



# Mid-Year Financial Report July—December 2007

BOARD OF SUPERVISORS

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# Introduction

This is Stanislaus County's 2007-2008 Mid-Year Financial Report for the period of July 2007 through December 31, 2007. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's fiscal status. The report provides revenue and expenditure summaries by each Board of Supervisors Priority and recommends adjustments to County budgets since the adoption of the Final Budget in September 2007.

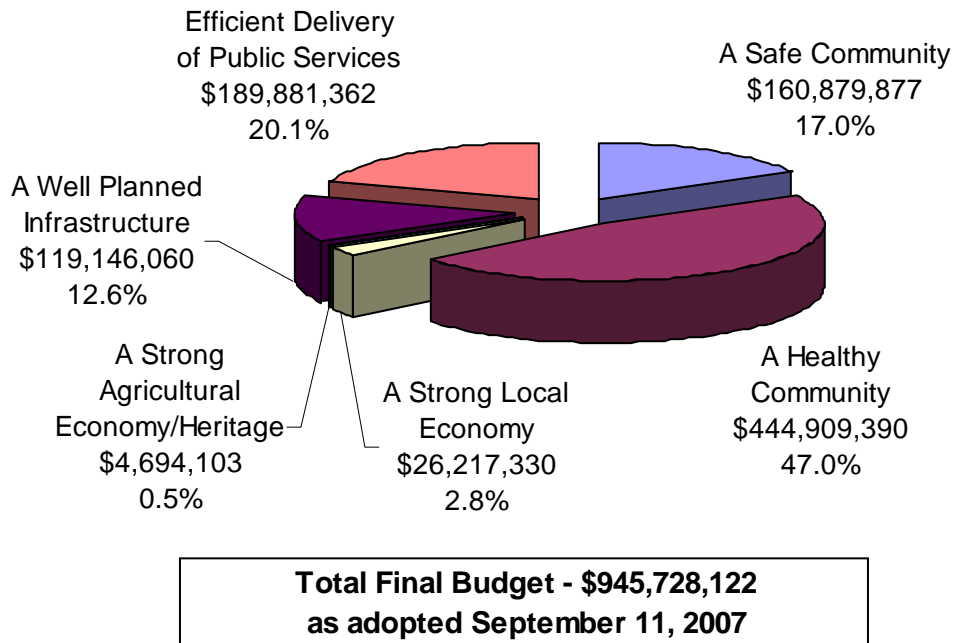
## Summary

On September 11, 2007 the Board of Supervisors adopted the Fiscal Year 2007-2008 Final Budget for Stanislaus County. This spending plan of \$945,728,122 for all funds reflected a decrease of \$622,740 or a six-tenths of a percent decrease from the 2007-2008 Proposed Budget and a 5.1% increase over the 2006-2007 Final Budget. The Final Budget was balanced and used a combination of \$903,268,857 in revenue and \$42,459,265 in fund balance and one-time funding sources. The Final Budget also included designations in the General Fund totaling \$54,610,014.

The County's Final 2007-2008 General Fund budget totaled \$278,815,789, an increase of 2.2% or \$5,895,258 over the Proposed Budget. The Final Budget for Fiscal Year 2007-2008 included \$9.7 million in Appropriations for Contingency funds, set aside for future exposures.

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

## Fiscal Year 2007-2008 Final Budget Expenditures by Board Priority



### BUDGET OVERVIEW

Up to the mid-year point, adjustments bringing forward funds from the previous year along with first quarter adjustments result in an Adjusted Budget. These actions are summarized below.

#### Summary of First Quarter Adjustments

The First Quarter Financial Report included recommendations to increase overall expenditures for all funds by \$13,033,597 and to increase overall revenue by \$12,762,907. The shortfall was funded from \$270,690 of fund balance/retained earnings. The report included recommendations to transfer \$4,222,457 from Appropriations for Contingencies. The largest budget action taken at the first quarter point was an additional one-time allocation of \$4.189 million toward the Health Services Agency Clinic and Ancillary Services. Included in the First Quarter Financial Report were recommendations in *A healthy community* to increase expenditures and estimated revenue by \$12,763,959 and \$12,613,607 respectively. The revenue increase included this \$4,189,655 County Match increase to the Health Services Agency Clinics for the full cost of the Health Services Agency operating deficit. The First Quarter Financial Report included recommendations to add two new positions and delete two positions which resulted in no net change to the total allocated positions of 4,604. In addition, eight positions were recommended to be reclassified.

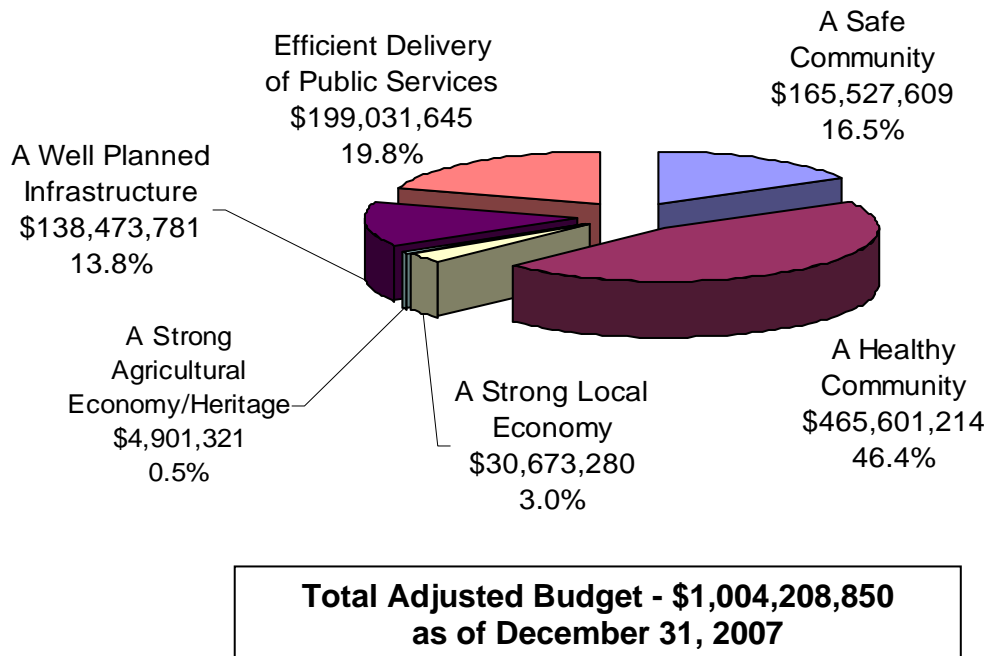
## Summary of Budget Adjustments

The Final Budget is again 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, however, not fully completed. Funding for these projects are reserved or designated by the Auditor-Controller at year-end to ensure these costs are fully funded in the next fiscal year. In addition, throughout the year the Board of Supervisors approves adjustments to Department budgets either through the First Quarter Financial Report or in separate agenda items. The sum of these adjustments through December 31, 2007 total \$58,480,728. This reflects \$34,743,367 in funding that was carried forward and \$23,737,361 in budget adjustments approved by the Board of Supervisors in the current fiscal year through December 2007.

The result of these adjustments made prior to the mid-year review has raised the total county budget to \$1.004 billion in available spending authority in the current fiscal year.

The following chart reflects the adjusted budget now over \$1 billion by Board of Supervisors priority as of December 31, 2007:

### Fiscal Year 2007-2008 Adjusted Budget Expenditure by Board Priority



## Overall Summary of Requested Mid-Year Adjustments

The 2007-2008 Mid-Year Financial Review reflects recommended adjustments, a fiscal review of department budgets, and a cash analysis by fund.

- ◆ Departments requested \$16.7 million in total adjustments in the current year spending plan;

- ◆ The Chief Executive Office mid-year recommendations recommend a total increase in appropriations of \$8,995,480 funded by increased revenue and use of fund balance/retained earnings. The recommendations increase estimated revenue by \$16,729,595 with a positive contribution to year-end fund balance/retained earnings of \$9,960,563 for programs outside the General Fund, due largely to receipt of the proceeds from the sale of the Stanislaus Behavioral Health Center to Doctor's Medical Center;
- ◆ Also recommended are transfers from Appropriations for Contingencies totaling \$2,226,448;
- ◆ Discretionary revenue projections have been re-evaluated and an overall recommendation to decrease discretionary revenue by \$2,597,774 is made to reflect the current worsening economic conditions;
- ◆ Year-end fund balance projections have been prepared and suggest minimal year-end savings to a potential year-end deficit position at the current rate of spending and revenue collections and projections; and
- ◆ Mid-course adjustments are needed now to adjust to the challenging fiscal economic conditions and State budget reductions already underway in the current fiscal year.

Immediate action is needed to create a substantial year-end fund balance for June 30, 2008 to ensure a positive year-end position and assist with what appears to be a significant period of budget reductions over the coming three years.

## CASH ANALYSIS

### General Fund Overall Cash Position

As of mid-year the General Fund cash balance is \$24,551,239 compared to \$38,585,290 for the same period last fiscal year. The \$14 million decrease is primarily due to a program administered by the County, referred to as the Teeter Program, where the County advances the full amount of property taxes due to all public agencies in exchange for the delinquencies and penalties. The dramatic downturn in the housing market and the unprecedented high rate of foreclosures in Stanislaus County have created a significant cash shortfall.

### Special Revenue Funds Overall Cash Position

As of mid-year the Special Revenue Funds cash is at \$62,192,859 compared to \$70,396,254 for the same period last fiscal year. The decreased cash position of \$8.2 million this fiscal year over last year is primarily due to decreases in advanced funds due to delay in payment of Federal and State advances to support mandated programs, transfers of Fund Balance from Special Revenue to Enterprise Funds, as well as payments on outstanding receivables. While this is a cumulative review of all Special Revenue Funds, it is important to note the following:

- ◆ The cash balance of the Community Services Agency is over \$6.9 million, which is approximately \$4 million less than last year and is due to the lag-time associated with the State's reimbursement of claims filed for actual expenditures;
- ◆ The cash balance of the Health Services Agency's Special Revenues Funds is over \$1.1 million, which is approximately \$3.4 million less than last year and is due primarily to the transfer of \$1.7 million from the Public Health Fund balance to the Agency's Enterprise Fund, a transfer of \$1.3 million to the Behavioral Health and Recovery Services to correctly account for SB 90 funds, and a timing lag on receipt of State revenues;
- ◆ While the cumulative cash balance for the Behavioral Health and Recovery Services' special revenue budgets is over \$9.7 million, two budget units have significant changes from the same period last year:
  - 1) The Mental Health cash position has increased from \$5.1 million to approximately \$12 million and is due to receipt of the full annual advance of the State's Early Periodic Screening Diagnostic Treatment program payment;
  - 2) The Managed Care cash deficit of \$4.3 million has grown from a deficit of \$2.5 million and is primarily due to a process change in the timing of reimbursement to the Stanislaus Behavioral Health Center for inpatient costs;
- ◆ The District Attorney Child Abduction Unit has continued to receive SB 90 reimbursement for mandated services reducing the cash deficit from last year's \$888,479 to \$163,283. Overall, the cash deficit position for the DA grants has declined from \$1.3 million to \$312,388. It is worth noting that the negative position is based on the fact that these are cost reimbursement grants; and
- ◆ The Sheriff's Cal-MMET fund was originally established as an interest-bearing fund. The original grant award allowed a 25% advance of the funds for the purchase of equipment and to facilitate the implementation of the program. Any interest earned is considered project income and is to be used for the Cal-MMET program. Since the original advance, all expenditures have been reimbursed on a quarterly basis and an interest expense to the fund has been incurred. Until the fund is changed to a non-interest bearing status the deficit will continue to grow. In addition, the current negative cash position will need to be funded from a source outside of this grant.

#### Capital Projects Funds Overall Cash Position

As of mid-year the Capital Project Funds cash is at \$31,234,311 compared to \$28,822,079 for the same period last fiscal year. The positive \$2.4 million cash position this fiscal year over last is primarily due to an increase to the Redevelopment Agency budget as the result of increased tax increment and interest earned on the bond money received for the Keyes Storm Drainage Infrastructure project.

#### Enterprise Funds Overall Cash Position

As of mid-year the Enterprise Funds cash is at \$34,582,219 compared to \$11,511,762 for the same period last fiscal year. The positive \$23 million cash position this fiscal year over last is due to the actions taken during the previous and current fiscal years to resolve the challenges faced by the health and mental health



systems of the County. While this is a cumulative review of all Enterprise Funds, it is important to note the following:

- ◆ The cash position of the HSA Clinics and Ancillary Enterprise Fund reduced its deficit from \$8,056,036 last year to the current deficit of \$241,902, which is a result of an infusion of General Fund dollars to eliminate the 2005-2006 and 2006-2007 deficits; and
- ◆ The Stanislaus Behavioral Health Center (SBHC) eliminated its cash deficit of \$8,165,428 last year to the current positive balance of \$3,761,501 which is a result of the sale of SBHC to Doctors Medical Center for \$10.9 million that occurred in October 2007.

### Internal Service Funds Overall Cash Position

As of mid-year the Internal Service Funds cash is at \$34,574,692 compared to \$30,376,252 for the same period last fiscal year. The positive \$4,198,440 million cash position this fiscal year over last is due primarily to an increase of \$3,557,325 in the Workers' Compensation Self-Insurance Fund as a result of increased safety awareness and reduction in claims costs. Additionally, 8 of the 13 funds in this group have improved cash positions from last year at this time, which accounts for the additional \$641,115.

There are two funds that carry a negative cash balance. They are Integrated County Justice Information System (ICJIS) (\$125,217) and Purchased Insurance (\$76,242). Revenues for the ICJIS Project are posted in the third quarter of every fiscal year and as a result the fund historically carries a negative cash balance at mid-year. The fund is projected to end the year in an overall positive cash position.

The budget for Purchased Insurance negative cash balance of \$76,242 is the result of posting problems with two revenue sources. Revenue had not been moved into the appropriate accounts in order for it to be recorded. Risk Management and the Auditors Office have now resolved the posting problems and it is expected Purchased Insurance will end the year in a positive cash position.

The Internal Services Funds operated by the Risk Management Division of the Chief Executive Office include funds for Dental Self Insurance, General Liability Self Insurance, Professional Liability Self Insurance, Purchased Insurance, Unemployment Self Insurance, Vision Care Insurance and Workers' Compensation. All of these funds with the exception of Purchased Insurance improved their cash position from this time last fiscal year. In addition to the increase in Workers' Compensation cash, two funds had significant increases, Unemployment Insurance with a \$227,531 increase and Dental Insurance with an increase of \$210,000.



# A safe community

## COUNTY DEPARTMENTS

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

# A safe community

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## 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: Animal Services, 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 EXPENDITURES

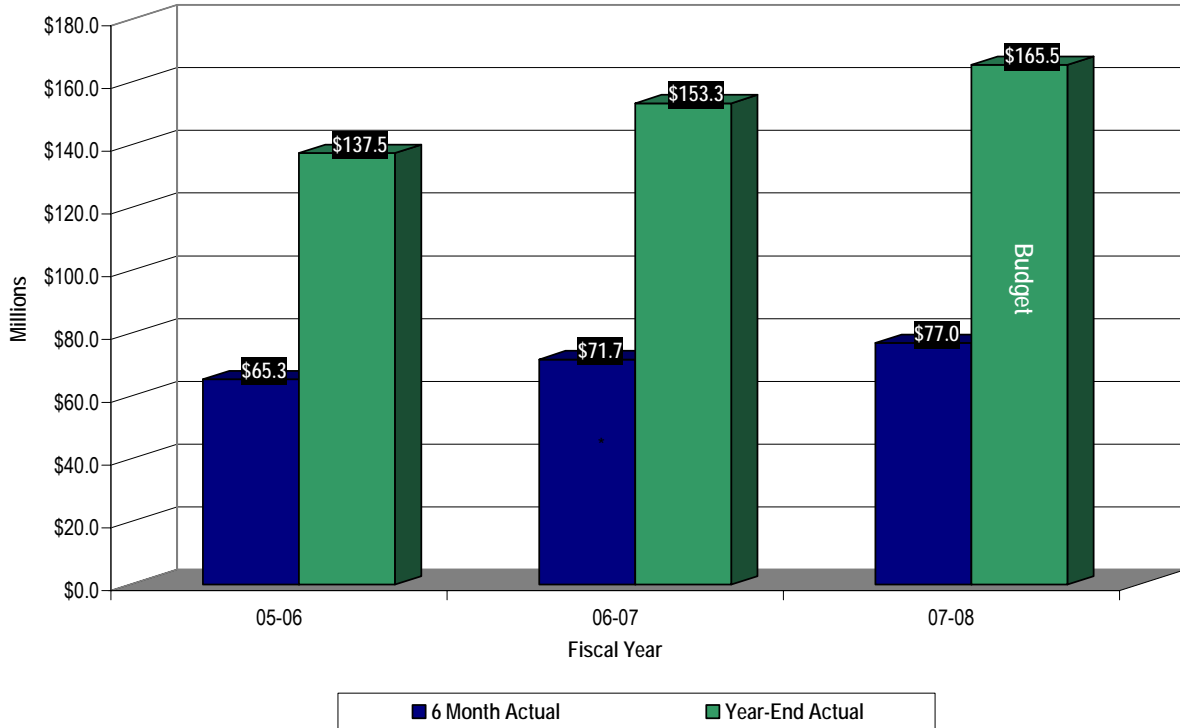
As of December 31, 2007, expenditures for the departmental budgets that are part of the Board of Supervisors priority area of *A safe community* are at \$77 million compared to \$71.7 million for the same time period one year ago. This amount represents 46.5% of the 2007-2008 adjusted budget. Typically, expenditures at this point of the year range anywhere from 46.8% to 47.5% of the total annual expenditures when looking at the previous two years making this year similar to prior years.

Some of the significant variations in departmental expenditures this year, compared to the same time period one year ago include:

- ◆ A combined increase of approximately \$409,427 in all Animal Service budgets. This is primarily the result of the increased use of Stanislaus County Alternative to Euthanasia (SCATE) Program, the spay-neuter voucher program;
- ◆ A combined increase of approximately \$1,081,927 in actual cost over the prior year in Probation's Field Services and Institutional Services budget for increased food, salary, retirement and group insurance cost;
- ◆ An increase of \$544,913 in the Public Defender and Indigent Defense budget as the result of increased salary and benefit cost and increased cost of indigent defense for contract and appointed counsel costs;
- ◆ An increase of \$1,076,436 in the District Attorney's Criminal and Special Operations budget units for increased salary and group insurance cost, additional staff and services and supplies; and
- ◆ A combined approximately \$2.1 million increase in expenditures in the Sheriff's budget unit including Detention, Operations, Ray Simon Training Center, Contract Cities, and other grant funded programs due to the new education agreement for the Ray Simon Training Center, which includes offsetting revenue and increased salary and benefit costs.

The following chart shows a three year period of departmental expenditures, including the current year, for the departments assigned to the Board of Supervisors priority area of *A safe community*.

**A safe community--Departmental Expenditures Three Year Comparison**



## DEPARTMENTAL REVENUE

As of December 31, 2008, revenue for the departmental budgets that fall under the Board of Supervisors priority area of *A safe community* are at \$22.1 million compared to \$22.4 million for the same time period one year ago. This amount represents 46.4% of the 2007-2008 adjusted budget. Typically, revenue at this point of the fiscal year ranges anywhere from 37% to 44.2% of the total year collections, placing this year ahead of the two year average.

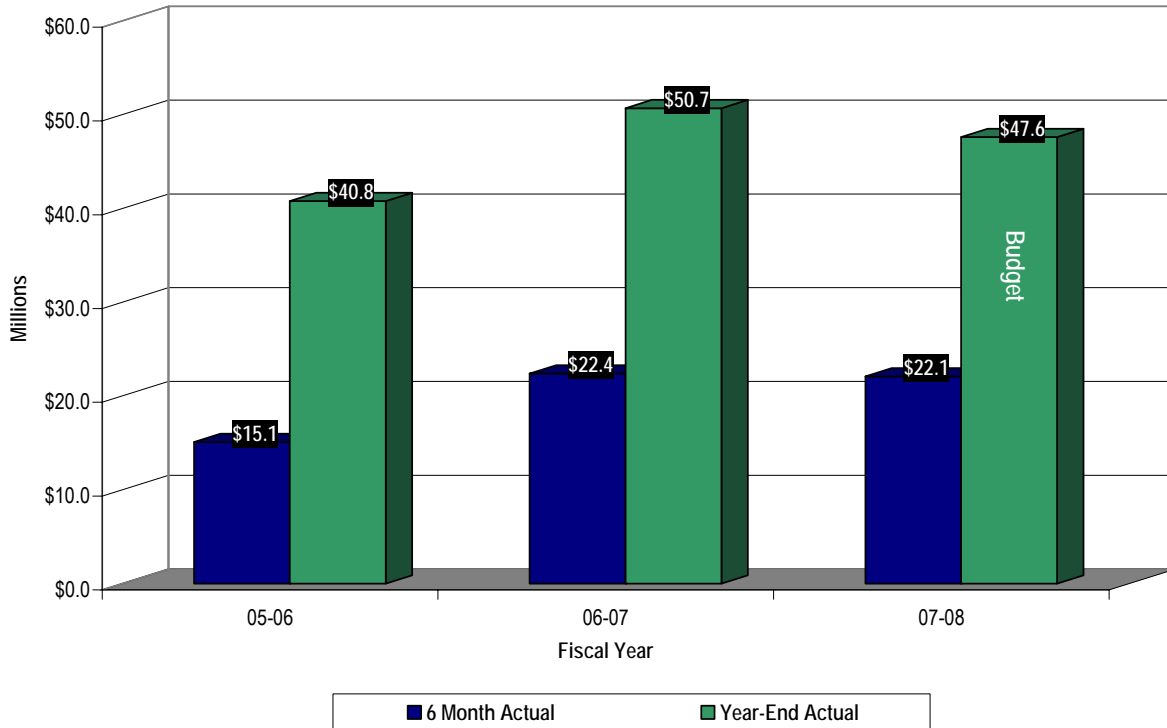
Some of the significant variations in departmental revenue this year, compared to the same time period one year ago include:

- ◆ Approximately \$2.6 million less in revenue in the Animal Services and District Attorney's Grants programs due to a significant one-time payment for prior year claims received from the State last fiscal year for the SB 90 Mandate Reimbursement Program creating significantly lower revenue than prior year actuals;
- ◆ Approximately \$758,922 increase in revenue in the Probation Field Services and Institutional Services budget unit due to an increase in school contracts, revenue from probation fees, collection of care and services fee and a timing issue related to the transfer of IV E funds;

- ◆ A \$93,038 increase in revenue in the Public Defender's Office due to the timing of revenue received and the additional payments from the State for funds earned last fiscal year but not received until this fiscal year;
- ◆ A combined approximately \$2.95 million increase in revenue in the Sheriff's budget units including Detention, Cal-MMET, Inmate Welfare, Ray Simon Training Center, Contract Cities, Drivers Training and Court Security due to increased revenue, timelier claiming and invoicing of budgeted department revenue as well as revenue for additional positions assigned to Contract Cities. This includes a \$320,000 decrease in revenue in the Sheriff Operations budget as the result of the Department not having received any SB90 payments as of December 2007;
- ◆ An increase in revenue of \$102,848 in the Chief Executive Office – County Fire Service fund as a result of a new fee schedule;
- ◆ An approximately \$2 million decrease in revenue is due to the one-time repayment reimbursement to the Courthouse Construction Fund consistent with the audit findings and agreement with the Administrative Office of the Courts reached last fiscal year;
- ◆ Approximately \$117,606 increase in revenue in Chief Executive Office-County Court Funding due to an increase in court fees. This revenue, along with funding from the General Fund is used to fund the County's maintenance of effort obligation for Court facilities;
- ◆ An increase in revenue of \$78,940 in the Chief Executive Office – Criminal Justice Facilities Fund budget due to increased revenue from penalties;
- ◆ An increase of \$77,032 in the CEO-Jail Medical budget due increased reimbursement in the first half of the fiscal year over last year; and
- ◆ An increase in the CEO-Office of Emergency Services revenue of \$87,422 due to the timing of the receipt of a federal grant.

