# Mid-Year Financial Report July—December 2016

BOARD OF SUPERVISORS

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## INTRODUCTION

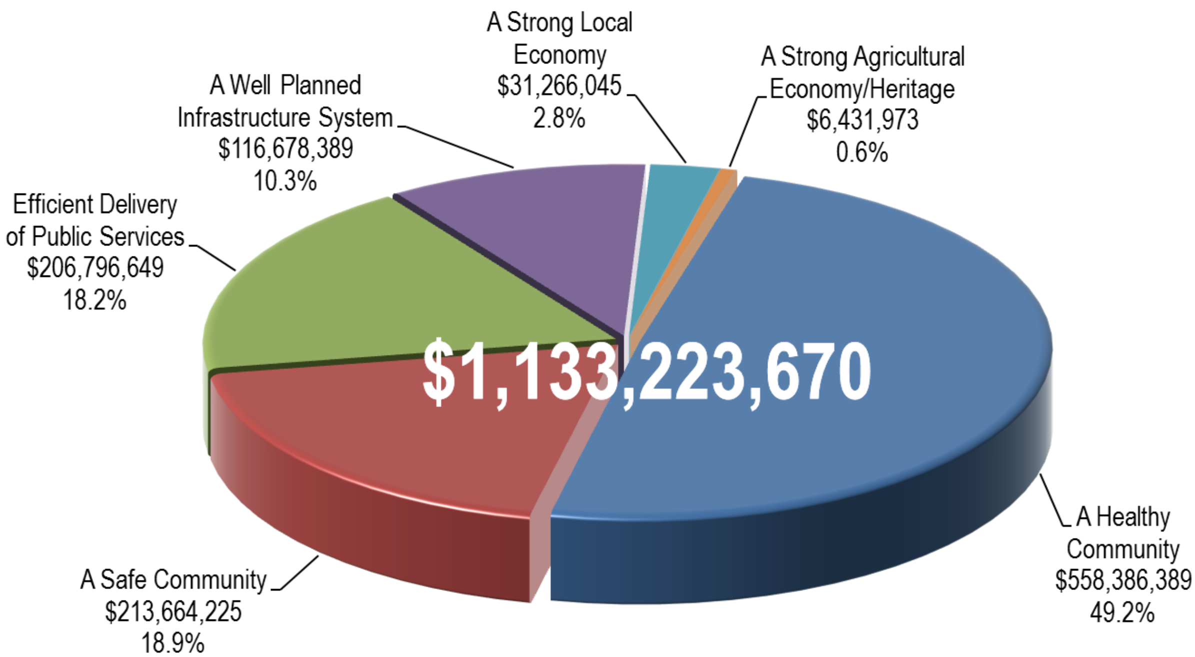
The following is the Chief Executive Office's Mid-Year Financial Report for the period of July 2016-December 2016 for the 2016-2017 Fiscal Year. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's financial status at the mid-point of this fiscal year. The report provides estimated revenue and expenditure summaries for County programs by each Board of Supervisors Priority and recommends adjustments to County budgets needed since the adoption of the Final Budget in August 2016. The Mid-Year Report also includes a look forward at the significant budget challenges and opportunities facing county and state government.

## BACKGROUND

On August 30, 2016, the Board of Supervisors adopted the Fiscal Year 2016-2017 Final Budget for Stanislaus County. This spending plan of $1.13 billion for all funds reflected a 3.3% increase from the 2015-2016 Adopted Final Budget. The 2016-2017 Adopted Final Budget was balanced using a combination of $1.1 billion in revenue and $42.8 million in fund balance and one-time funding sources. It also included funding for 4,315 allocated full-time positions, an increase of 163 positions from the 2015-2016 Adopted Final Budget.

The following chart reflects the total Adopted Final Budget by the Board of Supervisors priorities:

**Fiscal Year 2016-2017**
**Adopted Final Budget Expenditures**
**By Board Priority**
**$1,133,223,670**




## 2016-2017 FIRST QUARTER ADJUSTMENTS

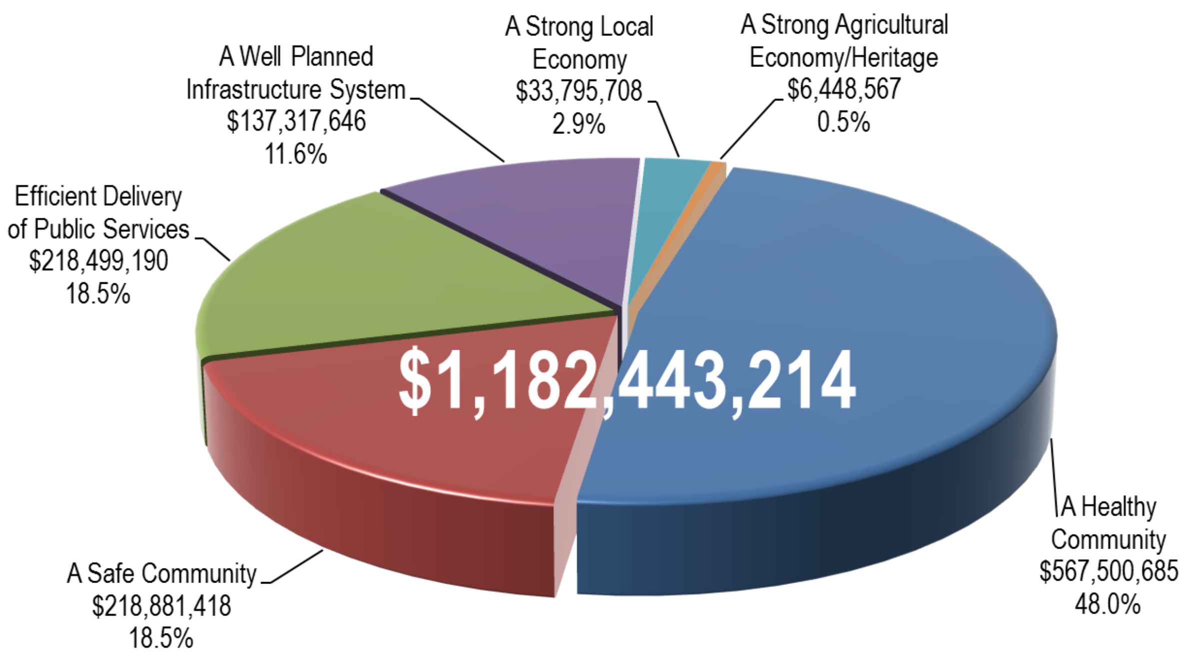
The 2016-2017 First Quarter Financial Report contained adjustments to the Adopted 2016-2017 Final Budget. These changes included a total increase in estimated revenue of $601,562, an increase in appropriations of $664,977, and an increase in the use of fund balance or retained earnings of $63,415. The increase in estimated revenue was primarily attributable to additional District Attorney grant funding and the success of the Symbiosis festival benefitting the Parks and Recreation budget. Recommended appropriations increases were mostly due to technical adjustments in the Public Works and Treasurer-Tax Collector – Admin/Taxes budgets. Additionally, departments within A Safe Community increased appropriations by $1 million in response to the early implementation of Public Safety Restoration Phase III, approved in the Adopted 2016-2017 Final Budget. Transfer of this funding, previously reserved in Appropriations for Contingencies, to department contingency accounts had no net effect on the overall budget.

## SUMMARY OF OTHER ADJUSTMENTS

The Adopted Final Budget is adjusted each year by including appropriations that are carried forward from the prior fiscal year for projects that were planned for and authorized by the Board of Supervisors, however, not fully completed. Funding for these projects is identified as assigned fund balance by the Auditor-Controller at year-end to ensure these costs are fully funded in the next fiscal year. Also included in the Adopted Final Budget are any departmental savings that are carried forward into the current fiscal year. In addition, throughout the year the Board of Supervisors approves adjustments to department budgets either through quarterly financial reports or in separate Board of Supervisor action agenda items. The sum of all of these adjustments through December 31, 2016, totals $49,219,544. This reflects $43,239,659 in carry forward of prior year appropriations, and $5,979,885 in budget adjustments approved by the Board of Supervisors in the current fiscal year through December 2016.

The following chart reflects the adjusted budget by Board of Supervisors priority as of December 31, 2016:

**Fiscal Year 2016-2017 Adjusted Operating Budget**
**Expenditure by Board Priority**
**$1,182,443,214 as of December 31, 2016**




## MID-YEAR FINANCIAL REPORT SUMMARY

The 2016-2017 Mid-Year Financial Report reflects a fiscal review of departmental budgets, a cash analysis by fund as of Mid-Year, and recommended adjustments. The Chief Executive Office's Mid-Year recommendations include an increase of $11,847,636 in total appropriations and an increase in estimated revenue of $11,812,696.

The Mid-Year report highlights the current financial strength of the County as a result of prudent business strategies and Board of Supervisors policy direction. Discretionary Revenue is projected to end the year $3.8 million above budget, primarily based on estimated increases in property-related and sales and use taxes totaling $3 million. Interest earnings are estimated to increase by $400,000, Intergovernmental Revenue is expected to increase by $700,000, and a decrease of $300,000 is anticipated in Charges for Services.

Mid-Year financing strategies rely on $93,465 in recommended transfers from Appropriations for Contingencies. The recommended use of Appropriations for Contingencies would provide $10,500 for the addition of one Confidential Assistant III in the Auditor-Controller's office along with ergonomic equipment, $11,121 for the Chief Executive Office – Office of Emergency Services for increased Stanislaus Regional 911 fire dispatch costs associated with the approved fire agency subsidy, and $71,844 to various departments as a technical adjustment to accommodate changes in Health Insurance and Retirement costs. This transfer of Appropriations for Contingencies requires a four-fifths vote by the Board of Supervisors. If approved, a balance of approximately $10.5 million will remain in the Appropriations for Contingencies budget.

The following table depicts the recommended adjustments by fund type:

| Summary of Mid-Year Appropriation Adjustments by Fund | | | | |
|---|---|---|---|---|
| Fund Type | Adopted Final Budget 2016-2017 | Mid-Year Operating Budget 2016-2017 | Recommended Mid-Year Adjustments | Recommended Mid-Year Budget 2016-2017 |
| General Fund | $298,235,415 | $314,378,671 | $3,961,454 | $318,340,125 |
| Special Revenue Fund | $661,346,972 | $678,916,046 | $4,953,343 | $683,869,389 |
| Capital Projects Funds | $1,550,510 | $1,550,510 | $0 | $1,550,510 |
| Enterprise Funds | $75,101,766 | $82,409,922 | $1,517,839 | $83,927,761 |
| Internal Service Funds | $96,989,007 | $105,188,065 | $1,415,000 | $106,603,065 |
| **Total** | **$1,133,223,670** | **$1,182,443,214** | **$11,847,636** | **$1,194,290,850** |

**General Fund**

The General Fund recommended Mid-Year budget for Fiscal Year 2016-2017 is $318,340,125, an increase of $3,961,454 from the 2016-2017 Mid-Year Operating Budget. This increase is the net of $4,054,919 in departmental requests, offset by a transfer from Appropriations for Contingencies of $93,465.

The primary contributors to the recommended increase include: a $2.9 million increase in Vehicle License Fee pass-through funding to 1991 Health realignment programs; a combined $669,807 increase in Probation for a number of technical adjustments to reflect actual grant revenue, Community Corrections Partnership funding, and some equipment purchases; $71,844 in technical adjustments for Health Insurance and Retirement costs funded through Appropriations for Contingencies; and department operational needs detailed in the attached Mid-Year Financial Report.

**Special Revenue Funds**

The Special Revenue Fund recommended Mid-Year budget for Fiscal Year 2016-2017 is $683,869,389, an increase of $4,953,343 from the 2016-2017 Mid-Year Operating Budget.

The primary contributors to the recommended increase include: a $2 million increase in In-Home Supportive Services (IHSS) provider wages as a result of increased provider paid hours; $1.3 million increase in Behavioral Health and Recovery Services for increased needs in Mental Health, including increased utilization in Board and Care Services and of Napa State Hospital placements; and departmental operational needs detailed in the attached Mid-Year Financial Report.

## Capital Projects Funds

The Capital Projects Fund recommended Mid-Year budget for Fiscal Year 2016-2017 is $1,550,510 and represents no change from the 2016-2017 Mid-Year Operating Budget.

## Enterprise Funds

The Enterprise Fund recommended Mid-Year budget for Fiscal Year 2016-2017 is $83,927,761 and represents a $1,517,839 increase from the 2016-2017 Mid-Year Operating Budget.

The primary contributors to the recommended increase include: $850,000 for Fink Road Landfill to replace a scraper that has exceeded its life span; $450,000 for the Fink Road Landfill Closure Fund; and departmental operational needs detailed in the attached Mid-Year Financial Report.

## Internal Service Funds

The Internal Service Fund recommended Mid-Year budget for Fiscal Year 2016-2017 is $106,603,065, an increase of $1,415,000 from the 2016-2017 Mid-Year Operating Budget.

The primary contributors to the recommended increase include: a $1.6 million increase in CEO – Risk Management Medical Self-Insurance to cover higher-than-anticipated claim volume; a $200,000 decrease in CEO – Risk Management Other Employee Benefits to accurately account for a refund in administrative fee revenue to program participants in the first half of the fiscal year; and departmental operational needs detailed in the attached Mid-Year Financial Report.

## Fund Balance

The beginning fund balance for all funds on July 1, 2016 was $479.5 million. Adjustments to fund balance from prior year encumbrance carryovers and Board of Supervisors approved actions since the Adopted Final Budget in August total $88.9 million. The recommendations contained in the Mid-Year Report include increased Discretionary Revenue of $3.8 million that will reduce the use of fund balance in the General Fund, which is offset by the use of an additional $3,834,940 of fund balance in the other funds. Combined with the Mid-Year 2016-2017 recommended budget adjustments, the projected fund balance on June 30, 2017 is forecast to be $390.6 million across all funds.

Below is a chart of the projected Fund Balance at year-end by fund type.

| Summary of Fund Balance by Fund Type | | | | | |
|---|---|---|---|---|---|
| **Fund Type** | **Beginning Fund Balance on 7/1/2016** | **Legal Budget Revenue on 12/31/2016** | **Legal Budget Appropriations on 12/31/2016** | **Mid-Year Recommendation Use of Fund Balance** | **Projected Fund Balance on 6/30/2017** |
| General Fund | $ 164,955,236 | $ 287,349,327 | $ 314,378,671 | $ (3,800,000) | $ 141,725,892 |
| Special Revenue Fund | 220,009,188 | 639,850,048 | 678,916,046 | 1,391,080 | 179,552,110 |
| Capital Projects Fund | 4,691,877 | 885,000 | 1,550,510 | - | 4,026,367 |
| Enterprise Fund | 63,668,530 | 65,637,211 | 82,409,922 | 1,016,086 | 45,879,733 |
| Internal Service Fund | 26,132,459 | 99,862,887 | 105,188,065 | 1,427,774 | 19,379,507 |
| **Total** | **$ 479,457,290** | **$ 1,093,584,473** | **$ 1,182,443,214** | **$ 34,940** | **$ 390,563,609** |

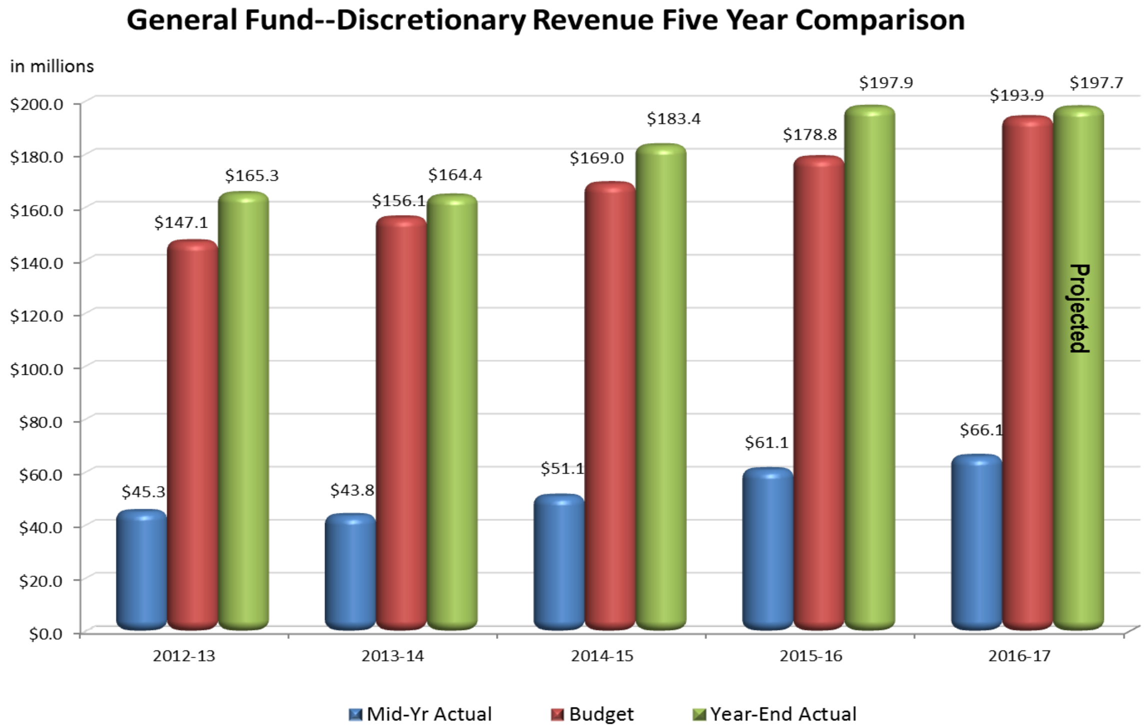
Note: The Final Budget reported a beginning balance in the General Fund of $165,156,110. Since that time, post-closing adjustments in the amount of $200,874 have been posted which resulted in a revised beginning fund balance of $164,955,236 as depicted in the preceding chart.

## GENERAL FUND UPDATE

### Discretionary Revenue

As of December 31, 2016, $66.1 million was posted to the General Fund Discretionary Revenue accounts. This amount represents 34.1% of the 2016-2017 Adopted Final Budget of $193.9 million and 33.4% of the actual revenue of $197.9 million in Fiscal Year 2015-2016. For the prior five years, Discretionary Revenue collected at Mid-Year ranged from 28.1% to 34.2% of the Final Budget and from 26.6% to 30.9% of the year-end actual collections. This comparison indicates that Discretionary Revenue at Mid-Year is in line with Adopted Final Budget estimates but projected above the actual range of the last five years.

The following chart reflects a comparison of General Fund-Discretionary Revenue for a five-year period, including the current fiscal year:




## General Fund—Discretionary Revenue Five Year Comparison

The chart above includes one-time revenue for three prior fiscal years. Fiscal Year 2012-2013 included one-time revenue for a total amount of $11.9 million. Adjusted for this one-time revenue, Fiscal Year 2012-2013 revenue was $153.4 million. Fiscal Year 2014-2015 included one-time revenue for a total amount of $6 million. Adjusted for this one-time revenue, Fiscal Year 2014-2015 revenue was $177.4 million. Significant one-time revenue received in Fiscal Year 2015-2016 included approximately $1.6 million for interest payment on SB 90 Mandate pre-2004 claims, $1 million from the sale of the Medical Arts Building which has been assigned for future support of the Veterans Facility, $1 million from post-2004 SB 90 claims, and a $1.8 million technical accounting adjustment to correctly record the payoff of 2006 Tobacco debt for the Coroner's Facility, for a total of $5.4 million. Adjusted for this one-time revenue, Fiscal Year 2015-2016 revenue was $192.5 million.

The projected $197.7 million year-end revenue is approximately 2% or $3.8 million higher than the 2016-2017 Adopted Final Budget of $193.9 million. This is largely due to a $3 million increase in property-related taxes as a result of the increase in the assessed property tax roll for 2016-2017. A total increase of $3.8 million to the budget is recommended at this time. Further adjustments may be necessary as year-end approaches and will be addressed during the third quarter review.

Following is a summary of activity in the various Discretionary Revenue categories in which adjustments are recommended:

**Taxes:** Included in this category are property-related taxes (secured and unsecured, supplementals, redevelopment pass-through increment, property tax received in lieu of vehicle license fees, property transfer tax), the 1% sales and use taxes, in lieu of sales and use tax and transient occupancy tax. The projections for year-end indicate that revenue from the taxes category will come in approximately $3 – $4.9 million higher than budgeted. Of this amount, property-related taxes are projected to materialize at approximately $2.6 - $3.9 million higher than budgeted. This increase in estimated revenue reflects the actual property tax assessment roll growth of 5.88% from the prior year. Sales and use tax revenue is projected to exceed budget by $400,000 - $1,000,000. Advances from the State are up 3.5% which reflects that Stanislaus County is consistently outperforming the State in growth from the prior year. Overall, the Mid-Year recommendation is to increase the Taxes category by $3,000,000.

**Revenue from Use of Money:** Interest earned on the County's pooled cash and collection of rents and leases of County owned property are the sources of revenue in this category. Interest earnings through year-end are projected to exceed budget by approximately $400,000. Although interest rates have been steady, the General Fund cash balance in the first six months of the 2016-2017 Fiscal Year has exceeded the cash balance in the prior year by approximately 20%. As a result, it is recommended that Revenue from the Use of Money be increased by $400,000.

**Intergovernmental Revenue:** The main source of revenue in this category is from the one-half cent Sales and Use Tax for local public safety services, also known as Proposition (Prop) 172. This revenue source is budgeted at $40.5 million and supports only the General Fund budgets of the District Attorney, Probation, and Sheriff. Revenues collected by the State Board of Equalization (BOE) are apportioned to each county based on proportionate shares of statewide taxable sales. At Mid-Year, it is estimated that Prop 172 revenue could materialize at $40.2 - $41.6 million, which represents a possible adjustment range of ($300,000) - $1.1 million. The range reflects the uncertainty of the amount of the proportionate share (which is a percentage of the statewide taxable sales) and the timing of the change in the proportionate share. At Mid-Year, it is not recommended to make any adjustments to this revenue source until more information is known.

Adjustments to other sources of revenue in this category are recommended for homeowner's property tax relief revenue and for the receipt of State Mandate Claim cost (SB 90) reimbursement. Homeowner's property tax relief revenue is expected to exceed budget by $100,000 at year-end. In addition, approximately $600,000 in SB 90 reimbursement revenue has been received to date, which was not budgeted. Overall, the recommendation is to increase this revenue category by $700,000 at Mid-Year.

**Charges for Services:** Included in this category are revenues resulting from the recovery of the costs associated with the administration of supplemental property tax adjustments (SB 813), adjustments made to the Countywide Cost Allocation Plan, and revenue received from assessments levied to Williamson Act landowners per the enactment of SB 863. The revenue for the administration of the supplemental property tax adjustments on Williamson Act properties is expected to exceed budget by approximately $200,000. In addition, the true-up of revenue for the Countywide Cost Allocation Plan is expected to decrease by approximately $500,000 due to a recent audit by the State Controller's Office. As a result, an overall decrease of $300,000 is recommended for the Charges for Services category.

The following chart summarizes the Mid-Year projections and recommended changes for the Discretionary Revenue budget:

| Discretionary Revenue Description | Fiscal Year 2015-2016 Actuals | Fiscal Year 2016-2017 Final Budget | Mid-Year 2016-2017 Projections | Mid-Year Adjustments Recommended |
|---|---|---|---|---|
| Taxes | $ 137,167,592 | $ 140,765,000 | $ 143,765,000 | $ 3,000,000 |
| Licenses, Permits & Franchises | 1,167,648 | 1,200,000 | 1,200,000 | - |
| Fines, Forfeitures & Penalties | 4,147,054 | 2,500,000 | 2,500,000 | - |
| Revenue from Use of Money | 4,286,995 | 1,900,000 | 2,300,000 | 400,000 |
| Intergovernmental Revenue | 42,658,536 | 42,107,000 | 42,807,000 | 700,000 |
| Charges for Services | 1,982,002 | 2,016,750 | 1,716,750 | (300,000) |
| Miscellaneous Revenues | 227,929 | - | - | - |
| Other Financing Sources | 6,215,316 | 3,437,124 | 3,437,124 | - |
| **Total** | **$ 197,853,072** | **$ 193,925,874** | **$ 197,725,874** | **$ 3,800,000** |

**Recommended Budget Adjustment:** Adjustments to the overall Discretionary Revenue budget totaling a net increase of $3.8 million are recommended at Mid-Year. As additional months of revenue are posted, further adjustments may be necessary which will be addressed during the third quarter budget review.

**General Fund – Classification of Fund Balance**

The five classifications of the fund balance of the General Fund are Non-spendable, Restricted, Committed, Assigned and Unassigned. Non-spendable, Restricted and Committed are the most restrictive categories and are legally or contractually obligated portions of fund balance. The Unassigned fund balance is the least restrictive and is technically available for any purpose. The Chief Executive Office has been authorized by the Board of Supervisors to assign portions of the Unassigned fund balance for specific purposes such as debt service, carryover appropriations, contingencies and budget balancing.

Fund Balance – Non-spendable: post-closing adjustments by the Auditor-Controller's office transferred the balances in the Encumbrance and Fair Value Adjustment accounts to the Assigned category. The resulting balance in the Non-spendable category is $14,138,229.

Fund Balance – Restricted: the only restricted account is for tax loss reserve, for which no changes are projected and it will be maintained at $4,506,356.

Fund Balance – Committed: $1,300,000 was transferred from the Capital Acquisition account to the Unassigned category to fund the HVAC Capital Project, per Board of Supervisors Agenda #2016-427. As a result, the Committed ending fund balance is projected as $6,472,770.

Fund Balance – Assigned: includes post-closing adjustments of approximately $5.5 million reflecting the transfer of balances from the Non-spendable category for encumbrances and fair value adjustments, in addition to a transfer of $73,108 to fund the Stanislaus Regional 911 Computer-Aided Design project. Adjustments in the amount of $4.3 million have occurred which reflect the implementation of Final Budget balancing strategies. A total of $26.5 million is planned for use in the 2016-2017 Budget, including Veteran's One-Stop Facility funding, Carryover Appropriations, Encumbrances, and Budget Balancing. The projected year-end balance for the Assigned category is $106,513,432.

Fund Balance – Unassigned: is projected at $10,095,105 as reflected in the chart on the following page. Post-closing and adjustment strategies have reduced the balance in the Unassigned category by approximately $3.3 million. The Mid-Year Recommendations project an additional $3.8 million will be added to Unassigned Fund Balance at the end of Fiscal Year 2016-2017 due to higher Discretionary Revenue projections, of which $557,250 is allocated for use in the current budget.

