

EXECUTIVE SUMMARY

As of the date of this summary, the state budget had not been finalized. The Executive Office will analyze the final state budget and return to the Board during the first quarter with proposed budget adjustments, if needed.

Following budget hearings, Board priorities were applied to departments' requests. Those priorities included continued support for public safety. Requests from the Probation Department, Sheriff's Department, and District Attorney's Office were given high priority. Expanding services in Code Enforcement, Child Protective Services, and Animal Control Services also weighed heavily into final budget recommendations.

Maintaining a balanced budget and avoiding a structural deficit is also a key Board priority. The proposed budget funded a new designation for increased salary costs with ongoing revenue. This designation was used, yielding \$5 million beyond the \$10 million available during budget hearings, and was applied against ongoing cost requests. One-time cost requests were addressed through the use of funds held in the capital project, property tax, DPSS realignment, and jail staffing designations. Our approach is to phase in new costs and distribute funding as needed. We considered the cost of multi-year programs and recommend phasing in that is consistent with our revenue forecast and maintains the Board's other budget priorities. We will recommend funding at the quarterly reports as new staffing costs are recognized. Tables 1 and 2 summarize the funding sources utilized in support of all final budget recommendations.

Discretionary revenue estimates are calculated consistent with our economic growth. Should the economy slow, there will be little or no extra revenue to fund additional service expansions. Our intent in approaching the budget has been neither to increase revenue estimates ahead of known conservative levels (until realized), nor to create a potential structural deficit by using one-time funds to cover ongoing costs. Department heads should therefore manage spending to prevent any additional demand on the general fund, and hold general fund budget requests until each quarterly report so that they can be evaluated against additional revenue.

The Executive Office will monitor likely sources of additional revenue such as additional FY 06/07 ending fund balance resulting from departmental savings and additional property tax revenue resulting from our continued growth in property values. Year-end fund balance, not retained for departmental use – in accordance with Board Policy A-36 (BSRP) – will be available for one-time needs. However, it would be prudent to replace funds withdrawn from designations in order to mitigate any potential reduction in interest income.

Fiscal year 07/08 beginning fund balances reported in budget schedules 1-3 and 13-15 (Attachment D) will be updated for printing of the final budget when the year is officially closed and year-end balances are certain.

ITEMS RAISED DURING BUDGET HEARINGS

Auditor-Controller

Per the requests communicated to the Board in a memo at budget hearings, the Executive Office recommends adding three additional internal auditors and funding training, a mail sorter, and a new computer server for the Auditor-Controller's Office. These recommendations total \$385,028.

Capital Improvement Projects

Funds need to be withdrawn from the capital project designation and allocated to the capital project fund in order to cover early expenditures associated with the expansion at the Smith Correctional Facility. Budget adjustments totaling \$1 million are incorporated into the final budget.

CHA: Animal Control Services

During budget hearings, the Board requested that Animal Services prioritize proposed enhancements to field services as well as rabies and dog licensing enforcement. The department's original proposal requested a gradual increase up to \$3.6 million for 62 staff over the next five years in order to move toward staffing levels recommended by the National Animal Control Association and guidelines developed by the Humane Society of the United States. The department worked with the Executive Office to reduce their original request and it is recommended that the Board authorize five additional animal control officers (one per supervisorial district) to provide enhanced field service and that the net county costs of \$525,314 be reserved until departmental budget adjustments are needed. The annual ongoing cost is estimated to be \$340,314.

In addition, the final budget recommends six license inspectors with a net county cost of \$136,427 for the purpose of locating unlicensed, unvaccinated dogs, providing education and issuing warnings and citations to owners. Revenue is expected to partially offset these costs and adjustments have been incorporated into the final budget. Animal Services will report back by mid-year on the success of the newly-staffed operations to determine if additional program enhancements are justifiable.

Department of Public Social Services

The department submitted a letter to the Board during budget hearings requesting additional funds and authorization to recruit social workers fresh out of college in order to move toward SB2030 recommended staffing levels for child protective services social workers. The department will return to the Board at mid-year with a multi-year strategy to fund and staff this critical program. At this time, it is recommended that the Board authorize 65 new staff and postpone budget adjustments – from the DPSS realignment designation – until hiring, equipping and training are successful. First year cost for these positions is estimated to be \$3.6 million. Federal match funds will be pursued and could potentially reduce the net county cost by \$1.6 million.

District Attorney

The final budget allocates ongoing funds totaling \$5 million for the District Attorney to support and develop programs from the many requests expressed during budget hearings. The

District Attorney's updated request adds 88 new positions to incrementally implement all programs outlined during budget hearings, in addition to those approved in the proposed budget for the prison crime unit. These 88 positions conform to the \$5 million in funding. The District Attorney will present a new budget request next fiscal year, as part of the normal budget process, requesting funding to continue the expansion of these programs.

Indigent Defense

The proposed budget assumed that indigent defense caseloads would increase 10 percent in FY 07/08. Actual caseloads, however, have grown 11-16 percent over the past year, making it necessary to add \$250,000 for legal services contracts.