The following chart shows a three year period of departmental revenue, including the current year, for the departments assigned to the Board of Supervisors priority area of *A safe community*:

**A safe community--Departmental Revenue Three Year Comparison**



**ISSUES AND RECOMMENDATIONS**

**ANIMAL SERVICES:** The Department has identified an exposure of \$18,452 due to retirement cashout cost and has requested funding. It is also anticipated that the department may not achieve revenue expectations. It is recommended to further review the departmental revenue exposure at third quarter.

**Trust-Donation:** The Department has identified a shortfall in the Animal Services – Trust Donation due to the additional cost of the SCATE (Stanislaus County Alternative to Euthanasia) program and shortfall in revenue.

For a period of time early in the 2007-2008 Fiscal Year, SCATE (Stanislaus Alternative to Euthanasia) vouchers were distributed over the counter at Animal Services, rather than being available at the monthly clinics. This resulted in veterinary medical bills from private veterinarians far exceeding prior year levels. The County recognizes the value of the SCATE program and the benefits that it brings to the Community. Staff are looking at additional ways to expand the access to a spay and neuter program by partnering with the community in their services and funding. The County recognizes that facility improvements are only part of the solution, and that they need to also focus on programs and prevention to reduce the problem of Pet Overpopulation in Stanislaus County by.

In anticipation of this fiscal impact on the Animal Services-Trust Donation budget, additional funding of \$225,000 was approved at first quarter in order meet the anticipated costs for the first half of the fiscal year. During the mid-year process additional projections have been made and an additional \$50,000 is needed to cover the costs of the SCATE program for the remainder of the fiscal year. These funds are needed for the reimbursement of the spay and neuter surgery portion of the SCATE program.

It is also projected that the department will not realize budgeted revenue in this fund. The Department decreased the number of the canvassing teams in the first half of the year from five to three. The plan is to bring the team back up to five which would increase license revenue by approximately \$30,000. This program also brings awareness to the public about the importance to license pets and the need to spay and neuter their animals. The shortfall in revenue is expected to be \$100,000.

Since it is anticipated that appropriations and revenue will be short \$50,000 to make the budget, it is requested that appropriations be increased by \$50,000 through a cash transfer of \$100,000 from County Match to cover the shortfall in the Animal Services-Trust Donation budget.

Budget Unit	Recommended		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Animal Services	\$18,452	-0-	Appropriations for Contingencies	Increased salary costs for retirement cash out	
Animal Services – Trust Donation	\$50,000	\$100,000-	CEO – County Match	Increase funding for the SCATE program	
Animal Services-Trust Donation		(\$50,000)	Fund Balance	Decrease revenue	
<b>Total</b>	<b>\$68,452</b>	<b>\$50,000</b>			

**Summary of Recommendations:** It is recommended to increase appropriations by \$68,452, of which \$18,452 is funded by a transfer from Appropriations for Contingencies and a revenue increase of \$100,000 through a cash transfer from the Chief Executive Office – County Match. It is further recommended to decrease revenue from dog license differential by \$50,000.

**CHIEF EXECUTIVE OFFICE – COUNTY COURT FUNDING:** A review of this budget has been completed as of mid-year. At this point the court related fine revenue appears to be stronger than in the past years due to the enhanced collection efforts being made by the Court. The additional revenue may require an adjustment to this budget at year-end, to ensure sufficient appropriations are available to make the final payment to the State for the revenue that is shared on a 50/50 basis with the State. It is requested that authorization be given to the Auditor-Controller and the Chief Executive Officer to increase this budget at year-end no more than \$300,000 to ensure the final payment can be made to the State without exceeding budgeted appropriations. Based upon the recommendation of County Counsel, parking fine revenue that

has historically been transferred to this budget, is now being transferred to the Sheriff's Operations budget in accordance with existing law. While it is anticipated the loss of this revenue can be absorbed in this budget in the current fiscal year, it is recommended that the base budget for revenue be decreased in this budget by \$50,000 and increased in the Sheriff's Operations budget as part of the 2008-2009 Proposed Budget issued base adjustments. This ensures there is no increased net county cost associated with the transfer of this revenue.

Building Maintenance charges are exceeding budgeted appropriations and while repairs to the aging Courthouse are the County's responsibility, improvements to the Court space that are not funded by the Court directly need to be reviewed by County staff prior to the work being performed, to ensure this budget remains solvent.

**Summary of Recommendations:** While there are no adjustments recommended at this time, it is requested that authority be given to the Auditor-Controller and the Chief Executive Officer to increase budgeted appropriations and estimated revenue up to \$300,000 by year-end, if necessary, to make the final payment to the State for the 50/50 split of the fine and fee revenue. It is also requested that the revenue issued base amount be decreased for this budget by \$50,000 and increased for the Sheriff's Operations budget by \$50,000 for the 2008-2009 Fiscal Year to reflect the transfer of revenue to the Sheriff that was previously budgeted and received in this budget.

**CHIEF EXECUTIVE OFFICE-OFFICE OF EMERGENCY SERVICES/FIRE WARDEN:** The Office of Emergency Services/Fire Warden (OES) is requesting an increase in appropriations of \$71,967 to accommodate structural salary shortfalls, increased health insurance and retirement costs, and emergency operations center activation costs. Since July 2007, OES has engaged in Emergency Operations Center activations due to the August/September 2007 Heat Incident, the Lick Fire in Stanislaus County, the October 2007 Firestorm in Southern California, and the recent winter weather event in January 2008. There is no funding currently in the OES budget to support these activations.

Additionally, OES is requesting an increase in appropriations of \$8,569 for costs associated with the shared receptionist position at the 3705 Oakdale Road facility. It is recommended to review this request at third quarter. An increase in appropriations of \$142,411 is requested to fully fund the emergency dispatch costs associated with SR911 for county fire agencies. At the time the 2007-2008 Proposed Budget was developed the OES share of cost was calculated incorrectly. This adjustment will correct the budget to accurately reflect the full share of cost for emergency dispatch.

**CHIEF EXECUTIVE OFFICE-COUNTY FIRE SERVICE FUND:** As part of the 2007-2008 Final Budget, the County Fire Service Fund budgeted \$50,000 in fixed assets for the purchase of an electronic records management system for the Fire Prevention program. Since that time, additional research and consultation with the Strategic Business Technology Department indicates the cost of the system will be approximately \$20,000 higher than currently budgeted. The Department is requesting to increase appropriations by \$20,000 in fixed assets to accommodate the purchase of the records management system, and by \$25,000 for increased office equipment, contracts, fuel and repair charges. The County Fire Service Fund is also requesting an increase in estimated revenues of \$45,000 to reflect slightly higher property tax collections and the implementation of the new fire prevention fee schedule.



Budget Unit	Recommended		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
CEO-OES	\$71,967	-0-	Appropriations for Contingencies	Structural salary shortfalls, EOC activations	
CEO-OES	\$142,411	-0-	Appropriations for Contingencies	Emergency dispatch costs	
CEO-County Fire Service Fund	\$45,000	\$45,000	Department Revenue from Property Tax and Fire Prevention Fees	Increase Fixed Assets-equipment; increased equipment costs, contracts, fuel, repairs	
<b>Total</b>	<b>\$259,378</b>	<b>\$45,000</b>			

**Summary of Recommendations:** The recommendations will increase overall department appropriations by \$259,378 and estimated revenues by \$45,000 from department revenues and \$214,378 through a transfer from Appropriations for Contingencies.

**CHIEF EXECUTIVE OFFICE-CAPITAL PROJECTS FUND-CRIMINAL JUSTICE FACILITIES FUND:** A request to increase appropriations in the District Attorney's General Fund budget was made for additional workstations, ergonomic changes and adjustments to existing workstations and for the remodel and addition of workstations at the Department's Juvenile Office. It is recommended that the \$30,700 in one-time funding be authorized from the Criminal Justice Facilities Fund which is an appropriate use of funding for these costs.

Budget Unit	Requested		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
CEO CAPITAL PROJECTS FUNDS Criminal Justice Facilities Fund	\$22,500	\$22,500	Fund Balance	District Attorney Additional workstations and ergonomic changes/ adjustments to existing workstations	
CEO CAPITAL PROJECTS FUNDS Criminal Justice Facilities Fund	\$8,200	\$8,200	Fund Balance	District Attorney Juvenile Office reconfiguration and workstations	
<b>Total</b>	<b>\$30,700</b>	<b>\$30,700</b>			

**Summary of Recommendations:** It is recommended that appropriations be increased by \$30,700. Fund balance is available with no increased net county cost.

## DISTRICT ATTORNEY

**DA-Criminal:** The District Attorney requested funding of \$273,000 in salaries and benefits to cover Cost of Living Adjustments (COLA), equity increases previously approved for the Assistant District Attorney and Chief Deputy District Attorneys positions, termination cashouts, investigators' retirement pickup, health insurance cost increases and costs for an extra-help Real Estate Fraud Investigator. It is recommended that the equity increases, termination cashouts and increases to health insurance costs be funded in the amount of \$147,000 but the COLAs and retirement pickup were funded in the base budget and are not recommended at this time. A recommendation is made to transfer the costs of \$50,000 for the extra-help Real Estate Fraud Investigator to the Real Estate Fraud Special Revenue Fund budget. This allows the costs to be matched to the fund specifically established for the prosecution of real estate fraud activities.

The Department is also requesting to replace a vacant Deputy District Attorney position with a Chief Deputy position to assume public information duties and decrease the staff to supervisor ratio and to replace a vacant Application Specialist III position with a Senior Systems Engineer position. The result is an increase of \$6,500 for the remainder of the year. Further study is needed before these position requests can be recommended.

Additional funding of \$128,700 is requested to cover services and supplies costs. This amount includes a request to retain a forensic accountant with extensive criminal experience for an existing high profile murder case. Also requested are workstation additions and remodel at the Juvenile Office, ergonomic changes and adjustments to existing workstations, and additional workstations for a future Electronic Data Management project. A transfer of unused County Match from the Vertical Prosecution Special Revenue Fund budget is requested to fund increased costs for transcription, witness travel, specialized supplies for investigation and prosecution, ammunition, weapons, fuel and utilities. It is recommended that the forensic accountant position be funded for \$40,000 through a transfer from Appropriations for Contingencies at this time in order to keep pace with the needs of the People vs. Porter case. Also recommended is the funding of the workstations and ergonomic changes that apply to existing workstations and the remodel of the Juvenile Office. These requests are recommended to be funded from the Criminal Justice Facilities budget and will have no effect on the General Fund. The funding of the workstations for the Electronic Data Management Project is not recommended at this time. It is recommended that the unused County Match from Vertical Prosecution be transferred to the Real Estate Fraud budget to cover the investigator costs recommended above.

The final request for the DA-Criminal division is funding of \$40,000 for fixed assets to replace two aging vehicles. It is not recommended that this be funded because of budgetary constraints.

**DA-Auto Insurance Fraud:** The approved grant amount for this program was received after the final budget submission and was higher than anticipated. This additional revenue of \$18,692, along with a transfer of excess appropriations from communication equipment and \$2,590 of program fund balance is requested to offset a request to increase salaries and benefits by \$21,282. It is recommended to fund this request with no increased net county cost.

**DA-Real Estate Fraud:** The downturn in the real estate market has had a direct effect on the funding of this program. An \$86,000 contribution from the General Fund was made as part of the Final Budget adoption to fill the gap caused by decreases in recording fee revenues. Even with this additional General Fund contribution, revenue is projected to fall short of budgeted expenditures by \$64,000 at year-end. In addition, claims of real estate fraud continue to increase the workload and a portion of the costs associated with these cases has been funded in the DA-Criminal General Fund budget. It was requested that \$50,000 from unused County Match in the Vertical Prosecution budget be transferred to the Criminal budget to alleviate the increased investigation costs. It is recommended instead that the actual expenditures in the General Fund be transferred to this budget and that \$90,000 in excess County Match from the Vertical Prosecution budget be transferred here to fund those costs and to cover a portion of the revenue shortfall. It is also recommended that approval be given to use any additional District Attorney Grant Match available at year-end to assist with funding the revenue shortfall.

**DA-Rural Crimes:** After a detailed analysis of grant expenditures and reimbursements from inception of the program in February 2000 through June 30, 2006 it was determined that the District Attorney has been reimbursed in excess of actual expenditures. It is recommended that appropriations be increased by \$53,722 to allow repayment of these over-claimed funds. Fund balance is available for this purpose with no increased net county cost.

**DA-Vertical Prosecution:** It is projected that a majority of the County Match used to balance this budget will remain unused. It is requested that \$50,000 be transferred to the DA-Criminal General Fund to help fund costs associated with specialized costs and supplies. It is recommended that appropriations and estimated revenue be reduced by \$90,000 and the excess match be transferred to fund the Real Estate Fraud program as detailed above.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
DA-Criminal	\$102,000 \$15,000 \$30,000	-0-	Appropriations for contingencies	Health Insurance Termination cashout Equity increases for Asst DA and CDDA	
DA-Criminal	\$40,000	-0-	Appropriations for contingencies	Forensic Accountant	
DA-Criminal	-0-	-0-		Delete one Attorney V position and add one Chief Deputy District Attorney position	Study

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
DA-Criminal	-0-	-0-		Delete one Application Specialist III position, add one Sr. Systems Engineer position, and block-budget one Application Specialist I/II position	Study
DA-Auto Insurance Fraud	\$21,282	\$18,692 \$2,590	Grant Award Fund Balance	Increase salaries and benefits to offset increased grant award	
DA-Real Estate Fraud	\$50,000	\$90,000	Vertical Prosecution Unused County Match	Increase salaries and benefits and accept revenue to partially cover shortfall	
DA-Rural Crime Task Force	\$53,722	\$53,722	Fund Balance	Increase services and supplies to issue refund of overpayment	
DA-Vertical Prosecution	(\$90,000)	(\$90,000)		Decrease salaries and benefits appropriations and transfer County Match revenue to Real Estate Fraud	
<b>Total</b>	<b>\$222,004</b>	<b>\$75,004</b>			

**Summary of recommendations:** It is recommended that a total increase of \$312,004 in appropriations be approved which will be offset by a \$90,000 appropriations decrease resulting in a net increase of \$222,004. Revenue increases of \$18,692 from grant awards, \$56,312 of fund balance and \$187,000 from Appropriations for Contingencies will offset the appropriations increases. The excess \$40,000 from Contingencies will partially cover the \$64,000 revenue shortfall in the Real Estate Fraud budget. Additionally, the addition of a Chief Deputy District Attorney position will be studied, as well as a study of the Department's Information Technology Unit, maintaining the Department's total allocated positions of 148.

**PROBATION DEPARTMENT:** In September of 2007 the State Controller's Office released nearly \$23 million in Youthful Offender Block Grants for counties to implement new juvenile correctional reforms. The approved block grants will allow counties to oversee those offenders with less serious crimes in their home communities and address services for Juveniles housed in State facilities. The funding for Counties is to cover the increased operational cost of maintaining these juveniles in local facilities. The County has received \$278,735 in Fiscal Year 2007-2008 to maintain juveniles returning from the California Youth

Authority (CYA) with increased funding expected in future years. The Probation Department is currently in the process of completing a plan to be submitted to the State identifying how the funds will be spent. Because the County does not currently have a facility that can appropriately maintain this type of juveniles, the County will need to place this type juvenile at commitment facilities outside of Stanislaus County. For those juveniles released to supervision, funds will be used to cover the cost of aftercare, including counseling and drug treatment. These funds in the future may also serve as a source of funding to build a commitment facility locally consistent with the 1996 Juvenile Justice Master Plan. The current Juvenile Justice Needs Assessment Master Plan is in the final process of being completed and will be presented to the Board of Supervisors in the latter part of the fiscal year.

The Chief Probation Officer has requested that the Auditor-Controller and the Chief Executive Officer be given the authority to process future Department requests to transfer appropriations among the three budget units of Administration, Field Services and Institutions in order to ensure these budgets end the year in a positive position.

The Department has requested a title change for Group Supervisors I, II, III and Senior Group Supervisor to Probation Corrections Officer I, II, III and Supervising Probation Corrections Officer which includes a total of 94 positions. This classification title change does not include any changes in the scope and duties of the existing Group Supervisor classifications. A survey was conducted throughout the state to identify classification titles used for employees performing work similar to those of Group Supervisor. As a result of this survey it has been determined the classification title of Probation Corrections Officer I, II, III and Supervising Probation Corrections Officer more accurately reflects the duties.

**Field Services:** The Probation Department is requesting an increase in appropriations of \$130,920 in the Field Services budget in order to cover a shortfall in salary and benefits. This variance is primarily the result of a \$70,939 structural shortfall in retirement benefits and \$59,981 to fund a retirement cashout. Based on salary projections the Field Service's budget for retirement was reduced, but at mid-year, actual costs have been significantly higher than projected. In addition, the Probation Manager's retirement was unexpected and was not included in the Departments 2007-2008 Final Budget. The recommended adjustments will ensure that this budget will end the year in a positive position.

**Institutional Services:** The Probation Department has requested additional appropriations in the Institutional Services budget to cover increased food services cost in Juvenile Hall as a result of increased food costs associated with the increase in the daily population. This request was originally submitted as a critical need in the proposed budget. The Department has since completed the Request for Proposal for food services. A new contract with the current provider of food services, ARC Catering and Specialties resulted in the reduction of the per day cost by \$.08. It is recommended that the expenditures be monitored and reviewed again at third quarter to assess the final impact of the reduction in per day costs.

Retirement costs in the Department's Institutional Services budget have been significantly higher than budgeted in the 2007-2008 fiscal year. Based on salary projections the Institutional Services budget for retirement was reduced between the 2006-2007 budget and 2007-2008 budget, but at mid-year, actual retirement cost have been significantly higher than projected. While the Department has had a higher vacancy rate than projected, the savings will not be adequate to address the retirement shortfall of \$249,620. The recommended adjustments will ensure this budget will end the year in a positive position.

Juvenile Justice Crime Prevention Act (JJCPA): The JJCPA is assigned to the Special Revenue Fund. There has been an increase in the State allocation of \$1,070 to this fund. The Department has requested to increase expenditures and revenue to cover salary and benefit costs in this budget unit.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Probation - Field Services	\$130,920	-0-	Appropriations for Contingencies	Appropriations to fund increased retirement and retirement cashout costs	
Probation - Institutions	\$249,620	-0-	Appropriations for Contingencies	Increased retirement cost	
Probation - JJCPA	\$1,070	\$1,070	Increase in State Allocation	Increase in revenue and expenditures	
<b>Total</b>	<b>\$381,610</b>	<b>\$1,070</b>			

**Summary of Recommendations:** It is recommended that appropriations be increased by \$381,610 through a \$380,540 transfer from Appropriations for Contingencies and a \$1,070 increase in revenue. Additionally, it is recommended Auditor Controller and the Chief Executive Officer be granted authority to approve the Chief Probation Officers request to transfer appropriations among the three budget units of Administration, Field Services and Institutional Services. It is further recommended that the Group Supervisor classification titles I, II, III and Senior Group Supervisor be changed to Probation Corrections Officer I, II, III and Supervising Probation Corrections Officer, maintaining the Department's total allocated positions of 259.

**PUBLIC DEFENDER:** At mid-year the Public Defender's budget is projected to exceed existing appropriations by \$40,400. This shortfall in Salaries and Benefits is the result of increased healthcare cost, an increase in training requirements for Public Defenders and increased salaries.

The Department is requesting to increase revenue from the Administrative Office of the Court for representation in Child Protective Court (CPS) cases by \$27,114. The State had been behind in payments during Fiscal Year 2006-2007 resulting in two months of additional payments in Fiscal Year 2007-2008.

At the end of Fiscal Year 2005-2006 the Board of Supervisors approved the imposition of a \$25 administration fee for each new public defender client as well as those represented by the conflict firms and appointed counsel. This new fee was to be collected by the Treasurer/Tax Collector Revenue Recovery Division and was anticipated to generate revenues that would exceed the cost of collections. Revenue is currently expected to be \$51,000 less than expected and the Department is requesting to reduce revenue by this amount. Revenues from attorney fees are down and costs associated with the collection of those fees have risen. At this time, the Public Defender, Treasurer Tax Collector, County Counsel and the Chief

Executive Office are reviewing options that could increase revenue and will be meeting with Superior Court. It is recommended that the budgeted revenue be reduced.

**Indigent Defense:** This budget supports the payments to the two conflict firms and appointed counsel who represent indigent clients that the Public Defender cannot represent due to a conflict of interest. As of mid-year expenditures and encumbrances are close to exceeding the current budget and are projected to exceed appropriations by \$273,000 at year-end. While certain costs in this budget are authorized by the Court, the Public Defender will be meeting with the Court to identify what cost saving measures can be implemented in order to ensure this budget unit ends the year in a positive position.