General Fund Balance – Total: In summary, the projected total General Fund 2016-2017 ending balance after the budget balancing strategies and other adjustments, Mid-Year recommendations, and budgeted use of fund balance is estimated to be $141,725,892 which is a net change of $23,430,218 from the total beginning balance of $165,156,110. Of this amount, the vast majority is identified as non-spendable, restricted, committed or assigned for specific Board of Supervisors approved projects.

# GENERAL FUND – FUND BALANCE

| GENERAL FUND | Fund Balance 7/1/16 | Post Closing Adjustments | Adjustment Strategies | Mid-Year Recommendations | Budgeted Use of Fund Balance | Projected Ending Fund Balance 6/30/17 |
|---|---|---|---|---|---|---|
| **Fund Balance - Non-spendable:** | | | | | | |
| Fund 100 - Fair value adjustment | $ 1,080,637 | $ (1,080,637) | | | | $ - |
| Fund 105 - Fair value adjustment | 14,544 | (14,544) | | | | - |
| Fund 107 - Fair value adjustment | 6,899 | (6,899) | | | | - |
| Imprest Cash | 85,355 | 300 | | | | 85,655 |
| Advances to other funds | 100,000 | | | | | 100,000 |
| Advances to other governments | 372,069 | | | | | 372,069 |
| Fund 105 - Economic Development advances | 4,021,599 | | | | | 4,021,599 |
| Teeter receivable | 9,342,720 | | | | | 9,342,720 |
| Prepaid items | 216,186 | | | | | $ 216,186 |
| Encumbrances (100) | $ 4,356,062 | $ (4,356,062) | | | | - |
| **Total Non-spendable** | **$ 19,596,071** | **$ (5,457,842)** | **$ -** | **$ -** | **$ -** | **$ 14,138,229** |
| **Fund Balance - Restricted:** | | | | | | |
| Fund 106 - Tax Loss Reserve | $ 4,506,356 | | | | | $ 4,506,356 |
| **Total Restricted** | **$ 4,506,356** | **$ -** | **$ -** | **$ -** | **$ -** | **$ 4,506,356** |
| **Fund Balance - Committed:** | | | | | | |
| Total Committed Other | $ 1,535,387 | | | | $ - | $ 1,535,387 |
| Total Committed - Capital Acquisition | 6,237,383 | (1,300,000) | | | | 4,937,383 |
| **Total Committed** | **$ 7,772,770** | **$ (1,300,000)** | **$ -** | **$ -** | **$ -** | **$ 6,472,770** |
| **Fund Balance - Assigned:** | | | | | | |
| Contingencies (GF Reserve Balance Policy) | 13,703,752 | 73,108 | 844,309 | | | 14,621,169 |
| Cash out Obligations | 4,000,000 | | | | | 4,000,000 |
| Veteran's One-Stop Facility | 999,075 | | | | (999,075) | - |
| Retirement Obligation | 8,800,000 | | | | | 8,800,000 |
| Teeter Plan | 23,860,152 | | | | | 23,860,152 |
| Carryover Appropriations (100) | 3,989,429 | | 4,114,764 | | (8,104,193) | - |
| Carryover Appropriations (107) | 857 | | 1,528,883 | | (1,529,740) | - |
| Encumbrances (100) | - | 4,356,062 | | | (4,356,062) | - |
| Encumbrances (105) | 45,024 | | | | | 45,024 |
| Debt Service Reserve | 12,666,797 | | (817,870) | | | 11,848,927 |
| Budget Balancing (100) | 7,471,888 | | (251,246) | | (7,220,642) | - |
| Budget Balancing (105) | | | 175,000 | | (175,000) | - |
| Carryover Appropriations (100) | 5,340,939 | | (1,253,557) | | (4,087,382) | - |
| Total Assigned Other | 42,236,080 | | | | | 42,236,080 |
| Fund 100 - Fair value adjustment | - | 1,080,637 | | | | 1,080,637 |
| Fund 105 - Fair value adjustment | - | 14,544 | | | | 14,544 |
| Fund 107 - Fair value adjustment | - | 6,899 | | | | 6,899 |
| **Total Assigned** | **$ 123,113,993** | **$ 5,531,250** | **$ 4,340,283** | **$ -** | **$ (26,472,094)** | **$ 106,513,432** |
| **Fund Balance - Unassigned** | | | | | | |
| General Fund (100) | 8,308,957 | 1,025,718 | (2,636,400) | 3,800,000 | (557,250) | 9,941,025 |
| Economic Development Bank (105) | 556,772 | | (175,000) | | | 381,772 |
| Community Development Bank (107) | 1,301,191 | | (1,528,883) | | | (227,692) |
| **Total Unassigned** | **$ 10,166,920** | **$ 1,025,718** | **$ (4,340,283)** | **$ 3,800,000** | **$ (557,250)** | **$ 10,095,105** |
| **TOTAL FUND BALANCE** | **$ 165,156,110** | **$ (200,874)** | **$ -** | **$ 3,800,000** | **$ (27,029,344)** | **$ 141,725,892** |

## CASH REVIEW

### General Fund Overall Cash Position

The Fiscal Year 2016-2017 beginning cash position increased by $20.9 million from the beginning of last fiscal year largely due to an increase in Assigned Fund Balance representing strategic savings for exposures in upcoming budget years, including: one-time benefit of the elimination of negative bail out reserved for future community service benefit; anticipated repairs/improvements identified in the Americans with Disabilities Act (ADA) Self Evaluation and Transition plan; enterprise-wide automation upgrades; public safety infrastructure needs; deferred maintenance for aging County facilities; and demolition of County buildings that are no longer deemed appropriate for services to the public. As of Mid-Year, the General Fund cash balance is $106.4 million compared to $87.6 million for the same period last fiscal year, resulting in an increase of $18.8 million in cash from last fiscal year. The increase in cash at Mid-Year is primarily due to the higher beginning cash balance.

| | 2015-2016 | 2016-2017 | Difference |
|---|---|---|---|
| **Beginning Balance** | **$104,081,446** | **$125,002,662** | **$20,921,210** |
| **Mid-Year** | **$87,587,893** | **$106,430,077** | **$18,842,184** |

### Special Revenue Funds Overall Cash Position

As of Mid-Year, the Special Revenue Fund cash is at $163.5 million compared to $137.4 million for the same period last fiscal year. The following is an explanation of the most significant variances when comparing this time period to the prior year:

- Behavioral Health and Recovery Services - Mental Health reflects a positive cash balance of $22.9 million at Mid-Year compared to a positive cash balance of $17.7 million for the same period last fiscal year. The $5.1 million increase of cash is due to an excess of revenue over expenditures of $3.5 million at the end of Fiscal Year 2015-2016. Also contributing to the cash increase was the decrease of accounts receivable by $2.6 million from the prior fiscal year due to the timing and payment of prior year Medi-Cal claims.

- Community Services Agency – Services and Support budget has a positive cash balance of $12.5 million compared to the December 31, 2015 positive balance of $6.7 million. The increase in cash balance of $5.9 can be attributed to the timing differences among State cash advances, adjusted cash advances, cash reimbursements, and actual incurred costs.

- Health Services Agency – Public Health has a positive cash balance of $7.1 million at Mid-Year compared to a positive cash balance of $3.4 million for the same period last fiscal year. The $3.7 million difference is due to Vehicle License Fees revenue coming in higher than projected.

- Probation Local Community Corrections has a positive cash balance of $15.6 million compared to a positive cash balance of $10.2 million for the same period last fiscal year. The $5.4 million difference is due to an increase in growth funding, which is coming in higher than anticipated.

**Capital Projects Funds Overall Cash Position**

As of midyear, the Capital Projects Funds cash is at a deficit of $8,133,000 compared to $828,404 for the same period last year. The variance is primarily attributable to the pending $12,675,000 reimbursement from the State of California for the Public Safety Center expansion projects.

**Enterprise Funds Overall Cash Position**

As of Mid-Year, the Enterprise Funds cash is at $26.2 million compared to $25.2 million for the same period last fiscal year. The variance is primarily attributable to the following:

- Health Services Agency (HSA) - Clinics and Ancillary Services reflects a negative case balance of $5.3 million compared to the negative cash balance of $1.2 million for the same period last fiscal year. The negative $4 million change in the cash balance was the result of delayed receipt of the Health Plan incentive payments and Inter-Governmental Transfer (IGT) revenues. The Department is anticipating receipt of these revenues by the end of this current fiscal year. The Health Plan funding is strictly for enhancing the health of the members/providing value-added services and increasing health care access for HSA's Medi-Cal patients.

- Public Works Transit has a positive cash balance of $10.6 million compared to the December 31, 2015 balance of $11.4 million. The decrease of $850,000 is due to equipment purchases made in 2015, reduction of fares, and timing of payables.

- Environmental Resources reflects a combined positive cash balance of $18.4 million for landfills compared to the positive cash balance of $13.9 million for the same period last year. The combined $5.6 million increase is due in part to an increase of $1.2 million in the Geer Road Landfill budget from an early transfer of funds to cover anticipated expenditures. The remainder of the increase is related to the Fink Road Landfill which had an overall increase in revenue from increases in solid waste tonnage received due to a reduction in tipping fees for our regional partners, generating an increase in cash of approximately $4.4 million. These funds will be used for the construction of new waste cells.

- A slight positive increase in cash balance for Inmate Welfare/Commissary makes up the balance of the cash for Enterprise funds.

**Internal Service Funds Overall Cash Position**

As of Mid-Year, the Internal Service Funds cash is at $48.1 million compared to $50.5 million for the same period last fiscal year. The variance is primarily attributable to the following:

- Public Works - Morgan Shop has a positive cash balance of $1.1 million compared to the positive cash balance of $4.4 million for the same period last year. The negative $3.3 million change is due to the expenses associated with the Morgan Shop and Administration Building project.

- Risk Management - Professional Liability has a positive cash balance of $377,027 compared to the positive cash balance of $873,025 at December of 2015. The decrease of approximately $500,000 is primarily attributed to a refund issued to departments in accordance with a State Controller's Office (SCO) field review that determined the amount of retained earnings in the fund was higher than what is allowed in stated guidelines.

- Risk Management – General Liability has a positive $4.7 million cash balance as compared to the positive $3.3 million cash balance at December of 2015. The $1.3 million increase is due to the planned strategic accumulation of cash to pay back its retained earnings deficit

- Risk Management – Purchased Medical Insurance has a positive cash balance of $11.5 million compared to the positive cash balance of $10.6 million at December 2014. The $859,000 increase is due to a planned surplus from rate increases and cost saving measures to maintain a prudent reserve in this fund.

## NET COUNTY COST SAVINGS

In the 2016-2017 Adopted Final Budget, Phase I departments that achieved savings in appropriations were able to carry forward 75% of their 2015-2016 Net County Cost savings and 100% of their unused Net County Cost savings balance from prior years. Phase II departments that achieved strategic savings in appropriations were eligible to carry forward up to 50% of their 2015-2016 Net County Cost savings. Net County Cost savings of $4,087,382 were added to department budgets as part of the Adopted Final Budget. As part of the Mid-Year Financial Report, General Fund departments were asked to identify their projected use of Net County Cost savings in the current fiscal year. Departments are projecting to use $2.5 million of the total $4.1 million allocated in Fiscal Year 2016-2017. Analysis of prior year projections suggests that departments may perform better than originally anticipated at the Mid-Year point; therefore, they will have a reduced reliance on the General Fund going into Budget Year 2017-2018. Updated projections of Net County Cost savings will be provided in the Third Quarter Financial Report with a greater level of confidence to include in our financial planning.

| Departments | Phase | Net County Cost Savings Included in 2016-2017 Final Budget | Department Projection for Savings/(Use) in Fiscal Year 2016-2017 | Department Projection Available for Budget Year 2017-2018 |
|---|---|---|---|---|
| Agricultural Commissioner | I | 1,400,953 | (306,744) | **1,094,209** |
| Board of Supervisors | I | 83,979 | (70,244) | **13,735** |
| Chief Executive Office - Operations | I | 1,385,485 | (1,385,485) | **-** |
| Chief Executive Office - OES | I | 450,351 | (450,351) | **-** |
| Chief Executive Office - Risk Mngmt | I | 268,913 | (88,000) | **180,913** |
| Treasurer - Admin/Taxes | I | 447,701 | (169,891) | **277,810** |
| Parks and Recreation | II | 50,000 | (50,000) | **-** |
| **Department Totals** | | **$ 4,087,382** | **$ (2,520,715)** | **$ 1,566,667** |

## TECHNOLOGY INNOVATION PROGRAM

Stanislaus County departments and agencies are diligently working on upgrades to technology that will improve internal efficiencies as well as improve the customer experience. Approximately one year ago, funding recommendations in excess of $1.2 million were included in the Fiscal Year 2015-2016 Mid-Year Financial Report to support 19 projects as part of Phase I of the Technology Innovations Program. Phase I of the program focused on technology upgrades and automated efficiencies in business operations. As of January 2017, two projects have been completed. In June 2016, the Office of Emergency Services completed the Everbridge Mass Notification System project. This project implemented the Everbridge software that can be used to notify and engage the public and communicate with County staff in emergency and non-emergency situations. In October 2016, the Animal Services Agency completed its Web Mobile Chameleon project. This project developed a new web enabled version of the Chameleon Case Management System software that will streamline department operations in the field and throughout the Animal Services facility. It is anticipated all of the remaining projects will be initiated by March 2017, with the majority of them to be completed in the current fiscal year.

| Requesting Department/Division/Unit | Project Title | Start or Anticipated Start Date | Anticipated Completion/ Implementation Date |
|---|---|---|---|
| Animal Services Agency | Customer Payment IVR | January 2017 | June 2017 |
| Animal Services Agency | Online Customer Portal | January 2017 | June 2017 |
| Animal Services Agency | Web Mobile Chameleon | August 2016 | October 2016 |
| Assessor[1] | Migrate Assessor Maps to GIS Format | July 2016 | June 2017 |
| Assessor | Scanning of Appraisal Documents and Microfilm Records | July 2016 | March 2017 |
| Behavioral Health and Recovery Services | Health Information Exchange (HIE) | January 2017 | December 2017 |
| Chief Executive Office[2] | Electronic Agenda Management System | November 2016 | June 2017 |
| Chief Executive Office - OES | Emergency, Staff & Community Notification System Implementation | December 2015 | June 2016 |
| Clerk-Recorder | Campaign, FPPC and Form 700 Web Reporting System | January 2017 | June 2017 |
| District Attorney's Office | Efficient Delivery of Discovery | March 2016 | April 2017 |
| District Attorney's Office | Strategic Technology Initiative in the Courtroom | March 2016 | April 2017 |
| Library | Self-Checkout | October 2016 | March 2017 |
| Probation | Probation Advanced Scanning | March 2017 | May 2017 |
| Probation | Probation E-Payments | June 2016 | February 2017 |
| Probation | Probation ICJIS Mobile Design | November 2016 | August 2017 |
| Public Works | Accela Right of Way Management | August 2016 | June 2017 |
| Public Works | Public Works Survey - Drone | March 2017 | August 2017 |
| Public Works | PW Roads - Tablets for Field Work | June 2016 | March 2017 |
| Strategic Business Technology[3] | Public Works Interactive Geographic Information System | July 2016 | June 2017 |

Notes:

1. Included in the Final Budget was a recommendation to increase the Assessor's budget by $32,500 to fund the increased project cost.
2. Project funded with reserves assigned to Automation.
3. Project shifted from Public Works to SBT and funded with reserves assigned to Automation.

In Fiscal Year 2016-2017, Phase II of the Technology Innovations Program was initiated. Phase II of the program narrowed the focus to innovative projects that improve customer service which further the “online not inline” concept; projects to improve internal efficiencies are not in the spirit of Phase II and will not be considered. To date no applications for the funding has been received; however, the application period for Phase II funding is continuous with the intent to allow departments the time to brainstorm and develop innovative projects that will provide a faster, more streamlined customer service experience.

In addition to the Technology Innovations Program, Strategic Business Technology (SBT) and County Information Technology (IT) Managers are currently in the process of developing an Information Technology Strategic Plan (ITSP). The strategic plan will be a 36-month roadmap for the County to ensure its information technology is effective, secure, available in times of crisis, and can improve employee efficiency and collaboration. It is anticipated the ITSP will be completed and brought before the Board of Supervisors for approval in the spring of 2017. As part of the strategic plan there will be a request to fund the first two projects: Single Sign-On (SSO) and Office 365.

SSO offers many benefits to the County and its users. It provides users the ability to logon to multiple applications by providing a single user name and password. For employees this is immediately seen as a key benefit. Other benefits of SSO include increased productivity, enhanced security, and reduced support costs.

Office 365 is a service-based model, which means that, depending on which "tier" of Office 365 the County selects, the recurring cost is a fixed monthly/annual expense, and under Office 365 the County departments would always be entitled to the newest version of the heavily-used Microsoft Office. With Office 365 there will be county-wide e-mail integration which will improve compatibility with other applications and greatly reduce the effort of maintaining the email system. Additionally, Office 365 is optimized for use on mobile devices and is built to enable document sharing and collaborative work therefore improving mobility and collaboration.

## CHALLENGES AND OPPORTUNITIES

### A Safe Community

### Public Safety Center Expansion Projects

The AB 900 Phase II Project (Maximum Security/Medical/Mental Health: $89 million) and the County's companion project (Intake, Release and Administration: $24 million) have reached their construction completion and various systems the County is providing are being installed. Staffing recruitments are well underway and the first phase of opening will occur in March 2017. Both projects are reaching completion and will be completed well under budget and will be delivered on time to meet the contractual obligations to the State of California for the funding of these two projects. These efforts represent a significant modernization and addition of safe public safety facilities.

The Board of Supervisors approved the Phased Staffing and Operational Plan for the phased opening of the new facilities, which include 552 additional beds, a medical/mental health unit, an Intake Release and Transportation Facility and more. While the State of California funded 90% of the construction of the Maximum Security/Medical/Mental Health facilities and the County funded 100% of the Intake Release and Transportation Facility, the County's General Fund and the Local Community Corrections Partnership (CCP) fund are responsible for the entire increased operating costs. The Sheriff's Department has a significant recruitment effort continuing, and of the 30 new positions approved for the Phase I Opening, currently there are 27 vacancies. A staffing plan for opening beginning on March 20, 2017 is in place.

The REACT Center (SB 1022) Project is well on its way and is expected to be completed in 2018 and will allow for the closure of the Main Jail Downtown, except for Court Holding.

**A Healthy Community**

**Americans with Disabilities Act (ADA)**

On March 1, 2016, the Board of Supervisors authorized the County to enter into an Agreement with an expert consultant to perform the County's required Americans with Disabilities Act (ADA) Self Evaluation and Transition Plan. In the past year, the consultant has evaluated the County's 1,500 miles of Public Right of Way, including 225 bridges, and has completed surveying 90% of the County's two million square feet of office and program space in 160 separate facilities. The consultant also evaluated all of the County's applicable programs and policies to ensure compliance with ADA laws. The County, along with its consultant, has begun scheduling the public input process and is preparing the initial draft of the Self-Evaluation and Transition plan.

**Community Services Agency**

The Community Services Agency is currently working on several projects to support the efficient and effective delivery of services.

- Relocation of the Westside Outstation: CSA in partnership with Alliance Worknet, Health Services Agency Women, Infants and Children's Program, and Center for Human Services are planning a move to a new location in Patterson. Leased facility plans for the new site have been approved by the City of Patterson. The Board of Supervisors approved this new location on July 19, 2016. It's anticipated that the Programs will relocate to the new site by the beginning of June 2017.

- Heating, Ventilating and Air Conditioning (HVAC) Project for the Community Services Facility: The Board awarded the contract to Champion Industrial Contracts, Inc. on August 16, 2016. Work began in October 2016 and is expected to be completed by June 2017. The agency, in partnership with the CEO's office, is also reviewing options to replace the generator and the aging roof. A study was conducted by Miller Pezzoni & Associates on October 10, 2016 for the generator. The project is confidently well below budget and on schedule.

- Relocation of the Adult Services, In-Home Supportive Services and the Public Authority is being planned. These programs were part of the Request for Proposals for the Veterans Center; however, the Sylvan Square facility did not have enough space for all of these programs. A facility across the street is available and lease negotiations are underway. Adult Protective Services and the Public Authority will be relocating to the Veterans Center in late March 2017. It is anticipated that the In-Home Supportive Services Program will relocate service to a facility in close proximity to the Veterans Center by June 2017. A recommendation to lease this space on Coffee Road in Modesto is being prepared for Board consideration shortly.

- Relocation and consolidation of the Turlock Outstation: The CEO's office and CSA are working in partnership with Alliance Worknet and the City of Turlock to relocate Outstation Services in Turlock. Currently, CSA leases two facilities in Turlock. CSA is seeking to relocate staff and services into one facility. In addition, Alliance Worknet is seeking to co-locate WIOA services with CSA. The existing facilities do not have space to accommodate WIOA services. CSA's current lease agreements have been extended through December 2017.

- The Community Services Facility Delivery and Facility Planning Project (Master Plan) is underway and a change in direction for this effort has been made to complete more of the work in-house. As part of this project, a Facility Security Assessment Report was issued by Guidepost Solutions for the Community Services Facility (Hackett Road). In addition to the Guidepost report, a Security Assessment was also conducted by the County. A plan is being developed to address the recommendations contained within the two reports. The plan will include specific actions including, but not limited to, video surveillance cameras, exterior lighting, public and employee entrance and exits (building access), public access areas including the Children's Visitation Area, parking, and proximity fencing. The remaining master planning effort is taking longer than planned and will be completed in-house.

**Health Services Agency Visioning and Master Planning**

On March 22, 2016, the Board of Supervisors approved issuance of a Request for Proposal for a comprehensive Health Services Agency Strategic Business and Facility Plan along with a time-sensitive lease of space for relocation of Specialty Clinics to 1524 McHenry Avenue, Modesto, and modernization of the Family Medicine and Pediatrics Center at 830 Scenic Drive. On February 28, 2017, the Board of Supervisors approved award of a professional services agreement for development of the comprehensive Health Services Agency Strategic Business and Facility Plan to Pacific Health Consulting Group of San Anselmo, California. There are several key factors associated with this work including, but not limited to, the end of the 20 year Agreement for Inpatient Services with Doctors Medical Center later in 2017, community-wide capacity and public health and clinical needs, and tremendous facility needs.

The proposed Comprehensive Health Services Agency Strategic Business and Facility Plan will first focus on a business strategy for the Health Services Agency. The scope includes a thorough review of County health system service delivery data, assessments and reports; conducting an "environmental scan" of health community services; and interviews with key internal and external stakeholders, and with other comparable California health departments. These analyses will consider how mandated services are delivered, which non-mandated programs are most effective and beneficial to achieve greater access to services, and result in a more healthy Community. Once the strategic plan has been documented, discussion about Health Services Agency goals and priorities will transition into facilities needs and plans.

In the meantime, the Center II main location for the Health Services Agency is deteriorating rapidly with more recent damage and infrastructure failure. Options are being developed to lease market available space for non-clinical functions as a potential interim solution.

The completed Comprehensive Health Services Agency Strategic Business and Facility Plan will become a guide to specific facilities projects to meet the business objectives. Staff will focus on seeking funding opportunities for those projects that most critically meet the strategic plan goals, and specific projects would then be recommended for consideration by the Board of Supervisors.

**Behavioral Health and Recovery Services**

A recommendation is pending to engage in a detailed business planning and master planning effort for Behavioral Health and Recovery Services (BHRS), similar to that of the study under way at the Health Services Agency. As part of the HSA effort, BHRS connections will be reviewed. The BHRS effort was considered in 2016 by the Board's Health Executive Committee and work is underway between the Chief Executive Office and the new Behavioral Health and Recovery Services Director to time this long range planning effort. In addition, work is also underway on a variety of fronts to focus on the serious mentally ill, options for partnerships and additional alternatives to hospitalization. Much focus is occurring on these important matters in 2017.

### Focus on Prevention

Over the last six months, the County has been convening and providing support for a broad collaborative of homelessness services providers with the aim of restructuring the homelessness services system and establishing a new leadership structure. In early 2017, the County and City of Modesto along with multi-sector partners will be taking a proposal for an Outreach and Engagement Program and low barrier shelter to our respective boards and councils.

The Focus on Prevention effort is also moving forward to its next focus on building a movement on strengthening families. To start the Strengthening Families focus area, over 100 community leaders were brought together last November in Ceres for a half-day Strategic Directions planning session. Participants were updated on the Homelessness Initiative and also learned about the next population focus: individuals who are, or have been, engaged in the criminal and juvenile justice systems, as well as their families. A second meeting is scheduled for this spring.

## A Well Planned Infrastructure System

### Measure L

This past November, the citizens of Stanislaus County overwhelmingly passed a half-cent sales tax measure dedicated to fixing local and regional transportation deficiencies in our communities. The near term project benefit in 2017 and 2018 will include 32 miles of slurry improvements and 82 miles of conventional seal improvements in multiple locations throughout the County.

## Efficient Delivery of Public Services

### Labor Relations

Stanislaus County currently has contracts in place with 11 County labor organizations. Five contracts are scheduled to expire on June 30, 2017 which includes California Nurses Association, Sworn Deputies Association, Sheriff’s Supervisor Association, Sheriff’s Management Association and the Deputy Probation Officers Association. The County is currently in negotiations with three of these five labor groups, as well as with the Regional Emergency Dispatchers Association. The six remaining labor contracts are scheduled to expire on June 30, 2018.

### Performance Visioning

The County has begun implementation of Performance Visioning to promote a focus on outcomes and community impact. Performance Visioning challenges the organization to analyze what success looks like for departments and services and to communicate performance outcomes of each County department.

Departments have been challenged to identify two metrics that speak to how their services make an impact on the community. Identifying these metrics is essential for understanding what success really looks like. The focus of Performance Visioning will be on monitoring, improving and reporting the right things on a department-by-department basis. The Performance Visioning process will be integrated into the two-year budget process for consistency and sound planning.