Integrated Property Tax Operations

A form 11 presented to the Board was approved to contract for the design and implementation of a new property tax system. Budget adjustment moving \$1.5 million from the property tax designation into the integrated property tax operating fund are incorporated into the final budget.

Interest on TRANS

The yearly sale of short-term bonds for county cash-flow management is complete. Interest rates are higher this year than last and the county issued an additional \$85 million in bonds. These two factors increased costs by \$3.9 million over what was projected in the proposed budget. An additional \$0.7 million in departmental revenue realized in the bond sale partially mitigates the extra cost. The new net county cost of \$3.2 million is included in the final budget.

Probation

As requested during budget hearings, the Executive Office recommends allocating \$548,617 in ongoing funds to expand juvenile custody utilization, and an additional \$1.3 million for facility security.

Public Defender

Further analysis will reveal the full impact of District Attorney staffing on courtroom operations. It is clear, however, that augmentations to the cold case, felony trial, preliminary hearing, writs and appeals, and DUI filing sections of the DA's Office are expected at the beginning of the budget year. To balance these immediate needs, the Public Defender requires six additional attorneys, two investigators, one paralegal and one support position, with an ongoing annual cost of about \$1 million. This amount can be refined and appropriated later in the fiscal year.

The proposed budget also includes new positions for the District Attorney's prison crime program, and most prisoners are eligible for the services of the Public Defender. By adding two deputy public defender positions, and two investigators, the Public Defender will also retain balance in this area. Because legal services to state prisoners are a state responsibility, the costs will be submitted for reimbursement, and no net county cost is anticipated. Technical adjustments for this program have been incorporated into the final budget.

Sheriff's Department

The final budget recommends funding \$5.3 million to support the list of priority items requested by the Sheriff during budget hearings, including: a 1.2/1000 patrol ratio (34 staff), aviation unit funding (2 staff), Gang, ROVE and SAFE Task Forces, support staff (20 staff), and the Perris Station move.

The lease cost of an additional helicopter is recommended and should be funded from the capital project designation when the liability is realized; however, consistent with the Board's request during budget hearings for additional data on utilization and application to the contract cities, the Sheriff is requested to report back in the first-quarter report with an analysis of utilization and options for cost sharing. The SIB expansion is also funded, but reserved, pending a report on the full program expansion request.

The cold case unit is funded (3 staff), with the expectation that the Sheriff and District Attorney will return with a report on how they will jointly conduct this program to avoid duplication of effort. Jail safety projects are recommended and funded with capital projected designated funds totaling \$2,065,003. One time costs for the taser program are recommended on a separate agenda item scheduled for Board review today. Staffing requests for Corrections (54 staff) and the Smith Corrections Facility expansion (125 staff) are approved, utilizing funds from the new jail staffing designation.

TLMA: Code Enforcement

The Executive Office recommends funding Code Enforcement's additional policy items (add-backs) totaling \$1,766,250, with the exception of the add-back for the call-center. A review of the department was conducted after budget hearings and determined these funds are needed to support all 148 positions – 13 newly funded – and operations for the coming fiscal year. Funding for the call-center program will be evaluated and an update will be provided to the Board within 60 days.

CHANGES TO NET COUNTY COST

Our budget approach is to distribute funding for all approved final budget recommendations as needed. The intent is to distribute funding at the quarterly reports as new staffing costs are recognized. However, key budget adjustments for Indigent Defense, the property tax system, and the TRANS were incorporated into the final budget; increasing net county cost by \$6 million. These costs are primarily funded by reducing designations.

Public safety cost of living allowances are given first priority each budget year. Actions the Board requested during budget hearings – approving staff for the District Attorney, the Sheriff, Probation, Code Enforcement, and potentially the Public Defender – will significantly affect net county costs in the future.

FINAL BUDGET FUNDING SUMMARY

Table 1, below, illustrates the funding mechanisms utilized to support recommended budget adjustments.

Table 1			
Summary of Funding Mechanisms for Final Budget			
Department	Discretionary Revenue (\$10 million)	Funded by Designations	Total Funding
Auditor Control	\$280,968	\$104,060	\$385,028
Capital Projects		1,000,000	1,000,000
CHA: Animal Control	476,741	185,000	661,741
Code Enforcement	1,766,250		1,766,250
DPSS		3,600,000	3,600,000
District Attorney		5,000,000	5,000,000
Indigent Defense	250,000		250,000
Interest on TRANS	48,807	3,201,018	3,249,825
Integrated Property Tax		1,500,000	1,500,000
Probation	548,617	1,300,000	1,848,617
Sheriff's Department			
Patrol Ratio	2,088,615		2,088,615
Cold Case Unit	221,080		221,080
Aviation Program	1,178,792		1,178,792
SIB Staffing	1,137,811		1,137,811
Gang Task Force	335,018		335,018
ROVE/SAFE	806,086		806,086
Support Staff	678,215		678,215
Corrections Staffing		7,251,777	7,251,777
Jail Safety Projects		2,065,003	2,065,003
Perris Station Move	183,000	85,672	268,672
Helicopter lease		600,000	600,000
Totals	\$10,000,000	\$25,892,530	\$35,892,530

Table 2, below, reflects the Board designations impacted in support of the recommended budget adjustments.

