247,000.*

Recommendation 14: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations for the Department of Public Social Services by $600,000, as follows:*

Decreases appropriations:

10000-5100300000-530480	Categorical assistance	$600,000

Anticipated increase in fund balance:

10000-5100300000-370100	Unassigned fund balance	600,000

Increase appropriations:

10000-5100400000-530520	County funded assistance	600,000

Anticipated use of fund balance:

10000-5100400000-370100	Unassigned fund balance	600,000

Recommendation 15: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for the Department of Child Support Services by $1,469,415, as follows:*

Decrease estimated revenues:		
10000-2300100000-781360	Other miscellaneous revenue	$ 498,827
10000-2300100000-761020	Federal family support reimbursement	970,588
	Total	1,469,415
Decrease appropriations:		
10000-2300100000-520330	Communication services	970,588
10000-2300100000-510040	Regular salaries	498,827
	Total	1,469,415

Recommendation 16: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for the Office on Aging by $14,642, as follows:*

Decrease estimated revenues:		
21450-5300100000-767140	Federal – miscellaneous reimbursement	$20,142
Decrease appropriations:		
21450-5300100000-510040	Regular salaries	2,014
21450-5300100000-536200	Contributions to other non-county agency	18,128
	Total	20,142
Increase estimated revenues:		
21450-5300100000-781220	Contributions & donations	5,500
Increase appropriations:		
21450-5300100000-527780	Special program expense	5,500

Recommendation 17: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for Veterans' Services by $11,250, as follows:*

Increase estimated revenues:		
10000-5400100000-755680	CA - other operating grants	$11,250
Increase appropriations:		
10000-5400100000-527780	Special program expense	11,250

Recommendation 18: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Community Facility District 17-3M Tierra Del Rey by $65,562, as follows:*

Increase appropriations:		
20630-991110-522320	Maintenance - grounds	$35,000
20630-991110-529530	Street lights	7,562

20630-991110-529540	Utilities	10,000
20630-991110-536740	Interfund expense - admin support indirect	5,000
20630-991110-537180	Interfund expense - salary reimbursement	8,000
	Total	65,562

Increase estimated revenues:

20630-991110-740020	Interest - invested funds	500
20630-991110-770100	Special assessments	62,562
20630-991110-781360	Other miscellaneous revenue	2,500
	Total	65,562

Recommendation 19: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue and for EDA CDBG by $2,750,000, as follows:*

Increase estimated revenues:

21350-1900200000-766000	Federal - community redevelopment	$2,750,000

Increase appropriations:

21350-1900200000-536200	Contributions to non-county agency	2,750,000

Recommendation 20: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for CSA 36 by $15,000, as follows:*

Increase appropriations:

23375-903601-536740	Interfund expense - admin support indirect	$15,000

Anticipated use of fund balance:

23375-903601-321101	Restricted program money	15,000

Recommendation 21: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for CSA 51 and appropriations and unassigned fund balance for the Solar Payment Fund by $107,170, as follows:*

Increase appropriations:

23525-905102-546160	Equipment - other	$107,170

Increase estimated revenue:

23525-905102-790600	Contributions from other county funds	107,170

Increase appropriations:

22840-1104100000-551100	Contributions to other funds	107,170

Anticipated use of fund balance:

22840-1104100000-370100	Unassigned fund balance	107,170

Recommendation 22: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted* *program money for the EDA Community Park & Centers by $300,705, as follows:*

Increase appropriations:

21830-7201200000-522310	Maintenance - building and improvement	$225,705
21830-7201200000-525320	Security guard services	75,000
	Total	300,705

Anticipated use of fund balance:

21830-7201200000-321101	Restricted program money	300,705

Recommendation 23: *That the Board of Supervisors approve and direct the Auditor Controller to make budget adjustments increasing appropriations for the Regional Park and Open Space District and estimated revenue for Contributions to Other Funds by $358,972, as follows:*

Increase appropriations:

25610-931156-551100	Contribution to other funds	$358,972

Anticipated use of fund balance:

25610-931156-330100	Committed fund balance	358,972

Increase estimated revenue:

10000-1101000000-790600	Contributions from other county funds	358,972

Anticipated increase to fund balance:

10000-1101000000-370100	Unassigned fund balance	358,972

Recommendation 24: *That the Board of Supervisors approve and direct the Auditor Controller to adjust appropriations for the Regional Park and Open Space District by $11,300, as follows:*

Increase appropriations:

25440-931160-525440	Professional services	$11,300

Anticipated use of fund balance:

25440-931160-321101	Restricted program money	11,300

Recommendation 25: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for Delta Dental PPO Fund by $500,000, as follows:*

Increase estimated revenues:

45860-1130600000-781220	Contributions & donations	$300,000
45860-1130600000-781320	Insurance proceeds	200,000
	Total	500,000

Increase appropriations:

45860-1130600000-523350	Administrative expenses	30,000
45860-1130600000-534240	Dental claims	470,000
	Total	500,000

Recommendation 26: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and estimated revenues for Workers' Compensation Fund by $886,000, as follows:*

Increase estimated revenues:		
46100-1130800000-777010	Stop loss reimbursement	$886,000
Increase appropriations:		
46100-1130800000-534220	Comp claims	886,000
46100-1130800000-551000	Operating transfers-out	1,528,100
46100-1130800000-572800	Intra-miscellaneous	(1,528,100)
	Total	886,000

Recommendation 27: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Malpractice Insurance Fund by $1,450,000, as follows:*

Increase estimated revenue:		
46000-1130900000-777010	Stop loss reimbursement	$1,450,000
Increase appropriations:		
46000-1130900000-534340	Malpractice - liability	1,450,000

Recommendation 28: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for General Liability Fund by $3,823,000, as follows:*

Increase estimated revenues:		
45960-1131000000-777010	Stop loss reimbursement	$3,823,000
Increase appropriations:		
45960-1131000000-534280	Liability adjustment expense	3,823,000

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 Exclusive Care by $1,000,000, as follows:*

Increase appropriations:		
45800-1132000000-534480	Physician care claims	$1,000,000
Anticipated use of unrestricted net assets:		
45800-1132000000-380100	Unrestricted net assets	1,000,000

Recommendation 30: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Employee Assistance Services by $1,528,100, as follows:*

Increase estimated revenue:		
46100-1132200000-790500	Operating transfer-in	$1,528,100
Decrease appropriations:		
46100-1132200000-572900	Intra - personnel	(1,528,100)

Recommendation 31: *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 Culture of Health by $284,000, as follows:*

Increase appropriations:		
46120-1133000000-527780	Special program expense	$284,000
Decrease unrestricted net assets:		
46120-1133000000-380100	Unrestricted net assets	284,000

Recommendation 32: *That the Board of Supervisors 1) approve and authorize the purchase of twenty-four (24) vehicles; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and use of net assets for Fleet Services by $70,784, as follows:*

Increase estimated revenue:		
45300-7300500000-777620	Vehicle cost recovery	$37,564
Increase appropriations:		
45300-7300500000-532600	Capital lease – purchase principal	34,524
45300-7300500000-533720	Capital lease – purchase interest	3,040
45300-7300500000-535515	Amortization – vehicles	33,220
	Total	70,784
Use of unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	33,220

Recommendation 33: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue in the PSEC fund by $1,184,238, as follows:*

Increase appropriations:		
45520-7400600000-520220	County radio system	$ 162,435
45520-7400600000-532600	Capital lease – purchase principal	1,021,803
	Total	1,184,238
Increase estimated revenues:		
45520-7400600000-790600	Contributions from other funds	1,184,238

Recommendation 34: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unrestricted* *net assets in the PSEC fund by $1,410,698, as follows:*

Increase appropriations:

45520-7400600000-522310	Maintenance - building and improvement	$1,190,698
45520-7400600000-546060	Equipment – communications	220,000
	Total	1,410,698

Use of unrestricted net assets:

45520-7400600000-380100	Unrestricted net assets	1,410,698