## Retirement

On June 7, 2016, the Board of Supervisors adopted the County Retirement Contribution Rates for Fiscal Year 2016-2017, which averaged to a composite employer contribution rate of 25%, as contained in the Stanislaus County Employees' Retirement Association (StanCERA) Actuarial Valuation as of June 30, 2015. This report also provided a forecast for the composite employer contribution in Budget Year 2017-2018, estimated at 27.8%, or a 2.8% rate change, based on an assumed rate of return on investments of 7.25%. The actual rate of return was -1.3% in Fiscal Year 2015-2016, which may result in an additional 1% increase in the employer contribution rate, or a total increase of 3.8% in absolute terms. This increase is built into the salary projector for 2017-2018 and represents an impact to retirement costs of approximately 15% for the upcoming budget year. On February 28, 2017, the StanCERA Board considered and accepted the June 30, 2016 Preliminary Actuarial Valuation results, which established the composite employer contribution for Budget year 2017-2018 at 29%, approximately .21% above the amount estimated in the salary projector shared with departments for building the Proposed Budget request. The final rates will be monitored by the Chief Executive Office and adjustments factored to department budgets, as needed at Mid-Year 2017-2018.

## Staff Recruitment and Retention

Recruitment and retention of qualified potential employees continues to be a challenge. Although the County currently has 4,344 positions allocated, only 3,882 are filled, leaving 462 unfilled/vacant. With the skills shortage pushing competitive salaries higher in the private sector, and in some cases with comparable counties, there's a greater likelihood of counter-offers and incentives luring candidates away even if they are in the process of recruitment with our organization. To stay competitive, the County must increase hiring speed and provide an overall improvement in the candidate experience. We need to acknowledge that if we fail to provide what a candidate is looking for, we risk losing the applicant to someone else. Departments, including the Chief Executive Office, have more frequently sought Board of Supervisors' approval to hire above the mid-level, and sometimes at the highest level of a salary band, in order to attract and secure an applicant. As part of the solution, along with exploring new recruitment practices, the County has entered into a contract with Careers in Government to more quickly advertise and encourage better qualified applicants to apply with our County. Human Resources employees will continue to track these ongoing efforts and statistics to learn as much as we can about the demographics and anticipated changes of our recruitment processes.

Retaining existing employees is as important and challenging as bringing in new talent. CEO Human Resources continues to work with departments to ensure professional growth and development opportunities are provided to County employees. This continues to be a challenge as a significant portion of our workforce is eligible for retirement in the next five years. Our recent work in the area of employee engagement has been met with positive response. Human Resource staff continues to meet with department heads and their staff, have benchmarked other engagement efforts in other counties and have already established pamphlets, presentations, guidebooks, and quick reference sheets for all supervisors and managers. With the vision of having an engaged workforce, our collective efforts will focus on acknowledging existing staff, preparing the workforce for future opportunities with the County, and encouraging new hires in new ways. Shifting the County towards a more robust focus on succession planning efforts will be critical.

Departments continue to evaluate their organizations to ensure they have the proper staffing levels and correct classifications in place to support their operations. Since the 2016-2017 Proposed Budget, the Human Resources staff has completed 11 classification studies, 14 are pending active review and are in progress, and 13 are pending department information and documentation. Departments continue to request to add and restore staff as funding allows and program mandates dictate, as reflected in the staffing charts of this document. With the Mid-Year Financial Report, an additional five positions are recommended for study.

**State Budget Update**

The Governor released his 2017-2018 Proposed Budget. The Governor noted concerns about slowed revenue growth and has asked for fiscal prudence in the legislature. $122.5 billion in General Fund Expenditures were proposed which would be a decrease of $241 million. He proposed adding an additional $1 billion into the Rainy Day Fund, which would take it to $7.9 billion. He is projecting a 3.3% increase in Personal Income Tax and a 0.7% increase in Sales and Use Tax with a 4.7% increase in Corporation Tax.

On January 10, 2017 the Director of the Department of Finance issued notice that the State will end the Coordinated Care Initiative and dismantle the In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) enacted in 2012. This will shift millions of dollars of new program costs to counties, approximately $625 million above the current MOE requirements statewide. For Stanislaus County, the local impact in Budget Year 2017-2018 is estimated at approximately $6 million. The figure will grow exponentially in the next five years due to State program changes related to implementation of Fair Labor Standards Act (FLSA) requirements for providers including paid overtime, travel time, wait time, paid sick days, and State minimum wage increases.

The IHSS MOE was beneficial to Counties and had limited County IHSS costs to a base year calculation of 2011-2012 costs plus an annual 3.5% inflator. The IHSS program grows roughly 6% to 7% a year, mostly due to demographics and an aging population. Counties are able to use dedicated 1991 Realignment revenues to pay for a portion of IHSS program costs. Because 1991 Realignment funds programs in three categories, Social Services, Health (Public Health/Environmental Health and Indigent Health/Clinics & Ancillary), and Mental Health Services, the impact of this cost shift will reverberate through other programs.

IHSS is an entitlement program and is caseload driven. As part of the 1991 legislation, IHSS, along with the other mandated caseload driven Social Services programs, receives first call on any 1991 Realignment growth funding. Increases in IHSS costs will exceed growth funding projections and will affect the future of growth funding that will be received by the Health and Mental Health programs. These are all mandated program services in support of a Healthy Community and the magnitude of the cost shift threatens County General Fund spending.

IHSS is administered by the Community Services Agency and additional information regarding the IHSS State Budget impacts can be found in the priority section for A Healthy Community contained in this report.

On a more positive note, the Governor's Proposed Budget contains an updated version of his transportation proposal originally released in September 2015, leaving the possibility there could be a restoration of monies that were eliminated. If that scenario played out, it would hopefully restore approximately $4.5 million to Stanislaus County, which would return funding to 2014 levels. However, transportation funding will continue to be a hotly negotiated topic during this legislative session.

**Two-Year Budget Process**

The 2016-2017 First Quarter Financial Report agenda item and presentation contained a description of the two-year budget process in development for the 2017-2018 Budget Year. The transition from a single-year focus to a two-year spending and operation plan requires a major shift in how the County budget is prepared and understood, including the introduction of new concepts to department staff, County leaders, and the general public. In order to better facilitate this process and ensure department staff have the necessary tools for success, the Chief Executive Office has determined the best approach for implementation of the new design is to phase in the two-year model over the next year with the primary goal of expanding a strategy for department training and support.

The phased approach will begin in Budget Year 2017-2018 with a one-year budget using some of the concepts already developed for the two-year model. Department organization charts and up-front descriptions have been revised to directly tie to the programs and services provided, making the information more useful for members of the community. A new narrative format will focus on clear, concise explanations of both budget and actual changes in revenue and expenditures. The 2017-2018 Final Budget will include the introduction of new financial outcome tables that will provide important historical data and guide departments to analyze performance. Implementation of the Department Long Range Model will coincide with the Final Budget process to support the General Fund Long Range Model and provide depth to strategic financial planning throughout the organization. This department model will lay the groundwork for multi-year department projections by providing a common template for revenue and cost modeling three fiscal years into the future, through 2020-2021.

Many of the improvements have been developed by a collaborative team of Chief Executive Office and department budget leaders. While this team has worked hard to develop a model that meets the needs of a multi-year budget for use in Budget Year 2017-2018, a phased approach over the next year will allow more time for budget staff and key leaders in the organization to completely transition to the new model. As new concepts are implemented, department staff will be directed on how to complete the budget document through traditional Budget Managers' Meetings, hands-on workshops, and one-on-one instruction. Providing extensive training and enhancing the support provided to departments will aid in the successful launch of the two-year budget process while also reducing the strain that occurs during periods of organizational change.

The phased approach will culminate in the development of a two-year budget and spending plan in Budget Years 2018-2019 and 2019-2020. At that time, the new budget model will be implemented in its entirety. The final changes will encourage departments to discuss budget adjustments, imminent challenges, and potential opportunities holistically for a broader understanding of department-wide issues and increase the focus on financial and operational performance outcomes. While the complete transition to two-year budgeting will not occur until Budget Years 2018-2019 and 2019-2020, the model is being advanced through a thoughtful and strategic approach in Budget Year 2017-2018 in order to heighten success now and well into the future.

# A Safe Community

**COUNTY DEPARTMENTS**

CEO-OES/Fire Warden
CEO-Capital Projects
CEO-County Operations
District Attorney
Grand Jury
Integrated Criminal Justice Information System
Probation
Public Defender
Sheriff

# A Safe Community

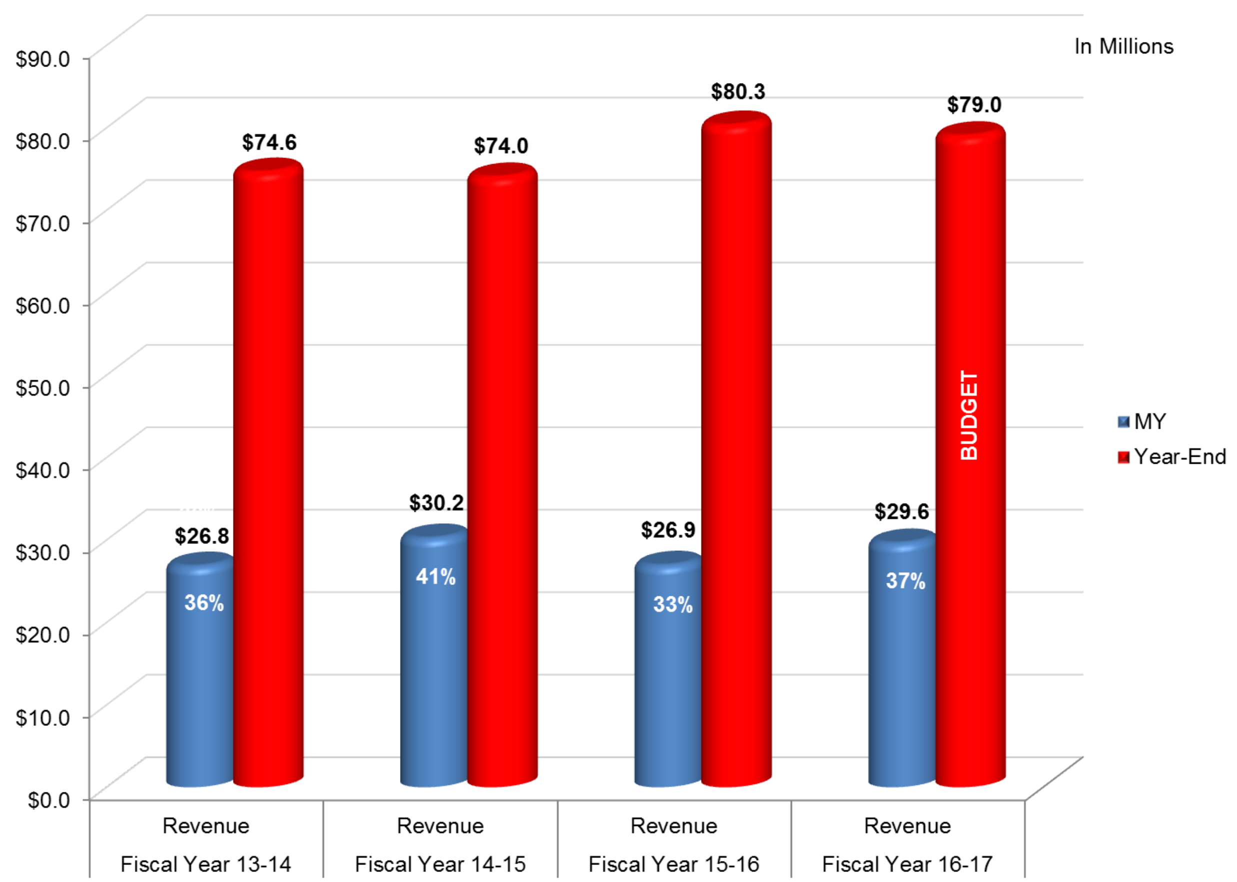
## OVERVIEW

Ensuring a safe community and protecting the safety of the residents of Stanislaus County continues to be a top priority of the Board of Supervisors. Departments assigned to the Board of Supervisors priority area of A Safe Community include: Chief Executive Office - Office of Emergency Services/Fire Warden, District Attorney, Probation, Public Defender and Sheriff. The revenue used to pay for these services comes primarily from local taxes such as property tax and sales tax, fees, franchises, charges for services, and a variety of other Discretionary Revenue sources. Public Safety Sales Tax revenue (Proposition 172) is also used to partially fund the District Attorney, Probation and Sheriff's Department budgets. These departments also receive dedicated funds for specific grant funded programs.

## DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Safe Community as of December 31, 2016, actual revenue collected is $29.6 million, which represents 37% of the estimated annual revenue. This is within the range when compared to the Mid-Year point of the prior three years when collections ranged from 33% to 41% of the final actual revenue.

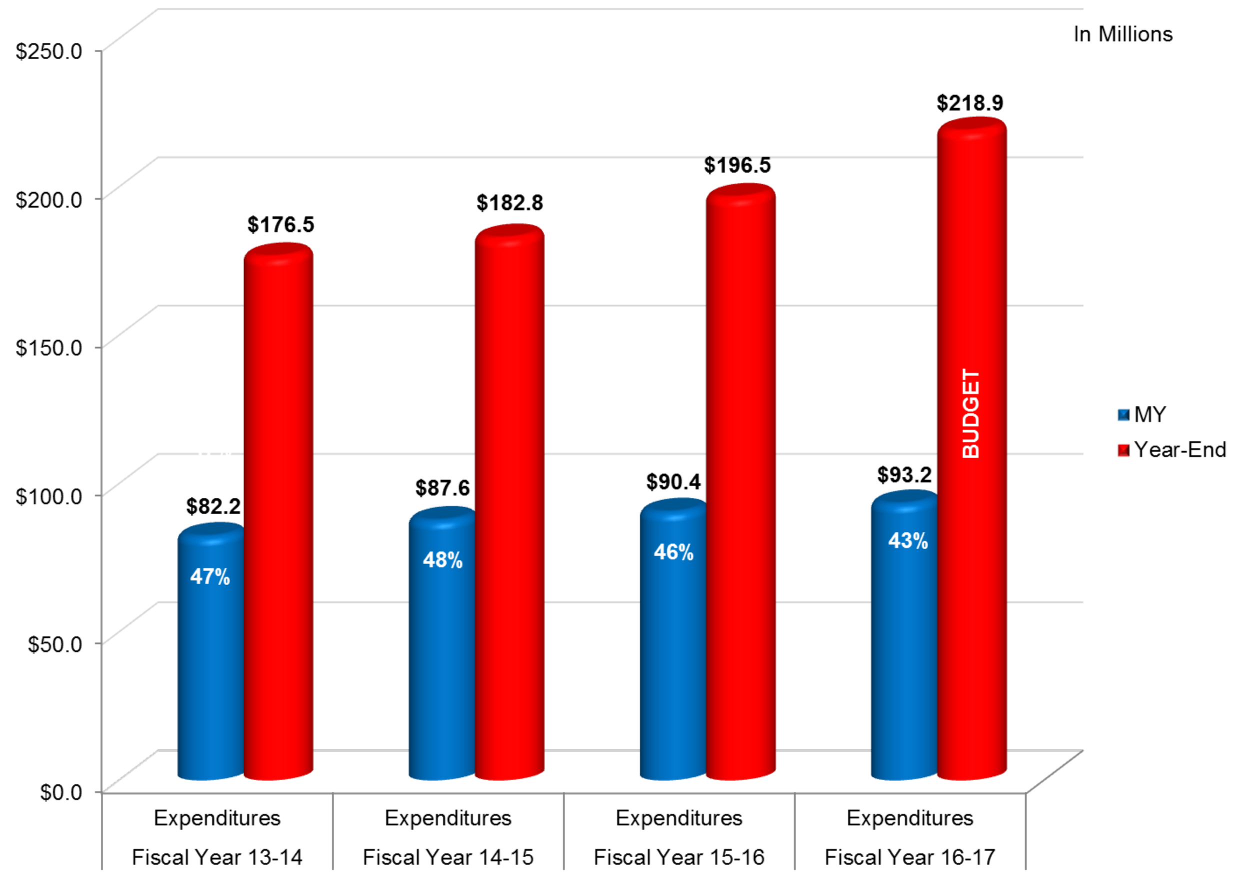
**A Safe Community**
**Four-Year Revenue Comparison**



## DEPARTMENTAL EXPENDITURES

As of December 31, 2016, expenditures are $93.2 million, representing 43% of the budgeted appropriations. Expenditures at the mid-year point of the prior three years were at 46% to 48% of the final actual expenditures, placing this year below the range. This is mainly due to the timing of incurring expenses related to Public Safety Restoration operational plans implementation.

**A Safe Community**
**Four-Year Expenditure Comparison**




Overall, the departments within A Safe Community are on track to end the year within budget and in a positive fiscal position.

## PUBLIC SAFETY RESTORATION

As part of the Fiscal Year 2014-2015 Mid-Year Financial Report, the Board of Supervisors approved recommendations to support Public Safety Restoration (PSR) to fund critical public safety services in four departments; the District Attorney, Public Defender, Probation and Sheriff. The Board approved PSR funding of up to $2 million in Fiscal Year 2014-2015 and $4 million in Fiscal Year 2015-2016 to support 39 full-time positions in Phase I. The Adopted Proposed Budget for 2016-2017 included an additional $2 million in PSR funding for a total of $6 million to support 63 full-time positions in Phase II. Phase II funding has been allocated to departments, with the majority of funding in their base budgets for support of positions already filled, and with the remainder of the funds in department contingency accounts. The

Board of Supervisors has previously authorized the Chief Executive Office to transfer funds from department contingency to operations as positions are filled.

Phase III of PSR was planned for implementation in Budget Year 2017-2018 with an additional $2 million in funding, bringing the total ongoing support dedicated to public safety departments to $8 million upon the full implementation of the PSR program. Upon approval of the 2016-2017 Adopted Final Budget, the Board dedicated $1 million from the one-time benefit of the elimination of Negative Bailout from Fiscal Year 2015-2016 to accelerate the implementation of PSR Phase III to begin on January 1, 2017. This advanced funding for Phase III of PSR will now complete the Board's full commitment to funding PSR staffing through Budget Year 2017-2018.

With approval of the accelerated Phase III plan in the Adopted Final Budget, public safety departments were asked to review their original Phase III staffing plans to update their requests based on current public safety priorities. The Mid-Year Report includes 83 full-time PSR positions previously approved and a recommendation to update the staffing plan for the Sheriff's office to delete one vacant position and add two new positions. If approved, this would bring the total number of PSR positions to 84. This updated staffing plan does not result in any additional funding request at Mid-Year.

At the time of the Mid-Year Financial Report, 47 of the 63 original full-time positions authorized were filled by December 31, 2016, along with five extra-help positions for a total of 52 filled positions. The five extra-help positions are not counted within the 47 authorized full-time positions approved for PSR, although funding is provided for the extra-help salaries, as included on the attached PSR table. The following is an update by department on the implementation status of previously approved PSR services:

District Attorney

- The District Attorney has filled all four Phase I approved positions.
- The District Attorney has filled one of their seven Phase II and accelerated Phase III positions.

Probation

- Probation has filled all 13 Phase I approved positions.
- No Phase II positions filled during this reporting period.

Public Defender

- The Public Defender has filled all four Phase I approved positions.
- No Phase II or Accelerated Phase III positions filled during this reporting period.

Sheriff

- The Sheriff's Department has filled 22 of their 36 approved positions for Phase I and is working to fill all remaining vacancies to restore services approved through the PSR program.
- No Phase II or Accelerated Phase III positions filled during this reporting period.

The tables on the following pages summarize the implementation of approved services and budget authority related to PSR in the current Fiscal Year.

## Public Safety Restoration - Quarterly Update

Data as of December 31, 2016

### District Attorney

| Positions/Services Approved | Implementation Status | PSR Funds to be Used in FY 2016-2017 |
|---|---|---|
| Lieutenant - Investigations Unit | Initiated in Q4 FY 14-15 | $185,000 |
| System Technician I - IT Support and Automation | Initiated in Q4 FY 14-15 | $80,000 |
| Deputy District Attorney V ( Replaced a Criminal Investigator II) | Initiated in Q1 FY 15-16 | $117,500 |
| Victim Advocate II - Victim Services | Initiated in Q1 FY 15-16 | $77,500 |
| (2) Criminal Investigator (1 position replaced by the Attorney V) | Initiated in Q2 FY 16-17 | $125,355 |
| (2) Deputy District Attorney V | In Progress | $0 |
| Manager I/II | In Progress | $0 |
| Legal Clerk I/II/III | In Progress | $0 |
| Supervising Legal Clerk I/II | In Progress | $0 |
| **PSR savings roll forward from 2015-2016 will support one-time equipment support costs of $41,245.** | Total Funds Appropriated | $585,355 |
| | Total Approved for FY 16-17 | $1,021,650 |
| | Balance to be Transferred upon Hire | $436,295 |

### Probation

| Positions/Services Approved | Implementation Status | PSR Funds to be Used in FY 2016-2017 |
|---|---|---|
| Supv. Probation Officer - Day Reporting Center | Initiated in Q3 FY 14-15 | $145,962 |
| Deputy Probation Officer III - Day Reporting Center | Initiated in Q3 FY 14-15 | $135,150 |
| Deputy Probation Officer I/II - Day Reporting Center | Initiated in Q4 FY 14-15 | $126,500 |
| Supv. Probation Corrections Officer - Alternative to Custody Program | Initiated in Q4 FY 14-15 | Funded in JJCPA |
| (2) Probation Corrections Officer III - Institutions Programs | Initiated in Q4 FY 14-15 | Funded in YOBG |
| Manager II - Clerical Management Support | Initiated in Q1 FY 15-16 | $99,189 |
| Systems Technician - IT Support | Initiated in Q2 FY 15-16 | $68,330 |
| (4) Probation Corrections Officer I/II - Institutions Programs | Initiated in Q2 FY 15-16 | Funded by YOBG |
| Crime Analyst - Juvenile Programs | Initiated in Q3 FY 15-16 | Funded by YOBG |
| Supervising Deputy Probation Officer (SB 678-6 mos. GF -6 mos.) | Initiated in Q1 FY 16-17 | $78,881 |
| (6) Probation Corrections Officer I/II (YOBG) | In Progress | $0 |
| Supervising Probation Corrections Officer (YOBG) | Initiated in Q1 FY 16-17 | Funded by YOBG |
| (3) Deputy Probation Officer I/II | In Progress | $0 |
| Deputy Probation Officer III | Initiated in Q1 FY 16-17 | $137,150 |
| Confidential Assistant III | In Progress | $0 |
| K-9 One-time | In Progress | $0 |
| **PSR savings roll forward from 2015-2016 will support one-time equipment support costs of $54,445.** | Total Funds Appropriated | $791,162 |
| | Total Approved for FY 16-17 | $1,224,750 |
| | Balance to be Transferred upon Hire | $433,588 |

### Public Defender

| Positions/Services Approved | Implementation Status | PSR Funds to be Used in FY 2016-2017 |
|---|---|---|
| Manager II - Investigations Unit Manager | Initiated in Q2 FY 15-16 | $89,042 |
| Special Investigator - Investigations Unit | Initiated in Q4 FY 15-16 | $76,672 |
| Special Investigator - Investigations Unit (Reallocation of General Fund) | Initiated in Q4 FY 15-16 | In Base |
| Attorney V - General Defense | Initiated in Q3 FY 15-16 | $107,437 |
| Attorney V - General Defense | In Progress | $0 |
| Supervising Legal Clerk I/II | In Progress | $0 |
| **PSR savings roll forward from 2015-2016 will support one-time equipment support costs of $47,800.** | Total Funds Appropriated | $273,151 |
| | Total Approved for FY 16-17 | $385,640 |
| | Balance to be Transferred upon Hire | $112,489 |

**Sheriff**

| Positions/Services Approved | Implementation Status | PSR Funds to be Used in FY 2016-2017 |
|---|---|---|
| Lieutenant - Watch Commander | Initiated in Q3 FY 14-15 | $168,517 |
| (.5) Lieutenant - Emergency Services/County Security (.5 CEO-OES) | Initiated in Q4 FY 14-15 | $84,259 |
| (16) Deputy Sheriff - Community Resources, Investigations, etc. | Initiated in Q4 FY 14-15 & Q3 15-16 | $2,131,200 |
| (5) Deputy Sheriff Intern - extra help (1st Training Academy) | Initiated in Q4 FY 14-15 | $54,500 |
| (5) Deputy Sheriff Intern - extra help | In Progress | $0 |
| (2) Assistant Cooks | Initiated in Q1 FY 16-17 | $74,636 |
| (6) Deputy Sheriff - Community Resources, Investigations, etc | Initiated in Q2 FY 16-17 | $53,328 |
| Manager IV - Info Tech (Exchanged a Deputy Sheriff position) | Initiated in Q1 FY 16-17 | $147,000 |
| (.5) Sergeant | Initiated in Q1 FY 16-17 | $96,028 |
| (3) Sergeants | In Progress | $0 |
| (4) Community Service Officers | In Progress | $0 |
| Manager II | In Progress | $0 |
| Administration Clerk III | In Progress | $0 |
| Crime Analyst Technician | In Progress | $0 |
| Confidential Assistant III | In Progress | $0 |
| Deputy Sheriff | In Progress | $0 |
| Forensic Computer Examiner | In Progress | $0 |
| **PSR savings roll forward from 2015-2016 will support one-time support costs of $233,100.** | Total Funds Appropriated | $2,809,468 |
| | Total Approved for FY 16-17 | $4,367,960 |
| | Balance to be Transferred upon Hire | $1,558,492 |

| **Summary Total For All PSR Departments** | | |
|---|---|---|
| | Total Funds Appropriated | $4,459,136 |
| | Total Approved for FY 16-17 | $7,000,000 |
| | Balance to be Transferred upon Hire | $2,540,864 |

## MID-YEAR ISSUES AND RECOMMENDATIONS

The recommendations contained in this report for A Safe Community will increase appropriations by $1,791,924, including technical adjustments of $23,196, funded by an increase in estimated revenue of $1,122,398, and $34,317 increase in Net County Cost resulting in an increased use of departmental fund balance of $635,209.

A series of recommendations are included to support a financial strategy for the Probation and Sheriff departments to fund a system-wide upgrade of the current VHF radio system. This includes upgrades to system infrastructure and purchasing new radio units for vehicles and portable hand-held devices. The total project is estimated to cost $3.8 million and will be completed using a phased approach over the next five years as budget resources allow. Recommendations in the Mid-Year Budget include funding of $920,000 to support Phase I of the project as follows:

- The Sheriff's Department will rely on $275,000 of Cal-MMET funding, $336,866 of Dedicated Funds and $98,134 in current year PSR savings (General Fund) to fund a total of $710,000 of the system upgrades.
- The Probation Department will rely on $102,000 in special revenue budgets and $108,000 in Field Services (General Fund) to fund a total of $210,000.