The County's contracts with the two conflict firms handling indigent defense terminate at the end of the fiscal year. The County will start the process of negotiating new contracts in the next few months.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Public Defender	\$40,400	-0-	Appropriations for Contingencies	Increase in salary, training and health benefit cost	
Public Defender	-0-	\$27,114	Increase in Revenue	Increase revenue from Administrative Office of the Court	
Public Defender	-0-	(\$51,000)	Decrease in Collection Revenue/Year-End Fund Balance	Decrease revenue	
Public Defender – Indigent Defense	\$273,000	-0-	Appropriations for Contingencies	Increase in expenditures for appointed counsel and other costs	
<b>Total</b>	<b>\$313,400</b>	<b>(\$23,886)</b>			

**Summary of Recommendations:** It is recommended that appropriations be increased through a \$313,400 transfer from Appropriations for Contingencies. This increase should provide adequate appropriations to cover additional salary and benefit cost and cost of Indigent Defense and ensure that the Department will end the year in a positive position. It is further recommended that revenues be decreased by \$23,886 with a net reduction to year-end General Fund fund balance.

## SHERIFF

**Administration:** The Sheriff requested an increase of \$22,000 in salaries and benefits in order to fund cost of living adjustments (COLAs) for Lieutenants, unrepresented management and confidential employees; termination, vacation and holiday cashouts are included as well. It is recommended that COLAs for the Lieutenants and cashouts be funded. The management and confidential COLAs were included in the base budget allocation.

A technical adjustment of \$10,000 is requested and recommended in services and supplies appropriations. This adjustment transfers appropriations from the Operations budget unit to Administration for the pre-placement drug testing of new employees.

The purchase of a router to enhance connectivity between offsite locations and the Operations Center and the purchase of scheduling and project management software comprise a \$152,000 request to increase fixed assets. All of these requests are partially funded by Contract Cities fund balance, however, it is recommended that only the router purchase at a cost of \$20,000 be funded at this time through use of \$6,600 in Contract Cities fund balance and a \$13,400 transfer from Appropriations for Contingencies.

A transfer of \$83,000 in revenue from the Operations budget unit for security alarm registration is recommended.

**Contract Cities:** The City of Patterson has approved funding to add an additional Deputy Sheriff-Coroner to provide vacation and sick time relief in addition to maintaining the minimum staffing requirements of .85 officers per population of 1,000. This ratio is required in the contract between the City of Patterson and the County of Stanislaus. The request to increase salaries and benefits by \$39,217 for the remaining four months of the fiscal year and the \$117,650 ongoing annual cost will be funded by the City. It is recommended that appropriations and estimated revenue be increased by \$39,217.

An increase of \$151,000 to fixed assets is requested to purchase and equip new patrol vehicles. The City of Patterson is requesting one vehicle and two car computers, Riverbank's request is for one patrol and one Chief's vehicle and the City of Waterford is requesting one patrol vehicle. It is recommended to increase appropriations and estimated revenue to fund these requests as full reimbursement will be made by the cities.

**Detention:** The Department has requested an increase of \$28,725 in salaries and benefits in order to fund cost of living adjustments (COLAs) for Lieutenants, unrepresented management and confidential employees as well as termination, vacation and holiday cashouts. The Lieutenant COLAs and termination cashouts are recommended for funding in the amount of \$27,870 but the unrepresented management and confidential COLAs were included in the base budget.

A request for fixed assets totaling \$352,000 includes items for the Public Safety Center, Support Services and the Honor Farm. All of these items have received approval from the Public Facility Fees Committee for partial funding (41% of the total). The requested items are as follows:

- ◆ \$45,000 for electrical work to install Re-therm ovens at the Public Safety Center to accommodate the increase in meals due to the addition of 100 bunks in the spring of 2007;



- ◆ \$80,000 increase for an industrial size dishwasher for the central kitchen. In the Proposed Budget the department received appropriations to purchase a \$20,000 dishwasher. After consulting with three different vendors, it has been determined that the \$20,000 dishwasher will not be able to effectively clean the containers, pots and pans that are used to prepare over 1,665,000 meals annually, for inmates. The proper dishwasher will cost \$100,000, leaving a difference of \$80,000 unfunded in the current budget;
- ◆ \$50,000 to purchase two transportation vans; one for the Public Safety Center and the other for the Honor Farm. With the additional 100 bunks and the increase in the inmate population, there is a need to increase transportation between facilities and to court. In addition the overall decline in the health of the inmate population has increased the number of transportations for medical care; and
- ◆ \$177,000 for security and communication enhancements to the Honor Farm and Barracks 4. The projects consist of a telephone system for the Honor Farm and intercom and security cameras for Barracks 4. This Unit houses the sentenced and un-sentenced inmates. Increased security is necessary to prevent escapes and assaults on both prisoners and staff. These systems will allow staff to communicate between inmate rooms and the deputy station and to be compliant with Title 15 Correctional Standards Authority regulations. In addition, constant visual observation of the perimeter security fence will prevent escapes and deter contraband such as drugs and weapons in and around the facility.

It is recommended that all of these requests be approved for funding at a total cost of \$379,870 and that estimated revenue be increased by \$152,520 from use of Jail Public Facility Fees with the remainder of \$227,350 being funded by a transfer from Appropriations for Contingencies.

**Operations:** In the Final Budget the Sheriff's Department requested that salary savings from 13 vacant positions be used for fixed asset purchases. This request was approved and at this juncture of the fiscal year approximately 95% of the savings has been expended. The Department now has the opportunity to fill six of the vacant positions from the graduating academy class or from lateral transfers from other agencies. It has been requested that \$150,000 of additional funds be granted to fill these positions for the remainder of the fiscal year. In light of the current decrease in Public Safety revenue and the agreement made during the budget process, it is recommended that the Department be given the flexibility to fill these positions from existing appropriations within the Operations current budget. No additional funding is recommended.

An increase of \$177,327 to salaries and benefits is requested to fund cost of living adjustments (COLAs) for Lieutenants, unrepresented management and confidential employees as well as termination, vacation and holiday cashouts. Also included is a request to fund the addition of a new Manager II – Safety position in the Coroner's Division. For the past year the day to day operations of the Coroner's Facility have been supervised by a Deputy Coroner. The incumbent has been receiving assignment pay for these services. In the past, either a Lieutenant or Sergeant had been assigned to supervise the Coroner's Facility but the positions were transferred back to the Patrol Division. The Department recognizes that a stable, management position is necessary for the continued improvement of the Facility. It is recommended that the current Deputy Coroner position be reclassified to Manager II – Safety to be funded within the existing budget. As with the Administration and Detention units it is recommended that COLAs for the Lieutenants and cashouts be funded at a cost of \$134,835 through a transfer from Appropriations for Contingencies. The management and confidential COLAs were included in the base budget allocation.

A technical adjustment in services and supplies is requested and recommended to transfer \$10,000 to the Administration budget unit for the pre-placement drug testing of new employees.

The Sheriff has requested an increase of \$815,000 to fund the purchase of fixed assets. The requested items are as follows:

- ◆ \$400,000 to purchase ergonomic desks and a filing system for the Records Division. Current workstations are not adjustable and do not allow for the various heights of employees. New workstations exceed OSHA standards and will meet the need for years to come. The life expectancy of these workstations is 15-17 years. The Department requests approval to contract with Watson Furniture Group, a preferred vendor on the Federal General Services Administration procurement program, to purchase and install the workstations. Watson previously installed four workstations in the Records Division. The Records Division prepares and stores reports in a central location for the four Contract Cities, Detectives and Patrol. The proposed Kardex Moveable Shelving System would triple the current storage capacity allowing the Records Division to secure files and maintain them in a safe controlled area while being in compliance with current fire code regulations. Kardex is also a preferred vendor on the Federal General Services Administration procurement program and supplied the shelving system for the recent Property and Evidence Room remodel;
- ◆ \$160,000 to purchase and equip four patrol vehicles;
- ◆ \$85,000 to purchase a department wide photo management system. The photo management system will be used by the Identification Unit who process crime scenes, the detectives, patrol, coroner divisions and the four-(4) Contract Cities;
- ◆ \$70,000 to purchase a vehicle for the Bomb Team. The Bomb Team is the department's most utilized special team, averaging 75 calls per year. It is the only bomb team in Stanislaus County and provides support to Merced, Tuolumne and Calaveras counties;
- ◆ \$60,000 to purchase two Ford F150 trucks for the Community Services Officer (CSO); and
- ◆ \$40,000 to purchase a trailer for the Sheriff's Underwater Recovery (Dive) Team. This type of trailer for the Dive Team can be given a twenty (20) year service life, so future replacement can be planned for. A trailer of this type would accommodate the Dive Team for the various types of operations that it undertakes.

Partial funding for all of the requests except for the two Community Services Officer trucks has been identified and approved. \$160,000 of Asset Forfeiture Trust monies is requested to be used to fund the purchase of the four patrol vehicles. \$243,950 of Public Facility Fee (PFF) funding was approved by the PFF Committee to cover 41% of the ergonomic desks and filing system, photo management software system, vehicle for the bomb team and cargo trailer for the dive team. In addition to the PFF funding, \$196,350 from the Contract Cities fund balance will cover 33% of the cost. It is recommended that Fines, Forfeitures and Penalties revenue be increased by \$160,000, Other Financing revenue be increased by \$243,950 and that a transfer from Appropriations for Contingencies in the General Fund pick up the remaining \$154,700 (after the Contract Cities portion is transferred). At this time the two trucks for the Community Services Officer are not recommended.

An additional recommendation is to allow the Department to contract with Kardex Mobile Shelving and Watson Furniture Group for the shelving and ergonomic workstation projects.

**Ray Simon Criminal Justice Training Center (RSCJTC):** The Department is requesting to increase appropriations by \$420,000 for services and supplies. This request will be used to purchase additional ammunition, targets and protective hearing/eyewear, defensive tactic high impact training suits, and foam training baton bags. This will assist in reducing the number of potential injuries to academy recruits during training by providing some of the most advanced training equipment. This request will also be used to fund increases in facility maintenance charges, to lease additional classroom space, and to purchase janitorial and cleaning supplies.

An increase of \$8,000 is requested in Other Charges for costs associated with printing charges for training material and flyers. The Department is also requesting to increase fixed assets appropriations by \$20,000 to perform electrical improvements which will allow the Center to increase classroom space at the training center.

All expenditure increases are fully funded by \$100,000 in increased revenue from Delta College and from \$348,000 in fees charged to students for materials, fingerprints, tuition and ammunition. The Delta College increase is due to an increase in the average student enrollment. The fees charged to students is allowed under the California Education Code, when collecting "reasonable" fees for materials the students can physically take with them from the course. It is recommended to approve all expenditures and to increase Intergovernmental Revenue by \$100,000 and Charges for Services revenue by \$348,000.

**Cal-ID:** The California Identification Program is requesting an increase of \$10,000 to services and supplies. This will allow Cities to be reimbursed for construction costs related to the install of the Live Scan/Live ID lighting, equipment and backgrounds. The program is fully funded by a dedicated revenue source (\$1.00 vehicle registration fee assessment by the State) which was approved by the Board of Supervisors in 1998. It is recommended that this request be funded by existing fund balance.

**California Multi-jurisdictional Methamphetamine Enforcement Team (Cal-MMET):** The State allocation for the Cal-MMET grant is increasing by \$116,514. To equal this award, the Department is requesting an increase of \$82,329 to salaries and benefits, \$26,200 to services and supplies and \$7,985 to other charges. This will cover overtime costs, purchase of training equipment, contracting for wiretap services, training of personnel and reimbursement to the District Attorney for a position assigned to Cal-MMET. It is recommended that each of these requests be approved.

It is also requested that appropriations for fixed assets be increased by \$20,000 for the enhancement of communication equipment. This increase will be funded by an increase of \$11,000 to Miscellaneous Revenues for reimbursement of returned communication equipment and by an increase of \$9,000 to Asset Forfeiture Revenues. It is recommended to approve these requests.

The Cal-MMET fund was originally established as an interest-bearing fund. The original grant award allowed a 25% advance of the funds for the purchase of equipment and to facilitate the implementation of the program. Any interest earned is considered project income and is to be used for a purpose that furthers the objective of the Cal-MMET program. Since the original advance, all expenditures have been reimbursed on a quarterly basis and an interest expense to the fund has been incurred. This deficit continues to grow as long as this grant is handled on a reimbursement basis. It is recommended that the

Board approve the change of this fund from interest bearing to non-interest bearing status. In addition it is recommended that up to \$91,000 be appropriated from County Match to eliminate the current negative interest position which will include interest that accrues until the interest bearing status is changed.

**Drivers Training Program:** There are some substantial changes to the Drivers Training program since the initial budget was approved. The program has been extended to include the police departments of Turlock, Modesto, Ceres, Newman, Oakdale, Citrus Heights, Tracy, Manteca, Ripon and others. In November of 2007 the CA Commission on Peace Officers Standards and Training (POST) authorized the 8 hour Emergency Vehicle Operations Center (EVOC) course as a POST Plan III tuition reimbursable course. As a regional training division the Department hosts the State mandated courses which meet the legal mandates for peace officers throughout the State. In addition to these regional authorized presentations, the Basic Academy class size has been larger than anticipated and the County Probation Department has requested training for 125 of their probation officers.

It is requested that Charges for Services revenue be increased by \$186,330 based on the increase in the number of students. Salaries and benefits appropriations will be increased by \$121,480 to account for EVOC instructional time, Services and Supplies appropriations are increasing by \$4,800 to accommodate the remote location of the facility and Other Charges appropriations will increase by \$60,050 for vehicle fuel, repairs and maintenance performed by Fleet Services. A request for \$20,000 is also being made to fund 50% of a new Equipment Services Technician in Fleet for the remainder of this fiscal year.

The increases to revenue and appropriations are recommended. This is a fee driven program and the General Fund will not be contributing any revenue. However, the new technician position is not recommended. Even if the Drivers Training Program funds 50% of the costs, Fleet Services would then be responsible for 50% of the position that would in turn be charged out to other County departments. Work load may not warrant this addition at this time. It is recommended instead that the Department work with Fleet Services to bring in Extra Help only for the needs of the Drivers Training program.

**Inmate Welfare:** The Department is requesting an increase of \$76,000 to services and supplies appropriations to allow an increase of \$62,000 to the current contract with Legal Research Assoc., an increase of \$4,500 for the lease of a tractor and an increase of \$9,500 for upgrades to the commissary computer system equipment. The legal research contractor provides legal research information to inmates, thereby reducing staff time and the need to constantly replace legal research material in the facilities

A request to increase fixed assets appropriations by \$85,000 is also being made. The purchase of two transportation vans to shuttle inmates and equipment between work locations will cost \$60,000 and \$25,000 is needed to begin expansion of inmate welding and landscaping programs. The initial step would be to relocate the current Welding site from the corner of Crowslanding and Hackett Roads to 436 East Hackett Road, just south of Fleet Services and east of the Maintenance Building. This move would centralize the vocational programs, creating a more secure environment for staff, inmates and the community. The new site would have a gated fence, security alarm, staff office, classroom and proper equipment storage.

It is recommended that all of the appropriation increase requests be approved as existing fund balance is sufficient to cover expenditures that exceed revenue.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Sheriff-Administration	\$4,415	-0-	Appropriations for Contingencies	Lieutenant COLAs Cashouts	
Sheriff-Administration	\$10,000	-0-	Sheriff-Operations	Pre-employment drug testing	
Sheriff-Administration	\$20,000	\$6,600	Contract Cities Fund Balance	Computer router	
Sheriff-Administration	-0-	\$83,000		Transfer of security alarm registration estimated revenue from Operations	
Sheriff-Administration	-0-	-0-		Transfer in one Account Clerk III position	Transfer from Detention
Sheriff-Contract Cities	\$39,217	\$39,217	City of Patterson	Add Deputy Sheriff position to City of Patterson	Add one Deputy Sheriff position
Sheriff-Contract Cities	\$46,000	\$46,000	City of Patterson	Purchase of patrol vehicle and 2 car computers	
Sheriff-Contract Cities	\$65,000	\$65,000	City of Riverbank	Purchase of Chief's and patrol vehicles	
Sheriff-Contract Cities	\$40,000	\$40,000	City of Waterford	Purchase of patrol vehicle	
Sheriff-Detention	\$27,870	-0-	Appropriations for Contingencies	Lieutenant COLAs Cashouts	
Sheriff-Detention	\$45,000	\$18,450	Public Facility Fees and Appropriations for Contingencies	Re-therm ovens at Public Safety Center	
Sheriff-Detention	\$80,000	\$41,000	Public Facility Fees and Appropriations for Contingencies	Industrial dishwasher	

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Sheriff-Detention	\$50,000	\$20,500	Public Facility Fees and Appropriations for Contingencies	2 vans to transport inmates	
Sheriff-Detention	\$90,000	\$36,900	Public Facility Fees and Appropriations for Contingencies	Phone system at Honor Farm	
Sheriff-Detention	\$30,000	\$12,300	Public Facility Fees and Appropriations for Contingencies	Intercom for Barracks 4	
Sheriff-Detention	\$57,000	\$23,370	Public Facility Fees and Appropriations for Contingencies	Security cameras for Barracks 4	
Sheriff-Detention	-0-	-0-		Transfer out one Account Clerk III position	Transfer to Administration
Sheriff-Operations	\$134,835	-0-	Appropriations for Contingencies	Lieutenant COLAs Cashouts	
Sheriff-Operations	(\$10,000)	-0-		Pre-employment drug testing transfer to Admin budget	
Sheriff-Operations	\$400,000	\$296,000	Public Facility Fees 41%, Contract Cities 33%, Appropriations for Contingencies 26%	Ergonomic desks and filing system	
Sheriff-Operations	\$160,000	\$160,000	Asset Forfeiture Trust	4 patrol vehicles	

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Sheriff-Operations	\$85,000	\$62,900	Public Facility Fees 41%, Contract Cities 33%, Appropriations for Contingencies 26%	Photo management software system	
Sheriff-Operations	\$70,000	\$51,800	Public Facility Fees 41%, Contract Cities 33%, Appropriations for Contingencies 26%	Vehicle for Bomb Team	
Sheriff-Operations	\$40,000	\$29,600	Public Facility Fees 41%, Contract Cities 33%, Appropriations for Contingencies 26%	Cargo trailer for Dive Team	
Sheriff-Operations	-0-	(\$83,000)		Transfer security alarm registration estimated revenue to Administration	
Sheriff-Operations	-0-	-0-	Existing Department Appropriations	Reclassify upward one Deputy Coroner position and create a new classification	Manager II - Safety
Sheriff-RSCJTC	\$420,000	\$420,000	Intergovernmental Revenue from Delta College and Student Fees	Ammunition, training materials, safety equipment and building maintenance	

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Sheriff-RSCJTC	\$8,000	\$8,000	Delta College Revenue and Student Fees	Printing services	
Sheriff-RSCJTC	\$20,000	\$20,000	Delta College Revenue and Student Fees	Electrical improvements for modular unit	
Sheriff-RSCJTC	-0-	-0-		Reclassify one Account Clerk III position	Study
Sheriff-Cal ID	\$10,000	\$10,000	Fund Balance	Reimburse agencies for construction costs for Live/ID equipment	
Sheriff- Cal MMET	\$82,329	\$82,329	Intergovernmental Revenue	Increase salaries and benefits for overtime costs	
Sheriff- Cal MMET	\$26,200	\$26,200	Intergovernmental Revenue	Purchase equipment, increase contracts for wiretap services, increase training	
Sheriff- Cal MMET	\$7,985	\$7,985	Intergovernmental Revenue	Reimburse DA for position assigned to Cal-MMET	
Sheriff- Cal MMET	\$20,000	\$20,000	Miscellaneous Reimbursement and Asset Forfeiture Revenue	Enhancements to communication equipment	
Sheriff- Cal MMET	-0-	\$91,000	County Match	Reimburse cost of negative interest amortization	



Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Sheriff-Drivers Training Program	\$121,480	\$121,480	Charges for Services Revenue	Increase to salaries and benefits for increase instructional time	
Sheriff-Drivers Training Program	\$4,800	\$4,800	Charges for Services Revenue	Increase to services and supplies for remote location supplies	
Sheriff-Drivers Training Program	\$40,050	\$40,050	Charges for Services Revenue	Increase to other charges for fleet repairs, maintenance and fuel	
Sheriff-Drivers Training Program	\$20,000	\$20,000	Charges for Services Revenue	Reimbursement to Fleet Services for Extra Help position	
Sheriff-Inmate Welfare	\$14,000	\$14,000	Fund Balance		
Sheriff-Inmate Welfare	\$62,000	\$62,000	Fund Balance		
Sheriff-Inmate Welfare	\$60,000	\$60,000	Fund Balance		
Sheriff-Inmate Welfare	\$25,000	\$25,000	Fund Balance		
<b>Total</b>	<b>\$2,426,181</b>	<b>\$1,982,481</b>			

**Summary of recommendations:** It is recommended that \$2,426,181 in increased appropriations be approved and funded by \$534,700 from Appropriations for Contingencies and \$276,350 of Contract Cities and program fund balance. An additional \$1,615,131 from departmental revenue, including a \$91,000 County Match contribution, includes charges for services, increased grant awards and Public Facility Fees.

Additionally, it is recommended that one Account Clerk III position be transferred from Detention to Administration, one Deputy Sheriff position be added to Contract Cities (Patterson), one Deputy Coroner position be upgraded to a Manager II-Safety and one Account Clerk III position be studied; increasing the Department's total allocated positions to 676.

STANISLAUS REGIONAL 911: The Department has requested to reclassify one Deputy Director of Emergency Dispatch to Lieutenant. This will allow the Sheriff's Department to assist in the management of the Department's operations.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Stanislaus Regional 911	-0-	-0-	Existing Budgeted Appropriations	Reclassify downward one Deputy Director of Emergency Dispatch	Lieutenant
<b>Total</b>	<b>-0-</b>	<b>-0-</b>			

Summary of recommendations: One Deputy Director of Emergency Dispatch position is recommended to be downgraded to Lieutenant, maintaining the Department's total allocated positions of 64.

**SUMMARY**

Overall, estimated revenue and expenditures, at the mid-point of the 2007-2008 Fiscal Year, for the Board of Supervisors priority area of *A safe community* are recommended to increase \$1,666,008 and \$3,701,726 respectively. A total of \$1,648,470 is recommended to be transferred from Appropriations for Contingencies, along with a \$387,248 use of fund balance to cover the increase in expenditures.



