

Executive Office
County of Riverside



Larry Parrish
County Executive Officer

June 2, 2008

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

SUBJECT: FY 08/09 Proposed Budget

Board Members:

Attached is my FY 08/09 proposed budget for your consideration and approval. Approval of this budget provides needed spending authority beginning July 1, 2008.

Budget hearings open today, June 2, and should be concluded by tomorrow. A few departments will present testimony and any budget changes the Board directs will be incorporated into the final budget after budget hearings close. The final budget is planned for adoption on June 24.

Should the Board find it necessary to allocate additional funds over those already budgeted, reserves are available, but should be used to fund one-time needs. The use of reserves will increase our structural imbalance.

This budget was built on conservative principles, recognizing the current adverse conditions.

Key budget highlights follow:

- The budget has a modest structural deficit. Given current conditions, it will likely take two years to restore balance.
- Department managers have been directed to plan for an additional five percent cut in FY 09/10 and to consider this before filling positions or making any new budget commitments.
- Some departments have signaled that layoffs could be necessary. Wherever possible, displaced employees will be offered similar positions in other divisions. This situation is being closely monitored and an update will be provided to the Board in the first quarter budget report.

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- Designations were used in FY 07/08 for planned investments and in FY 08/09 to provide more time to adjust to what might become a protracted recession. Nonetheless, designations are at Board targeted levels. The economic uncertainty designation is at \$105 million, the capital project designation is at \$79 million, and contingency is at \$28 million. Upon approval of the proposed budget, designations will total \$280 million.
- Departments are doing whatever possible to maintain service levels despite their general fund cut of five percent. Increases to net county costs (NCC) totaling about \$44 million were made to support stated Board priorities.
- Funding was set aside (\$5 million) in the community improvement fund.
- The budget maintains the Board's commitment to construction financing and operational funding of ongoing jail expansions.

With the state's final budget yet to be approved, we cannot yet accurately assess how it will affect our county. It would be prudent to wait until the state budget passes before adjusting our budget.

A summary of the new budget and the significant differences between it and the previous budgets follows in my Executive Summary.

IT IS THEREFORE RECOMMENDED that the Board of Supervisors:

Approve the FY 08/09 proposed budget effective July 1, 2008 including: appropriations and estimated revenue, reserves and designations, Resolution No. 440-8721 authorizing new position levels (included in this report as Attachment A), and fixed assets and vehicle requests; tentatively schedule adoption of the final budget for Tuesday June 24, 2008; and, open budget hearings.

Respectfully submitted,



LARRY PARRISH
County Executive Officer