Phase II of the radio infrastructure project is estimated to cost $915,000 and will be included with the 2017-2018 Recommended Proposed Budget, subject to identified funding sources.

Department recommended adjustments include:

## CHIEF EXECUTIVE OFFICE – OFFICE OF EMERGENCY SERVICES (OES) /FIRE WARDEN

The Department is requesting a General Fund increase in appropriations of $11,121 to cover the increase in cost for the Stanislaus Regional 911 fire agency dispatch fees. This increase is due to a technical adjustment to account for a population shift between the City of Hughson and the unincorporated area of Hughson.

The subsidy policy for the fire agency emergency dispatch fees was outlined in the Board of Supervisors Agenda Action Item on April 26, 2016. The policy provides that the fees shifted to OES from law enforcement would be fully funded by the General Fund savings resulting from the reduction in costs for emergency dispatch services included in the Sheriff's budget. This is an ongoing General Fund allocation that is determined each fiscal year as outlined in the Adopted Funding Policy.

| Budget Unit | Requested | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| CEO-Office of Emergency Services | $0 | $11,121 | $0 | $11,121 | Increase appropriations funded by Net County Cost to cover increased cost for the SR911 fire agency dispatch fees. |
| **Total** | **$0** | **$11,121** | **$0** | **$11,121** | |

**Summary of Recommendations:** It is recommended to increase appropriations of $11,121, funded from the County General Fund – Appropriations for Contingencies to cover the increased fire agency dispatch fees.

## DISTRICT ATTORNEY

Victim Compensation and Government Claims: The Department is requesting a technical adjustment to increase estimated revenues and appropriations by $2,733 to reflect the actual final higher funding awarded by the California Victim Compensation Board than what was anticipated at Final Budget. The final award amount was received in October 2016 and was slightly higher than had been estimated and included in Adopted Final Budget.

Department Operational Challenges and Opportunities: The District Attorney has identified the need to evaluate overall staffing levels in order to determine the necessary staffing resources required to address increasing demands on the Department. Recent operational changes in courtroom usage, the complexity of cases received by the Department, and the loss of staffing resources during the economic downturn have created challenges in keeping up with workload consistent with what is required by law. The Chief Executive Office will partner with the District Attorney in conducting a staffing study to evaluate staffing levels and caseload demands in comparable survey counties. Should the review result in the need for an additional budget request, the request would be brought back in a future budget cycle for consideration by the Board of Supervisors.

| Budget Unit Name | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| District Attorney Victim Compensation & Government Claim | $2,733 | $2,733 | $0 | $0 | Increase in Estimated Revenue and Appropriations to reflect increase in grant award amount. |
| **Total** | **$2,733** | **$2,733** | **$0** | **$0** | |

**Summary of Recommendations:** It is recommended to increase appropriations and estimated revenue by $2,733 in the District Attorney's budget, funded by an increased grant award amount from the California Victim Compensation Board.

**PROBATION**

Community Corrections Partnership: The Department is requesting an increase in estimated revenue and appropriations of $205,000 which was approved in the Local Community Corrections Plan budget but erroneously omitted from Final Budget. Of this amount, $70,000 would be used to fund overtime related to Regional Apprehension Task Force (RAT) operations and $135,000 would fund costs related to Planning of Realignment activities. In addition, the Department has partnered with the Sheriff's Office and Stanislaus Regional 911 to upgrade radio signal communications from analog to digital. This upgrade necessitates the purchase of new vehicle mobile and handheld radios which are compatible with the digital signal. The Department is requesting to transfer $30,000 from services and supplies into fixed assets for the purchase of five dual band radios related to the radio signal upgrade project.

Corrections Performance Incentive: The Department requests to transfer $36,000 from Operating Transfers Out to Fixed Assets for the purchase of six dual band radios. These are needed in relation to the radio upgrade project in order to ensure compatibility with the digital signal.

Field Services: The Department is requesting an increase in estimated revenue and appropriations of $264,807. A technical adjustment of $13,489 is requested in order to reflect the full amount of Child Welfare Services Outcome Improvement Plan funding available. The department has also requested an increase in estimated revenue and appropriations of $251,318 to reflect funding received for the Foster Parent Recruitment, Retention and Support program allocation. This increase is necessary as a result of the program spending plan approval which helped to secure the funding and was received from the California Department of Social Services (CDSS). Additionally, the department requests to transfer $108,000 from salary savings to fixed assets in order to purchase 18 dual band radios related to the radio signal upgrade project in order to ensure compatibility with the digital signal.

Juvenile Accountability Block Grant: On November 8, 2016 the Department received Board of Supervisors approval to apply for and accept Phase 3 of the Reducing Racial and Ethnic Disparities (R.E.D.) grant funding from the Board of State and Community Corrections. It has since has been awarded and the Department requests an increase to estimated revenue and appropriations of $200,000 to reflect the funding that has been awarded.

Juvenile Justice Crime Prevention Act: The Department requests to use salary savings and transfer $36,000 from Salaries and Benefits to Fixed Assets for the purchase of six dual band radios related to the radio signal upgrade project in order to ensure compatibility with the digital signal.

| Budget Unit Name | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Probation - Community Corrections Partnership | $70,000 | $70,000 | $0 | $0 | Increase in Estimated Revenue and Appropriations for salary costs related to Regional Apprehension Task Force. |
| Probation - Community Corrections Partnership | $135,000 | $135,000 | $0 | $0 | Increase in Estimated Revenue and Appropriations for salary costs related to Planning of Realignment Activites. |
| Probation - Community Corrections Partnership | | ($30,000) | | ($30,000) | Transfer from Services & Supplies to Fixed Assets for purchase of 5 dual band radios. |
| Probation - Community Corrections Partnership | | $30,000 | | $30,000 | Transfer to Fixed Assets from Services & Supplies for purchase of 5 dual band radios. |
| Probation - Corrections Performance Incentive Act | | ($36,000) | ($36,000) | $0 | Transfer from Operating Transfers out to Fixed Assets for purchase of 6 dual band radios. |
| Probation - Corrections Performance Incentive Act | | $36,000 | $36,000 | $0 | Transfer to Fixed Assets from Operating Transfers Out for purchase of 6 dual band radios. |
| Probation - Field Services | $13,489 | $13,489 | $0 | $0 | Increase in Estimated Revenue and Appropriations for Child Welfare Services Outcome Improvement Plan (CSWOIP) funds. |
| Probation - Field Services | $251,318 | $251,318 | $0 | $0 | Increase in Estimated Revenue and Appropriations for Foster Parent Recruitment, Retention and Support (FPPRS) funds. |
| Probation - Field Services | | ($108,000) | | ($108,000) | Transfer from Salaries & Benefits to Fixed Assets for purchase of 18 dual band radios. |
| Probation - Field Services | | $108,000 | | $108,000 | Transfer to Fixed Assets from Services & Supplies for purchase of 18 dual band radios. |
| Probation - Juvenile Accountability Block Grant | $200,000 | $200,000 | $0 | $0 | Increase in Estimated Revenue and Appropriations for Reducing Racial and Ethnic Desparities (R.E.D.) Grant. |
| Probation - Juvenile Justice Crime Prevention Act | | ($36,000) | ($36,000) | $0 | Transfer from Salaries & Benefits to Fixed Assets for purchase of 6 dual band radios. |
| Probation - Juvenile Justice Crime Prevention Act | | $36,000 | $36,000 | $0 | Transfer to Fixed Assets from Salaries & Benefits for purchase of 6 dual band radios. |
| **Total** | **$669,807** | **$669,807** | **$0** | **$0** | |

**Staffing Requests:** The Department is requesting classification studies of two Systems Technician II positions and one Manager III position in the Information Technology Division based on the current duties and responsibilities of the positions. It is recommended that classification studies be conducted. The Department is also requesting to transfer one position from Institutional Services to Juvenile Commitment Facility to properly allocate the position to the correct budget unit.

| PROBATION TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Administration | 2 | 12961, 13861 | Systems Technician II | Reclassify upward | Study |
| | 1 | 11870 | Manager III | Reclassify upward | Study |
| Juvenile Commitment Facility | 1 | 6167 | Probation Corrections Officer III | Transfer in | Transfer from Institutional Services |
| Institutional Services | -1 | 6167 | Probation Corrections Officer III | Transfer out | Transfer to Juvenile Commitment Facilty |

**Summary of Recommendations:** It is recommended to increase appropriations by $669,807 and estimated revenue of $669,807. Of this increase, $210,000 will be for fixed assets. It is further recommended that the staffing changes described and outlined in the table above be adopted.

**SHERIFF**

The Sheriff's Department has requested that the Auditor-Controller and the Chief Executive Officer be given the authority to process requests to transfer appropriations among the four Sheriff budgets of Administration, Detention, Operations, and Contract Cities in order to ensure these budgets end the year in a positive position.

<u>Administration:</u> The Department is requesting an increase in appropriations of $343,987 to be funded by a transfer in from the Operations budget unit. The increase is necessary as a technical correction to Salaries and Benefits and Other Charges for higher than budgeted Cost Allocation Plan Charges that were omitted from this budget unit in error.

<u>Adult Detention Expansion:</u> The Department is requesting to utilize salary savings to transfer $80,000 in appropriations from Salaries and Benefits to Fixed Assets for the purchase of two vehicles. The vehicles are necessary for two Custodial Lieutenant positions related to the AB900 Phase II Public Safety Center Expansion.

<u>Court Security</u>: The Department is requesting to decrease $237,008 in estimated revenue to align with current State Budget projections for Public Safety Realignment funding. The reduced revenue is offset by a small reduction in appropriations of $29,751 to align with projections. Mid-Year projections show that less growth funding will be received than had been projected in the Adopted Final Budget. As a result, more fund balance will need to be utilized in Fiscal Year 2016-2017 to close the year in a positive position. This reduction in revenue will be offset by the use of $207,257 in fund balance. The increased use of fund balance is projected to eliminate almost all available fund balance by year-end Fiscal Year 2016-2017. The Court Security budget has relied on fund balance to support enhanced security services for several years. The Department has initiated discussions with leadership of the Superior Court to evaluate options and alternatives to support a balanced budget for Budget Year 2017-2018.

<u>Cal-MMET</u>: The Department is requesting to utilize salary savings to transfer $275,000 in appropriations from Salaries and Benefits to Fixed Assets for the purchase of equipment related to their radio upgrade project. The radio project is currently planned for completion in phases over the next five years, subject to budget support in future years. The additional equipment includes 100 dual band mobile radios, a voter receiver and the necessary firmware. This purchase will assist the Department in migrating to a P25 compliant digital VHF carrier system. The P25 system transmits a digital signal which is clear and widely available. The Department's current radio system is unreliable and provides limited reception in many areas of the County, thereby impacting the safety of Department personnel and the community. The current 800 MHz radios used by the Sheriff are analog and operate on an open frequency, meaning that the radio traffic can be heard by anyone who has a scanner. The new radios are encrypted and require specialized equipment containing the decryption software installed in the radio to hear. This makes the radios very secure, allowing the team to maintain radio contact with local partners and access the new P25 interoperability system that has been deployed within the County to support the digital 800 frequencies. Surrounding jurisdictions that have phased out their UHF systems and are now operating on the 800 MHZ system include the cities of Modesto, Ceres and Turlock. Funds from Operations and Dedicated Funds will also be utilized to fund Phase I of the radio upgrade project.

Dedicated Funds: The Department is requesting to increase $336,866 in appropriations for Operating Transfers Out to transfer to the Operations legal budget unit. This transfer will be funded with fund balance. The funds will be used to help fund the Department's radio upgrade project, as described in the Cal-MMET section, for phase I.

Contract Cities: The Department is requesting to make a technical adjustment in order to recognize the accounting method by which the Patrol Vehicles are expensed to the contract cities. These include the cities of Patterson, Riverbank, Hughson and Waterford. It is requested to transfer $150,000 from the Fixed Asset category to the Other Charges category.

Operations: The Department is requesting a net decrease in appropriations of $7,121, and an increase in estimated revenue of $336,866. This includes a request to decrease appropriations of $343,987 with an offsetting increase to Administration to cover additional Cost Allocation Plan Charges that were budgeted in Operations in error. The Department is also requesting an increase of $336,866 in appropriations and estimated revenues in order to fund their radio upgrade project. The funds are being transferred in from Dedicated Funds.

Vehicle Theft: The Department is requesting an increase in appropriations of $375,000 for Fixed Assets. An increase of $300,000 would provide for License Plate Readers (LPR) expansion and upgrades. This includes equipment for nine vehicles, two mobility kits and four fixed cameras to be placed in various areas of Stanislaus County. In Addition, the Department is also requesting $25,000 for Fixed Assets for an LPR vehicle to replace an existing vehicle. Finally, the Department is requesting $50,000 to replace existing aging laptops and add additional laptops for vehicle theft unit usage. These one-time costs will be funded with Sheriff's Vehicle Theft Unit fund balance of $375,000.

Jail Commissary/Inmate Welfare: The Department is requesting an increase of $350,000 in estimated revenue and an increase of $66,086 in appropriations for Salaries and Benefits, decreasing the use of fund balance by $283,914. The additional revenue is projected in relation to a new phone revenue contract. In addition, the Department has requested to increase appropriations in Salaries and Benefits for a Community Services Officer position that was approved in Board of Supervisors agenda item 2016-415 for which appropriations had not yet been forwarded.

| Budget Unit Name | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Sheriff - Administration | $0 | $343,987 | $0 | $343,987 | Increase appropriations for increased cost allocation plan charges. |
| Sheriff - Adult Detention Expansion | $0 | $80,000 | $0 | $80,000 | Transfer appropriations to Fixed Assets from Salaries and Benefits for new lieutenant vehicles. |
| Sheriff - Adult Detention Expansion | $0 | ($80,000) | $0 | ($80,000) | Transfer appropriations from Salaries and Benefits to Fixed Assets for new lieutenant vehicles. |
| Sheriff - Cal-MMET Program | $0 | ($275,000) | ($275,000) | $0 | Transfer appropriations from Salaries and Benefits to Fixed Assets for radio upgrade project. |
| Sheriff - Cal-MMET Program | $0 | $275,000 | $275,000 | $0 | Transfer appropriations to Fixed Assets from Salaries and Benefits for radio upgrade project. |
| Sheriff - Contract Cities | $0 | $150,000 | $0 | $150,000 | Transfer appropriations to Other Charges from Fixed Assets as a technical adjustment for vehicle expenses. |
| Sheriff - Contract Cities | $0 | ($150,000) | $0 | ($150,000) | Transfer appropriations from Fixed Assets to Other Charges as a technical adjustment for vehicle expenses. |
| Sheriff - Court Security | ($237,008) | ($29,751) | $207,257 | $0 | Decrease estimated revenue and appropriations related to updated realignment funding projection and increase use of Department Fund Balance. |
| Sheriff - Dedicated Funds | $0 | $336,866 | $336,866 | $0 | Increase appropriations in Other Charges to transfer funds to Operations for Radio Upgrade Project using Department Fund Balance. |
| Sheriff - Jail Commissary/Inmate Welfare | $350,000 | $66,086 | ($283,914) | $0 | Increase estimated revenue related to phone use collections and Increase appropriations in Salaries and Benefits for Community Services Officer position. |
| Sheriff - Operations | $0 | ($343,987) | $0 | ($343,987) | Decrease Appropriations in Other Charges for decreased Cost Allocation Plan charges. |
| Sheriff - Operations | $336,866 | $336,866 | $0 | $0 | Increase Appropriations for Fixed Assets and Estimated Revenue for radio upgrade project. |
| Sheriff - Vehicle Theft | $0 | $375,000 | $375,000 | $0 | Increase Appropriations in Fixed Assets and use of Department Fund Balance to complete License Plate Reader upgrades, computer upgrade and purchase a replacement vehicle. |
| **Total** | **$449,858** | **$1,085,067** | **$635,209** | **$0** | |

**Staffing Requests:** On May 17, 2016, the Board of Supervisors approved the phased opening and staffing plan for the AB900 Phase II Public Safety Center Expansion projects. The agenda identified additional positions necessary to the next phase of occupancy of the AB900 Phase II facilities would be requested at both 2016-2017 Mid-Year and 2017-2018 Proposed Budgets. Of those positions, 25 were identified to be added in the 2016-2017 Mid-Year Budget in the Adult Detention Expansion: one Custodial Lieutenant position, four Sergeant-Custodial positions, 19 Deputy Sheriff-Custodial positions and one Administrative Secretary position. Funding for these positions was included with the 2016-2017 Adopted Final Budget.

The Department is also requesting to exchange a Public Safety Restoration (PSR) position approved in the 2016-2017 First Quarter Report for two administrative PSR positions. The Department requests to delete one vacant Deputy Sheriff position in exchange for one new Accounting Technician and one new Administrative Secretary. The Accounting Technician will provide financial oversight support of the Civil Division and assist with the Department's contract processing and management. Currently, a Supervising Legal Clerk II is performing this function and with the new Accounting Technician on board, the Supervising Legal Clerk can focus on the supervision of staff and civil processes. The Administrative Secretary will directly support the Watch Commanders and Captain with specialized administrative work of a varied and sensitive nature. Currently a Sergeant is performing the scheduling duties of the Patrol Division. Adding the Administrative Secretary to take over the scheduling and administrative duties will allow the Sergeant to go back to Patrol. This will allow for better supervision and training in the Patrol Division.

The Department is further requesting a new classification of Chaplain. This position will maintain compliance with State Title 15 Mandates and visit individual inmates and address their spiritual needs. The Adult Detention Division has one part-time contracted Detention Chaplain who oversees 70-100 volunteer pass-holding chaplains for a population of over 1,300 inmates. AB109 inmates are generally of a higher security classification and are staying in the facility for longer periods of incarceration. Their prison experience has given them sophisticated expectations of the Chaplain and the inmate population is estimated to increase by over 500 by 2018. The increased religious demands of the growing population can best be addressed by increasing the Chaplain's hours and adding the position as a regular full time benefitted position rather than part time contracted staff. It is recommended to study the request for a new classification.

Lastly, the Department is requesting a new classification of Director of Inmate Programs and to reclassify the Director of Volunteer Services position to the new classification. This position is currently responsible for managing, directing and monitoring the work of all programming staff, inmates participating in programs, and outside providers of programming content assigned to the Adult Detention Division. It is recommended to study the request for a new classification and to study the position.

**SHERIFF STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT**

| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
|---|---|---|---|---|---|
| Administration | 1 | NEW | Accounting Technician | Add new position | Accounting Technician |
| Adult Detention Expansion | 1 | NEW | Custodial Lieutenant | Add new position | Custodial Lieutenant |
| | 4 | NEW | Sergeant-Custodial | Add new positions | Sergeant-Custodial |
| | 19 | NEW | Deputy Sheriff-Custodial | Add new positions | Deputy Sheriff-Custodial |
| | 1 | NEW | Administrative Secretary | Add new position | Administrative Secretary |
| Operations | 1 | NEW | Administrative Secretary | Add new position | Administrative Secretary |
| | -1 | 14341 | Deputy Sheriff | Delete vacant position | Delete position |
| **SHERIFF CHANGES** | **26** | | | | |
| **Beginning Allocation** | **683** | | | | |
| **Changes in Allocation** | **26** | | | | |
| **Ending Allocation** | **709** | | | | |

**SHERIFF TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION**

| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
|---|---|---|---|---|---|
| Detention | 1 | 13392 | Director of Volunteer Services | Classification Study | Study |
| Jail Commissary/Inmate Welfare | 1 | NEW | Chaplain | New Classification Study | Study |

**Summary of Recommendations**: It is recommended to increase estimated revenue by $449,858 and appropriations by $1,085,067. This will result in an overall increased use of departmental fund balance by $635,209. It is further recommended that the Auditor-Controller and the Chief Executive Officer be given the authority to process requests to transfer appropriations among the four Sheriff budgets of Administration, Detention, Operations, and Contract Cities in order to ensure these budgets end the year in a positive position. Last, it is recommended that the staffing changes described and outlined in the table above be adopted.

# A Healthy Community

**COUNTY DEPARTMENTS**

Area Agency on Aging/Veterans Services
Behavioral Health and Recovery Services
CEO-Stanislaus Veterans Center
Child Support Services
Children and Families Commission
Community Services Agency
Health Services Agency

# A Healthy Community

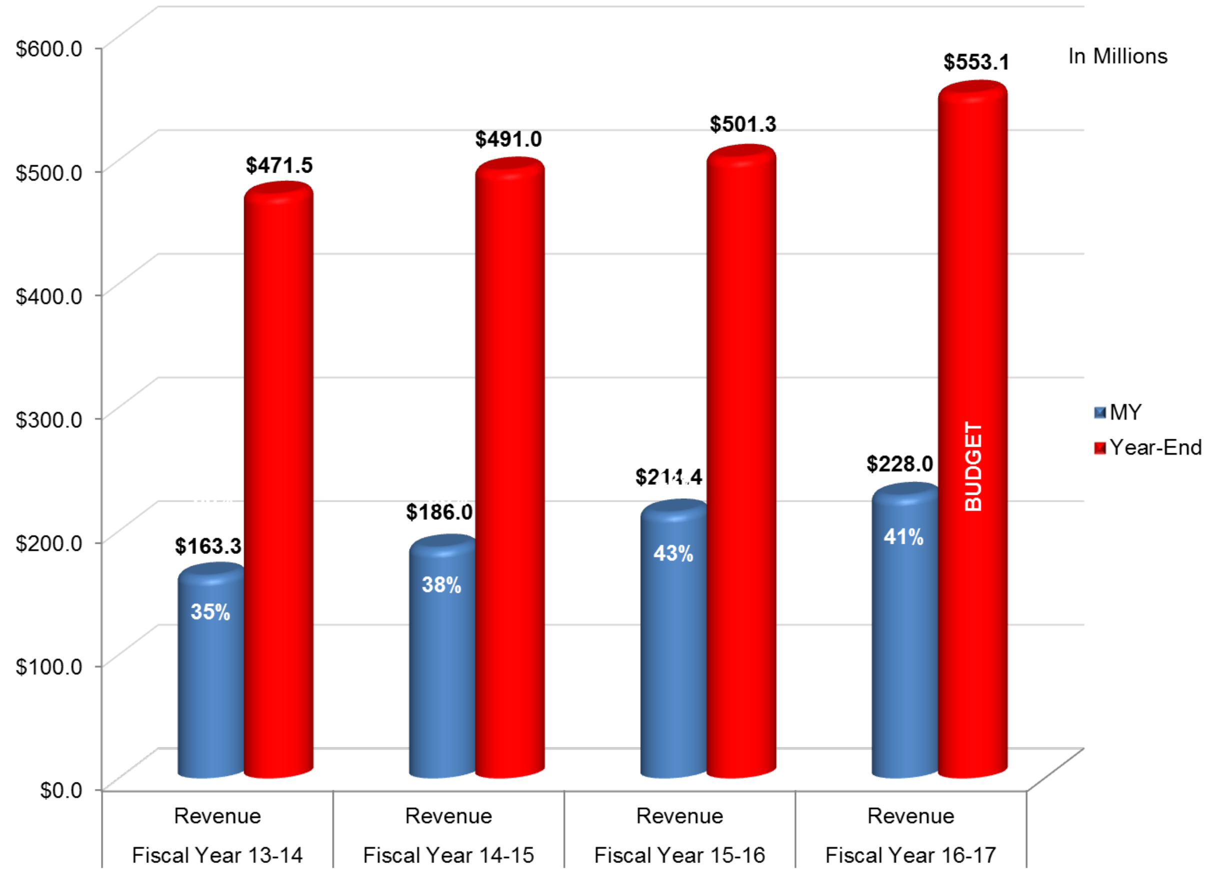
## OVERVIEW

The Board of Supervisors priority area of A Healthy Community is vital to the quality of life for County residents. The departments assigned to this priority area are focused on protecting and promoting the health and well-being of County residents including preventing disease, disability and death. Protecting emotional safety focuses on the social problems that include homelessness, incarceration and fragmented families with financial and emotional needs. The departments assigned to this priority area include: Area Agency on Aging and Veterans Services, Behavioral Health and Recovery Services, Child Support Services, Children and Families Commission, the Community Services Agency and the Health Services Agency. The major funding sources for these programs include Federal and State funding and, where required, local discretionary funds are used primarily to match other governmental funding in support of these programs.

## DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community, as of December 31, 2016, actual revenue collected is $228 million, which represents 41% of the estimated annual revenue. This is within the range when compared to the Mid-Year point of the prior three years when collections ranged from 35% and 43% of the final actual revenue.