# A healthy community

## COUNTY DEPARTMENTS

Area Agency on Aging/Veterans' Services  
Behavioral Health and Recovery Services  
Child Support Services  
Children and Families Commission  
Community Services Agency  
Health Services Agency

# A healthy community

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## 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, 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 EXPENDITURES

As of December 31, 2007, expenditures for the departmental budgets that are part of the Board of Supervisors priority area of *A healthy community* are at \$194.0 million compared to \$186.4 million for the same period one year ago. This amount represents 42% of the 2007-2008 adjusted budget. Typically, expenditures at this point of the fiscal year range anywhere from 43.5% to 44.5% of the total yearly expenditures, bringing this year slightly under the two year average.

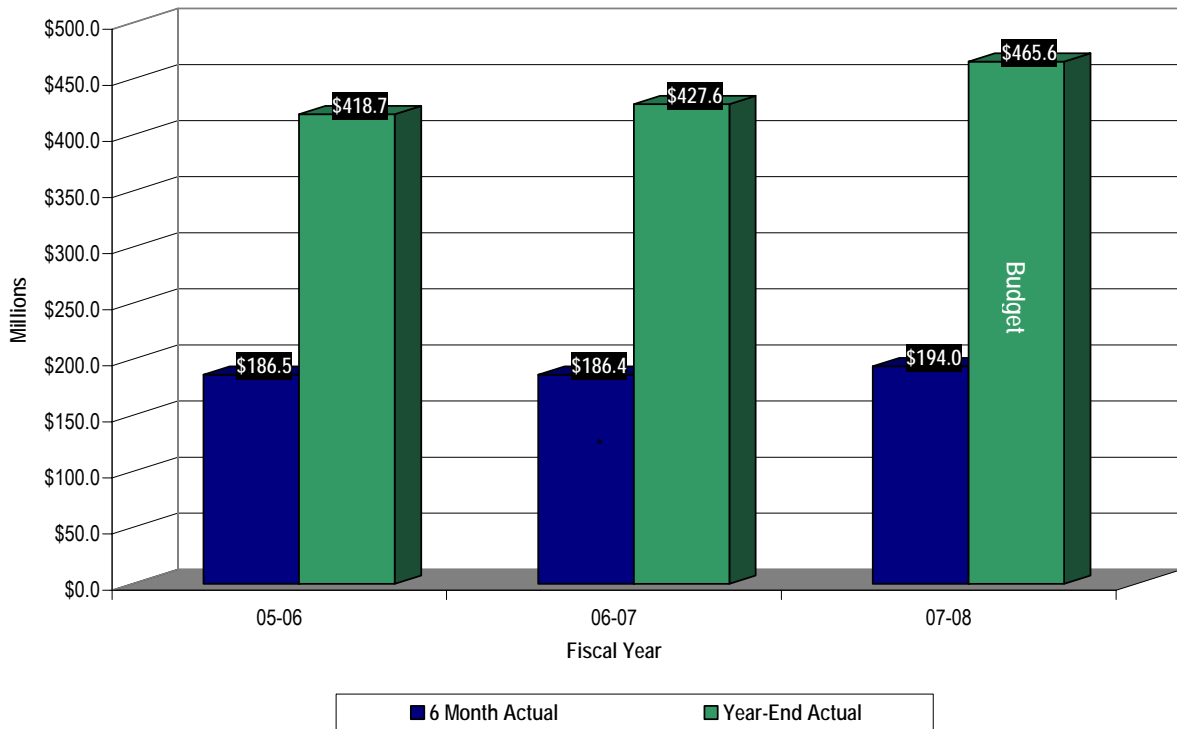
Some of the significant variations in departmental expenditures this year, compared to the same time period one year ago include:

- ◆ A \$118,000 net increase in the Area Agency on Aging's budget. This increase is primarily due to increased program, contracts and lease costs;
- ◆ A \$5.2 million net decrease in the Behavioral Health and Recovery Services' budget. This decrease is primarily due to the sale of the Stanislaus Behavioral Health Center to Doctors Medical Center that occurred in October 2007;
- ◆ A \$789,000 net increase in Child Support Services budget. This increase is primarily due to the conversion of the existing automation system to the California Child Support Automation System (CCSAS) that must be completed by February 2008;
- ◆ A \$594,000 net increase in the Children and Families Commission budget. This increase is primarily due to increased grant awards;
- ◆ An \$8.5 million net increase in the Community Services Agency's budgets. This increase is primarily due to increased staffing costs in the Services and Support budget and an increase in assistance payments in Public Economic Assistance; and

- ◆ A \$2.8 million net increase in the Health Services Agency’s budgets. This increase is primarily due to increased Medically Indigent Adult (MIA) program costs.

The following chart shows a three year period of departmental expenditures, including the current year, for the departments assigned to the Board of Supervisors priority area of *A healthy community*:

**A healthy community--Departmental Expenditures Three Year Comparison**



## DEPARTMENTAL REVENUE

As of December 31, 2007 revenue for the departmental budgets that fall under the Board of Supervisors priority area of *A healthy community* are at \$173.2 million compared to \$151.9 million for the same period one year ago. This amount represents 38% of the 2007-2008 adjusted budget. Typically, revenue at this point of the fiscal year ranges anywhere from 35.4% to 38.3% of the total year collections, bringing this year within budgeted estimates.

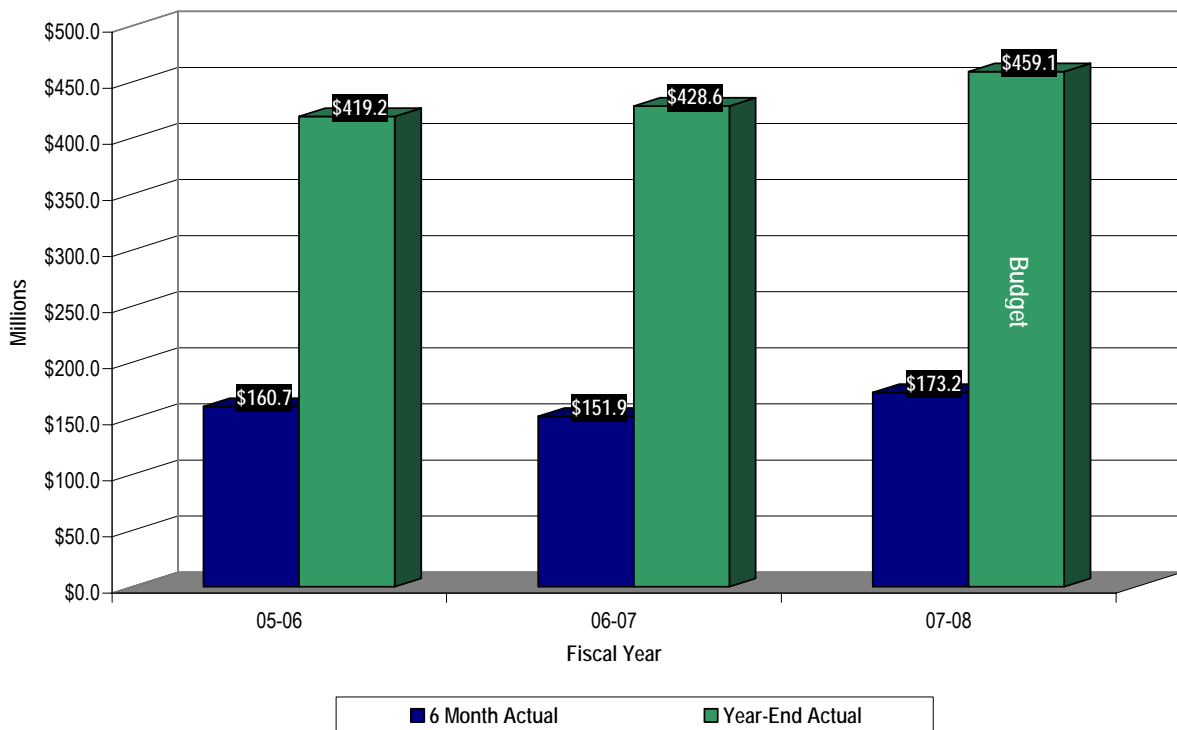
Some of the significant variations in departmental revenues this year, compared to the same time period one year ago include:

- ◆ A \$228,000 net increase in the Area Agency on Aging’s budgets. This increase is primarily due to timing of receipt of State and Federal revenues;

- ◆ A \$2.5 million net increase in the Behavioral Health and Recovery Services' budgets. This is primarily due to the cash received from the sale of the Stanislaus Behavioral Health Center to Doctors Medical Center that occurred in October 2007;
- ◆ A \$166,000 net decrease in the Child Support Services budget. This is primarily due to timing of receipt of State and Federal revenues;
- ◆ A \$326,000 net decrease in the Children and Families Commission budget. This is primarily due to timing of receipt of State revenues;
- ◆ An \$8.9 million net increase in the Community Services Agency's budgets. This is primarily due to the increase in funding for Public Economic Assistance payments; and
- ◆ An \$10.2 million net increase in the Health Services Agency's budgets. This is primarily due to the enhanced Medi-Cal and Medicare reimbursement rate from the Federally Qualified Health Center Look-alike (FQHC-LA) designation of the clinics and increases in funding for Public Health programs.

The following chart shows a three year period of departmental revenue, including the current year, for the departments assigned to the Board of Supervisors priority area of *A healthy community*.

A healthy community--Departmental Revenue Three Year Comparison



## ISSUES AND RECOMMENDATIONS

**AREA AGENCY ON AGING:** The Area Agency on Agency (AAA) is requesting to use \$53,990 in one-time revenues from the Federal Older American Act (OAA). Of these funds, \$46,641 would be used to increase the contracts with existing providers of in-home services, adult day care services, case management and legal services to the elderly population in Stanislaus County. The Department is requesting to \$7,349 to replace five existing computer, monitors, and software for Department staff. In addition, the Department requested a classification study of an Accountant II position assigned to the Department's Fiscal and Human Resources functions.

Area Agency on Aging is also requesting to increase appropriations and estimated revenue by \$4,442 for a sponsorship of the annual Healthy Aging Summit from the Board of Supervisor's Community Support Program approved as part of the Proposed Budget. The Aging Summit has been sponsored as a coordinated effort between the AAA and the Healthy Aging Association, with significant involvement by the Stanislaus County Board of Supervisors, Kaiser Permanente, American Association of Retired Persons (AARP), the United Way of Stanislaus County, the Modesto Bee, Sutter Gould Medical Foundation, and the Stanislaus County Health Services Agency. Annually, over 1200 senior citizens and their caregivers attend the Summit. The variety of free screenings offered included assessments for diabetes, cholesterol, stroke, bone density, blood pressure, body mass index, depression, balance, and coordination.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Area Agency on Aging	\$53,990	\$53,990	Federal Older American Act (OTO)	Increase in one-time funding to provide funding to contractors and replace aging office equipment	
Area Agency on Aging			Existing Budgeted Appropriations	Reclassify upward one Accountant II position	Manager I
Area Agency on Aging	\$4,442	\$4,442	Board of Supervisors Community Support Budget	Increase in funding to sponsor Healthy Aging Summit	
<b>Total</b>	<b>\$58,432</b>	<b>\$58,432</b>			

**Summary of Recommendations:** It is recommended that appropriations and estimated revenue be increased in the amount of \$58,432 in the Area Agency on Aging budget for existing contracts, computer equipment, and to provide a sponsorship for the annual Aging Summit. These costs will be offset from one-time Federal Older American Act revenues and from a contribution from the Board of Supervisors Community Support budget. In addition, one Accountant II position is recommended to be upgraded to a Manager I, maintaining the Department's total allocated positions of 18. The position will include

responsibilities for the management oversight of the Department's fiscal and human resources functions for all divisions within the Department.

**BEHAVIORAL HEALTH AND RECOVERY SERVICES:** In September 2007 the Governor vetoed funding for the Services for Homeless Persons with Serious Mental Illness (AB 2034) program. Total revenue related to AB 2034 services was reduced by \$3,641,162, comprised of \$3,252,880 from AB 2034 plus \$388,282 of Medi-Cal & Early Periodic Screening Diagnostic Treatment (EPSDT) revenue generated in the AB 2034 programs. However, since the funding deletion occurred in September program expenses of \$457,017 had already occurred which will be funded by departmental fund balance. The remaining AB 2034 budgeted expenditures of \$3,187,145 are now being reduced. In addition, a reduction of \$337,808 in appropriations is requested for programs and services that were overbudgeted.

The 2007-2008 Final Budget reduced funding for the Stanislaus Behavioral Health Center (SBHC) in anticipation of the sale of SBHC to Doctors Medical Center, originally scheduled for September 2007. The actual sales transaction occurred on October 31, 2007, and with that delay, the Department transferred \$1,500,000 in appropriations to SBHC to continue operations. At this time the Department is transferring \$1,500,000 back to BHRS from SBHC. While the appropriations in services and supplies are being increased, the appropriations in other financing uses are being decreased to recognize the transfer. Consequently, the return of the appropriations has no bottom line budget impact in this budget.

The Department is requesting to increase its audit contingency account by \$2 million funded by departmental fund balance, to ensure the account is funded at a level equal to anticipated disallowances from State audits that are currently lagging five years. The Department is currently being audited for Fiscal Year 2002-2003. In the last two audits, the State has identified and acted upon disallowances averaging \$500,000 per year. Due to the delay in audits, practices leading to disallowances from previous years cannot be remedied timely. The Department will continue to fund the audit liability account in an attempt to mitigate future cash flow issues.

As part of the Proposed and Final Budgets for 2007-2008, the Department identified a critical funding need for increased Cost Applied Plan charges of \$611,177 from other County departments. At this time the Department is requesting an increase in appropriations of \$611,177 to fund this previously identified critical need through the use of departmental fund balance.

The Department is also requesting an increase in appropriations of \$16,673 to align the budget overall with year-to-date activity and will be funded through the use of departmental fund balance.

The Department is requesting an increase in estimated revenues of \$400,000 to reflect increased interest income, based on a cash analysis of the first quarter activity. Additionally, identified is a net increase of \$769,417 in estimated revenues related to State funding for the Early Periodic Screening Diagnostic Treatment (EPSDT) not related to AB 2034, Medi-Cal revenue not associated with AB2034 programs, increased revenues from CSA and other charges for services. Overall, it is recommended that estimated revenues be decreased by a total of \$2,471,745 for these programs. This will result in the additional use of \$1,574,642 of departmental fund balance for the Behavioral Health Services budget.

Finally, the Department is requesting reclassifications for one Administrative Clerk III position, one Family Services Specialist II position and one Accounting Technician position. Additionally, the Department is requesting to transfer one Psychiatric Nurse II position to the Managed Care budget, in support of the



increased Utilization Management functions as a result of the sale of the Stanislaus Behavioral Health Center and to downgrade one Nurse Manager to Manager III.

**BHRS-Alcohol and Drug Services:** The Department is requesting an increase in appropriations of \$11,876 for cost of living increases previously identified as critical needs and health insurance increases. Additionally, the Department is requesting an increase of appropriations of \$21,875 to fund Cost Applied Plan charges previously identified as critical needs, and an increase of \$14,783 to fund an increase in HIV services. The Department is also requesting a decrease in appropriations of \$65,514 to reflect unexpended grant funds from a State Incentive Grant that expired on September 30, 2007. The Department is requesting to increase appropriations by \$81,831 to reflect a reduction in intrafund transfers resulting from a decrease in Substance Abuse and Crime Prevention Act funding. It is recommended that appropriations be increased in total by \$64,851 to reflect these program changes.

The Department is requesting an increase in estimated revenues of \$193,228 from Federal Substance Abuse and Prevention Treatment (SAPT) Block Grant funds, an increase of \$30,000 from increased Drinking Driver program fees, a decrease of \$98,880 to reflect reduced funding from patient fees, insurance, Medi-Cal and other agencies, and a decrease of \$62,492 to adjust State Incentive Grant revenue estimated based on actual activity. Overall, it is recommended to increase estimated revenues by \$61,856, resulting in the increased use of departmental fund balance by \$2,995.

The Department is requesting to transfer one Psychiatric Nurse II position to the Managed Care budget, in support of the increased Utilization Management functions as a result of the sale of the Stanislaus Behavioral Health Center.

**BHRS-Managed Care:** This budget supports Stanislaus County's Mental Health Plan, which includes on-going care for seriously mentally ill adults and children. The largest expenditure from the Managed Care budget is payment for in-patient services to both Medi-Cal and County indigent patients. Through October 31, 2007, these payments were made to Stanislaus Behavioral Health Center (SBHC). With the sale of SBHC to Doctors Medical Center, payments will now be made to their psychiatric hospital, Doctors Behavioral Health Center (DBHC).

The Fiscal Year 2007-2008 Final Budget for Managed Care was prepared based on a "worst-case" scenario to account for uncertainties and unknowns surrounding the sale of SBHC at that time, and included payments to other inpatient facilities for Medi-Cal and County indigent patients. Appropriations associated with the Medi-Cal and County indigent are being decreased. The reimbursement to SBHC for the inpatient costs, prior to the sale of SBHC facility, is not being included in Managed Care's expenditures. Instead, proceeds from the sale are being used to absorb these costs. In addition, the County psychiatrists at DBHC, both employees and contract locum tenens, are being paid by Managed Care with reimbursement from DBHC, at a projected lower cost than budgeted.

The Department is requesting a decrease in appropriations of \$2,261,826 to reflect the reduction in costs associated with inpatient days for Medi-Cal and County indigent patients. A decrease in estimated revenues of \$661,141 to adjust the administrative overhead fee associated with the administrative duties of physicians. This will decrease the use of departmental fund balance by \$1,600,685.

Additionally, the Department is requesting to transfer in two Psychiatric Nurse II positions, one from Behavioral Health Services budget and one from Alcohol and Drug Services budget, to support the

increased Utilization Management functions resulting from the sale of SBHC. The existing departmental budget will fund these positions.

**BHRS-Mental Health Services Act (MHSA):** On December 31, 2007 the State approved augmentation monies in the amount of \$3,457,500. The Department is requesting an increase in appropriations and estimated revenues to correspond with the approved augmentation funds, to be used for the expansion of existing services to transitional age young adults, adults and older adults. Additionally, the Department is requesting an increase of \$608,228 in appropriations and an increase of \$614,180 in estimated revenues to reflect increases in State funding for the Early Periodic Screening Diagnostic Treatment (EPSDT) program, increased Federal Medi-Cal reimbursements and an estimated increase in interest earned based on a cash analysis of first quarter activity. Overall, it is recommended to increase appropriations by \$4,065,728 and estimated revenues by \$4,071,680, resulting in decreased use of departmental fund balance of \$5,952. Also, the Department is requesting reclassification of one Family Services Specialist II position.

**BHRS-Public Guardian:** The Department is requesting an increase in appropriations of \$12,545 to reflect the higher administrative fee charged for Medi-Cal Administrative Activities/Targeted Case Management (MAA/TCM), and an increase of \$12,789 for cost of living increases and Cost Applied Plan charges previously reflected as critical needs. The Department is requesting an increase in of \$30,000 in estimated revenues from increased interest income, an increase of \$50,447 to reflect the MAA/TCM rate increase and additional prior year revenues not accrued, and a decrease of \$60,000 to reflect a reduction in estate fees collected. Overall, it is recommended to increase appropriations by \$25,334 and estimated revenues by \$20,447, resulting in an increased use of departmental fund balance of \$4,887.

**BHRS-Stanislaus Behavioral Health Center:** Effective November 1, 2007 the Stanislaus Behavioral Health Center (SBHC) became Doctors Behavioral Health Center, under the ownership of Doctors Medical Center. The Department intends to close out this budget at the end of the 2007-2008 Fiscal Year to ensure all obligations are captured and appropriately charged. Upon final reconciliation and closure of the Enterprise Fund, the Department intends to transfer the remaining retained earnings into an account for future hospitalization costs, including the possible development of a psychiatric health facility.

The Department is requesting to decrease \$1,500,000 in appropriations and estimated revenues to reflect the return of appropriations to the Behavioral Health Services budget. The Department is also requesting an increase of \$10,719,803 in estimated revenues from the sale of SBHC to Doctors Medical Center. The net decrease of \$1,261,369 in charges for services is a result of the reduction in reimbursement of Medi-Cal and indigent costs from Managed Care and other charges in services. Receipt of prior year Medicare cost report settlement monies is offsetting the total decrease in charges for services. Overall, it is recommended to decrease appropriations by \$1,500,000 and increase estimated revenues by \$7,958,434, resulting in an increase in departmental fund balance of \$9,458,434.

**BHRS-Stanislaus Recovery Center:** The Department is requesting to increase appropriations by \$278,880 for cost of living increases previously listed as critical needs, increased health insurance costs and increased overtime costs. Additionally, the Department is requesting an increase in appropriations of \$51,063 for contract costs associated with the Perinatal Program, an increase of \$12,653 for the Probation Department's Offender Treatment Program allocation, an increase of \$33,972 resulting from a reduction of the Substance Abuse and Crime Prevention Act (SACPA) intrafund transfers, and an increase of \$13,580 for Cost Applied Plan charges previously reflected as critical needs. Finally, the Department is requesting an increase in estimated revenues of \$40,000 for increased interest earnings, an increase of \$9,992 from

leased space at Stanislaus Recovery Center, an increase of \$270,493 in State and Federal funding for the Perinatal Program and the Offender Treatment Program, and an increase of \$70,000 in charges for services. Overall, it is recommended to increase appropriations by \$390,148 and estimated revenues by \$390,485, resulting in a decrease of \$337 in the use of departmental fund balance.