Table 2						
Funding from Board Designations for Final Budget Recommendations						
Department	Property Tax Designation	Capital Project Designation	Jail Staffing Designation	Staffing Allowance Designation	DPSS Realignment Designation	Total Funding
Auditor Control		104,060				104,060
Capital Projects		1,000,000				1,000,000
CHA: Animal Control		185,000				185,000
Code Enforcement						0
DPSS					3,600,000	3,600,000
District Attorney				5,000,000		5,000,000
Indigent Defense						0
Interest on TRANS		3,201,018				3,201,018
Integrated Property tax	1,500,000					1,500,000
Probation		1,300,000				1,300,000
Sheriff's Department						0
Patrol Ratio						0
Cold Case Unit						0
Aviation Program						0
SIB Staffing						0
Gang Task Force						0
ROVE/SAFE						0
Support Staff						0
Corrections Staffing			7,251,777			7,251,777
Jail Safety Projects		2,065,003				2,065,003
Perris Station Move		85,672				85,672
Helicopter lease		600,000				600,000
Totals	\$1,500,000	\$8,540,753	\$7,251,777	\$5,000,000	\$3,600,000	\$25,892,530

TECHNICAL ADJUSTMENTS

It is not unusual for departments to submit requests for budget adjustments that do not impact the general fund. These routine adjustments are incorporated in the final budget and described in more detail below.

TLMA

A technical budget adjustment is needed to reflect NPDES reimbursements, originally budgeted in Transportation, that will be received by Building and Safety. These adjustments have no impact on the general fund.

Community Health Agency

The agency has revised their original request for vehicles to include authorization for a total of seven vehicles for Public Health and 21 vehicles for Animal Services. Sufficient appropriations were included in the recommended budget to cover the expense to lease these vehicles. In addition, the department requests authorization to acquire five dispensing units for the bio-terrorism preparedness program; sufficient funds are available to make the purchase. The final budget also recommends corrections to the agency's position count to reflect recent changes as reflected in Attachment B.

Contributions to Other Funds

Funds withdrawn from the capital project and property tax designations flow through the contribution budget. Technical budget adjustments are necessary to complete these transfers.

Fleet Services

Vehicle requests not incorporated into the proposed budget are reflected in the final budget for fixed asset approval. No actual budget adjustment is necessary.

IHSS Public Authority

The department requests an adjustment to the list of authorized positions, as reflected in Attachment B, to show recent administrative actions.

Mental Health

A technical adjustment to the number of authorized positions within Mental Health Administration is requested to properly reflect current staffing levels. The final budget recommends a Buyer II position and deletion of the existing active companion position.

Office on Aging

The Office on Aging was notified that it will receive additional funding in their FY 07/08 contract agreement with California Department of Aging. The funds provided in this agreement will support the provision of services, programs and other activities for senior citizens countywide. The increase in revenue and appropriations in the final budget is required to reflect the changes.

Online Administrative Services and Information System (OASIS)

OASIS exchanged one recently vacated Business Process Analyst II position in the HRMS division for one Business Systems Analysis position as part of a departmental reorganization. The additional cost will be absorbed by OASIS in the FY 07/08 budget.

Parks District

The Residence Utility Trust is an established budget unit but did not appear in the initial proposed budget due to a technical issue related to data transfer. The district noticed the error in the proposed budget and the technical issue has been resolved. The budget unit has been corrected within the final budget.

Sheriff's Department

Technical adjustments were made to the budgets for Patrol, Support, and Administration services to account for revised projections of expense and revenue related to contracts approved by the Board in late FY 06/07. There was no net increase to the general fund for these adjustments.

FINAL BUDGET CONTINGENCY SUMMARY

Final budget adjustments have not affected contingency. Contingency remains funded at \$32.2 million. Requests for use of contingency will be brought to the Board during each quarterly report.

Table 3 Contingency Update (in millions)	
Contingency approved in FY 07/08 proposed budget	\$32.2
Additions:	0.0
Subtractions:	0.0
Final Budget Contingency:	<u><u>\$32.2</u></u>

GENERAL FUND BEGINNING FUND BALANCE

The amount of year-end unreserved fund balance assumed to be available for the new budget was \$33.4 million (Table 4). There has been no change since the proposed budget. The actual amount of the general fund's beginning balance will depend on actual year-end cost savings and realized income. The Board will receive an update on the closing position during the first quarter of the new year. As illustrated, there are no changes from what was budgeted in the proposed budget.

Table 4 General Fund Estimated Beginning Fund Balance (In Millions)	
Budgeted beginning balance assumed (Proposed Budget):	\$33.4
Plus: Additional Revenue Estimate	0.0
Final Budget Beginning Balance Assumed:	\$33.4