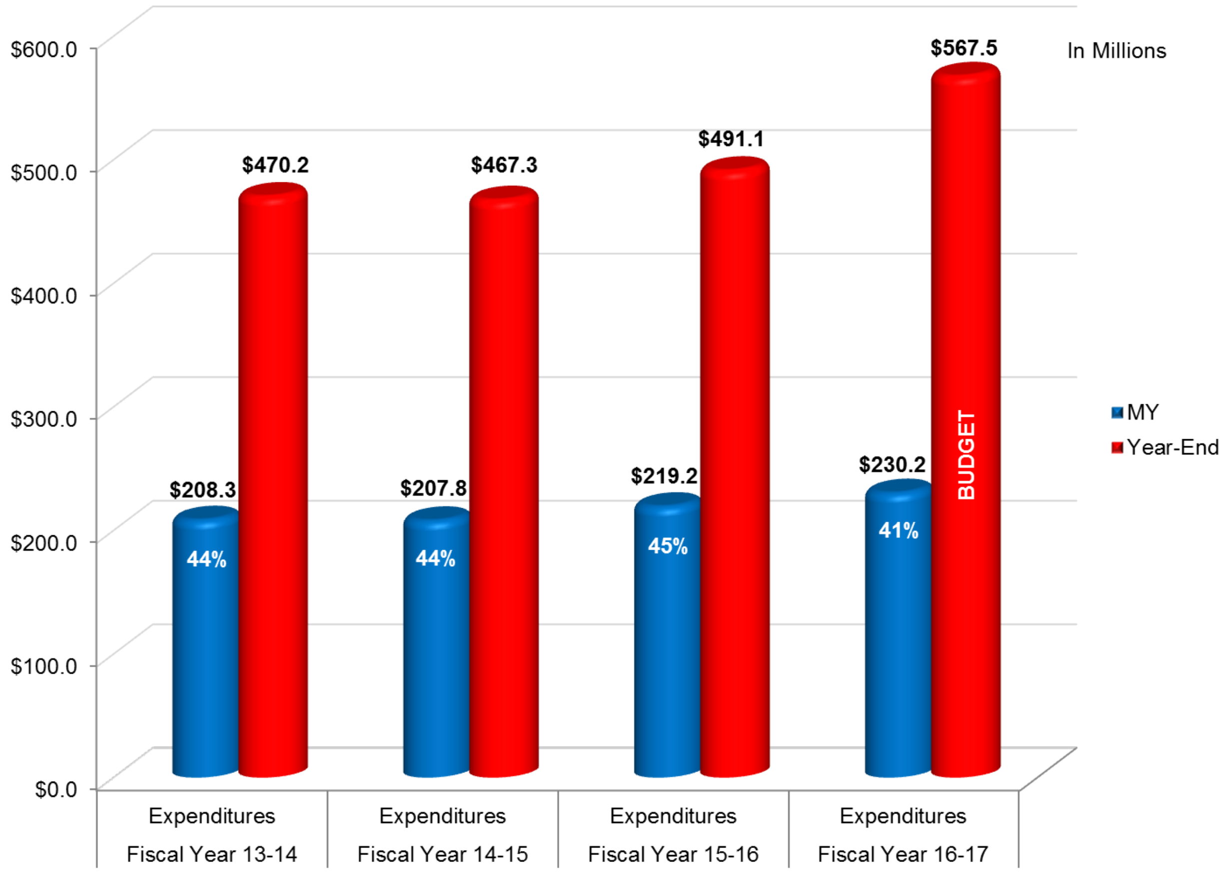
**A Healthy Community**
**Four-Year Revenue Comparison**




## DEPARTMENTAL EXPENDITURES

As of December 31, 2016, expenditures are $230.2 million, representing 41% of the budgeted appropriations. Expenditures at the Mid-Year point of the prior three years ranged from 44% to 45% of the final actual expenditures, placing this year slightly below the range. This is primarily due to the decrease in planned expenditures in the Health Services Agency – Clinic and Ancillary budget.

**A Healthy Community**
**Four-Year Expenditure Comparison**




Overall, the departments within A Healthy Community are on track to end the year within budget and in a positive fiscal position.

The recommendations contained in this report for A Healthy Community will increase appropriations by $3,605,180, including technical adjustments of $615, funded by an increase in estimated revenue of $3,518,914, a transfer of $615 from Appropriations for Contingencies and an increase in the use of $85,651 of departmental fund balance/retained earnings. Department recommended adjustments include:

## MID-YEAR ISSUES AND RECOMMENDATIONS

### AREA AGENCY ON AGING/VETERANS SERVICES

The Department is requesting an increase in appropriations and revenue of $232,252 due to an increase in baseline funding for Federal Older Americans Act Programs and a one-time funding increase from the California Department of Aging (CDA). The Senior Meals Programs will receive $108,502 in both baseline and one-time funding. Some of the one-time funding will provide an additional 4,320 home-delivered meals to existing senior customers. The Ombudsman Program will receive $23,220 of the one-time funding to increase the hours of the part-time Program Coordinator at Catholic Charities, the current service provider for the Ombudsman Program. Additionally, the Health Insurance Counseling and Advocacy Program (HICAP) will receive $15,780 which will be used to increase hours of the part-time HICAP Volunteer Coordinator. The Area Agency on Aging will receive $64,100 for information and assistance brochures, to increase hours in the Caregiver Program and increase hours for respite care and training for caregivers. The remaining $20,650 in one-time funding will be used by the Older American Act Programs to purchase outreach materials, brochures and equipment for exercise classes.

| Budget Unit | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Area Agency on Aging | $232,252 | $232,252 | $0 | $0 | Increase in revenue and appropriations due to a one-time funding from the California Department of Aging |
| **Total** | **$232,252** | **$232,252** | **$0** | **$0** | |

**Summary of Recommendations:** It is recommended to increase estimated revenue and appropriations by $232,252 in the Area Agency on Aging budget.

**BEHAVIORAL HEALTH AND RECOVERY SERVICES**

Mental Health Division: The Department of Behavioral Health and Recovery Services is requesting an increase in estimated revenue of $1,074,004, an increase in appropriations of $1,297,655 and the use of $223,651 in Department Fund Balance.

Mental Health, Services and Supplies: The Department is requesting an increase in appropriations and revenue of $524,108, of which $450,675 is recommended for increased utilization in Board and Care Services and $73,433 for one-time set up costs for a new modular building for the Prevention and Early Intervention (PEI) and Substance Use Disorder Education and Prevention Programs. The modular building was approved by the Board of Supervisors on August 30, 2016 to provide additional space for these program services.

Mental Health, Other Charges: An increase of $749,896 is recommended, of that amount, $569,347 is needed for increased utilization of Napa State Hospital placements and is partially funded by the recommended use of $200,000 in Department fund balance. The Department is experiencing an increased demand for State Hospital beds. Through December 2016, there were 972 bed days used, compared to December 2015 in which 688 bed days were used. This represents a 41% bed utilization increase. An additional $69,567 for County Counsel services and $110,982 for Facility Maintenance services is also recommended. Both of these services are projected to cost more than originally budgeted. Fund balance as of December 31, 2016 was $20,368,635.

Public Guardian: The Department is requesting the use of $23,651 in Department Fund Balance to cover an increase in service department cost allocation plan (CAP) charges for Fiscal Year 2016-2017. Fund balance as of December 31, 2016 was $498,358.

The Department is also requesting to transfer $96,641 of retained earnings to committed fund balance. The funds were returned to the department when the Crisis Stabilization Unit Construction fund was successfully closed out after the Project's completion. Fund balance as of December 31, 2016 was $20,368,635.

| Budget Unit | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| BHRS - Mental Health | $369,347 | $569,347 | $200,000 | $0 | Increase revenue and appropriations to fund increased bed capacity at Napa State Hospital and use of $200,000 in Department Fund Balance. |
| BHRS - Mental Health | $69,567 | $69,567 | | | Increase revenue and appropriations for County Counsel Services. |
| BHRS - Mental Health | $110,982 | $110,982 | | | Increase revenue and appropriations for Facility Maintenance. |
| BHRS - Mental Health | $73,433 | $73,433 | | | Increase revenue and appropriations for set-up costs for a Modular at 820 Scenic |
| BHRS - Mental Health | $450,675 | $450,675 | | | Increase revenue and appropriations to fund increased Board and Care Services |
| BHRS - Public Guardian | $0 | $23,651 | $23,651 | $0 | Increase appropriations using Department Fund Balance to cover Other Charges shortfall. |
| **Total** | **$1,074,004** | **$1,297,655** | **$223,651** | **$0** | |

**Staffing Requests:** As part of the 2013-2014 Mid-Year Budget, the Department requested a classification study of a Manager II position and three Mental Health Clinician II positions. It was recommended to study this request. The study has now been completed and it is recommended to reclassify an existing Manager II position upward to Manager III and reclassify three existing Mental Health Clinician II positions upward to Manager II positions. This is due to the complexity of work and scope of responsibility.

As part of the 2016-2017 Mid-Year Budget, the Department also requested a new Coordinator classification to adequately support the various program structures with a plan to return to the Board of Supervisors for approval to add additional positions at this level. This request is being reviewed and not included at this time in the recommended staffing changes. The Department is further requesting to transfer one Behavioral Health Specialist II from Stanislaus Recovery Center to Alcohol and Drug, transfer one Behavioral Health Advocate from Mental Health Services Act to Behavioral Health & Recovery Services and transfer four Clinical Services Technician II from Mental Health Services Act to Stanislaus Recovery Center to properly allocate the positions to the correct budget unit.

| BEHAVIORAL HEALTH & RECOVERY SERVICES TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| **BUDGET UNIT** | **POSITIONS** | **POSITION NUMBER** | **CLASSIFICATION** | **REQUEST** | **RECOMMENDATION** |
| Alcohol and Drug | 1 | 11000 | Behavioral Health Specialist II | Transfer in | Transfer from Stanislaus Recovery Center |
| Behavioral Health & Recovery Services | 0 | NEW | Mental Health Coordinator | Add new positions | Not recommended at this time |
| | 1 | 13855 | Behavioral Health Advocate | Transfer in | Transfer from Mental Health Services Act |
| | 1 | 623 | Manager II | Reclassify upward | Manager III |
| | 3 | 241, 327, 6638 | Mental Health Clinician II | Reclassify upward | Manager II |
| Mental Health Services Act | 0 | NEW | Staff Services Analyst | Add new position | Not recommended at this time |
| | -1 | 13855 | Behavioral Health Advocate | Transfer out | Transfer to Behavioral Health & Recovery Services |
| | -4 | 14324, 14325, 14326, 14327 | Clinical Services Technician II | Transfer out | Transfer to Stanislaus Recovery Center |
| Stanislaus Recovery Center | 0 | NEW | Mental Health Coordinator | Add new position | Not recommended at this time |
| | -1 | 11000 | Behavioral Health Specialist II | Transfer out | Transfer to Alcohol and Drug |
| | 4 | 14324, 14325, 14326, 14327 | Clinical Services Technician II | Transfer in | Transfer from Mental Health Services Act |

**Summary of Recommendations:** It is recommended to increase appropriations by $1,297,655, funded by an increase in estimated revenue of $1,074,004 and the use of $223,651 in Departmental Fund Balance. It is further recommended that the staffing changes described and outlined in the table above be adopted.

**CEO-STANISLAUS VETERANS CENTER**

The Department is projecting an increase in estimated revenue in the amount of $10,560 to fully reflect the rent expected from sub-leasing a portion of the facility to MOVE, a local non-profit, for the remainder of this fiscal year for the new Stanislaus Veterans Center. The Center will be occupied in the spring of 2017. The Plant Acquisition Budget also recommends funding and revenue increases to complete the project.

As part of the Fiscal Year 2016-2017 Proposed Budget the Board of Supervisors approved the establishment of a new budget for the soon to be occupied Stanislaus Veterans Center. The new Stanislaus Veterans Center will be a one-stop center for all veterans of Stanislaus County, which will include the Stanislaus County Veterans Services Office, the Office of the Area Agency on Aging, Community Services Agency – In-Home Supportive Services (IHSS) and the Adult Protective Services programs, as well as MOVE – a local non-profit organization which provides transportation for homebound Veterans to their medical appointments. This Center also includes a meeting/banquet hall that accommodates 500 people sitting in chairs or up to 300 persons seated in tables. The Center will be occupied in the spring of 2017, and will become a central location to serve Veterans and their families and seniors throughout Stanislaus County.

| Budget Unit | Recommended | | | | |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| CEO - Stanislaus Veterans Center | $10,560 | $0 | $0 | ($10,560) | Increase estimated revenue to reflect the sub-lease at the Veterans Center to offset costs for rents and utilities. |
| **Total** | **$10,560** | **$0** | **$0** | **($10,560)** | |

**Summary of Recommendations:** It is recommended to increase estimated revenue by $10,560 in the CEO Stanislaus Veterans Center's budget.

**CHILD SUPPORT SERVICES**

The Department of Child Support Services is requesting an increase in estimated revenue and appropriations of $28,042. Following the adoption of the 2016-2017 Final Budget, the Department was notified by the California State Department of Child Support Services of this increase in Electronic Data Processing and Maintenance and Operations (EDP, M&O) funding. The Department is also requesting to transfer $83,459 in appropriations from Salaries and Benefits to Fixed Assets for a Network Infrastructure Upgrade. This Upgrade is needed to improve the efficiency of workflow processes.

| Budget Unit | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Child Support Services | $28,042 | $28,042 | $0 | $0 | Increase in revenue and appropriations due to the increase in the Electronic Data Processing (EDP) Allocation granted by the State Department of Child Support Services. |
| Child Support Services | | ($83,459) | | | Adjust Salaries and Benefits for salary savings transferred to Fixed Assets to support Network Infrastructure Upgrades. |
| Child Support Services | | $83,459 | | | Increase in Fixed Asset appropriations transferred from Salary Savings to support Network Infrastructure Upgrades. |
| **Total** | **$28,042** | **$28,042** | **$0** | **$0** | |

**Summary of Recommendations:** It is recommended to increase appropriations and estimated revenue by $28,042 in the Child Support Services budget.

**CHILDREN AND FAMILES COMMISSION**

**Staffing Request:** A request for a classification study of an Accountant II position was submitted in the 2016-2017 Proposed Budget. The study has been completed and based on the duties and responsibilities of this position, it is recommended to reclassify this position to Accountant III. The difference in salary cost will be absorbed by the Children and Families First Commission and there is no direct impact or increase to the general fund.

| CHILDREN AND FAMILIES COMMISSION TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Children and Families Commission | 1 | 9820 | Accountant II | Reclassify upward | Accountant III |

**Summary of Recommendations:** It is recommended that the staffing change described and outlined in the table above be adopted.

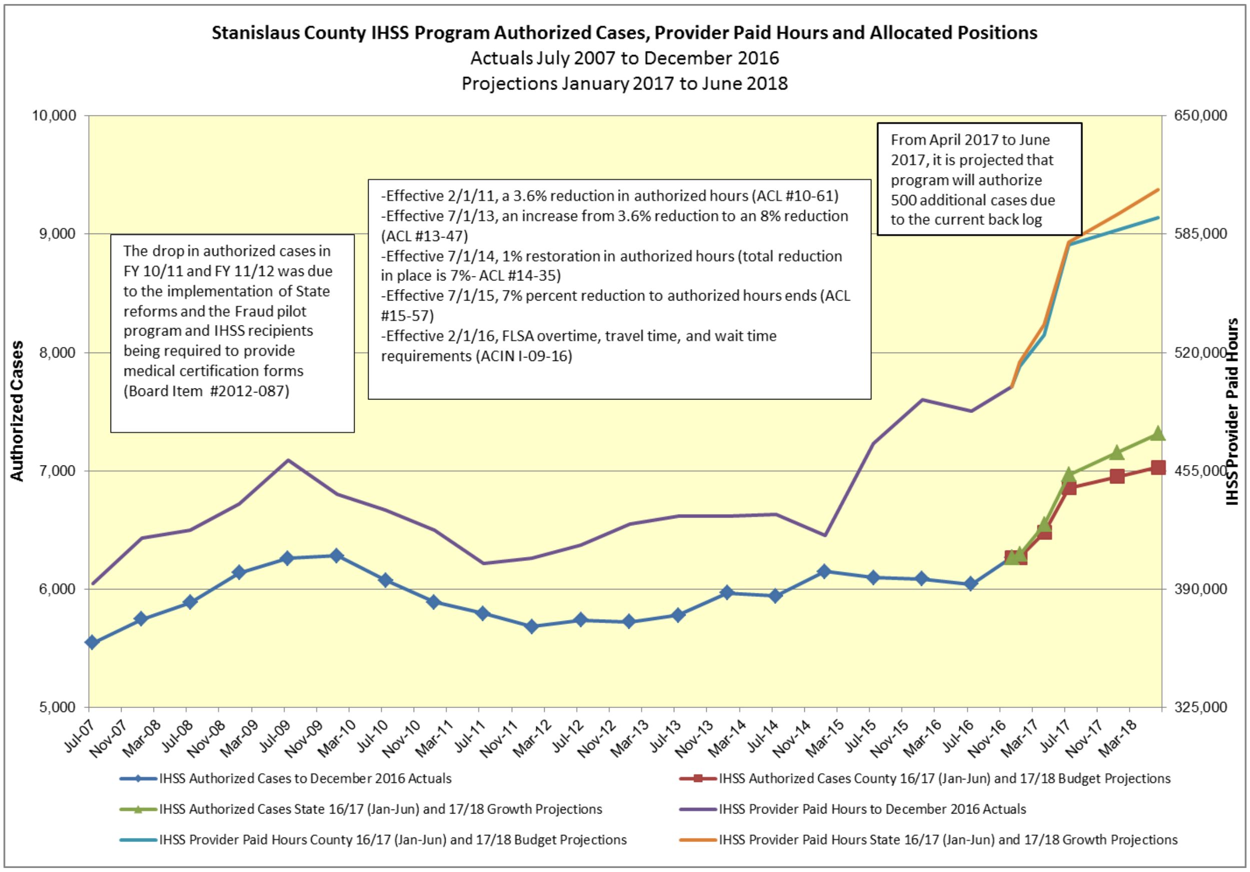
**COMMUNITY SERVICES AGENCY**

The Department is requesting an increase in appropriations of $2,046,616, funded by an increase in estimated revenue of $2,174,056 and a decrease of $127,440 in Net County Cost for the Services and Support program reconciliation. These budget adjustments are all related to the In-Home Supportive Services (IHSS) Program, current year need for increased hours and costs related to the Fair Labor Standards Act requirements for IHSS Providers.

<u>CSA-Services and Support:</u> A technical correction will decrease $127,440 in existing appropriations to properly balance revenue and expenditures for this budget which provides for Child Welfare Services, Adult Protective Services, In-Home Supportive Services, CalWORKs, CalFresh, Medi-Cal, Foster Care, Adoptions, Child Care and Administration programs.

<u>CSA-Public Authority Administration Fund</u>: The Department is requesting an appropriation and estimated revenue increase of $205,118 to support start-up costs for the Stanislaus Veterans Center. Due to the Maintenance of Effort (MOE) there is no impact to county share in the current year. These startup costs include furnishings, audio-visual, and other required systems, along with lease, maintenance and utility costs for the reminder of the fiscal year for the CSA portion of the new Stanislaus Veterans Center. This CSA program will be co-located at the new Stanislaus Veterans Center.

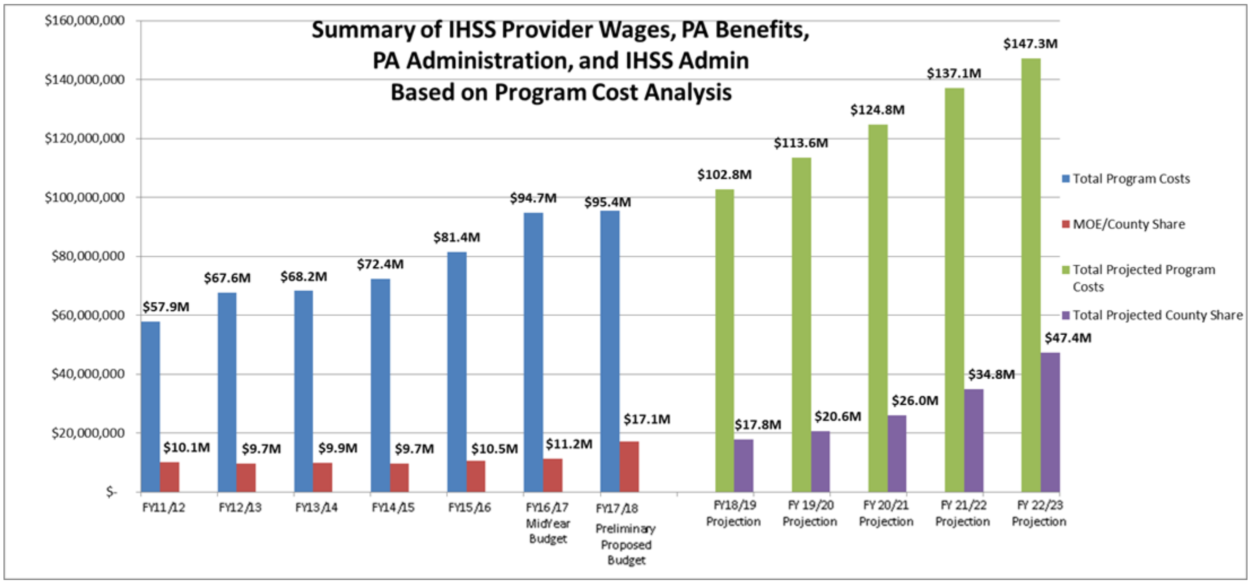
<u>CSA-In-Home Supportive Services</u>: As part of the 2016-2017 Mid-Year review the Department is requesting an increase in appropriations and estimated revenue of $1,968,938 due to an increase in the average number of authorized cases, and increase in the number of provider paid hours and provider overtime costs trending higher than originally projected. This request is necessary to support the IHSS Program mandated operations and service level needs for the current fiscal year primarily due to the impacts of hours and wages for IHSS Providers and projected caseload growth as a result of the implementation of the Fair Labor Standards Act (FLSA) requirements. This program is supported by a 53% Federal and 47% State revenue and due to the IHSS Maintenance of Effort (MOE) in place this fiscal year there is no impact to county share. The following chart depicts the significant growth experienced in the IHSS program since 2007.




The Mid-Year recommendations are *independent* of the recent Governor's Proposal to restructure the funding for the IHSS Program in the future. The Governor's 2017-2018 Budget includes the elimination of the Coordinated Care Initiative (CCI) in 2017-2018. The CCI is focused on increased efficiency to individuals receiving both Medi-Cal and Medicare to better serve low income seniors and persons with disabilities through the coordination of health care services. The implementation of CCI created a MOE for the Public Authority and IHSS.

Under the Governor's proposal, the discontinuance of CCI would terminate the county Maintenance of Effort (MOE) for IHSS and a 35% county share of all nonfederal IHSS program costs would be reinstated effective July 1, 2017. In addition collective bargaining would be shifted back to the Counties, which has no impact in Stanislaus County since these responsibilities were never assumed by the State. The Governor's Budget proposal recognizes that projected 1991 Realignment revenues for 2017-2018 will not be sufficient to cover this increase and indicates that the Administration would work with Counties to mitigate the cash flow impact of returning to a share-of-costs. Of note, 1991 Realignment revenue funds social service, health, and mental health programs, increasing the IHSS costs would decrease the amount of 1991 Realignment funding available for these programs in future fiscal years. It is important to note that all program mandates remain in effect and no changes are suggested to the mandates in the Governor's Proposed Budget.

As a result of the elimination of MOE, Counties across the State will be forced to dedicate additional General Funds to maintain the programs currently supported with 1991 realignment funds. For Stanislaus County, the local impact in Budget Year 2017-2018 is estimated at approximately $6 million. The figure will grow exponentially in the next five years due to State program changes related to implementation of Fair Labor Standards Act (FLSA) requirements for providers including paid overtime, travel time, wait time, paid sick days, and State minimum wage increases. The following chart displays the details of the IHSS program budget impact with/without MOE from 2011-2012 to 2015-2016 actuals, and projected forward to 2022-2023.




The Mid-Year recommended budget adjustments for IHSS are independent of the significant fiscal restructuring being suggested for next fiscal year. The Mid-Year Financial Report explains the need to increase the current year budget for program expenses under the current funding authority and distinguishes those from the Governor's proposal to restructure the funding for the IHSS Programs in the future.

| Budget Unit | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| CSA - Services & Supports | $0 | ($127,440) | ($127,440) | $0 | Decrease in appropriations to balance within the overall Program Services and Support appropriations and remain within estimated revenues and positive fund balance. |
| CSA - IHSS Public Authority - Administration | $205,118 | $205,118 | $0 | $0 | Increase estimated Federal and State revenue and appropriations to support start-up costs for the Stanislaus Veterans Center. |
| CSA - IHSS Provider Wages | $1,968,938 | $1,968,938 | | | Increase estimated Federal and State revenue and appropriations primarily due to the impacts of increased provider paid hours, authorized cases and overtime costs trending higher than originally projected. |
| **Total** | **$2,174,056** | **$2,046,616** | **($127,440)** | **$0** | |

**Staffing Requests:** The Community Services Agency (CSA) is requesting twenty-three new positions including seventeen in support of the Continuum of Care Reform (CCR) mandates, four new positions in support of the increased workload to In-Home Supportive Services workers, one new position to increase security of Agency networks and provide on-going maintenance to reduce systems failures and one new position in order to ensure compliance with new OMB Super Circular requirements that were enacted in December 2014. The new position requests are described below.

Continuum of Care Reform (CCR):

The Community Services Agency is requesting seventeen new positions in support of the increased workload in all Child Welfare programs as part of the Continuum of Care Reform (CCR) mandates under Assembly Bill 403, enacted on October 11, 2015. The statute to implement CCR was Chapter 773, Statutes of 2015 (AB 403) with the goal of further improving permanency outcomes for youth. CCR eliminates the use of long-term group home care, thereby increasing youth placement in family settings and transforming existing group home care into lower levels of care including local therapeutic foster care home settings, Foster Family Agency (FFA) homes, and Relative Placements to ensure that youth served through Child Welfare and Probation, who reside in foster care placement, live and grow in supportive homes and have the opportunity to develop into self-sufficient, successful adults. All foster youth must be transitioned from group home settings effective January 1, 2017. Implementation is in progress, as the State hasn't developed all of the procedures for the different components of the Continuum of Care Reform and as a result, counties need to start implementing in a thoughtful manner. Extensions are being granted to group homes for implementation. Other provisions of the CCR are being implemented on a pilot basis and involve work with group homes and other agencies. The mandate is clear that these changes are to be implemented. The comprehensive reform includes the following mandates:

- Using a comprehensive initial child assessments;
- Expanding the use of Child and Family Teams (CFT) and CFT meeting;
- Increasing the availability of services and supports in home-based family care settings;
- Reducing the use of group home placement settings. Children who cannot be safely placed in a family can receive short-term, residential care with specific plans and intensive therapeutic and services and support transition to a family setting;
- Creating faster paths to permanency, thus shortening the youth's involvement in the child welfare and juvenile justice systems; and
- CCR also requires oversight, accountability and performance measures.

Since the enactment, the Department has been developing strategies to engage in a more comprehensive approach to CCR thereby reducing the number of youth who remain in a congregate care setting. These strategies include the recruitment of foster families to increase the use of home-based family care, the development of policies and procedures to facilitate Child and Family Team meetings, implementation of new foster care home based rate structures, and a staffing assessment to determine appropriate and necessary staffing levels. On January 30, 2015, the Systems Improvement Plan (SIP) set the stage for developing the phased approach strategy for this new mandate. In Final Budget 2016-2017, the Board of Supervisors approved 23 positions for the first phase to meet this new mandate. As previously reported to the Board of Supervisors a phased approach to staffing would be brought forward by CSA as the Agency continues to receive information and respond to the impacts of CCR.