**BHRS-Substance Abuse and Crime Prevention Act (Prop 36):** The Department is requesting to increase appropriations by \$97,000 for cost of living adjustments previously reflected as critical needs, increased health insurance costs and other salary expenses. The Department also requests an increase in appropriations of \$14,335 for Cost Applied Plan charges previously reflected as critical needs, an increase of \$1,277 for the Court's and the Probation Department's allocation of Prop 36 funds. In addition, the Department is requesting a decrease in appropriations of \$107,787 related to reimbursement of treatment expenses incurred in other budget units within BHRS. The Department is requesting a decrease in estimated revenues of \$19,353 to reflect reduced interest earning caused by the State's delay in disbursement of the allocation payment. The Department is also requesting an increase in estimated revenues of \$10,267 to reflect the State's preliminary allocation letter. Overall, it is recommended to increase appropriations by \$4,825 and to decrease estimated revenues by \$9,086, resulting in the increased use of departmental fund balance of \$13,911.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
BHRS	(\$3,524,953)	(\$3,641,162)	Department Revenue/Fund Balance	Elimination of State funding for AB 2034 program and the related Medi-Cal and EPSDT revenue	
BHRS	\$2,000,000	-0-	Fund Balance	Increase in audit contingency account	
BHRS	\$611,177	-0-	Fund Balance	Increased CAP charges	
BHRS	\$16,673	-0-	Fund Balance	Increase of appropriations to align budget to year-to-date activity	
BHRS	-0-	\$400,000	Department Revenue	Increase interest earnings	
BHRS	-0-	\$769,417	Department Revenue	Increase EPSDT, Medi-Cal and other charges	
BHRS	-0-	-0-		Reclassify one Administrative Clerk III, one Family Services Specialist II, and one Accounting Technician position	Study

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
BHRS	-0-	-0-	Existing Budgeted Appropriations	Reclassify downward one Nurse Manager position	Manager III
BHRS	-0-	-0-	Existing Budgeted Appropriations	Transfer out one Psychiatric Nurse II position	Transfer to Managed Care
BHRS-Alcohol & Drug	\$33,751	-0-	Department Revenue/Fund Balance	Fund cost of living increases, health insurance costs and CAP charges	
BHRS-Alcohol & Drug	\$14,783	-0-	Department Revenue/Fund Balance	Increase in HIV services	
BHRS-Alcohol & Drug	(\$65,514)	-0-	Department Revenue/Fund Balance	Expired, unexpended State Incentive Grant funds	
BHRS-Alcohol & Drug	\$81,831	-0-	Department Revenue/Fund Balance	Reduction in intrafund transfers	
BHRS-Alcohol & Drug	-0-	\$61,856	Department Revenue	SAPT Block Grant and Drinking Driver program funds	
BHRS-Alcohol & Drug	-0-	-0-	Existing Budgeted Appropriations	Transfer out one Psychiatric Nurse II position	Transfer to Managed Care
BHRS-Managed Care	(\$2,261,826)	(\$661,141)	Decrease Use of Fund Balance	Reduction of Cost of inpatient days	
BHRS-Managed Care	-0-	-0-	Existing Budgeted Appropriations	Transfer in two Psychiatric Nurse II positions	Transfer in one from BHRS and one from Alcohol and Drug
BHRS-MHSA	\$3,457,500	\$3,457,500	Department Revenue	State-approved program augmentation funds	
BHRS-MHSA	\$608,228	\$614,180	Department Revenue	Increased EPSDT, Medi-Cal reimbursements, interest earnings	
BHRS-MHSA	-0-	-0-		Reclassify one Family Services Specialist II position	Study

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
BHRS-Public Guardian	\$25,334	-0-	Department Revenue	MAA/TCM Administrative fees; cost of living increases and CAP charges	
BHRS-Public Guardian	-0-	\$80,447	Department Revenue	Increase interest earnings, MAA/TCM rates, prior year revenues	
BHRS-Public Guardian	-0-	(\$60,000)	Department Revenue	Reduction in estate fees collected	
BHRS-SBHC	(\$1,500,000)	(\$1,500,000)	Department Revenue	Decrease in contracts and Operating transfers in from BHRS	
BHRS-SBHC	-0-	\$10,719,803	Department Revenue	Proceeds from sale of SBHC	
BHRS-SBHC	-0-	(\$1,261,369)	Department Revenue	Reduction in charges for services from sale of SBHC	
BHRS-SRC	\$292,460	-0-	Department Revenue	Increased salary costs and CAP charges	
BHRS-SRC	\$51,063	-0-	Department Revenue	Increase Perinatal Program costs	
BHRS-SRC	\$12,653	-0-	Department Revenue	Probation's Offender Treatment Program allocation	
BHRS-SRC	\$33,972	-0-	Department Revenue	Reduction in intrafund transfers	
BHRS-SRC	-0-	\$390,485	Department Revenue	Interest earnings, rents, Perinatal Program and Offender Treatment Program funds	
BHRS-SACPA	\$111,335	-0-	Department Revenue	Cost of living increases, health insurance costs and CAP charges	
BHRS-SACPA	\$1,277	-0-	Department Revenue	Court, Probation Prop 36 allocations	
BHRS-SACPA	(\$107,787)	-0-	Department Revenue	Decrease in intrafund transfers	

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
BHRS-SACPA	-0-	(\$19,353)	Department Revenue	Decreased interest earnings	
BHRS-SACPA	-0-	\$10,267	Department Revenue	Preliminary allocation from State	
<b>Total</b>	<b>(\$108,043)</b>	<b>\$9,360,930</b>			

**Summary of Recommendations:** The recommendations will decrease overall department appropriations by \$108,043 and increase estimated revenues by \$9,360,930 from State and Federal funding and the sale of SBHC, resulting in an increase in departmental fund balance of \$9,468,973. Additionally, one Administrative Clerk III position, two Family Services Specialist III positions, and one Accounting Technician position are recommended to be studied. One Nurse Manager position is recommended to be downgraded to a Manager III. Finally, it is recommended to transfer one Psychiatric Nurse II position from Behavioral Health and Recovery Services budget to the BHRS-Managed Care budget, and to transfer one Psychiatric Nurse II position from the BHRS-Alcohol and Drug Services budget to the BHRS-Managed Care budget, maintaining the Department's total allocated positions of 425.

**CHILDREN AND FAMILIES COMMISSION:** The Children and Families Commission is requesting to increase revenues by \$350,000 from interest earnings on fund balance. The Commission has historically taken a conservative approach when budgeting for interest revenues. Actual interest revenues have exceeded the budgeted revenues over the past two fiscal years. There are no requests to increase appropriations at this time.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Children & Families Commission	-0-	\$350,000	Interest Earnings	Interest earning on fund balance	
<b>Total</b>	<b>-0-</b>	<b>\$350,000</b>			

**Summary of Recommendations:** It is recommended to increase revenue by \$350,000 from increased interest earnings on fund balance.

**CHILD SUPPORT SERVICES:** The Department of Child Support Services (DCSS) requests the transfer of \$2,029,585 in one time revenue through a transfer from Trust Fund 6490. The State has recently completed a full audit of this trust fund. DCSS requests to close out this fund and transfer the revenue to the DCSS budget unit. This will ensure the DCSS remains within budgeted revenue and expenditures and finishes the 2007-2008 Fiscal Year with a decrease in use of fund balance by \$916,615.

Of the transferred funds, \$1,075,000 will be used to pay staff overtime to ensure that DCSS successfully converts to the California Child Support Automation System (CCSAS) by July 2008. The conversion to CCSAS is mandated by the State of California and the federal government.

To complete pre-conversion activities by the mandated date, DCSS originally proposed utilizing as many as 15 extra help Administrative Clerk I positions and one extra help Supervising Account Admin Clerk II. Project targets and timeframes were established using these staffing levels and the system conversion date. However, challenges arose in recruitment and time frames for pre-conversion activities were shortened. These challenges will require increased appropriations for staff overtime to complete the conversion by the mandated date of July 2008.

The DCSS also requests to decrease fixed asset appropriations by \$152,030 for computer systems and equipment that were budgeted for during the Proposed Budget but will not be funded by the State during this fiscal year. The department is also requesting to decrease intergovernmental revenue by \$190,000 due to a decrease in the State and Federal annual allocation.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Child Support Services	\$1,075,000-	\$2,029,585	Child Support Services Trust Fund Revenue Transfer	Increase in one-time revenue from the transfer of Child Support Services Trust Fund	
Child Support Services	(\$152,030)	-0-	Department Revenue	Decrease appropriations in fixed assets	
Child Support Services	-0-	(\$190,000)	Department Revenue	Decrease intergovernmental revenue	
<b>Total</b>	<b>\$922,970</b>	<b>\$1,839,585</b>			

**Summary of Recommendations:** It is recommended to increase overall appropriation by \$922,970 and estimated revenue by \$1,839,585 through a Child Support Services Trust Fund revenue transfer, resulting in the decreased use of Department fund balance by \$916,615.

**COMMUNITY SERVICES AGENCY:** The Community Services Agency's (CSA) budget at mid-year is balanced and contains funding for staff, services and assistance programs critical to preserving the Board's priorities of *A safe community* and *A healthy community*. The Agency relies on all available Federal/State revenues, Social Services realignment funds, transfers among CSA legal budget units and departmental fund balance to end the year within the General Fund contribution of \$7.1 million. However, the use of departmental fund balance was a one-time budget balancing strategy that is unlikely to be repeated next year due to reduced public assistance savings. Additionally, the impact of the In-Home Supportive Services program growth and negotiated cost of living increases in Fiscal Year 2008-2009 is estimated at \$1.7 million over the base General Fund contribution currently provided for the program.

**CSA-Services and Support:** The State/Federal CalWORKS program final allocation included an increase of \$741,961 in appropriations and \$750,815 in estimated revenues for Stage I Child Care payments and Welfare to Work supportive services however, the allocation also decreased appropriations and estimated

revenues by \$1,400,000 for Stage 2 Child Care payments. This reduction in funding will support child care payments through early March 2008; the Department will submit a request to California Department of Education for additional funding and will return to the Board for budget adjustments at a later date. Finally, the CalWORKS Mental Health/Substance Abuse Treatment allocation increased appropriations and estimated revenues by \$39,530 for Mental Health/Substance Abuse Treatment services. It is recommended that CSA's appropriations be decreased by \$618,509 and estimated revenues by \$609,655 to reflect the net reduction in the State/Federal CalWORKS program final allocation, resulting in the decreased use of departmental fund balance of \$8,854.

The Department is requesting an increase of \$349,301 in appropriations and estimated revenues from the Federal Fraud Recovery Incentive Funds. These incentive funds are ongoing, contingent upon fraud recovery performance and are specific to program integrity and fraud investigation efforts. The budgeted expenditures include two new Special Investigator II positions and one new Family Services Specialist III position which the Department is requesting be added, as well as various eligible CalWORKS program related contracted services.

The Department is also requesting a decrease of \$296,911 in appropriations and estimated revenues to reflect the unanticipated decrease in the final State/Federal Childrens Services allocations. In order to align expenditure projections with this reduced level of funding the following balancing strategies were applied:

- ◆ One Social Worker Supervisor position will remain vacant for the balance of the fiscal year;
- ◆ Employee Education and Training funding was reduced; and
- ◆ Direct customer services were reduced.

The Department is requesting an increase of \$494,289 in appropriations and estimated revenues from State and Federal funds provided specifically for C-IV activities associated with the Be Vu lawsuit that requires modification of Food Stamp and CalWORKS forms to include additional language translations.

Additionally, the Department is requesting an increase of \$197,545 in appropriations and estimated revenues from State and Federal funds for caseload growth in the In-Home Supportive Services (IHSS) program. The Legal Budget reflects a 5.4% caseload growth estimate based on the statewide average; however, the mid-year analysis is based on five months actual paid hours and an estimated current caseload growth of 7% on authorized paid cases for the balance of the fiscal year.

The Department is requesting three Administrative Clerk II positions to assist with CalWORKS programs. One position would perform required fingerprint imaging for all adult applicants of the CalWORKS and Food Stamp programs. The Department has been using temporary help to perform this function; however, a full time position will increase stability and improve efficiency. The other two positions will implement new requirements in the Temporary Assistance for Needy Families (TANF) program which call for increased documentation of participants' hours in the Welfare to Work program. The three new positions will be funded through the existing budget. There is no additional County cost associated with the requested positions. Additionally, the Department is requesting reclassifications of one Account Clerk II position, one Account Clerk III position, and one Manager II position.

The Department has requested a title change for the Home Care Assistant classification. A survey was conducted of the eight counties to identify classification titles used for employees performing work similar to



those of Home Care Assistants. As a result of this survey it was determined the classification title of Social Services Assistant more accurately reflects the duties of the eight allocated positions.

Finally, the Department is requesting to transfer appropriations of \$76,212 from Services and Supplies to Fixed Assets, to more accurately reflect a previously approved software purchase. The Board of Supervisors authorized the purchase as part of the 2006-2007 Mid-Year Financial Review; however, the funds were encumbered in the wrong account and carried forward into the 2007-2008 budget as part of Services and Supplies. Additionally, the Department requests to use \$75,000 in existing appropriations in Fixed Assets to purchase a critical air conditioning system (HVAC), as recommended by the General Services Agency's Facilities Maintenance Division. The system will replace an existing unreliable HVAC system used for cooling of the electronic equipment of CSA's Information Technology division. The funds are available due to three fixed asset projects that are either completed or will not move forward in the current fiscal year.

**CSA-IHSS Public Authority:** The IHSS Public Authority Administration is requesting a decrease of \$58,257 in appropriations and estimated revenues due to the delay in the State's approval of the Public Authority Administrative Rate of \$.32 per IHSS Individual Provider (IP) paid hour, that became effective on October 1, 2007.

The IHSS Public Authority Benefits Administration is requesting an increase of \$93,211 in appropriations and estimated revenues from State and Federal funds for increased caseload growth. The increase is a result of five months of actual IHSS IP paid hours and an applied 7% caseload growth for the balance of the fiscal year, based on current caseload trends.

**CSA-Public Economic Assistance:** The Department is requesting an increase of \$192,344 in appropriations and estimated revenues of State funding for the Transitional Housing Program Plus (THP-Plus) program expansion and start-up funds. The one-time start-up funds will be used to support Emancipated Foster Youth in transitioning from the "My Home" model to independent living by providing needed household goods. The program expansion funds will increase participation from 16 to 20 youth, establish savings accounts for participating youth and provide ongoing employment services to the youth during this fiscal year.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
CSA-Services & Support	(\$618,509)	(\$609,655)	Department Revenue	Reduction in CalWORKS allocation	
CSA-Services & Support	\$349,301	\$349,301	Department Revenue	Add two Special Investigator II positions and one Family Services Specialist III position	Review at third quarter

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
CSA-Services & Support	(\$296,911)	(\$296,911)	Department Revenue	Decrease in Childrens Services allocations	
CSA-Services & Support	\$494,289	\$494,289	Department Revenue	Increase in C-IV allocation	
CSA-Services & Support	\$197,545	\$197,545	Department Revenue	Increase in IHSS caseload growth	
CSA-Services & Support	-0-	-0-	Transfer \$76,212 from Services and Supplies to Fixed Assets	Fixed Asset software purchase	
CSA-Services & Support	-0-	-0-	Transfer \$75,000 from Fixed Assets Equipment to Fixed Assets Structures and Improvements	Fixed Asset HVAC purchase	
CSA-Services & Support	-0-	-0-	Department Existing Budget	Add three Administrative Clerk II positions	Review at third quarter
CSA-Services & Support	-0-	-0-	Department Existing Budget	Reclassify one Account Clerk II, one Account Clerk and one Manager II position	Study
CSA-IHSS Public Authority Administration	(\$58,257)	(\$58,257)	Department Revenue	Delay in IHSS PA Admin IP rate change	
CSA-IHSS Public Authority Benefits	\$93,211	\$93,211	Department Revenue	Increase in caseload growth	
CSA-Public Economic Assistance	\$192,344	\$192,344	Department Revenue	THP-Plus expansion and start-up funding	
<b>Total</b>	<b>\$353,013</b>	<b>\$361,867</b>			

**Summary of Recommendations:** The recommendations will increase overall department appropriations by \$353,103 and estimated revenues by \$361,867 from increased State and Federal allocations, resulting in the decrease of \$8,854 in departmental fund balance. Additionally, one Account Clerk II position, one Account Clerk III position and one Manager II position are recommended to be studied. The Home Care Assistant classification title is recommended to change to Social Services Assistant. This classification title change does not include any changes in the scope and duties of the existing classification. Finally, the new position requests will be reviewed at third quarter, maintaining the Department's total allocated positions of 955.

## HEALTH SERVICES AGENCY

As discussed in the 2007-2008 Final Budget, the Health Services Agency (HSA) again faced a significant fiscal challenge as it began the fiscal year. The Agency's Proposed Budget reflected an unmet need of approximately \$12.6 million for which funding was not identified. A Strategic Planning Team made up of staff from the Chief Executive Office, the Health Services Agency as well as HFS Consultants intensified the focus on fiscal and program changes at the Health Services Agency Clinic and Ancillary operations. On September 11, 2007, a separate report was presented and approved by the Board of Supervisors that contained fifty-two initiatives designed to achieve cost efficiencies and/or revenue enhancements. Based on the nature of some of the initiatives, a public hearing was held on October 16, 2007, where the Board approved four additional initiatives. The projected savings of the approved initiatives are estimated at over \$6 million annually.

On September 24, 2007 the Health Services Agency was informed its application for the Federally Qualified Health Center Look-Alike (FQHC-LA) designation was approved, which will result in enhanced patient revenues that are estimated at over \$6.4 million annually.

In the first quarter report, an additional \$4,189,655 in County Match was budgeted for the Agency to fully eliminate the 2007-2008 projected operating deficit. While it appears the Agency may not need the entire additional match, no mid-year budget adjustments are recommended.

The Agency continues to analyze and work through additional cost saving initiatives as well as monitor all implemented initiatives to ensure projections appear to be on target. As additional initiatives are identified and the savings quantified, the Agency will return to the Board of Supervisors for approval.

**HSA-Indigent Health Care Program (IHCP) California Healthcare for Indigents Program (CHIP):** This budget provides funding to reimburse emergency physicians for medical care provided to the indigent population within Stanislaus County, and is funded by the California Healthcare for Indigents Program (CHIP). The Department is requesting an increase in appropriations and estimated revenues of \$4,704 to reflect an increase in interest received in the current year as well as interest transferred from the prior year.

**HSA-IHCP Emergency Medical Services Hospital:** This budget provides reimbursements to hospitals for uncompensated emergency medical services, and is funded through a dedicated State funding source known as Senate Bill (SB) 12/612 Maddy Funds. The Department is requesting an increase in appropriations of \$73,892 to fund emergency medical and administrative services, and an increase in estimated revenues of \$47,720 from increased court fines. This will result in the increased use of departmental fund balance of \$26,172.

**HSA-IHCP Emergency Medical Services Physicians:** This budget provides reimbursements for physician emergency related services, and is funded through a dedicated State funding source known as Senate Bill (SB) 12/612 Maddy Funds. The Department is requesting an increase in appropriations of \$144,234 to fund emergency medical services, and an increase in estimated revenues of \$90,607 from increased court fines. This will result in the increased use of departmental fund balance of \$53,627.

**HSA-Public Health:** The Department is requesting an increase in appropriations of \$258,976 and estimated revenues of \$263,222 from State, Federal and private grant funding, resulting in a decrease in the use of departmental fund balance of \$4,246. The increased appropriations will be used to support various Public Health programs, including: Refugee Health; Emergency Preparedness; TB prevention and control; and Aids education and prevention.

The Department is also requesting to downgrade five Community Health Worker III positions to Community Health Worker II, to downgrade one Account Clerk II position to Community Health Worker II, and to downgrade one Senior Nurse Practitioner position to Staff Services Coordinator. Additionally, the Department is requesting a classification study of two Public Health Nurse II positions.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
HSA-IHCP CHIP	\$4,704	\$4,704	Department Revenue	Increases to Emergency Medical Services funding for medical care	
HSA-IHCP EMS Hospital	\$73,892	\$47,720	Department Revenue/Fund Balance	Increases to Emergency Medical and Administration Services funded by increased court fines and use of fund balance	
HSA-IHCP EMS Physicians	\$144,234	\$90,607	Department Revenue/Fund Balance	Increases to Emergency Medical Services for physicians funded by court fines and fund balance	
HSA-Public Health	\$258,976	\$263,222	Department Revenue	Increases to program funding	

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
HSA-Public Health	-0-	-0-		Reclassify downward five Community Health Worker III positions	Community Health Worker II
HSA-Public Health	-0-	-0-		Reclassify downward one Account Clerk II position	Community Health Worker II
HSA-Public Health	-0-	-0-		Reclassify downward one Sr. Nurse Practitioner	Staff Services Coordinator
HSA-Public Health	-0-	-0-		Reclassify two Public Health Nurse II positions	Study
<b>Total</b>	<b>\$481,806</b>	<b>\$406,253</b>			

**Summary of Recommendations:** The recommendations will increase overall department appropriations by \$481,806 and estimated revenues by \$406,253 of State, Federal and private grant funding. This will result in the increased use of departmental fund balance of \$75,553. Additionally, it is recommended to downgrade five Community Health Worker III positions to Community Health Worker II; one Account Clerk II position to Community Health Worker II; one Sr. Nurse Practitioner position will be downgraded to Staff Services Coordinator; and two Public Health Nurse II positions are recommended to be studied, maintaining the Department's total allocated positions of 610.

**SUMMARY**

Overall, estimated revenue and expenditures for *A healthy community* are recommended to increase \$1,708,088 and \$12,377,007, respectively and result in a positive contribution of departmental fund balance of \$10,668,919. The additional projected revenue adjustments are from increased State and Federal funding for increased program costs.



# A strong local economy

COUNTY DEPARTMENTS

Alliance WorkNet  
CEO-Economic Development  
Library

# A strong local economy

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## OVERVIEW

The Board of Supervisors priority area of *A strong local economy* recognizes the role that County government can play in creating a local economy that promotes, protects and sustains our agricultural economies while providing for broader, more diversified economic opportunities that will strengthen our local economy and provide for a better, more stable, quality of life for our residents. Job creation, promoting tourism, and providing a solid information technology infrastructure to support E-government are key aspects of *A strong local economy*. Departments assigned to this priority area include: Alliance WorkNet, Chief Executive Office-Economic Development and the Library. The Alliance WorkNet's major funding source is Federal funds, while the Library is supported by a special 1/8 cent sales tax and a contribution from the General Fund. The majority of funding for the County's Economic Development budgets comes from the County's General Fund.

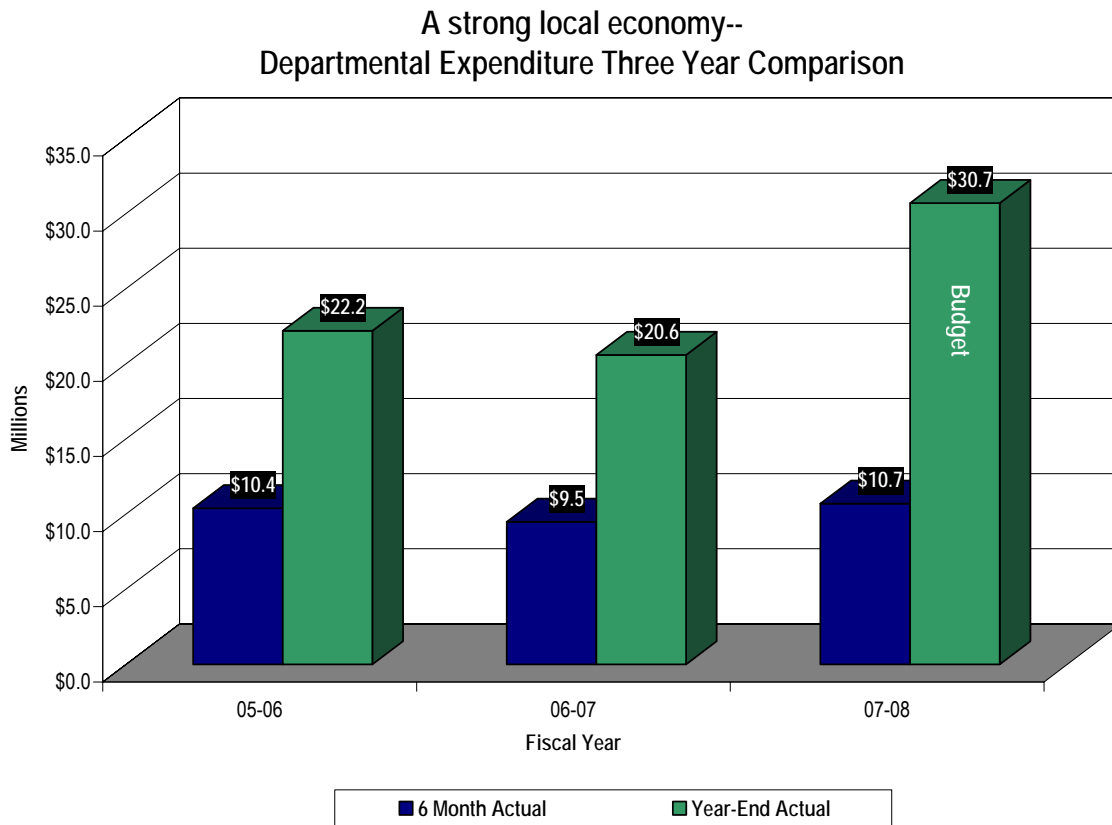
## DEPARTMENTAL EXPENDITURES

As of December 31, 2007, expenditures for the departmental budgets that fall under the Board of Supervisors priority area of *A strong local economy* are at \$10.7 million compared to \$9.5 million for the same time period one year ago. This amount represents 34.9% of the 2007-2008 adjusted budget. Typically, expenditures at this point of the fiscal year range anywhere from 46% to 46.8% of the total yearly expenditures, placing this year slightly lower than prior years.

Some of the significant variations in expenditures this year, compared to the same time period one year ago include:

- ◆ An increase in the Alliance Worknet of \$781,578, which reflects an increase in Federal funding for Workforce Investment Act (WIA) programs and other department services; and
- ◆ An increase in the Library of \$369,978 that reflects increases for salary costs and the installation of new computer software at the branches.

The following chart shows a three year period of departmental expenditures, including the current year, for the departments assigned to the Board of Supervisors priority area of *A strong local economy*:



## DEPARTMENTAL REVENUE

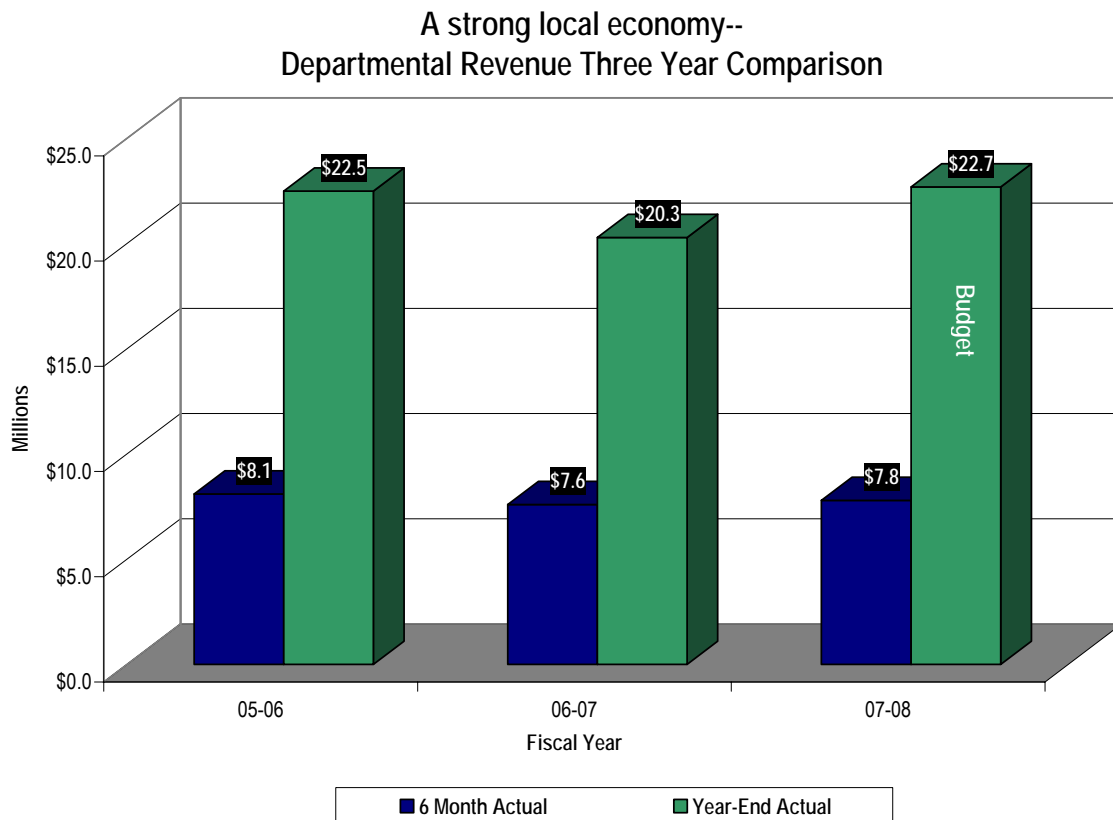
As of December 31, 2007, revenue for the departmental budgets in the area of the Board of Supervisors priority area of *A strong local economy* are at \$7.8 million compared to \$7.6 million for the same time period one year ago. This amount represents 34.4% of the 2007-2008 adjusted budget. Typically, revenue at this point of the fiscal year ranges anywhere from 36.1% to 37.4% of the total year collections, placing this year slightly lower than prior years.

One of the significant variations in departmental revenue this year, compared to the same time period one year ago include:

- ◆ An increase of \$455,221 for Alliance Worknet as a result of a timing difference in revenue received from the State for departmental programs and services.
- ◆ A decrease of \$178,147 for the Alliance Worknet – StanWORKS resulting from a reduction in the Community Services Agency contract to serve local Temporary Aid to Needy Families (TANF) recipients.



The following chart shows a three year period of departmental revenues, including the current year, for the departments assigned to the Board of Supervisors priority area of *A strong local economy*.



## ISSUES AND RECOMMENDATIONS

**ALLIANCE WORKNET:** The Alliance WorkNet has requested an increase in estimated revenue resulting from changes in allocation, grant, and contract amounts for the current fiscal year. These changes include a reduction in the County’s annual allocation by \$192,259, an increase in the grant from the California Partnership of San Joaquin Valley by \$269,243 and a slight increase by \$10,482 in the contract with the Stanislaus County Area Agency on Aging. The requested net increase in estimated revenue totaled \$87,466. The Department has also requested that appropriations be adjusted accordingly by the \$87,466 to account for the net increase in revenue. This requested adjustment to appropriations coupled with a requested decrease of \$93,475 for a purchase order carryover balance that was not liquidated in the previous fiscal year in error, would result in a net decrease of \$6,009 in appropriations. The Alliance WorkNet provides a wide range of employment and training services to the community through various programs funded under the Workforce Investment Act. The Alliance WorkNet does not anticipate a service level impact resulting from the requested adjustments, as the funds available are sufficient for the clients estimated to be served. In the 2006-2007 Mid-year Budget, the Department requested a classification study of one Accounting Technician position.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/ Fund Balance			
Alliance WorkNet	-0-	(\$192,259)	State of California	Reduction in annual allocation	
Alliance WorkNet	-0-	\$269,243	California Partnership of San Joaquin Valley	Increase in grant funds	
Alliance WorkNet	-0-	\$10,482	Area Agency on Aging	Increase in contract amount	
Alliance WorkNet	\$87,466	-0-	Additional Program Revenue	Funding for departmental programs and services	
Alliance WorkNet	(\$93,475)	-0-	Reduced Use of Program Fund Balance	Decrease for purchase order carryover balance that was not liquidated in FY 2006-2007	
Alliance WorkNet	-0-	-0-	Existing Appropriations	Reclassify upward one Accounting Technician position	Accountant I
<b>Total</b>	<b>(\$6,009)</b>	<b>\$87,466</b>			

**Summary of Recommendations:** It is recommended to decrease overall appropriations by \$6,009 and increase estimated revenue by \$87,466 as a result of changes to State allocation, grant, and contract amounts for the administration of employment and training programs. A budget correction for Fiscal Year 2006-2007 purchase order that was not liquidated in the prior fiscal year is also recommended. The net effect of these adjustments will result in a contribution to department fund balance of \$93,475 at year-end. One Accounting Technician position is recommended to be upgraded to an Accountant I position, maintaining the Department's total allocated positions of 87. The net cost of this reclassification is \$1,877 for the remaining four months of the fiscal year, and \$5,630 annually and will be absorbed in the Department budget.

**CHIEF EXECUTIVE OFFICE - ECONOMIC DEVELOPMENT:** The Chief Executive Office – Economic Development budget is projected to end the fiscal year within approved appropriations. Chief Executive Office – Economic Development supports and nurtures partnerships with cities, developers, businesses and the community to facilitate the Board's economic development priority. One such venture is the Paradise South Gateway to Change Weed and Seed Partnership for West Modesto. Included in this budget is a commitment to the City of Modesto to share in the salary costs of the Weed and Seed Project Coordinator through the duration of the Federal grant. The Chief Executive Office has been working

closely with the Weed and Seed Steering Committee on a variety of community projects. A project that has been in development with the City of Modesto, Modesto Irrigation District, the Greater Modesto Tree Foundation and the community has been the implementation of a tree planting program for the Weed and Seed designated area. Working cooperatively with partner agencies, a request was made of the County to support this program by offering a location to both grow and store the trees prior to distribution into the community. The Sheriff's Department was approached about the possibility of using the Honor Farm and restoring its nursery for this purpose. The Sheriff's Department has indicated a willingness to support this program and has also identified it as an opportunity to develop an inmate-training program. The Sheriff's Department developed a cost estimate to retrofit the existing nursery to support the proposed program. The cost estimate of \$11,500 would provide for the installation of the necessary greenhouse and purchase of other materials such as propane tanks, shade coverings, irrigation, pots, soil and other miscellaneous equipment. The Chief Executive Office was approached to provide the necessary funding for these improvements and has identified salary savings within its Economic Development budget from unexpended Weed and Seed Coordinator funding from prior years to accomplish this. Upon Board approval for the use of these funds, the Sheriff's Department will coordinate as needed with the Chief Executive Office for the purchase of the needed improvements to the Honor Farm nursery directly from the Economic Development budget. No adjustment to budget is necessary as part of this recommendation.

**Summary of Recommendations:** It is recommended to use existing salary savings in the amount of \$11,500 from the Chief Executive Office – Economic Development for necessary improvements to the Sheriff's Honor Farm nursery to support the development of a tree planting program for the Weed and Seed designated area.

**LIBRARY:** For Fiscal Year 2007-2008, sales tax revenue for the Library was estimated at \$9,095,534, which represents 84% of the Library's total revenue. Based on actual sales tax collected in the first quarter and the projected advance from the State of California in the second quarter, the Library is anticipating a reduction of approximately \$1,100,000 in sales tax revenue this fiscal year. In addition, the estimated Public Library Foundation Fund is also expected to decrease by \$51,519, and based on the last two quarters revenue, the State Direct Loan Transaction-Based Reimbursement Program is expected to decrease by \$34,000. To help offset these reductions, the Library anticipates reducing expenditures wherever possible. Also, the Library, in partnership with the Stanislaus Literacy Center, plans to receive State funding for the Library Literacy Services program in the amount of \$8,025. Additionally, the Library has received Board approval to use Public Facility Fee funds and a recent sizable donation from a family trust to assist with the installation of an automated public computer reservation system and electronic commerce module for paying fines and fees over the internet; for programming, books and materials to enhance children and teen services at the Modesto branch; and to purchase collection materials, such as books, DVDs, audiovisual and other materials. The Library anticipates using available department fund balance to complete the fiscal year.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Library	-0-	(\$1,100,000)	Sales Tax Revenue	Reduction based on actual sales tax collected	
Library	-0-	(\$51,159)	Public Library Foundation Fund	Reduction in allocation	
Library	-0-	(\$34,000)	State Direct Loan Transaction-Based Reimbursement Program	Reduction based on last two quarters of revenue	
Library	-0-	\$8,025	California Library Literacy Services Program	Additional State funding in partnership with the Stanislaus Literacy Center	
<b>Total</b>	<b>-0-</b>	<b>(\$1,177,134)</b>			

**Summary of Recommendations:** It is recommended to decrease estimated revenue by \$1,177,134 as a result of anticipated reductions in sales tax revenue and allocations from the Public Library Foundation Fund and the State Direct Loan Transaction-Based Reimbursement Program. This includes a slight increase for additional funding through the California Library Literacy Services Program. These actions are expected to result in the additional use of \$1,177,134 from available department fund balance to maintain the existing level of service through the end of the current year. Library staff has met with the Chief Executive Office to commence discussions regarding the development of a strategy for addressing the sales tax revenue exposure, if it continues in its current state, in future fiscal years.

### SUMMARY

Overall, estimated revenue for the Board of Supervisors priority of *A strong local economy* are recommended to decrease by \$1,089,668 and expenditures are recommended to decrease by \$6,009. The Alliance WorkNet will reflect a \$93,475 contribution to fund balance and the Library will reflect a \$1,177,134 use of fund balance.



# A strong agricultural economy/heritage

COUNTY DEPARTMENTS

Agricultural Commissioner  
Cooperative Extension

# A strong agricultural economy/heritage

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## OVERVIEW

The Board of Supervisors priority area of *A strong agricultural economy/heritage* recognizes the vital role of the County's number one industry that generates close to \$2 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: the Agricultural Commissioner's Department and Cooperative Extension. The major funding source for these County budgets include 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 State university system.

## DEPARTMENTAL EXPENDITURES

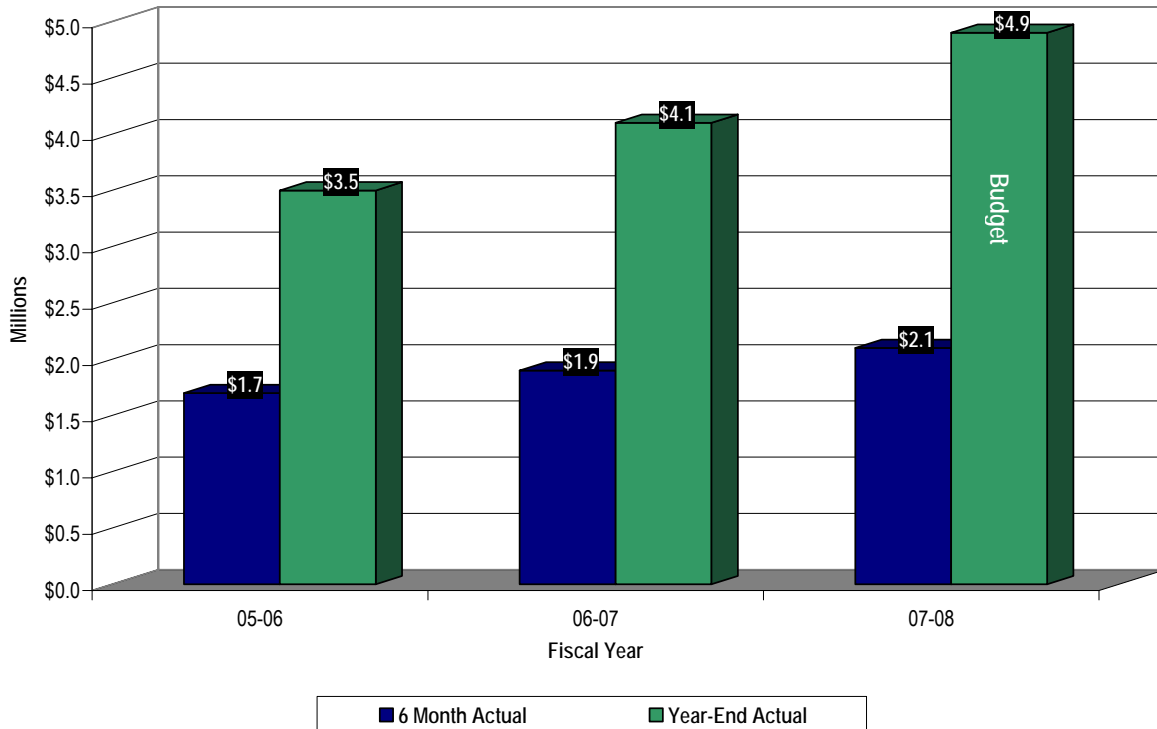
As of December 31, 2007, expenditures for the departmental budgets that are part of the Board of Supervisors priority area of *A strong agricultural economy/heritage* are at \$2.1 million compared to \$1.9 for the same time period one year ago. This amount represents 42.9% of the 2007-2008 adjusted budget. Typically, expenditures at this point of the fiscal year range anywhere from 46.3% to 49% of the total yearly expenditures, placing this year slightly lower than prior years.

Some of the significant variations in departmental expenditures this year, compared to the same time period one year ago include:

- ◆ While as a percent of budget expenditures for these departments are pacing behind that of the prior years, the \$200,000 in increased costs is largely attributed to increased salary and benefit costs associated with additional staffing in the Agricultural Commissioner's Office.

The following chart shows a three year period of departmental expenditures, including the current year, for the departments assigned to the Board of Supervisors priority area of *A strong agricultural economy/heritage*:

**A strong agricultural economy/heritage--  
Departmental Expenditure Three Year Comparison**



## DEPARTMENTAL REVENUE

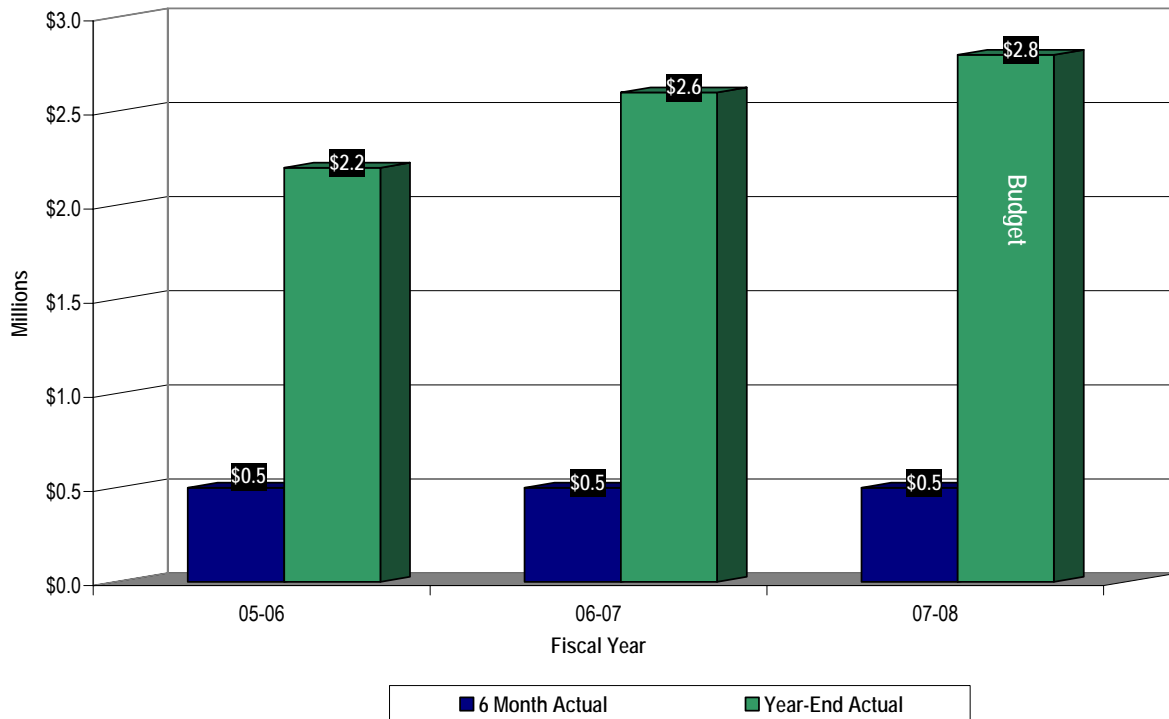
As of December 31, 2007, revenue for the departmental budgets that fall under the Board of Supervisors priority area of *A strong agricultural economy/heritage* are at \$536,596 compared to \$456,533 for the same time period one year ago. This amount represents 19.5% of the 2007-2008 adjusted budget. Typically, revenue at this point of the fiscal year ranges anywhere from 17.6% to 21.8% of the total year collections, placing this year within budgeted estimates.

Some of the significant variations in departmental revenue this year, compared to the same time period one year ago include:

- ◆ The Agricultural Commissioner's Department additional revenue of \$79,900 for the Glassy-Winged Sharpshooter inspection and treatment efforts and from increased fee revenue as approved by the Board of Supervisors.

The following chart shows a three year period of departmental revenue, including the current year, for the departments assigned to the Board of Supervisors priority area of *A strong agricultural economy/heritage*:

**A strong agricultural economy/heritage--  
Departmental Revenue Three Year Comparison**



## ISSUES AND RECOMMENDATIONS

**AGRICULTURAL COMMISSIONER:** The Department has identified an exposure of \$60,355 due to the unexpected retirement cashout costs. This exposure will be partially offset by salary savings; the Department has requested a \$30,457 increase in appropriations to cover the remaining exposure. The Agricultural Commissioner's Department has also identified potential revenue shortfalls due to a reduction in gas tax and sales of materials and will continue monitoring revenue closely throughout the year and make adjustments in spending as appropriate. Additionally, the Department has requested a classification study of one Accounting Technician position.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/ Fund Balance			
Agricultural Commissioner	\$30,457	-0-	Appropriations for Contingencies	Retirement cashouts	



Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/ Fund Balance			
Agricultural Commissioner	-0-	-0-		Reclassify one Accounting Technician position	Study
<b>Total</b>	<b>\$30,457</b>	<b>-0-</b>			

**Recommended Budget Adjustments:** It is recommended that appropriations be increased in this budget by \$30,457 to fund the retirement cashouts, which will be funded by a transfer from Appropriations for Contingencies. Due to the revenue shortfalls this budget unit will be reviewed again at third quarter. Additionally, one Accounting Technician position will be studied, maintaining the Department's total allocated positions of 38.