Based upon current workload analysis, additional staffing is requested at Mid-Year: one Social Worker Supervisor II position, nine block-budgeted Social Worker V positions, one Administrative Clerk II position, two Administrative Clerk III positions, two Legal Clerk IV positions, and two Stock Delivery Clerk II positions. Social work crosses over all parts of CSA's mandated services and the additional recommended positions implemented at Mid-Year will provide CSA the opportunity to better meet the increased demands required by this mandate. The Chief Executive Office recommends the increased staffing based on a thorough review by the CEO team of the work load and work demands created by the CCR mandate. The Agency continually recruits for staff, particularly for Social Workers. The Agency will seek the opportunity to capture the May 2017 Master in Social Work (MSW) graduates to fill these critically needed positions. The additional positions are funded with Federal, State and 2011 Realignment and no budget changes are needed for the additional recommended staffing.

In-Home Supportive Services (IHSS):
The Agency is also requesting four block-budgeted Social Worker II positions for In-Home Supportive Services (IHSS). The new positions will support existing IHSS program mandates including the increase in workload attributed to the implementation of FLSA. The agency remains out of compliance and will be on a corrective action plan if the trend is not reversed. These positions are needed to ensure the Agency comes into compliance with the existing mandated 80% annual reassessment rate and meet the program's mandated needs for the current fiscal year.

IHSS is required by the California Department of Social Services (CDSS) to do a face-to-face interview (reassessment) at least once per year. The purpose of the reassessment is to review the recipient's needs and make adjustment if needed related to the level of service and hours required. CDSS requires that counties maintain an annual reassessment rate of 80% or greater to avoid corrective actions by CDSS. For eight years CSA was able to maintain a reassessment rate of 90%, and received a certificate of recognition from CDSS for their performance. Starting in July of 2015 the reassessment rate began to drop from 94.2% to the November 2016 rate of 68.70%. If the annual reassessment rate does not increase to 80% a corrective action would be imposed by California Department of Social Services (CDSS). In addition there are over 1,100 new applicants who have applied for IHSS services. These are elderly and disabled adults and children in our community who need services are unable to receive those services yet as the Agency is currently six months behind in seeing applicants. The last two CDSS Quality Assurance Monitoring (FY 2014-2015 and FY 2015-2016) visits noted that the local program was not meeting the requirement to see applicants for service within 45 days which is the State of California standard.

The four new IHSS positions will be funded with Federal and State revenue and a mandated Maintenance of Effort (MOE). The IHSS MOE is funded with existing County General fund contribution and there is no additional impact to the General fund.

Other staffing:
The Agency is further requesting one new Systems Engineer II position to increase security of Agency networks and provide on-going maintenance to reduce system failures. CSA has several projects anticipated which are essential to the successful operation of the IT infrastructure, as well as efficient delivery of services to the customers. These projects include:

- Conversion of entire network to active directory from the current aging system, e-directory.
- Installation of external facing servers, for employee smart phone application network access, as well as, customer on-line services.
- Upgrade of existing infrastructure, including replacement of 100 aging switches and routers
- Installation of additional tapeless back up system
- Conversion to virtual servers
- Disk Encryption Technology to protect the data stored on a hard drive.

The past few years have brought significant new mandated program growth to the Agency. CSA's System Engineers are stretched beyond capacity to ensure timely, efficient and secure delivery of services. This System Engineer position will support the additional projects, move and/or creation of CSA outstations; ensure on-going improvement in security, and upgrades of aging infrastructure. This position will be funded with Federal/State/County revenues, with a County share of approximately 3% or $3,000. The Agency is not requesting any additional General funds.

Lastly, the Department is requesting one new Staff Services Analyst position to ensure compliance with the new Office of Management and Budget (OMB) Super Circular requirements that were enacted in December

2014. The need for the additional Staff Services Analyst position is due to the new audit guidelines contained within the OMB Super Circular. The Super Circular areas of potential impact include: indirect cost rates, change from use allowance to depreciation, new procurement rules with a pre-award contractor risk assessment requirement, documentation of compensation of personal services, and sub-recipient determinations that incorporate new monitoring and audit requirements. The new regulations became effective for the Agency on July 1, 2015. The Department is working with the Auditor-Controller's Office, Chief Executive Office (CEO) and County Departments to interpret the Super Circular impacts and next steps for consistency in administration of the new regulations. CSA has identified twelve contracts that qualify as Sub-recipient based upon the guidance provided by the Association of Government Accountants (AGA).

In Fiscal Year 2016/2017 the Community Services Agency contracts with 317 service providers totaling approximately $26,600,000. This includes 12 contracts identified as sub-recipients totaling approximately $1,200,000. The current Contracts Division staffing level is not adequate to perform these additional sub-recipient mandatory program and fiscal monitoring job responsibilities outlined in the Super Circular. The additional Staff Services Analyst position is requested to manage this increased workload. This position will be funded with Federal/State/County revenues, with a County share of approximately 3% or $3,000. The Agency is not requesting any additional General fund.

| COMMUNITY SERVICES AGENCY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Service & Support | 1 | NEW | Administrative Clerk II | Add new position | Administrative Clerk II BB |
| | 2 | NEW | Administrative Clerk III | Add new position | Administrative Clerk III |
| | 2 | NEW | Legal Clerk IV | Add new position | Legal Clerk IV |
| | 1 | NEW | Social Worker Supervisor II | Add new position | Social Worker Supervisor II BB |
| | 9 | NEW | Social Worker V | Add new position | Social Worker V BB |
| | 2 | NEW | Stock Delivery Clerk II | Add new position | Stock/Delivery Clerk II BB |
| | 4 | NEW | Social Worker II | Add new position | Social Worker II BB |
| | 1 | NEW | Staff Services Analyst | Add new position | Staff Services Analyst |
| | 1 | NEW | Systems Engineer II | Add new position | Systems Engineer II BB |
| **CSA CHANGES** | **23** | | | | |
| **Beginning Allocation** | **1108** | | | | |
| **Changes in Allocation** | **23** | | | | |
| **Ending Allocation** | **1131** | | | | |

**Summary of Recommendations:** It is recommended to increase appropriations by $2,046,616, funded by an increase in estimated revenue of $2,174,056, resulting in a decreased use of $127,440 in department fund balance. It is also recommended that the staffing changes described and outlined in the table above be adopted.

# A Strong Local Economy

**COUNTY DEPARTMENTS**

Alliance Worknet
CEO-Economic Development Bank
Library

# A Strong Local Economy

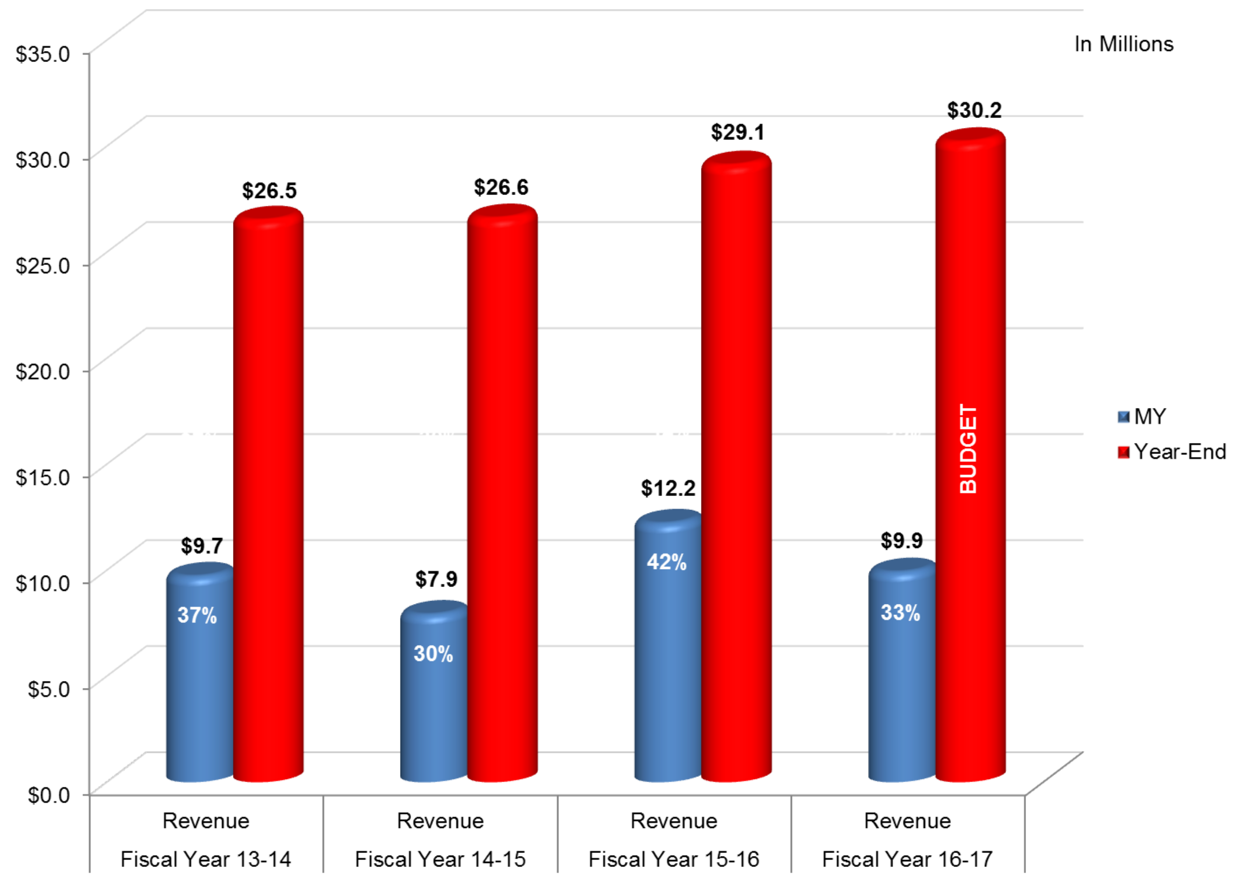
## OVERVIEW

The Board of Supervisors priority area of A Strong Local Economy recognizes the critical role that County government can play in supporting a local economy that promotes, protects, and sustains our agricultural economies while providing for more diversified economic opportunities that will strengthen our local economy and provide for a better, more stable, quality of life for our residents. Supporting job creation, providing a wide range of employment and training services, and educational resources, are key aspects of A Strong Local Economy. Departments and programs assigned to this priority area include: Alliance Worknet, Chief Executive Office - Economic Development Bank, and the Library. The Alliance Worknet's major funding source is Federal funds (Workforce Innovation and Opportunity Act), while the Library is supported by a special 1/8 cent sales tax and a contribution from the General Fund.

## DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy as of December 31, 2016, actual revenue collected is $9.9 million, which represents 33% of the estimated annual revenue. This is within the range when compared to the Mid-Year point of the prior three years when collections ranged from 30% to 42% of the final actual revenue.

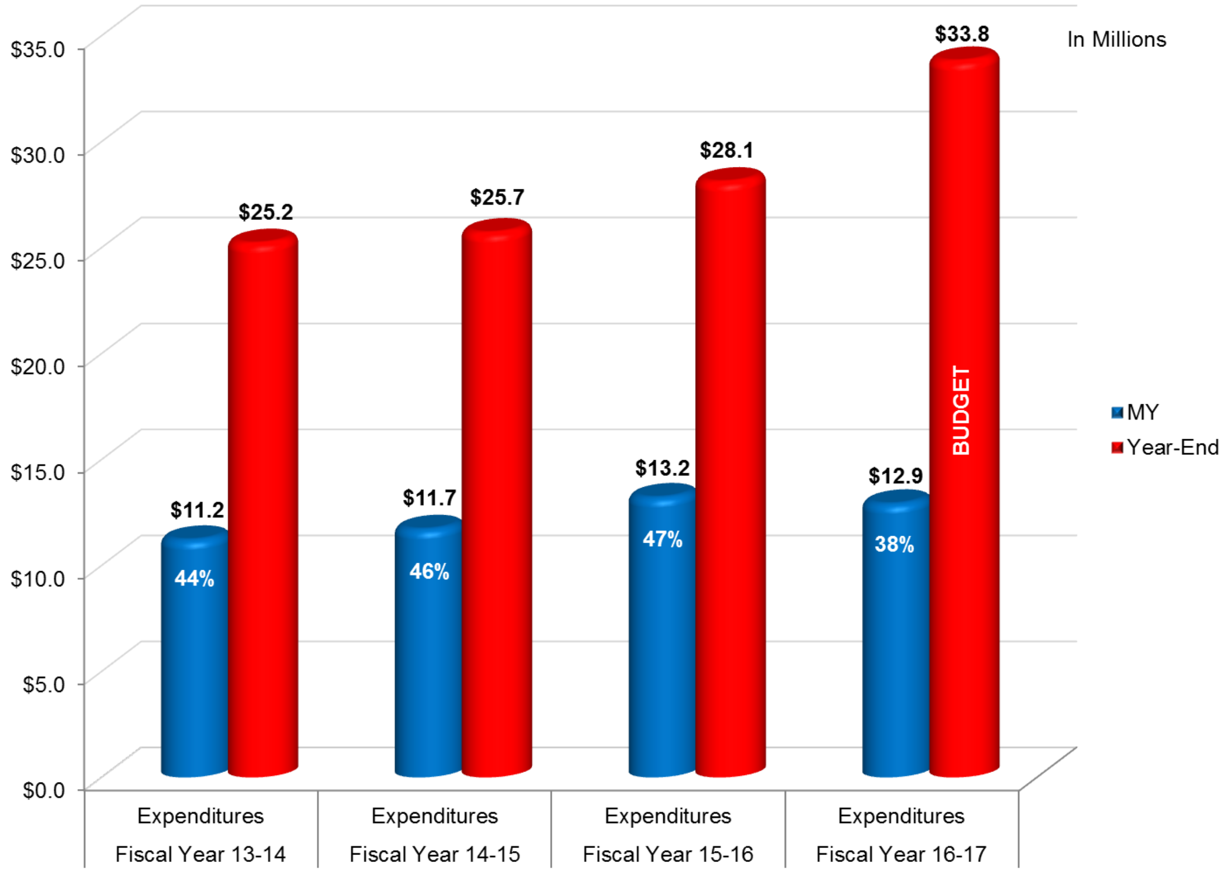
**A Strong Local Economy**
**Four-Year Revenue Comparison**




## DEPARTMENTAL EXPENDITURES

As of December 31, 2016, expenditures are $12.9 million, representing 38% of the budgeted appropriations. Expenditures at the Mid-Year point of the prior three years ranged from 44% to 47% of the final actual expenditures, placing this year below the range. This is primarily due to projects that have been budgeted in the Library which have not been fully expensed and $1.5 million budgeted in the Community Benefit Fund for future projects.

## A Strong Local Economy
## Four-Year Expenditure Comparison




Overall, the departments within A Strong Local Economy are on track to end the year within budget and in a positive fiscal position. The recommendations contained in this report for A Strong Local Economy include an increase in appropriations of $169,972 funded from an increase of $77,624 in estimated departmental revenue resulting in an increase use of $92,348 in departmental fund balance/retained earnings.

**MID-YEAR ISSUES AND RECOMMENDATIONS**

**ALLIANCE WORKNET**

The Alliance Worknet budget is primarily funded with Federal funds stemming from the Workforce Innovation and Opportunity Act (WIOA). The Fiscal Year 2016-2017 Adopted Final Budget included $7,651,083 in estimated WIOA funding. The actual Fiscal Year 2016-2017 allocation is approximately $129,000 less than budgeted, therefore requiring a corresponding reduction in estimated revenue and appropriations.

On June 7, 2016, the Board of Supervisors authorized the Director of Alliance Worknet, or designee, to enter into and sign agreements and contracts to expend Program Year 2016-2017 contracted StanWORKs funds. The Department conducted a Request for Proposal for these services and is now requesting authority to sign the negotiated contract agreements that will be effective from January 1, 2017 through June 30, 2018. Funding for the period of January through June of 2017 is included in the current department operating budget; funding for the period of July 2017 through June 2018 will be incorporated into the Proposed Budget request for Budget Year 2017-2018. The contracts are listed in detail on Attachment C of the Mid-Year Financial Report Agenda item.

| Budget Unit | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Alliance Worknet | ($128,543) | ($129,181) | ($638) | $0 | Reduced estimated revenue and appropriations based on known current year Workforce Innovation and Opportunity Act (WIOA) allocations. |
| **Total** | **($128,543)** | **($129,181)** | **($638)** | **$0** | |

**Summary of Recommendations:** It is recommended to decrease estimated revenue by $128,543 and appropriations by $129,181 in the Alliance Worknet budget. This will result in a decreased use of fund balance in the amount of $638.

## LIBRARY

The Library is requesting an overall increase in appropriations of $299,153 to fund multiple projects, deferred maintenance and other charges. Projects include Electric Vehicle Charging Stations at the Modesto and Oakdale library branches; agreements for tagging Library materials as part of the Radio Frequency Identification (RFID) solution; an architectural plan and furniture for the Modesto Library Maker Space; an expansion of library materials and e-resources; and painting the Modesto Library. Of the $299,153 increase in appropriations, almost $57,000 of it will go towards an increase in Other Charges, which include charges for additional tree trimming and public space improvements; carry forward adjustments; County Counsel charges; and janitorial services. As part of the overall increase in appropriations, Fixed Assets will decrease by $141,944.

Partially offsetting the increase in appropriations is a $206,167 increase in estimated revenue. This increase is mostly due to a quarterly true-up of Sales Tax in the amount of $154,617. Other revenue increases included $21,679 in revenue associated with the Electric Vehicle Charging station project, and a combined $29,871 for additional California Library Literacy funding and various grants.

If approved, the recommendations will increase the Department's use of fund balance by $92,986. As of December 31, 2016, the Department had approximately $10 million in fund balance.

| Budget Unit Name | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Library | $206,167 | $299,153 | $92,986 | $0 | Increase in estimated revenue due to quarterly Sales Tax true-up and other grant revenue. Appropriation increase for multiple technology related projects, expansion of library materials, deferred maintenance projects and Other Charges. This request results in an overall decrease of $141,944 in Fixed Assets. |
| **Total** | **$206,167** | **$299,153** | **$92,986** | **$0** | |

**Staffing Request:** As part of the 2016-2017 Proposed Budget, the Department requested to restore one unfunded Librarian III position. The recommendation in the Proposed Budget was to study the restoration of this position. A study has been completed and based on needs and operation of the Library, it is recommended to restore this position. This position would act as the Modesto Branch Supervisor and allow the current Branch Operations Manager to expand their scope of responsibilities and oversee system-wide projects throughout the Stanislaus County Library system and promote expanded staff development. This position will be funded with Library Sales Tax revenue and fund balance.

| LIBRARY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Library | 1 | 102 | Librarian III | Restore unfunded position | Restore position |
| LIBRARY CHANGES | 1 | | | | |
| Beginning Allocation | 74 | | | | |
| Changes in Allocation | 1 | | | | |
| Ending Allocation | 75 | | | | |

**Summary of Recommendations:** It is recommended to increase appropriations by $299,153, which includes a $141,944 decrease in Fixed Assets, funded by increased estimated revenue of $206,167 in the Library budget. This will result in an increased use of fund balance in the amount of $92,986. It is further recommended that the staffing change described as outlined in the table above be adopted.

# A Strong Agricultural Economy/Heritage

**COUNTY DEPARTMENTS**

Agricultural Commissioner
Cooperative Extension

# A Strong Agricultural Economy/Heritage

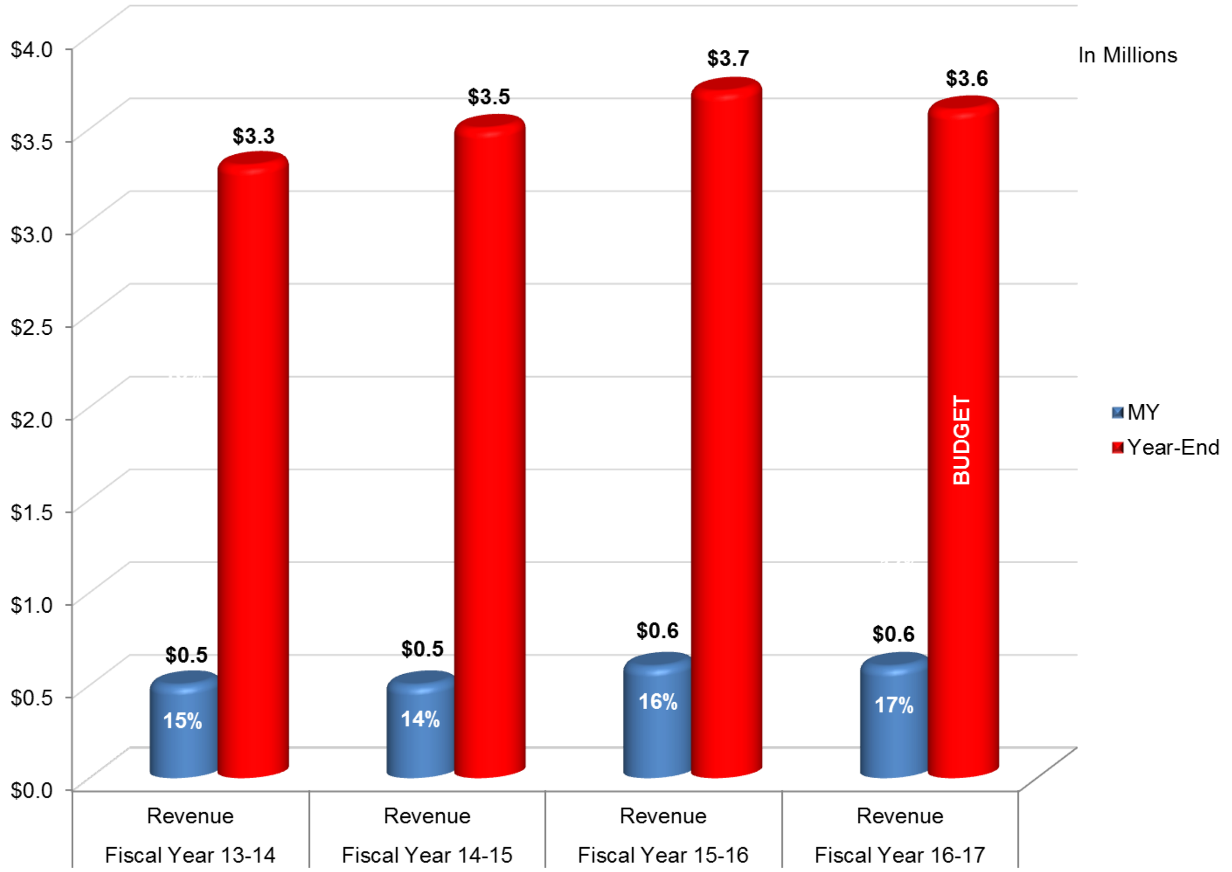
## OVERVIEW

The Board of Supervisors priority area of A Strong Agricultural Economy/Heritage recognizes the vital role of the County's number one industry which generates approximately $3.8 billion a year for County residents. Farmland conversion, air pollution, soil salinity and drainage, agricultural water supply and water quality, and preservation of our unique agriculture heritage are key aspects of A Strong Agricultural Economy/Heritage. Departments assigned to this priority area include: Agricultural Commissioner's Office and Cooperative Extension. The major funding source for these County budgets includes contributions from the General Fund. The Agricultural Commissioner receives State funding for a number of programs as well as charges for specific services. While not part of the County budget, Cooperative Extension's University of California advisors are funded through the University of California system.

## DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage as of December 31, 2016, actual revenue collected is $633,984 which represents 17% of the estimated annual revenue. This is slightly above the range when compared to the Mid-Year point of the prior three years when collections ranged from 14% to 16% of the final actual revenue. This is due to slight increases in Charges for Services and State revenue for the Agricultural Commissioner.

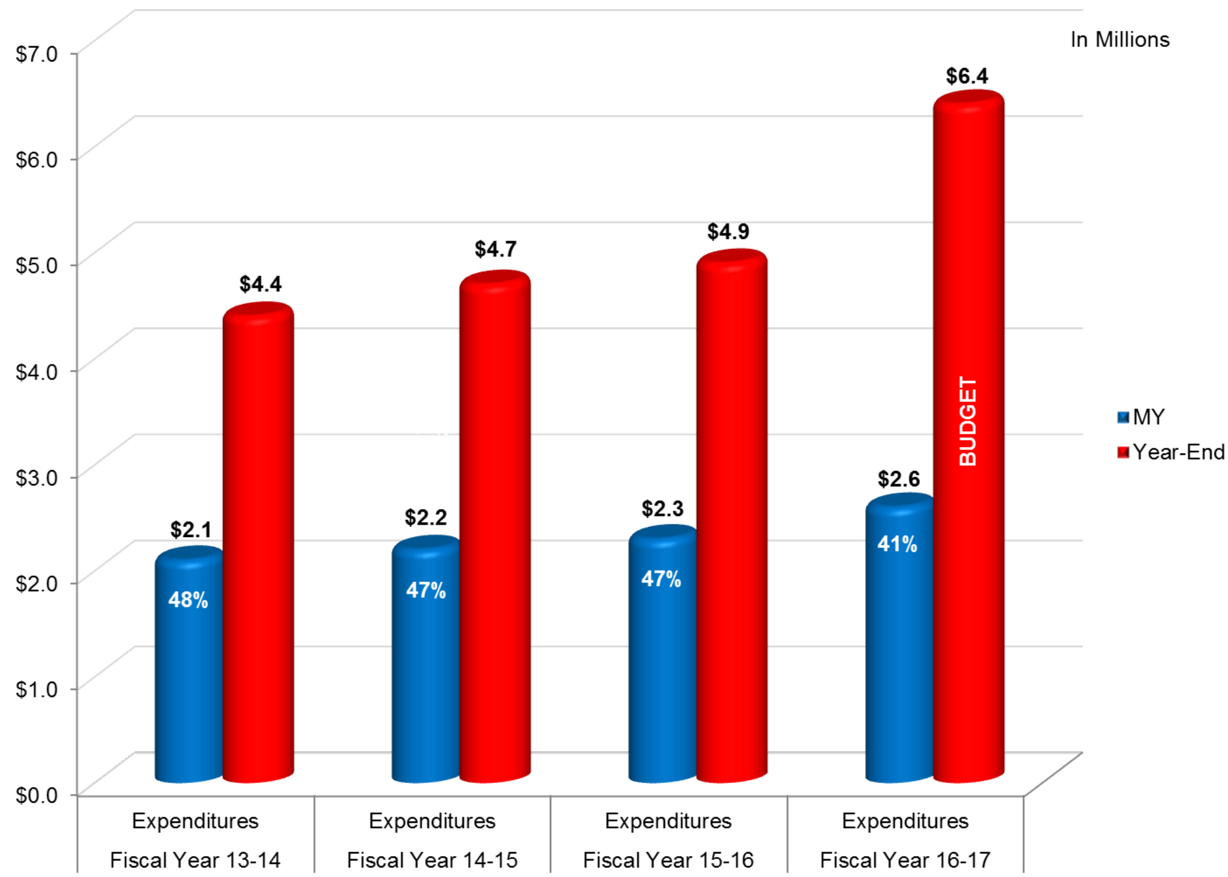
**A Strong Agricultural Economy/Heritage**
**Four-Year Revenue Comparison**




## DEPARTMENTAL EXPENDITURES

As of December 31, 2016, expenditures are $2.6 million, representing 41% of the budgeted appropriations. Expenditures at the Mid-Year point of the prior three years ranged from 47% to 48% of the final actual expenditures, placing this year below the range, which is consistent with departments in this priority who have carried over Net County Cost savings at fiscal year-end in anticipation of funding future increases for salary, health and retirement costs and one-time purchases.