### SUMMARY

Overall, estimated revenue and expenditures for *A strong agricultural economy/heritage* will meet budget at year-end with one adjustment to appropriations of \$30,457 recommended at this time through a transfer from Appropriations for Contingencies.



# A well-planned infrastructure system

## COUNTY DEPARTMENTS

Environmental Resources  
Parks and Recreation  
Planning and Community Development  
Public Works

# A well-planned infrastructure system

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## 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 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. Environmental Resources and Planning and Community Development's Building Services Division are supported primarily through fees and charges for services that are provided. The General Fund primarily funds the Parks and Recreation Department and Planning and Community Development Department. The Public Works Department primary sources of funding are derived from charges for services and State and Federal funding for transportation and roads.

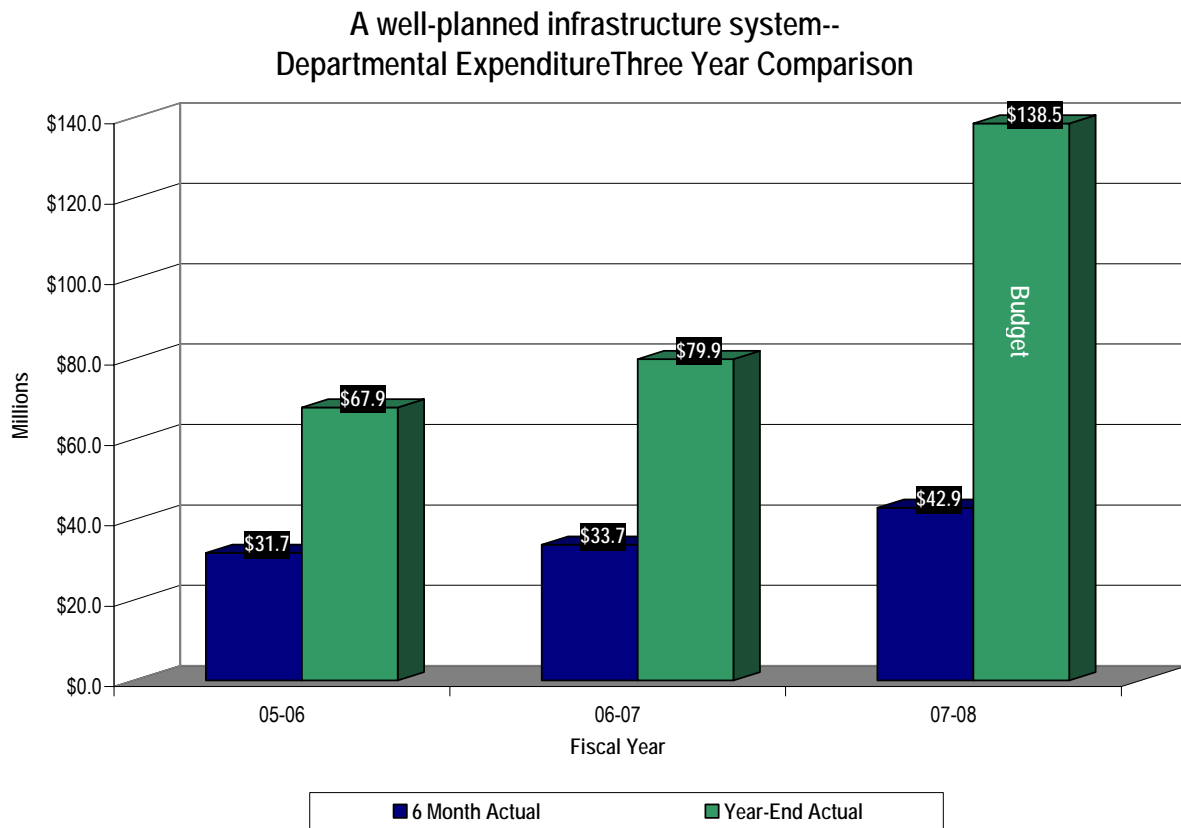
## DEPARTMENTAL EXPENDITURES

As of December 31, 2007, expenditures for the departmental budgets that are part of the Board of Supervisors priority area of *A well-planned infrastructure system* are at \$42.9 million compared to \$33.7 million for the same time period one year ago. This amount represents 31% of the 2007-2008 adjusted budget. Typically, expenditures at this point of the fiscal year range anywhere from 42.2% to 46.6% of the total yearly expenditures, placing this year slightly lower than prior years.

Some of the significant variations in expenditures this year, compared to the same time period one year ago include:

- ◆ The variance is due, in large part to a change in budgeting approach. Historically, the Public Works Department has brought Road's projects to the Board of Supervisors on an individual basis. In the 2007-2008 Proposed Budget, the Department included all anticipated Road's projects, resulting in an increase of \$6.5 million in actual expenditures in the Public Works – Roads and Bridge budget;
- ◆ Also included in the variance is \$1 million in Parks and Recreation for planning, trail work, irrigation, planting, grading and other construction within the Tuolumne River Regional Park Gateway Project;
- ◆ Planning and Community Development Department also showed an increase of approximately \$468,000 in their Special Revenue Grants budget for increase activity associated with the Robertson Road and Empire Infrastructure projects; and
- ◆ The Stanislaus County Redevelopment Agency also showed an increase of \$984,700 associated with a Habitat for Humanity home purchase project, increased activity in the first time homebuyers program and payment (principal and interest) of the Keyes Storm Drain Project tax bond.

The following chart shows a three year period of departmental expenditures, including the current year, for the departments assigned to the Board of Supervisors priority area of *A well-planned infrastructure system*:



## DEPARTMENTAL REVENUE

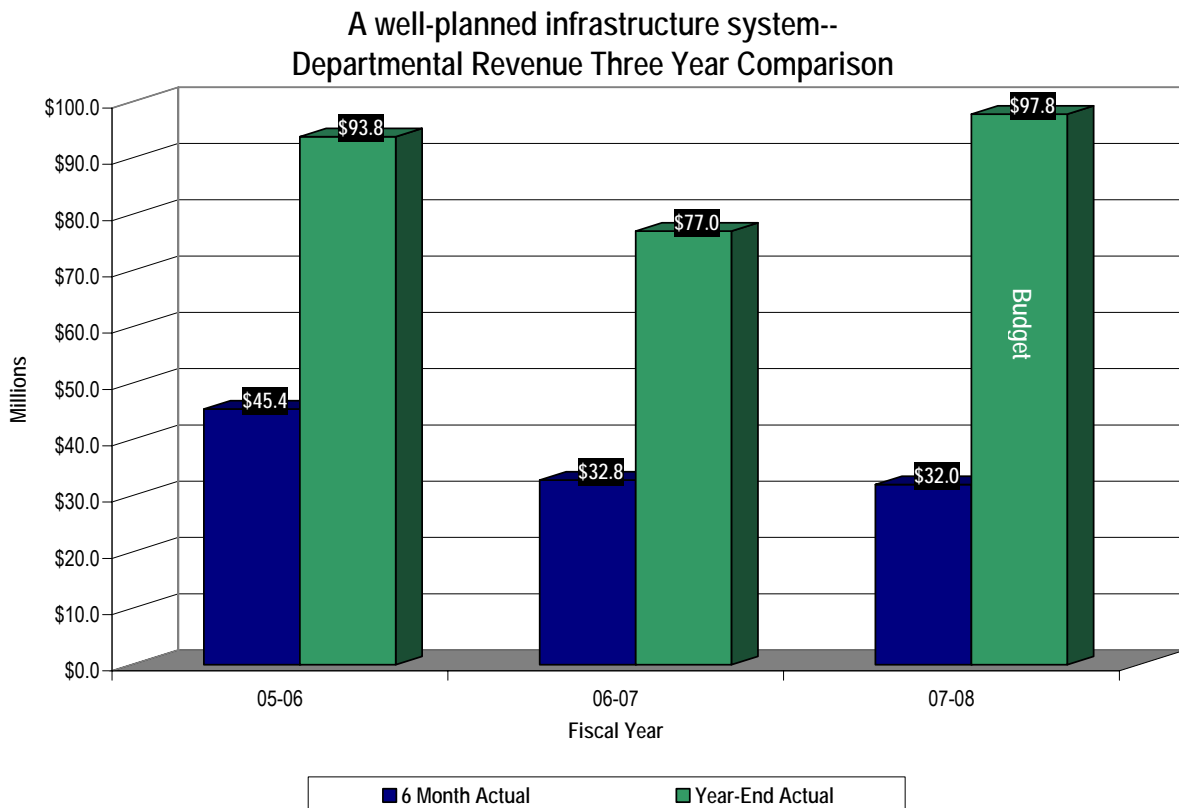
As of December 31, 2007, revenue for the departmental budgets that fall under the Board of Supervisors priority area of *A well-planned infrastructure system* are at \$32 million compared to \$32.8 million for the same time period one year ago. This amount represents 32.7% of the 2007-2008 adjusted budget. Typically, revenue at this point of the fiscal year ranges anywhere from 42.6% to 48.4% of the total year collections, placing this year's actual revenue received slightly lower than prior years.

Some of the significant variations in departmental revenue this year, compared to the same time period one year ago include:

- ◆ A \$1 million transfer from Public Facility Fees to advance the Tuolumne River Regional Park Gateway Project;
- ◆ An approximate \$766,000 increase in the Planning and Community Development Special Revenue Grants for a year-end posting correction that occurred from the previous fiscal year and for additional revenue received for additional infrastructure activity; and

- ◆ A \$1.8 decrease in revenue in the Public Works – Roads and Bridge budget to correct an error in budgeting for Federal reimbursement and a \$676,000 decrease in revenue received from Local Transportation Funds and State-Highway Users Tax.

The following chart shows a three year period of departmental revenue, including the current year, for the departments assigned to the Board of Supervisors priority area of *A well-planned infrastructure system*:



## ISSUES AND RECOMMENDATIONS

### ENVIRONMENTAL RESOURCES

**Administration:** For Fiscal Year 2007-2008, the Department of Environmental Resources anticipates being within budget. Expenditures are projected to be down by 6% due to salary savings and moving expenditures for the Oakdale Drop-Off Program to the Fink Road Landfill Fund. The Department has requested \$50,000 in fixed asset appropriations for the purchase of two hybrid vehicles. The Department began purchasing hybrid vehicles in 2001 and is planning to move its entire fleet of vehicles to hybrids over time as possible. Funds are available from the Vehicle Registration Fee Fund to offset the additional cost of the hybrid vehicles. In addition, the Department actively pursues grant funds for this purpose. The Department has requested a classification study of one Manager III position. In addition, the Department has requested to add one Account Clerk III position to perform accounting functions for the Environmental Resources and Parks and Recreation Departments specifically relating to accounts payable and receivable in addition to payroll. The Department is also requesting to add one Accounting Technician position to

perform accounting functions relating to grant accounting and calculating weighted labor rates. These accounting functions have been performed by extra-help staff over the past several years and the Department has adequate appropriations to cover the additional costs of these requests.

**Beverage Container:** During its mid-year analysis, the Department of Environmental Resources discovered that during the Fiscal Year 2006-2007 year-end accounting, funds were transferred in error from Environmental Resources – Beverage Container to Environmental Resources – Administration in the amount of \$37,787. A one-time increase in estimated revenue is requested in this amount to correct this error and restore funds into this budget.

**Geer Road Landfill:** The Department of Environmental Resources has requested one time increases to appropriations and estimated revenue of \$50,000 to fund additional environmental monitoring at the Geer Road Landfill. This increase will come from Fink Road Landfill where funds are transferred to the Closure/Post Closure fund annually to ensure adequate resources are available to finance the required post closure activities.

**Waste Tire Enforcement Grant:** During its mid-year analysis, the Department of Environmental Resources discovered that during the Fiscal Year 2006-2007 year-end accounting, that funds were not transferred to Environmental Resources – Administration in the amount of \$77,785 to cover the costs associated with the administration of this program. A one-time increase in appropriations is requested in this amount to correct this error and transfer funds appropriately. This will result in this transfer for administration costs to occur twice in the current fiscal year. The Waste Tire Enforcement Grant has sufficient fund balance to accomplish this request.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Environmental Resources	\$50,000	-0-	Fund Balance	Purchase of two hybrid vehicles	
Environmental Resources	-0-	-0-	Existing Appropriations	New position request extra-help to full-time	Account Clerk III
Environmental Resources	-0-	-0-	Existing Appropriations	New position request extra-help to full-time	Accounting Technician
Environmental Resources				Reclassify one Manager III position	Study
Environmental Resources – Beverage Container	-0-	\$37,787	Environmental Resources-Administration	Correction of Fiscal Year 2006-2007 transfer in error	
Environmental Resources- Geer Road Landfill	\$50,000	\$50,000	Environmental Resources – Fink Road Landfill Transfer	Funding for additional environmental monitoring	

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Environmental Resources – Waste Tire Enforcement	\$77,785	-0-	Fund Balance	Transfer for Fiscal Year 2006-2007 administration costs	
<b>Total</b>	<b>\$177,785</b>	<b>\$87,787</b>			

**Summary of Recommendations:** It is recommended to increase appropriations by \$177,785 for the purchase of two hybrid vehicles, additional environmental monitoring for the Geer Road Landfill and to make a transfer that should have occurred during Fiscal Year 2006-2007 year-end accounting in the Waste Tire Enforcement budget. An increase to estimated revenue of \$87,787 is also recommended to restore funding that was transferred from the Beverage Container budget in error and from a transfer from the Fink Road Landfill for additional environmental monitoring. In addition, one Account Clerk III position and one Accounting Technician position are recommended to be added and one Manager III position are recommended to be studied increasing the Department's total allocated positions to 102. The net impact of these staffing recommendations is an increase in costs of \$10,828 for the remaining four months of the fiscal year and \$32,486 annually. The Department will absorb the additional fiscal impact of these positions in their existing budget and next fiscal year. These actions are expected to result in a total use of existing Department of Environmental Resources fund balance/retained earnings of \$89,998.

**PARKS AND RECREATION:** For Fiscal Year 2007-2008, the Department of Parks and Recreation anticipates revenue to be down at Modesto Reservoir Regional Park due to extremely low water levels earlier in the season. The projected impact to estimated revenue in the Parks and Recreation budget is a shortfall of approximately \$141,466. The Department expects to control expenses to be able to balance the revenue shortfall.

As part of mid-year, the Department has two requests: \$37,137 for retirement cashouts and \$80,000 to begin equipment upgrades to bring vehicles into compliance with emission regulations. Pursuant to Title 13 of the California Code of Regulations (CCR) Air Resources Board, the Department is required to retrofit its entire fleet of vehicles to ensure that it complies with the new regulations by 2010. Total repairs will cost the Department an estimated \$180,000 from 2007-2010. The requested \$80,000 would cover the cost to the Department to retrofit 50% of its fleet. By completing necessary upgrades to 50% of its fleet, the Department would get an extension from the State to complete all other retrofits until 2012. The Department of Public Works is conducting the Request for Proposal (RFP) for the equipment upgrades and would handle the repairs for both Departments. The Department of Parks and Recreation anticipates making a request for additional funding to complete the necessary repairs for all its fleet during future budget cycles.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Parks and Recreation	\$37,137	-0-	Appropriations for Contingencies	Retirement cashouts	
<b>Total</b>	<b>\$37,137</b>	<b>-0-</b>			

**Summary of Recommendations:** It is recommended to increase appropriations by \$37,137 funded from Appropriations for Contingencies for retirement cashouts in the current fiscal year resulting in an increase to the Department of Parks and Recreation's net county cost. It is also recommended that the request for funding for equipment upgrades to existing vehicles to come into compliance with emission regulations be revisited at third quarter to determine whether an adjustment to budget is warranted at that time.

#### PLANNING AND COMMUNITY DEVELOPMENT

**Planning Division:** For Fiscal Year 2007-2008, the Department of Planning and Community Development anticipates revenues to be approximately 15% less than originally projected as a result of the down turn in the housing market affecting planning land use permits. The Department plans to reduce expenses to help offset the revenue shortfall associated with the current housing market conditions. The Department does not anticipate being able to absorb the anticipated \$151,975 retirement cashout or \$83,025 of reduced revenue within the existing budget and has thus requested necessary funding to ensure that they meet the approved net county cost. A reduction in revenue would result in the additional use of year-end fund balance.

**Building Permits:** As previously indicated, the slow down in the building industry has resulted in a decrease in the construction activity during the first half of the fiscal year. Overall, revenues are down approximately 13.5% at mid-year in the Building Permits budget and the Planning and Community Development Department anticipates the revenue loss to be anywhere from 25% to 30% by year-end. The Department has begun meeting with the Chief Executive Office to develop a strategy to address the downturn in the housing market and the impact to the Building Permits Division. It is anticipated that the Department will bring an item to the Board in the upcoming months with a recommended plan of action for moving forward.

**Redevelopment Agency:** After the completion of the Stanislaus County Redevelopment Agency audit for Fiscal Year 2006-2007, the Department discovered that the method being used to compute the Housing Set Aside portion of tax increment was incorrect. The Auditor Controller's Office reviewed the method and determined that an additional transfer to the Redevelopment Agency – Housing Set Aside budget from the Redevelopment Agency main budget was needed for prior years and the current year. As part of mid-year, the Department has requested an increase in appropriations in the amount of \$2,717,336 for this corrective adjustment. In addition, since revenues for Taxes and Revenue from the Use of Assets are projected to be \$1,160,573 more than originally anticipated, an increase in estimated revenue is also requested. This requested increase to estimated revenue will partially offset the necessary adjustment to appropriations with a \$1,556,763 increase in department fund balance.



**Redevelopment Agency-Housing Set Aside:** As part of mid-year, the Department has requested an increase to estimated revenue in the amount of \$2,717,336 based on the recalculation of the Housing Set Aside portion of the tax increment for prior years and the current year. In addition, an increase of \$810,000 in appropriations has been requested to fund activity in the sewer connection and housing rehabilitation programs using part of the additional tax increment funds. The Auditor has provided a new calculation method that will provide a more accurate result for future calculations of the Housing Set Aside portion of the tax increment. If approved, this will result in an \$1,907,336 increase to year-end fund balance.

**Salida Planning Efforts:** On January 7, 2003, the Board approved an application to the Economic Development Bank in the amount of \$250,000 for the development of the North Gateway Business Park Master Plan. The designated area was east of Stoddard, west of Dale Avenue between Pelandale and Ladd Road in Salida, and included the Kiernan Business Park. Legal and consulting services were incurred through the end of 2004 to advance this project in the amount of \$67,482. In March of 2006, the Chief Executive Office indicated that original scope of the project had changed and relinquished the remaining balance of the Economic Development Bank loan to be utilized for other economic development projects. In addition, the repayment schedule was extended to March of 2010 and until such time that business development begins to occur at this project area. The Planning and Community Development – Salida Planning Efforts budget was established to provide the funding and guidance for the Salida Community Plan Update and conceptual land use, infrastructure and funding strategy. All funding for the completion of the associated Environmental Impact Report and related documents is provided by outside developers directly to this fund. Through discussions between Department staff and the Chief Executive Office, it was concluded that the repayment of the Economic Development Bank loan for the North Gateway Business Park Master Plan could appropriately come from this budget. As such, a request was made to increase appropriations in the current fiscal year by \$67,482 to accomplish repayment of the loan. These funds would go directly into the Chief Executive Office – Economic Development Bank budget to be allocated for future economic development projects that promote job creation and retention.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Planning and Community	\$151,975	(\$83,025)	Appropriations for Contingencies and Year-End Fund Balance	Retirement cashouts	
Planning and Community Development – Redevelopment Agency	-0-	\$1,160,573	Increased Revenue	Additional tax increment and interest on funds	
Planning and Community Development – Redevelopment Agency	\$2,717,336	-0-	Increased Revenue and Fund Balance	Transfer of increment for Housing Set Aside Fund	
Planning and Community Development – Redevelopment Agency – Housing Set Aside	-0-	\$2,717,336	Transfer from Redevelopment Agency	Additional tax increment for Housing Set Aside	
Planning and Community Development – Redevelopment Agency – Housing Set Aside	\$810,000	-0-	Increase in Estimated Revenue	Sewer Connection and Housing Rehabilitation Programs	
Planning and Community Development – Salida Planning Efforts	\$67,482	-0-	Fund Balance	Repayment of Economic Development Bank Loan – North Gateway Project	
<b>Total</b>	<b>\$3,746,793</b>	<b>\$3,794,884</b>			

**Summary of Recommendations:** It is recommended to increase appropriations by \$3,746,793. The increase in appropriations is funded by \$2,717,336 through a corrective transfer from the Redevelopment Agency, \$67,482 in available department fund balance, \$810,000 in increased revenue from Housing Set Aside, and \$151,975 from Appropriations for Contingencies. The additional appropriations will be used for retirement cashouts, to increase capacity in the Agency's Sewer Connection and Housing Rehabilitation Programs, and to repay the Economic Development Bank for the North Gateway Project in the Salida area. An increase to estimated revenue of \$3,794,884 is also recommended and includes the transfer into the

Housing Set Aside, and additional tax increment and interest on funds. These actions are expected to result in a contribution to Department of Planning and Community Development/Redevelopment Agency fund balance of \$200,066.

## PUBLIC WORKS

**Morgan Shop:** The Department has requested an increase in revenue of \$460,932 for funds received from the Congestion Mitigation and Air Quality (CMAQ) program for the purchase of vehicles. These funds were for Program Years 2004-2005 and 2006-2007 however they were not received until Fiscal Year 2007-2008. The Department has also requested an increase in appropriations of \$74,000 as a result of the increased cost of fuel and is funded with offsetting revenue from charges for services. Additionally, the Department has requested an increase in appropriations and revenue of \$37,700 as a result of an insurance reimbursement which will be utilized to purchase two new vehicles. Public Works – Morgan Shop has experienced an increase in depreciation costs and as a result has requested an increase in appropriations of \$158,200 which will be funded out of department fund balance.