**A Strong Agricultural Economy/Heritage**
**Four-Year Expenditure Comparison**




Overall, the departments within A Strong Agricultural Economy/Heritage are on track to end the year within budget and in a positive fiscal position. The recommendations contained in this report, including technical adjustments for A Strong Local Agricultural Economy/Heritage include a decrease in appropriations of $3,046 and a decrease in estimated revenue of $3,922.

## MID-YEAR ISSUES AND RECOMMENDATIONS

### AGRICULTURAL COMMISSIONER

The Agricultural Commissioner is requesting to transfer $40,000 of Net County Cost savings appropriations from Salaries & Benefits to Fixed Assets for the purchase of three copy machines to replace their current copy machines, which are eight years old. In discussion with General Services Agency Purchasing Division, the life expectancy of a copy machine is approximately eight years and the cost of purchasing versus leasing are nearly the same over the span of eight years.

| Budget Unit Name | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Agricultural Commissioner | | $40,000 | $0 | $40,000 | Transfer $40,000 to Fixed Assets from Salaries & Benefits to purchase 3 replacement copy machines, funded from Net County Cost Savings. |
| Agricultural Commissioner | | ($40,000) | $0 | ($40,000) | Transfer $40,000 from Salaries & Benefits to Fixed Assets to purchase 3 replacement copy machines, funded from Net County Cost Savings. |
| **Total** | **$0** | **$0** | **$0** | **$0** | |

**Staffing Requests:** The Department is requesting to add one new Agricultural Assistant II position. Currently, a licensed Agricultural/Weights and Measures Inspector is performing work that supports the Pest Detection program and other seasonal trapping programs that Agricultural Assistants typically perform. The Department is down three full-time Inspectors and it takes an average of six months to a year for a new Inspector to obtain the licenses and experience to be productive. The shortage of licensed Inspectors is creating a challenge in completing contracts the Department has with California Department of Food and Agriculture (CDFA) and realizing the associated revenue. The workload of the Agricultural Commissioner's office continues to increase and having the ability to move a licensed Inspector from an office position back to a field position would increase the level of customer service the office can provide for those tasks required of a licensed Inspector. It would also allow the Department to maximize the revenue from the contracts with CDFA. This position will be funded 76% by contracts with the California Department of Food and Agriculture and 24% through prior year savings.

| AGRICULTURAL COMMISSIONER STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Agricultural Commissioner | 1 | NEW | Agricultural Assistant II | Add new position | Agricultural Assistant II BB |
| **AG COMM CHANGES** | **1** | | | | |
| **Beginning Allocation** | **37** | | | | |
| **Changes in Allocation** | **1** | | | | |
| **Ending Allocation** | **38** | | | | |

**Summary of Recommendations:** It is recommended to transfer $40,000 in appropriations from Salaries & Benefits to Fixed Assets. It is further recommended that the staffing change described and outlined in the table above be adopted.

## COOPERATIVE EXTENSION

The Department historically receives revenue from their annual almond crop harvest from their demonstration orchard. In the current fiscal year this revenue was budgeted at $3,922; however, due to the low yield the crop was not harvested because the potential revenue of harvesting the crop was not enough to incur the associated costs. Therefore, it is being recommended to reduce estimated revenue and appropriations by $3,922.

| Budget Unit Name | Recommended | | | | Description |
| --- | --- | --- | --- | --- | --- |
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Cooperative Extension | ($3,922) | ($3,922) | $0 | $0 | Reduction estimated revenue and appropriations due to not harvesting almonds. |
| **Total** | **($3,922)** | **($3,922)** | **$0** | **$0** | |

**Summary of Recommendations:** It is recommended to decrease estimated revenue and appropriations by $3,922.

# A Well Planned Infrastructure System

**COUNTY DEPARTMENTS**

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

# A Well Planned Infrastructure System

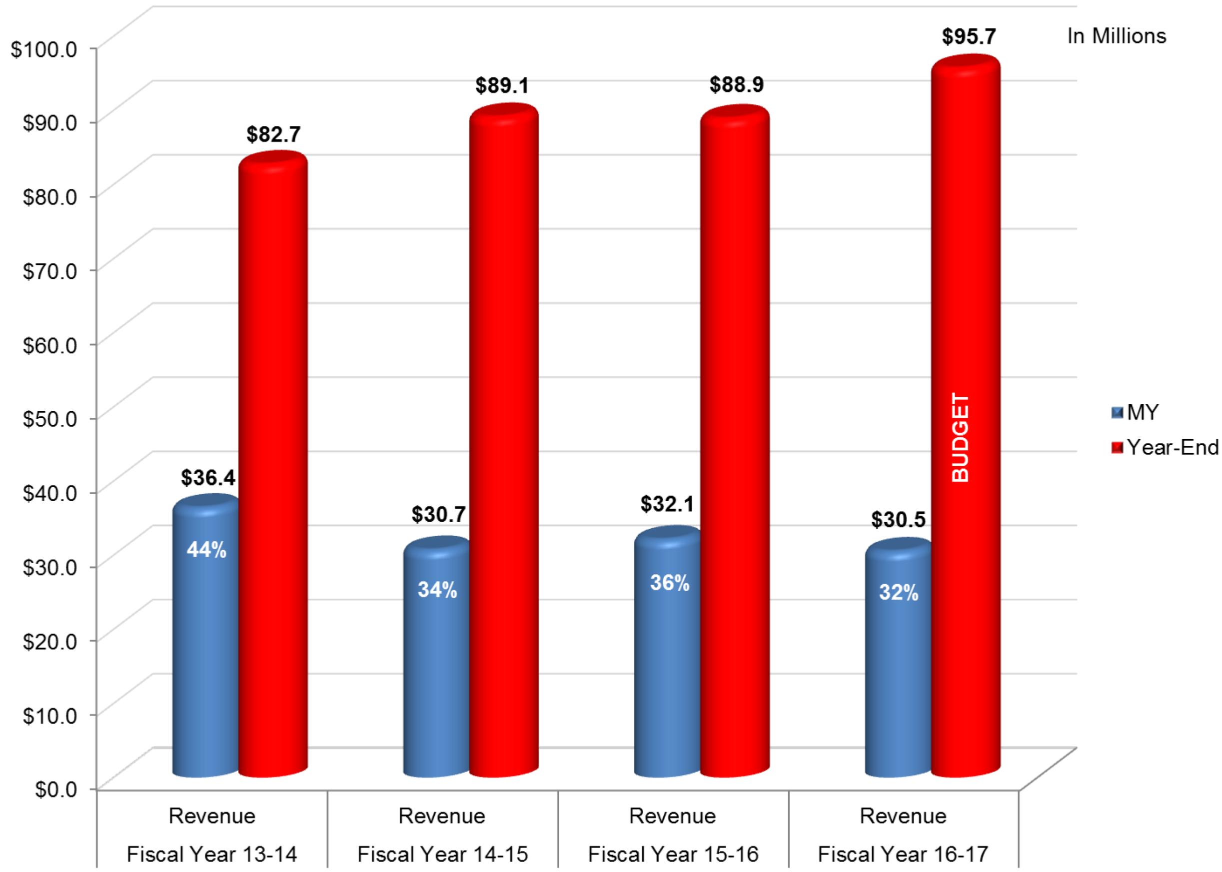
## OVERVIEW

The Board of Supervisors priority area of A Well Planned Infrastructure System is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, recreational opportunities, and regional approaches to transportation circulation are critical to A Well Planned Infrastructure System. Departments assigned to this priority area include: Environmental Resources, Parks and Recreation, Planning and Community Development, and Public Works. The major funding sources for these departments are supported through State and Federal funding, fees and Charges for Services, the General Fund, special revenue grants and tax increment payments.

## DEPARTMENTAL REVENUE

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System as of December 31, 2016, actual revenue collected is $30.5 million, which represents 32% of the estimated annual revenue. This is below the range when compared to the Mid-Year point of the prior three years when collections ranged from 34% to 44% of the final actual revenue. The lower percentage of revenue is due to the completion of the Parklawn Sewer Project last fiscal year.

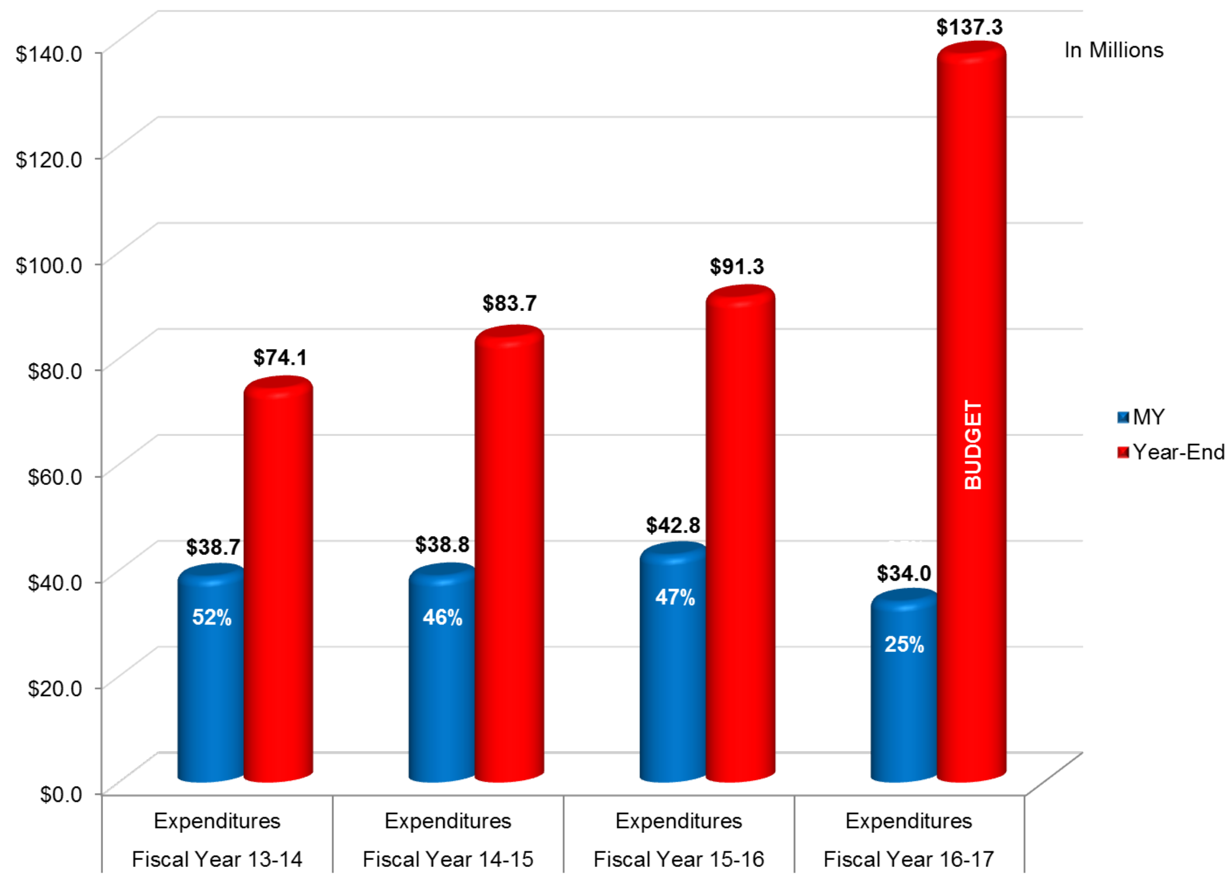
**A Well Planned Infrastructure System**
**Four-Year Revenue Comparison**




## DEPARTMENTAL EXPENDITURES

As of December 31, 2016, expenditures are $34 million, representing 25% of the budgeted appropriations. Expenditures at the Mid-Year point of the prior three years ranged from 46% to 52% of the final actual expenditures, placing this year below the range. The lower percentage is primarily due to the timing of bus procurements and road projects compared to the prior year. Road capital projects are fully budgeted in the current year, however actual expenditures occur over multiple years. Two large construction projects and bridge projects are going out to bid shortly, with contract awards anticipated later this fiscal year.

**A Well Planned Infrastructure System**
**Four-Year Expenditure Comparison**




Overall, the departments within A Well Planned Infrastructure System are on track to end the year within budget and in a positive fiscal position. The recommendations contained in this report, including technical adjustments, for A Well Planned Infrastructure System include an increase in appropriations of $1,755,121, an increase in estimated revenue of $151,753, and an increase of $9,410 in Net County Cost, increasing the use of department fund balance by $1,593,958.

**MID-YEAR ISSUES AND RECOMMENDATIONS**

**ENVIRONMENTAL RESOURCES**

The Department is requesting an increase in appropriations in the amount of $168,750, funded by departmental fund balance, for water resources activities. On December 20, 2016, the Board of Supervisors approved an amendment to the Jacobson, James and Associates contract for groundwater support activities in the amount of $68,750. A budget adjustment was not made at the time of approval.

The Sustainable Groundwater Management Act of 2014 (SGMA) requires the formation of a Groundwater Sustainability Agency (GSA) and the preparation of Groundwater Sustainability Plans (GSP) with a focus on long-term groundwater sustainability. In January and February this year, the Board of Supervisors approved the formation of five GSAs. Once formed, the County's share of the cost associated with the GSP is estimated to be $100,000.

The Department is also requesting an increase in appropriations in the amount of $92,000, to be funded by departmental fund balance, for two fixed asset projects. The Department has an increased need for secure storage space to store items such as confiscated ice chests that are obtained during illegal food vendor patrols, recycling containers, and donated life jackets for the public that visit the reservoirs or attend public safety events. The Department plans to improve an existing open-topped, block wall enclosure directly behind their building by adding improvements such as a roof, weather-proofing, and locking devices for security. The estimated cost of this improvement is $42,000.

Additionally, the Department and the Ag Commissioner's Office have partnered to pave an existing gravel area between the warehouse and the covered parking structure located east of the Stanislaus building and the parking lot directly west of and adjacent to the gravel area. The traffic that travels through this gravel area generates a lot of dust, some of which ends up in the warehouse. Eliminating this dust would greatly benefit the sensitive equipment housed in the warehouse. The total estimated cost is $89,269 and the Environmental Resources Department's portion is approximately $50,000. Fund balance as of December 31, 2016 was $6,974,555.

<u>Code Enforcement Abatement</u>: The Code Enforcement Abatement fund was established to create a specific, revolving fund for the more difficult nuisance cases. Due to a hazardous material clean-up of a nuisance property it was necessary to spend funds from this budget for costs associated with addressing the clean-up. The Department is requesting to increase appropriations in the amount of $6,002, funded by departmental fund balance, to ensure appropriations are available for any unanticipated clean-up costs through the end of the fiscal year. Fund balance as of December 31, 2016 was $117,480.

<u>Fink Road Landfill:</u> The Department is requesting an increase in appropriations in the amount of $850,000, funded by retained earnings, to purchase a new Caterpillar 623 Scraper that will increase operational efficiency at the landfill. A scraper is a key piece of landfill equipment used for daily operations to excavate and haul dirt to cover refuse and ash received at the landfill. The existing scraper, which consists of a heavy duty farm tractor and two pull behind scraper boxes that excavate and carry dirt, has exceeded its life span and is in need of frequent, costly repairs. The existing tractor will initially be maintained as a back-up unit, and ultimately sold if necessary. Fund balance as of December 31, 2016 was $26,916,698.

The County suspended contributions to the Fink Road Landfill Closure Fund for several years during the downturn in the economy. Under the new regional solid waste agreements with the nine local cities, those contributions were to re-start in Fiscal Year 2016-2017 in the amount of $450,000. This was overlooked during the Proposed Budget and needs to be budgeted. Additionally, the Fink Road Landfill makes annual revenue transfers to the Geer Road Closure Fund to support the ongoing Post-Closure Maintenance and Corrective Action efforts at the Geer Road site. This is required under a Pledge of Revenue Agreement with the State. Periodically the cost estimates must be updated, which last occurred in August 2016. The revised estimates require that an additional $151,753 must be transferred by June 30, 2017, which is an increase from $1,203,160 to $1,354,913 annually.

<u>Geer Road Landfill</u>: The Department is requesting an increase in estimated revenue in the amount of $151,753 for increased estimated corrective action costs. This revenue is a transfer from the Fink Road Landfill budget. As stated above the estimated corrective action costs are estimated to be $1,354,913 this fiscal year.

| Budget Unit Name | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Environmental Resources | $0 | $168,750 | $168,750 | $0 | Increase appropriations for costs related to the approved JJ&A contract increase for hydrological services, and the development of Groundwater Sustainability Plans. |
| Environmental Resources | $0 | $92,000 | $92,000 | $0 | Increase in Fixed Assets for secure storage space and onsite paving project. |
| ER - Code Enforcement Abatement | $0 | $6,002 | $6,002 | $0 | Increase appropriations for unanticipated code enforcement cleanup costs. |
| ER - Fink Road Landfill | $0 | $850,000 | $850,000 | $0 | Increase appropriations for the purchase of a new scraper. |
| ER - Fink Road Landfill | $0 | $601,753 | $601,753 | $0 | Increase appropriations for the contribution to Fink Road Landfill Closure and the transfer of an additional $151,753 annually to the Geer Road Landfill Closure. |
| ER - Geer Road Landfill | $151,753 | $0 | ($151,753) | $0 | Increase estimated revenue to recognize revenue transferred in from the Fink Road Landfill for increased closure costs. |
| **Total** | **$151,753** | **$1,718,505** | **$1,566,752** | **$0** | |

**Summary of Recommendations:** It is recommended to increase estimated revenue by $151,753 and appropriations by $1,718,505 in the Environmental Resources budgets. This will result in an overall increased use of fund balance by $1,566,752.

**PARKS & RECREATION**

Regional Water Safety Training Center: The Department is requesting an increase in appropriations in the amount of $27,206 for pool repair and on-going maintenance and operation expenses, funded by departmental fund balance. Fund balance as of December 31, 2016 was $114,915.

| Budget Unit Name | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Parks - Regional Water Safety Training Center | $0 | $27,206 | $27,206 | $0 | Increase appropriations for pool repair and on-going maintenance and operation expenses, funded by departmental fund balance. |
| **Total** | **$0** | **$27,206** | **$27,206** | **$0** | |

**Summary of Recommendations:** It is recommended to increase appropriations by $27,206 in the Parks & Recreation budgets. This will result in an overall increased use of fund balance by $27,206.

**PLANNING & COMMUNITY DEVELOPMENT**

**Staffing Request:** The Department is requesting to restore one unfunded Administrative Clerk III position and reclassify to a Confidential Assistant IV. The Confidential Assistant IV will act as the primary human resources support for the Department, with oversight from the Business Manager. The Department's HR and payroll needs have exceeded the capacity of existing positions and as such are diminishing the effectiveness of existing positions to perform other vital day-to-day operations. The addition of this position will allow the existing Confidential Assistant IV position to act as the Executive Assistant to the Department Head and the Account Clerk and Business Manager to focus on other priority tasks critical to the day-to-day operations of the Department. This position will be funded 50% from special revenue and 50% from the general fund.

| PLANNING AND COMMUNITY DEVELOPMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| **BUDGET UNIT** | **POSITIONS** | **POSITION NUMBER** | **CLASSIFICATION** | **REQUEST** | **RECOMMENDATION** |
| Planning and Community Development | 1 | 3669 | Administrative Clerk III | Restore unfunded position; Reclassify upward | Restore position; Confidential Assistant IV |
| **PLANNING CHANGES** | **1** | | | | |
| **Beginning Allocation** | **34** | | | | |
| **Changes in Allocation** | **1** | | | | |
| **Ending Allocation** | **35** | | | | |

**Summary of Recommendations:** It is recommended that the staffing change described and outlined in the table above be adopted.

# Efficient Delivery of Public Services

**COUNTY DEPARTMENTS**

Assessor
Auditor-Controller
Board of Supervisors
Chief Executive Office
Clerk-Recorder
County Counsel
General Services Agency
Strategic Business Technology
Treasurer-Tax Collector

# Efficient Delivery of Public Services

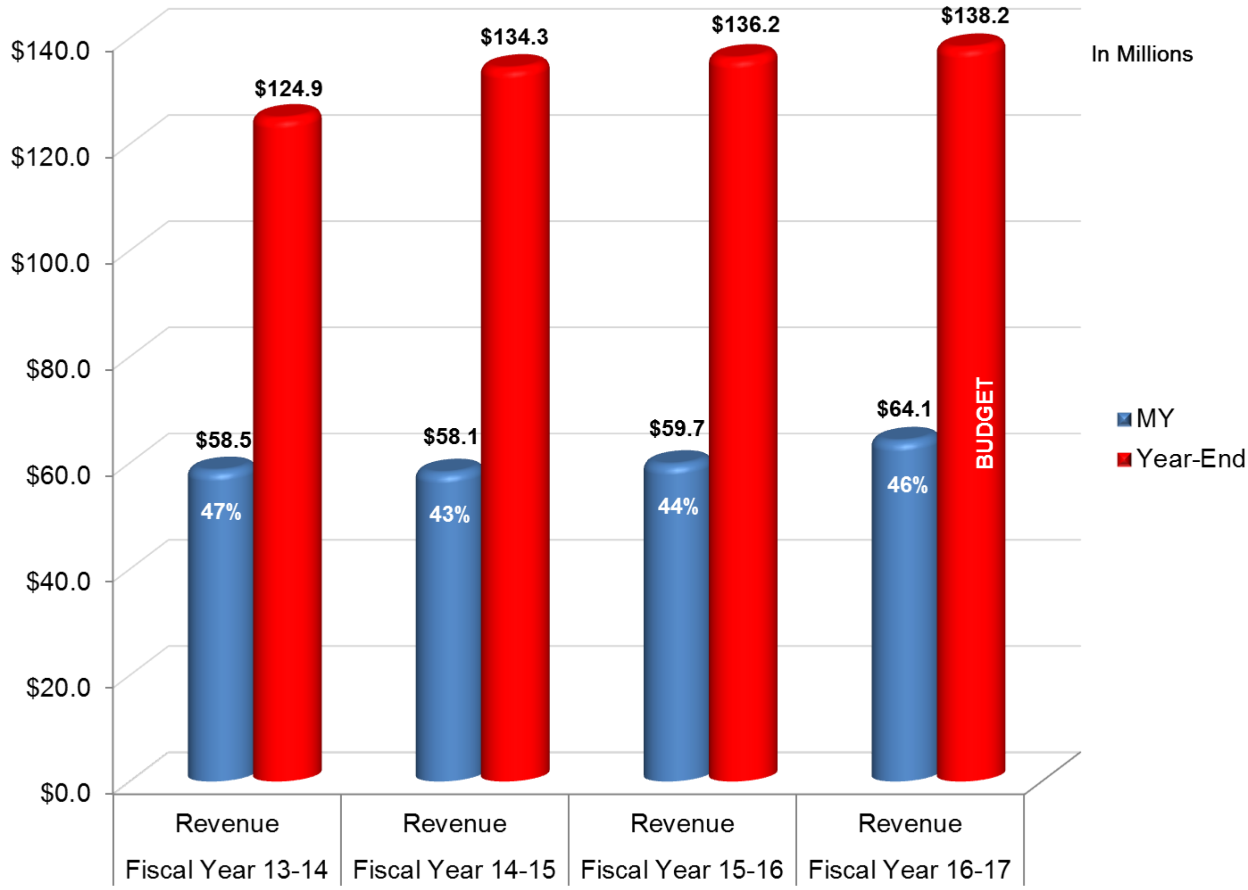
**OVERVIEW**

The public expects government to be responsive to their needs and to conduct business efficiently. County departments provide services to a diverse customer base and to serve these customers efficiently, it is important to consistently understand and review how to improve County services. Departments assigned to the Board of Supervisors priority area of Efficient Delivery of Public Services include: Assessor, Auditor - Controller, Board of Supervisors, Chief Executive Office, Clerk-Recorder/Elections, County Counsel, General Services Agency, Strategic Business Technology and Treasurer-Tax Collector. The revenue used to pay for the majority of these services comes from local taxes such as property tax and sales tax, fees, franchises, charges for services, and a variety of other discretionary sources. A large portion of the Clerk-Recorder is funded through charges for services provided. The General Services Agency and Strategic Business Technology's primary funding source is charging other County departments for the services they provide.

**DEPARTMENTAL REVENUE**

For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services as of December 31, 2016, actual revenue collected totals $64.1 million, which represents 46% of the estimated annual revenue. This is within the range when compared to the Mid-Year point of the prior three years when collections ranged from 43% to 47% of the final actual revenue.

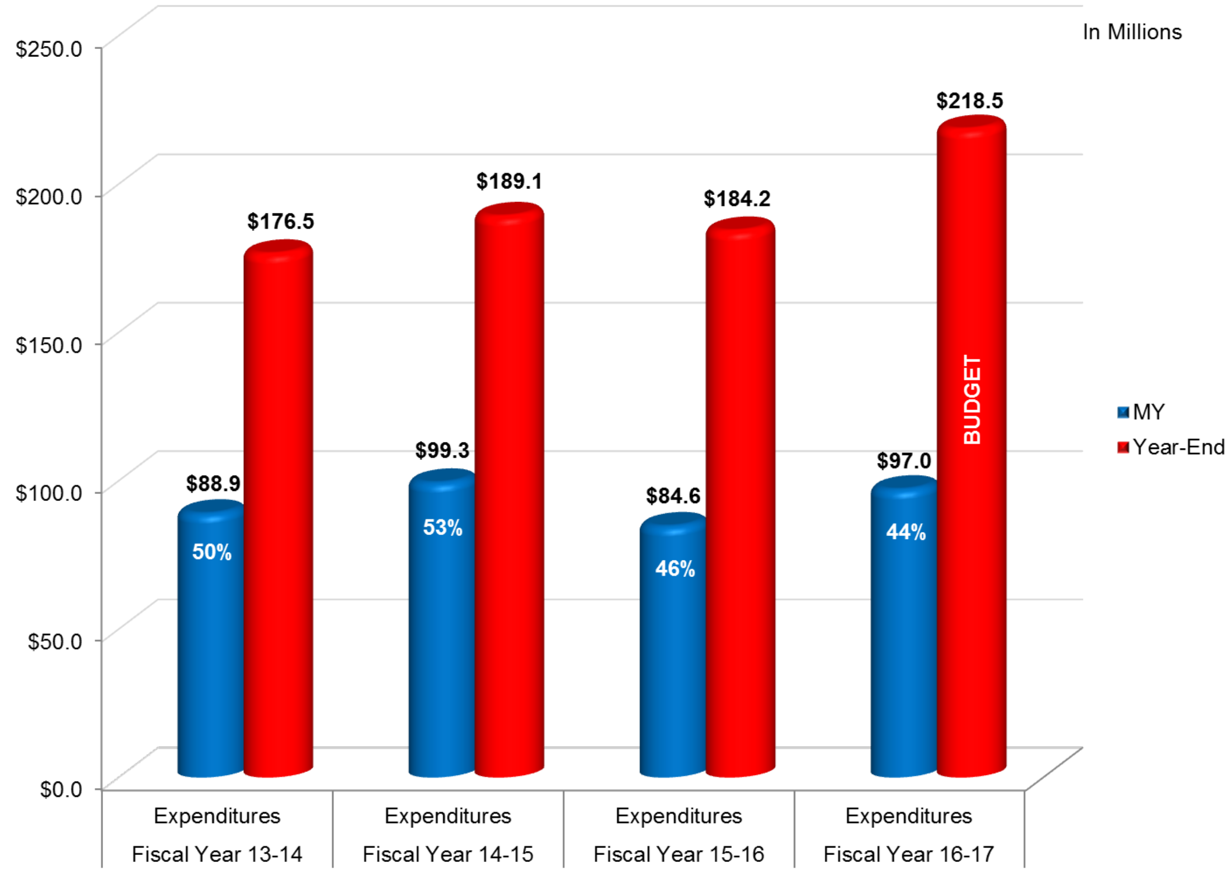
**Efficient Delivery of Public Services**
**Four-Year Revenue Comparison**




## DEPARTMENTAL EXPENDITURES

As of December 31, 2016, expenditures total $97 million, representing 44% of the budgeted appropriations. Expenditures at the Mid-Year point of the prior three years ranged from 46% to 53% of the final actual expenditures, placing this year slightly below the historical range. The lower percentage of expenditures at Mid-Year compared to budget is partially attributable to projects in the Chief Executive Office – Plant Acquisition, Chief Executive Office – County Facilities, and Chief Executive Office – Focus on Prevention budgets that are still in the planning phase and have not expended budgeted funds in the first half of the fiscal year.

**Efficient Delivery of Public Services**
**Four-Year Expenditure Comparison**




Overall, the departments within Efficient Delivery of Public Services are on track to end the year within budget and in a positive fiscal position.

The recommendations contained in this report, including technical adjustments for Efficient Delivery of Public Services include increased appropriations of $4,528,485, funded by an increase in estimated revenue of $3,145,929, a decrease in Net County Cost of $45,218, and an increased use of departmental fund balance of $1,427,774. The use of $21,621 transferred from Appropriations for Contingencies is included and recommended to partially fund a Confidential Assistant III in the Auditor-Controller's office and provide for the additional costs related to the fire agency subsidies for emergency dispatch services.

## MID-YEAR ISSUES AND RECOMMENDATIONS

### AUDITOR-CONTROLLER

The Department is requesting the addition of one Confidential Assistant III position. To support this position, an increase in appropriations of $10,000 is requested for the remainder of the fiscal year, funded by $6,700 in revenue through the cost allocation plan and $3,300 in General Fund contribution. The estimated annual cost for this position is $65,000, with funding provided approximately through 67% cost allocation plan and 33% General Fund Contribution. Existing equipment and application licenses are available and no additional start-up costs are required to support this position.

Additionally, the Department requests an increase in appropriations of $7,200 to purchase six sit/stand stations for staff. This is a one-time cost and serves to provide requesting staff with adjustable work stations in an effort to reduce work-related strain and fatigue.

| Budget Unit Name | Requested | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Auditor-Controller | $6,700 | $10,000 | $0 | $3,300 | Increase in appropriations for new Confidential Assistant III position funded by estimated revenue and Net County Cost. |
| Auditor-Controller | $0 | $7,200 | $0 | $7,200 | Increase in appropriations for sit/stand stations funded by Net County Cost. |
| **Total** | **$6,700** | **$17,200** | **$0** | **$10,500** | |

**Staffing Request:** The Department is requesting to add one new Confidential Assistant III position to support administrative functions for the Auditor-Controller's office. On-going recruitment efforts and personnel functions have absorbed a significant portion of the Confidential Assistant IV's position, who also serves as the Department Head's executive assistant. This position will perform administrative tasks to support the Department staff which includes payroll processing, travel/training arrangements, mail handling, personnel clerical functions, calendaring, and back up support to the Payroll and Accounts Payable divisions. This additional Confidential Assistant position will align the administrative support staff to the level in 2010, before the downturn of the economy. This position will be funded approximately 67% through the cost allocation plan and 33% through General Fund contribution.

| AUDITOR-CONTROLLER STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Auditor-Controller | 1 | NEW | Confidential Assistant III | Add new position | Confidential Assistant III |
| AUDITOR-CONTROLLER CHANGES | 1 | | | | |
| Beginning Allocation | 39 | | | | |
| Changes in Allocation | 1 | | | | |
| Ending Allocation | 40 | | | | |

**Summary of Recommendations:** It is recommended to increase appropriations by $17,200, funded by $6,700 in estimated revenue and $10,500 tra nsferred from Appropriations for Contingencies to cover the costs of a new Confidential III and six sit/stand work stations. It is further recommended that the staffing change described and outlined in the table above be adopted.

## CHIEF EXECUTIVE OFFICE – OPERATIONS AND SERVICES

**Staffing Requests:** The Chief Executive Office Human Resources Division is requesting to study the request to add two new Confidential Assistant positions. Due to the increasing complexities of the human resources function and the growing workforce in Stanislaus County, HR resources in the Chief Executive Office cannot keep up with the needs of the County and serving the 26 County Departments. The HR Division realizes that response times can be slow which in turn impacts the departments' services and operations. In efforts to keep up with the re-growth of the County staffing allocation, on-going labor law changes, and managing the complexities of the human resources function in Stanislaus County, there is a need to study the HR organizational structure and evaluate the HR support resources.

| CHIEF EXECUTIVE OFFICE TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| Operations and Services | 2 | NEW | Confidential Assistant III | Division study | Study |

**Summary of Recommendations**: It is recommended that the staffing change described and outlined in the table above be adopted.

## CHIEF EXECUTIVE OFFICE – COUNTY OPERATIONS

Appropriations for Contingencies: Appropriations for Contingencies serves as a contingency fund for the County to provide sufficient funding for emergencies and unanticipated expenses. Transfers from this fund require a four-fifths vote of the Board of Supervisors. The 2016-2017 Adopted Final Budget included a total of $12,948,261 in appropriations: $5,609,596 in base funding for unexpected fiscal and program financial exposures or emergencies which may occur as a result of the economic decline, reductions in Federal and State revenues, or other program and community needs; and an additional $8.6 million for one-time termination cash-out expenses, 5% vacancy rate rebates to Zero-Based General Fund departments that do not experience vacancies, funding for required additional staffing and operations of the AB 900 Phase II Public Safety Center Expansion Projects, potential costs for expert witnesses needed to support evidence presented for convictions in multi-defendant cases, and funding for the 2016 Presidential General Election.

- As of December 31, 2016, $1,062,960 was transferred for adjustments identified in the First Quarter Financial Report, $90,000 by separate Board agenda item for the economic analysis in response to the San Francisco Bay/Sacramento-San Joaquin Delta Estuary Phase I draft supplemental environmental document, and $134,400 previously approved by the Board of Supervisors for Technology Innovation projects. Since then, transfers have been approved by separate Board agenda items for $563,768 to Jail Medical for an amendment to the agreement with California Forensic Medical Group and $500,000 to County Match for Public Works to fund a Comprehensive Roadway Safety Analysis. Prior to any Mid-Year recommended adjustments, the balance in Appropriations for Contingencies totals $10,597,133.

  At this time, it is requested that Appropriations for Contingencies be decreased by a total of $93,465, transferring funds as follows:
  - $10,500 to Auditor-Controller for new Confidential Assistant III and sit/stand stations
  - $11,121 to CEO-Office of Emergency Services for increased Stanislaus Regional 911 fire dispatch costs associated with the approved fire agency subsidy
  - $71,844 to various departments as a technical adjustment to accommodate changes in Health Insurance and Retirement costs

These actions require a four-fifths vote by the Board of Supervisors. If the requested use of $93,465 is approved, a remaining balance of $10,503,668 would be available for use through June 30, 2017.

| Budget Unit Name | Requested | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| CEO Appropriations for Contingencies | $0 | ($10,500) | $0 | ($10,500) | Transfer from Appropriations for Contingencies to Auditor-Controller for Confidential Assistant III and sit/stand stations |
| CEO Appropriations for Contingencies | $0 | ($11,121) | $0 | ($11,121) | Transfer from Appropriations for Contingencies to CEO - Office of Emergency Services for increased SR 9-1-1 fire dispatch costs |
| CEO Appropriations for Contingencies | $0 | ($71,844) | $0 | ($71,844) | Transfer from Appropriations for Contingencies for increased Health Insurance costs, offset by Retirement savings |
| **Total** | **$0** | **($93,465)** | **$0** | **($93,465)** | |

**Summary of Recommendations**: It is recommended to transfer appropriations of $93,465 from Appropriations for Contingencies, by a 4/5 vote of the Board of Supervisors.

General Fund Match Vehicle License Fee (VLF): It is recommended to increase appropriations and estimated revenue by $2,937,844 million to reflect the increased Vehicle License Fee revenue received.

This budget is a pass-through, sending VLF revenue to the 1991 health realignment programs. With the passage of Health Care Reform and expanded Medi-Cal coverage, adjustments have been made to the programs and their funding at the State level. Two of the programs that have been added in the last few years, Child Poverty and Family Support, do not receive a "base allocation" from the State, making it challenging to project the funds that will ultimately be received for these programs. Finally, growth on prior years' receipts has been distributed to the Counties in the month of December 2016, which was not budgeted.

| Budget Unit | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| CEO- General Fund Vehicle License Fee | $2,937,844 | $2,937,844 | $0 | $0 | Increase revenue and appropriations due to Vehicle License Fee revenue received by the County. |
| **Total** | **$2,937,844** | **$2,937,844** | **$0** | **$0** | |

**Summary of Recommendations:** It is recommended to increase appropriations and revenue by $2,937,844.

Plant Acquisition: In the Fiscal Year 2016-2017 Proposed Budget, the Board of Supervisors approved a new budget for the Stanislaus Veterans Center and the use of $500,000 in one-time funds for start-up costs. This fund is for the one-time expenses for furniture, fixtures and equipment along with the systems needed such as the audio-visual systems, card reader and security alarm, window coverings and other items needed to complete the facility for County use beginning this spring. The revenue increase being requested at Mid-Year is attributed to the Veterans Center partners contributing additional funds for start-up costs related to installation of low voltage wiring for data and telephone connections, employee identification and facility access system, Information Technology (IT) equipment and an audio visual system. The Veterans Center project is in the final stages of completion and it is recommended to increase revenue and appropriations by $200,000 for project expenses. This increase is from partner revenues and does not impact the County's General Fund.

| Budget Unit | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| CEO - Plant Acquisition | $200,000 | $200,000 | $0 | $0 | Increase revenue for Project Expenses for the Stanislaus Veterans Center |
| **Total** | **$200,000** | **$200,000** | **$0** | **$0** | |

**Summary of Recommendations:** It is recommended to increase revenue and appropriations by $200,000 from non-County General Fund sources.

## CEO-RISK MANAGEMENT SELF-INSURANCE FUNDS

Medical Self-Insurance: The Final Budget included estimated revenue and appropriations in the Medical Self-Insurance Program that reflected a contribution of $3 million to retained earnings to fund a claims reserve margin. Due to higher-than-anticipated claim volume in the first half of the year, it is requested to increase appropriations by $1.6 million. This increase can be offset by $200,000 of additional revenue, resulting in a $1.4 million decrease in the amount of retained earnings that will be contributed at year-end. The fund's retained earnings balance as of December 31, 2016 was approximately $2.8 million which reflects a gain of approximately $600,000 since July 1, 2016. If the fund performs as budgeted, the resulting retained earnings balance on June 30, 2017 will be approximately $3.8 million. Consistent with the 2017 rate strategy, the retained earnings balance is expected to produce a $4.6 million claims margin by December 31, 2017.

Other Employee Benefits: The Deferred Compensation Committee issued a refund of $200,000 in administrative fee revenue to program participants in the first half of Fiscal Year 2016-2017. In order to accurately account for the refund, a technical adjustment to the budget is requested that decreases appropriations and estimated revenue by $200,000.

| Budget Unit Name | Requested | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| CEO - RMD Medical Self-Insurance Fund | $200,000 | $1,600,000 | $1,400,000 | $0 | Increase estimated revenue and appropriations to fund increase in medical claims. |
| CEO - RMD Other Employee Benefits | ($200,000) | ($200,000) | $0 | $0 | Decrease estimated revenue and appropriations to accurately reflect the refund of administrative fee revenue to Deferred Compensation Program participants. |
| **Total** | **$0** | **$1,400,000** | **$1,400,000** | **$0** | |

**Summary of Recommendations:** It is recommended appropriations be increased by $1,400,000 funded by $1,400,000 in retained earnings in the CEO-Risk Management Self-Insurance Fund budgets.

## CLERK-RECORDER

The Department is requesting full-time security for its building and perimeter area, which includes Grand Jury and Public Defender departments. The County has provided security to the Clerk-Recorder in the past, but has not been used in recent years. Security concerns in the downtown area have precipitated the need for full-time security to resume. The estimated cost for the remainder of the fiscal year totals $14,159, funded by an increase in estimated revenue. Revenue is tracking higher than expected due to an increase in property recordings. The annual cost for a full-time security guard is estimated at $43,826.

The Division has identified a potential exposure related to salary costs that requires additional review. Based on year-to-date expenditures, the Division is projecting salary costs to exceed budgeted appropriations by approximately $200,000. Further analysis is required in order to ensure that costs have been charged to the appropriate division. Any budgetary adjustments will be addressed in the Third Quarter Financial Report.

| Budget Unit Name | Requested | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Clerk Recorder Division | $14,159 | $14,159 | $0 | $0 | Increase in appropriations to hire a full-time security guard to address ongoing public access safety concerns, funded by an increase in estimated revenue projected in charges for services. |
| **Total** | **$14,159** | **$14,159** | **$0** | **$0** | |

**Summary of Recommendations:** It is recommended to increase appropriations and estimated revenue by $14,159 to cover the cost of a full-time security guard.

**CLERK-RECORDER – ELECTIONS**

The Elections Division has identified an unmet need for the Presidential Election of approximately $150,000. This amount was reserved in Appropriations for Contingencies in the 2016-2017 Adopted Proposed Budget to cover election costs as needed. The Division has since received a State reimbursement for the June 2016 Presidential Primary in the amount of $210,503 that will cover the overage. Additionally, the Division has received $125,000 reimbursement from StanCOG related to Measure L and would like to utilize the increased revenue to address lobby upgrades, automation updates, and the replacement of office equipment. However, the Clerk-Recorder Division has identified a potential salary exposure of approximately $200,000 that requires thorough analysis in order to ensure that costs have been allocated to the appropriate division. Pending this review and detailed revenue analysis, recommendations for any budget adjustments will be reserved for the Third Quarter Financial Report.

<u>Legislative Update:</u> Sweeping legislation from the State will make the future of California elections dependent on a major expansion of vote-by-mail ballots and will close Stanislaus neighborhood polling places, to be replaced by "vote centers" (Elections Codes 3017, 4005, 4006, 15320). Beginning in 2020, Stanislaus County may elect to implement the vote center model. This shift would require Stanislaus County to close approximately 160 poll sites and dismiss 900 volunteer poll workers on Election Day. In their place, the County would be mandated to establish five vote centers between E-10 to E-5 (5 - 10 days prior to Election Day), increase the number of vote centers to 25 between E-4 (4 days prior to Election Day) and Election Day and establish approximately 16 ballot drop boxes throughout the County for voters to cast their vote-by-mail ballots.

A new law, the California Voter Participation Rights Act (Elections Code 14050-14054) limits district and city elections to even numbered years if odd numbered year elections have resulted in a significant decrease in voter turnout, defined as 25% less than the average turnout in that district's previous four statewide general elections. The law requires affected district and cities to move to even numbered year elections by 2022. Stanislaus County has already seen several districts making the move to even numbered year elections.

Effective January 1, 2017, Elections Code 2170 allows individuals to become "conditional voters" by registering to vote up to and including Election Day and cast their votes provisionally. This change will require additional election staff time to research each provisionally cast ballot and additional extra-help staffing to assist in processing voters at the counter, entering affidavits, validating each voter registration, and preparing and counting the provisionally voted ballots.

Impacts from previously enacted changes are being analyzed by the Department. It is anticipated that significant investment in infrastructure will be necessary to provide remotely accessible vote-by-mail systems (Elections Codes 301 and 303.3). Increased costs are also expected in order to provide website accessibility for the visually impaired (Elections Codes 2053 and 13300.7) and ensure the new ballot cure period (Elections Code 3019). Any budgetary impacts will be addressed in the applicable budget year to ensure adequate funding is available to comply with legislative mandates.

**COUNTY COUNSEL**

The Department is requesting the addition of two positions, one block-budgeted Deputy County Counsel V and one Paralegal III. Combined estimated cost for these positions total $54,580 for the remainder of the fiscal year. An estimated $31,656 in charges for services through the cost allocation plan would partially fund the cost of the positions, with the remaining $22,924 covered by salary savings realized through a brief vacancy experienced earlier in the year. The Department anticipates that one-time start-up costs associated with the additions, estimated at $7,100, can be absorbed in the existing budget. No budget adjustment is being requested at this time.

Annual costs for the Deputy County Counsel V and Paralegal III are estimated at $136,546 and $83,072, respectively. Charges for services based on cost allocation would offset any General Fund contribution.

**Staffing Request:** The Department is requesting to restore one unfunded Deputy County Counsel V position to support the County Human Resources Division. Currently there is one Deputy County Counsel position assigned to support Human Resources, but as County-wide staffing levels increase to over 4,300 positions, and emerging law and legislative changes occur that impact county personnel operations, additional support is needed. The new Deputy County Counsel position will provide needed support and legal advice on employment law and other matters that impact the operation of County government. This includes preparing and representing the County in litigation and administrative hearings, preparation of agreements, contracts, resolutions, ordinances, county code, policies, and providing training in areas of employment law or matters impacting County personnel operations. In addition, this position will perform legal research and keep current on case decisions and legislative changes. This position will be funded through charges for services and the general fund.

The Department is also requesting to add one new block-budgeted Paralegal III position to primarily provide support to the new Deputy County Counsel and other attorneys and staff as needed. Duties of this position will include legal research, prepare legal documents, draft discovery requests and responses, file and retrieve legal documents to/from the courts or hearing officers, and retrieve and respond to requests for information and documentation. This position will be funded through charges for services and general fund.

| COUNTY COUNSEL STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT | | | | | |
|---|---|---|---|---|---|
| BUDGET UNIT | POSITIONS | POSITION NUMBER | CLASSIFICATION | REQUEST | RECOMMENDATION |
| County Counsel | 1 | 1543 | Deputy County Counsel V | Restore unfunded position | Restore position |
| | 1 | NEW | Paralegal III | Add new position | Paralegal III BB |
| COUNTY COUNSEL CHANGES | 2 | | | | |
| Beginning Allocation | 14 | | | | |
| Changes in Allocation | 2 | | | | |
| Ending Allocation | 16 | | | | |

**Summary of Recommendations:** It is recommended that the staffing changes described and outlined in the table above be adopted.

## GENERAL SERVICES AGENCY

Facilities Maintenance: The Department is requesting to increase appropriations in the amount of $7,000, funded by department retained earnings, to purchase Global Positioning System (GPS) equipment for 28 vehicles and monthly monitoring charges. The department will participate in the GPS pilot program to launch GPS monitoring of County-owned vehicles, in accordance with the Stanislaus County Global Positioning System Monitoring of County Vehicles Policy. Additionally, the department is requesting an increase in appropriations of $8,000, funded by department retained earnings, for improvements to the work order software. These improvements include streamlining the mobile application created for Maintenance Engineers to improve efficiency while in the field. This includes the ability to see new work orders, add time work orders more easily, and transfer work orders among staff. As of December 31, 2016 Facilities Maintenance retained earnings balance was $738,981.

Fleet Services: The Department is requesting a decrease in estimated revenue in the amount of $12,774 and increase use of retained earnings for two projects that will not be charged to customer departments. On November 22, 2016, the Board of Supervisors approved electric vehicle charging stations to be located at the main Stanislaus County Library. Fleet Services contribution towards this project is $5,274. Additionally, through the County Employee Engagement survey, staff acknowledged the need to store equipment necessary to outfit new Sheriff vehicles and by doing so would improve efficiency and turnaround time. Two existing shipping containers are available for this use and need to be moved from County Center III to Fleet Services at an estimated cost of $7,500, including transportation, grading, and gravel. As of December 31, 2016 Fleet Services retained earnings balance was $1,142,495.

| General Services Agency | Recommended | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| GSA - Facilities | $0 | $15,000 | $15,000 | $0 | Use of department Retained Earnings for the purchase of GPS equipment for GSA Facilities vehicles, and improvements to work order software. |
| GSA - Fleet | ($12,774) | $0 | $12,774 | $0 | Use Fund Balance for electric charging stations at the main Library, and relocation of shipping containers for equipment storage. |
| **Total** | **($12,774)** | **$15,000** | **$27,774** | **$0** | |

**Summary of Recommendations:** It is recommended to increase appropriations by $15,000 and decrease estimated revenue by $12,774 in the General Services Agency budgets. This will result in an increase in the use of departmental retained earnings by $27,774.

## TECHNICAL ADJUSTMENTS

Each year, as the cost of health insurance is known for January of the new calendar year, General Fund departments request adjustments to their budgets to fund the increased costs for January through June of the fiscal year if needed. Funding is set aside in Appropriations for Contingencies for this purpose at the beginning of each fiscal year. In Fiscal Year 2016-2017, health insurance rates increased on average 4.4% on January 1, 2017. Only departments in Phase II of the Net County Cost Savings Program are eligible for increases to their Net County Cost during the fiscal year. The total cost of the health insurance increase for Phase II departments was $356,125.

In order to mitigate department increases, a savings in retirement costs will be used to offset health insurance increases. The savings exists because actual retirement rates for Fiscal Year 2016-2017 were lower than the projected rates used for the Proposed Budget. The total retirement savings in Phase II departments was $618,764. The savings in safety retirement rates was much greater than the savings for miscellaneous rates. As a result, retirement savings for the Probation Department and Sheriff's Office were greater than their health insurance increases. The net savings for the two departments totals $334,482. It is not recommended that the Probation and Sheriff budgets be decreased by this amount, however, this funding will be considered as available to offset any future requests by these two departments.

It is recommended that appropriations for the Phase II departments listed in the table below be increased to fund the cost of health insurance increases effective January 1, 2017, offset by savings in retirement costs. Appropriations will be transferred from the Chief Executive Office – Appropriations for Contingencies budget to fund the increases to department budgets.

| Budget Unit Name | Requested | | | | Description |
|---|---|---|---|---|---|
| | Revenue | Appropriations | Fund Balance/ Retained Earnings | Net County Cost | |
| Area Agency on Aging - Veterans Services | $0 | $615 | $0 | $615 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| Assessor | $0 | $13,601 | $0 | $13,601 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| Auditor-Controller | $0 | $10,279 | $0 | $10,279 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| Clerk-Recorder | $0 | $7,964 | $0 | $7,964 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| Cooperative Extension | $0 | $876 | $0 | $876 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| County Counsel | $0 | $4,411 | $0 | $4,411 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| District Attorney | $0 | $13,646 | $0 | $13,646 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| General Services Agency - Administration | $0 | $1,492 | $0 | $1,492 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| Grand Jury | $0 | $88 | $0 | $88 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| Parks and Recreation | $0 | $6,162 | $0 | $6,162 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| Planning and Community Development | $0 | $3,248 | $0 | $3,248 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| Public Defender | $0 | $9,462 | $0 | $9,462 | Increase appropriations for the cost of health insurance, offset by retirement savings |
| **Total** | **$0** | **$71,844** | **$0** | **$71,844** | |

**Summary of Recommendations:** It is recommended to increase appropriations by $71,844 in the budgets listed above funded by a transfer from Chief Executive Office – Appropriations for Contingencies.

**Third Quarter Financial Report 2016-2017 –** A series of technical adjustments will be recommended for departments with the Third Quarter Financial Report in order to ensure that the departments end the year in a positive position. These adjustments may include: retirement termination cash outs; vacancy rate rebates for departments that achieved better than 95% success in filling positions; and professional development support consistent with the Board of Supervisors approved rates.

## BUDGET SCHEDULE

The following schedule is recommended for the 2016-2017 Third Quarter Financial Report and the 2017-2018 Proposed Budget:

- February 6, 2017 — Issued 2017-2018 Proposed Budget Part II Instructions
- February 22, 2017 — Issued 2016-2017 Third Quarter Budget Instructions
- March 20, 2017 — Department 2016-2017 Third Quarter Budget Submissions due to Chief Executive Office
- March 27, 2017 — Department 2017-2018 Proposed Budget Part II Submissions due to Chief Executive Office
- May 2, 2017 — Third Quarter Financial Report to the Board of Supervisors
- June 13, 2017 — 2017-2018 Proposed Budget Public Hearing