**Roads and Bridge:** The Department has requested a decrease in revenue by \$676,047 in anticipation of reductions in Local Transportation Funds and the State-Highway Users Tax. To offset the anticipated revenue loss, the Department has requested \$440,000 in reductions in salaries and benefits, services and supplies, and fixed assets in addition to use of fund balance. The Public Works Roads and Bridge budget was originally submitted with projected Road Projects Federal-Construction revenue. As projects were approved by the Board of Supervisors, the estimated revenue in this account should have been decreased and revenue in the actual project account should have increased. Instead, an error was made on the budget journals submitted with the projects which resulted in double budgeting. The Department has requested a revenue reduction of \$1,806,811 to correct this error.

The Department has received information that the Governor’s proposed budget recommends delaying payment of the State-Highway Users Tax to counties for the months of April – August 2008. This delay may impact the cash position of the budget unit by up to \$2.1 million.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Public Works – Morgan Shop	-0-	\$460,932	Department Revenue	Receipt of CMAQ funds for purchase of vehicles	
Public Works – Morgan Shop	\$74,000	\$74,000	Department Revenue	Increased fuel costs funded from increase charges for service	
Public Works – Morgan Shop	\$37,700	\$37,700	Department Revenue	Insurance reimbursement to cover costs of new vehicles	

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Public Works – Morgan Shop	\$158,200	(\$158,200)	Department Fund Balance	Increased depreciation costs	
Public Works – Roads and Bridge	(\$240,000)	-0-	Existing Appropriations	Reduction in salaries to offset revenue reduction	
Public Works – Roads and Bridge	(\$150,000)	-0-	Existing Appropriations	Reduction in materials to offset revenue reduction	
Public Works – Roads and Bridge	(\$50,000)	-0-	Existing Appropriations	Reduction in fixed assets to offset revenue reduction	
Public Works – Roads and Bridge	-0-	(\$401,745)	Local Transportation Funds	Anticipated Revenue Reduction	
Public Works – Roads and Bridge	-0-	(\$274,302)	State-Highway Users Tax	Anticipated Revenue Reduction	
Public Works – Roads and Bridge	-0-	(\$1,806,811)	Federal Construction	Correct Error in Federal Reimbursement revenue	
<b>Total</b>	<b>(\$170,100)</b>	<b>(\$2,068,426)</b>			

**Recommended Budget Adjustments:** It is recommended that appropriations be decreased by \$170,100 and revenue be decreased by \$1,910,226 and reduction to fund balance of \$158,200. Due to the potential revenue exposures, this budget will be reviewed at third quarter.

### SUMMARY

Overall, estimated revenue for the Board of Supervisors priority of *A well-planned infrastructure system* are recommended to increase by \$1,972,445 and expenditures are recommended to increase by \$3,791,615, respectively. A total of \$189,112 is recommended to be transferred from Appropriations for Contingencies for retirement cashouts for the Departments of Planning and Community Development and Parks and Recreation along with a \$1,630,058 increased use of fund balance.



# 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

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## 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, Chief Executive Office, Clerk of the Board of Supervisors, 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. 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 EXPENDITURES

As of December 31, 2007, expenditures for the departmental budgets that are part of the Board of Supervisors priority area of *Efficient delivery of public services* are at \$84.1 million compared to \$76.3 million for the same time period one year ago. This amount represents 42.3% of the 2007-2008 adjusted budget. Typically, expenditures at this point of the fiscal year range anywhere from 45.4% to 47% of the total yearly expenditures, placing this year slightly lower than prior years.

Some of the significant variations in expenditures this year, compared to the same time period one year ago include:

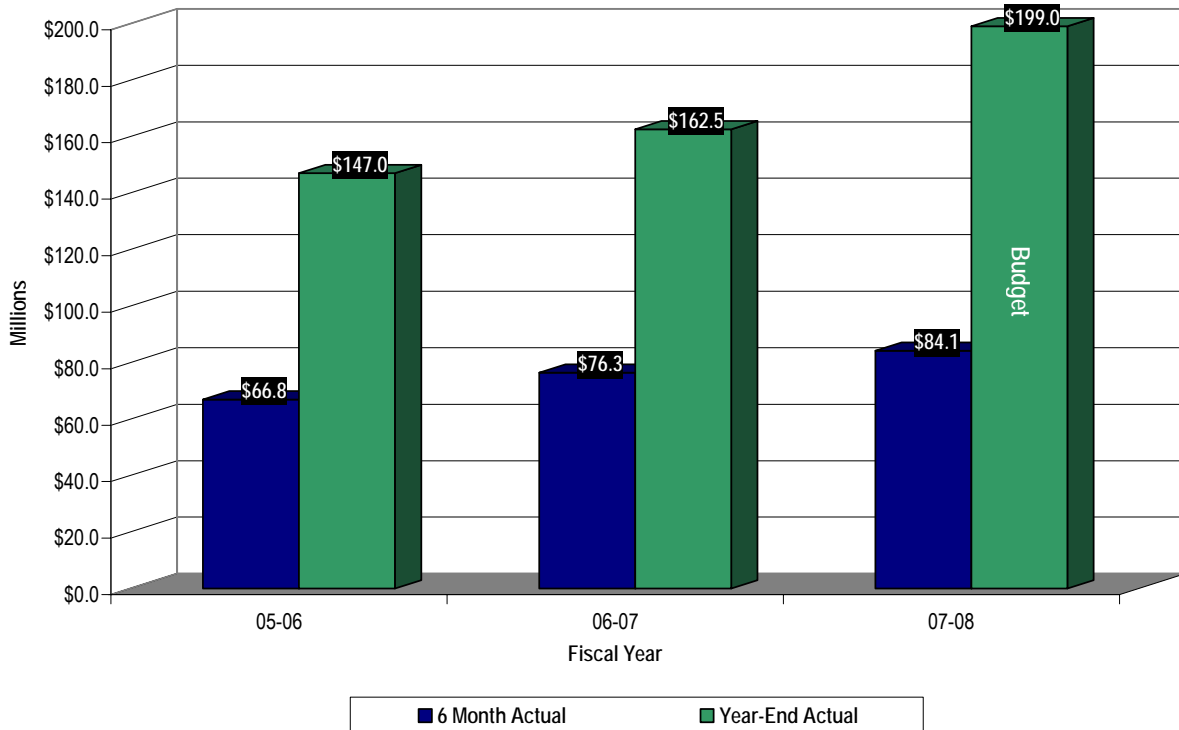
- ◆ A \$3.5 million increase in the Chief Executive Office – Risk Management Self-Insurance Fund reflecting increased cost of Health Insurance including the 18.8% increase in health insurance premiums and the transfer of funds to the Health Services Agency to cover the full cost of Professional Liability;
- ◆ A \$2.8 million increase in the Chief Executive Office General Fund Match budget over last year due to the increased County contribution to the Health Services Agency – Clinic and Ancillary Services budget to eliminate the 2005-2006 cash deficit;
- ◆ A \$682,000 increase in the Chief Executive Office Debt Services budget which reflects increased expenditures for the 2004 A & B Certificates of Participation (COP) during the first half of this fiscal year. The initial payments on each of the COPs were made during the 2006-2007 Fiscal Year using earnings from capitalized interest that was deposited into the respective Capitalized Interest Account at the time of financing to pay interest through September 2006. This capitalized interest is no longer

available in the 2007-2008 Fiscal Year to decrease the payment amounts. Funding for this year's payments were included in the 2007-2008 Proposed Budget;

- ◆ A \$262,000 increase in General Services Agency Facilities Maintenance budget which reflects an increase in expenditures for maintenance of facilities and grounds, janitorial services, and utility costs. Revenues are expected to increase to offset the increase in utility charges, as these are designed as pass-through for utility bills to be paid by a single source and reimbursed by departments benefiting from the service;
- ◆ A \$184,000 increase in the Assessor's Department due to increased salaries, the purchase of two replacement servers and the replacement cost of four new vehicles;
- ◆ A \$172,000 increase in the General Services Agency Administration budget which represents start-up costs associated with establishing the new Administrative Division to support the Agency's development and support the Central Services, Facilities Maintenance, Fleet and Purchasing operations;
- ◆ A \$105,000 increase in the Clerk-Recorder Elections Division due to the additional cost of the June election; and
- ◆ A \$102,000 increase in County Counsel due to Department retirement cashouts, equity adjustment, additional salary cost, and increased legal expenses.

The following chart shows a three year period of departmental expenditures, including the current year, for the departments assigned to the Board of Supervisors priority area of *Efficient delivery of public services*:

**Efficient delivery of public services--  
Departmental Expenditure Three Year Comparison**



## DEPARTMENTAL REVENUE

As of December 31, 2007, revenue for the departmental budgets that are a part of the Board of Supervisors priority area of *Efficient delivery of public services* are at \$50.1 million compared to \$51.8 million for the same time period one year ago. This amount represents 43.8% of the 2007-2008 adjusted budget. Typically, revenue at this point of the fiscal year ranges anywhere from 46.6% to 50.8% of the total year collections, placing this year slightly lower than prior years.

Some of the significant variations in departmental revenue this year, compared to the same time period one year ago include:

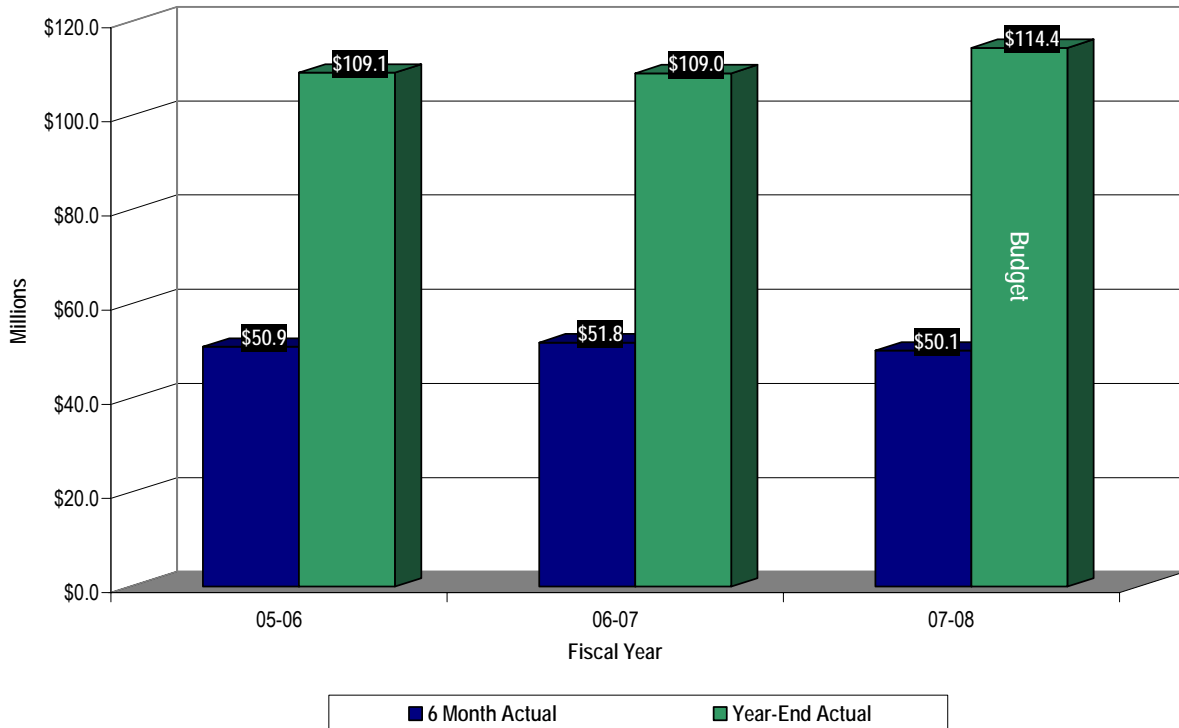
- ◆ A \$3.1 million increase in the Chief Executive Office Risk Management Self-Insurance Purchased Insurance Fund as the result of revenues collected for increased medical insurance premiums, revenue from charges to the Health Services Agency for the full cost of Professional Liability and interest income from Professional Liability fund balance;
- ◆ A \$2.5 million decrease in the Chief Executive Office Debt Service budget due to the Public Facilities Fee Transfer that happened during the first half of the year in the 2006-2007 Fiscal Year;



- ◆ A \$1.2 million decrease in the Clerk Recorder's budgets, primarily due to the significant decline in the housing market, a trend that is expected to continue for the remainder of the 2007-2008 Fiscal Year and through the 2008-2009 Fiscal Year;
- ◆ A \$376,000 decrease in the Auditor-Controller's budget, primarily due to a delay in submitting changes which caused revenues that were typically charged out in December to be posted this fiscal year in January;
- ◆ A \$325,000 decrease in the General Services Agency's budgets, primarily due to a reduction in demand for printing services and a decrease in vehicle depreciation due to fewer vehicles purchased;
- ◆ A \$213,000 decrease in the Assessor's budget, primarily due to a carry over from a State Grant that was received as revenue in the 2006-2007 Fiscal Year; and
- ◆ A \$197,000 decrease in the Chief Executive Office General Fund Match Vehicle License Fee budget due to reduced Vehicle License Fees received and distributed by the State.

The following chart shows a three year period of departmental revenue, including the current year, for the departments assigned to the Board of Supervisors priority area of *Efficient delivery of public services*:

Efficient delivery of public services--  
Departmental Revenue Three Year Comparison



## ISSUES AND RECOMMENDATIONS

**AUDITOR-CONTROLLER:** In the 2006-2007 mid-year report the Department requested a classification study of two Manager III positions, one in the Internal Audit Division and one in the General Ledger Division. These positions provide management oversight of their divisions.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Auditor Controller	-0-	-0-	Existing Budgeted Appropriations	Reclassify upward two Manager III positions	Manager IV
<b>Total</b>	<b>-0-</b>	<b>-0-</b>			

**Recommended Budget Adjustments:** Two Manager III positions are recommended to be upgraded to Manager IV, maintaining the Department's allocated positions of 48.

**CHIEF EXECUTIVE OFFICE-OPERATIONS AND SERVICES:** The Chief Executive Office has been working with the Integrated County Justice Information System (ICJIS) Commission regarding the need for

a dedicated ICJIS project manager. Most of the core ICJIS application has been designed through a contract with Atomogy Corporation, an outside firm. Since ICJIS is such a critical application to our organization, the goal in requesting this position is to begin an understanding of the core application "in-house". In addition to serving as the ICJIS Project Manager, this position will be responsible to act as information technology security officer for Stanislaus County; lead teams on large scale, complex information technology projects; be responsible for the performance, cost, scope, scheduling, quality, and appropriate business measurements for the project; meets customers' requirements and obtain the results of the project or deliverables assigned; perform activities to enhance customer satisfaction; and ensure compliance of all projects within all applicable Stanislaus County standards, policies, and procedures.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Chief Executive Office – Ops & Services	-0-	-0-	75% ICJIS and 25% Strategic Business Technology	ICJIS Project Manager & County Information Security Officer	Add one Manager IV position
<b>Total</b>	<b>-0-</b>	<b>-0-</b>			

**Summary of Recommendations:** One Manager IV position will be added, increasing the total allocated positions to 47. No additional appropriations are requested for this fiscal year as the position will be funded by the ICJIS budget through contract savings. During 2008-2009 Fiscal Year the position will be funded 75% by the ICJIS Project and 25% by Strategic Business Technology Department.

**CHIEF EXECUTIVE OFFICE-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 4/5ths vote of the Board of Supervisors. The 2007-2008 Final Budget included \$9,741,050 in appropriations for exposures such as increases in employee health insurance costs, salary related costs, operating costs related to the sale of the Stanislaus Behavioral Health Center, the operating deficit of the Health Services Agency Clinics and Ancillary Services Division, and other unanticipated exposures.

It is anticipated that most of the exposures identified in the Final Budget will materialize by the end of the year. Some of these anticipated exposures have already occurred, most notably, costs for negotiated labor agreements and one-time additional funding for the Health Services Agency operating deficit. Negotiations with employee groups continue and are likely to result in increased costs in certain departmental budgets in the last half of the fiscal year. In addition, many issues are outstanding as a result of the Governor's Proposed Budget for 2008-2009, which as written will significantly impact the health, behavioral health and social services programs and some criminal justice and transportation projects prior to the end of the fiscal year.

Through September 30, 2007, the Board of Supervisors approved one transfer, in the amount of \$8,580 to assist in funding the outside Auditor for the annual County Audit for Fiscal Year 2006-2007. As part of the First Quarter Financial Report, the following transfers were approved, totaling \$4,222,457:

- ◆ \$4,189,655 to the Health Services Agency Clinics and Ancillary Services Division through the CEO General Fund Match budget to offset the net anticipated operating deficit for 2007-2008; and
- ◆ \$32,802 to the District Attorney Criminal budget for seven months of funding for a Legal Clerk III position.

As a result of these transfers, the 2007-2008 contingency balance is \$5,510,013. At this time, it is recommended that the following transfers be made totaling \$2,226,448, which are explained in greater detail this report.

**Appropriations for Contingencies 2007-2008**

Budget Unit	<i>Recommended</i>		Funding Source	Description
	Appropriations	Revenue/Fund Balance		
Appropriations for Contingencies	(\$30,457)	-0-	Existing Budget	Agricultural Commissioner for retirement cashout
Appropriations for Contingencies	(\$18,452)	-0-	Existing Budget	Animal Services for retirement cashout
Appropriations for Contingencies	(\$71,967)	-0-	Existing Budget	CEO-Office of Emergency Services for salary and health care costs, EOC activation costs
Appropriations for Contingencies	(\$142,411)	-0-	Existing Budget	CEO-Office of Emergency Services for emergency dispatch costs
Appropriations for Contingencies	(\$100,000)	-0-	Existing Budget	Animal Services Trust Fund for SCATE program, through County Match
Appropriations for Contingencies	(\$150,000)	-0-	Existing Budget	Clerk-Recorder Elections for June 2008 election
Appropriations for Contingencies	(\$91,000)	-0-	Existing Budget	Sheriff Cal-MMET for accrued negative interest, through County Match
Appropriations for Contingencies	(\$147,000)	-0-	Existing Budget	DA-Criminal for salary health insurance and cashout costs
Appropriations for Contingencies	(\$40,000)	-0-	Existing Budget	DA-Criminal for expert witness costs

Budget Unit	<i>Recommended</i>		Funding Source	Description
	Appropriations	Revenue/Fund Balance		
Appropriations for Contingencies	(\$37,137)	-0-	Existing Budget	Parks & Recreation for retirement cashout
Appropriations for Contingencies	(\$151,975)	-0-	Existing Budget	Planning & Community Development for retirement cashout
Appropriations for Contingencies	(\$70,939)	-0-	Existing Budget	Probation-Field Services for increased retirement cost
Appropriations for Contingencies	(\$59,981)	-0-	Existing Budget	Probation-Field Services for retirement cashout
Appropriations for Contingencies	(\$249,620)	-0-	Existing Budget	Probation-Institutions for increased retirement costs
Appropriations for Contingencies	(\$40,400)	-0-	Existing Budget	Public Defender for staffing related and health insurance costs
Appropriations for Contingencies	(\$273,000)	-0-	Existing Budget	Public Defender-increased defense costs
Appropriations for Contingencies	(\$4,415)	-0-	Existing Budget	Sheriff-Administration for increased salary costs
Appropriations for Contingencies	(\$13,400)	-0-	Existing Budget	Sheriff-Administration for fixed assets-computer router
Appropriations for Contingencies	(\$27,870)	-0-	Existing Budget	Sheriff-Detention for salary and cashout costs
Appropriations for Contingencies	(\$26,550)	-0-	Existing Budget	Sheriff-Detention for Retherm ovens at PSC
Appropriations for Contingencies	(\$39,000)	-0-	Existing Budget	Sheriff-Detention for industrial dishwasher for central kitchen
Appropriations for Contingencies	(\$29,500)	-0-	Existing Budget	Sheriff-Detention for two transportation vans for PSC & Honor Farm
Appropriations for Contingencies	(\$53,100)	-0-	Existing Budget	Sheriff-Detention for phone system at Honor Farm

Budget Unit	<i>Recommended</i>		Funding Source	Description
	Appropriations	Revenue/Fund Balance		
Appropriations for Contingencies	(\$17,700)	-0-	Existing Budget	Sheriff-Detention for intercom system for Barracks 4 at Honor Farm; fixed asset
Appropriations for Contingencies	(\$33,630)	-0-	Existing Budget	Sheriff-Detention for security camera for Barracks 4 at Honor Farm
Appropriations for Contingencies	(\$134,835)	-0-	Existing Budget	Sheriff-Operations for Lt COLAs/ cashouts
Appropriations for Contingencies	(\$18,200)	-0-	Existing Budget	Sheriff-Operations for Bomb Team vehicle
Appropriations for Contingencies	(\$10,400)	-0-	Existing Budget	Sheriff-Operations for Dive Team trailer
Appropriations for Contingencies	(\$104,000)	-0-	Existing Budget	Sheriff-Operations for ergonomic desks & filing system for Records Division
Appropriations for Contingencies	(\$22,100)	-0-	Existing Budget	Sheriff-Operations for photo management system
Appropriations for Contingencies	(\$17,409)	-0-	Existing Budget	Treasurer/Tax Collector for increased salary and health insurance costs
<b>Total</b>	<b>(\$2,226,448)</b>	<b>-0-</b>		

**Summary of Recommendations:** A transfer of \$2,226,448 from Appropriations for Contingencies is recommended for the departmental requests listed above, leaving a remaining balance of \$3,283,565 for the remainder of the fiscal year. A four-fifths vote of the Board of Supervisors is required for all transfers from the Appropriations for Contingencies budget.

**CHIEF EXECUTIVE OFFICE-CAPITAL PROJECTS:** In September 2001, the Gallo Center for the Arts capital project budget was established and adjusted over the years for the total project expenses. The Gallo Center for the Arts officially opened to the public in September of 2007. As the construction project nears close-out, a technical adjustment is requested to transfer existing appropriations of \$130,000 in supplies and services to fixed assets funded by existing appropriations in the capital project budget to more accurately reflect actual costs incurred. This is a transfer within the approved project budget and results in no increase in county funds toward the project.

Budget Unit	<i>Recommended</i>		Funding Source	Description
	Appropriations	Revenue/Fund Balance		
CEO-Capital Projects	-0-	-0-	Transfer \$130,000 from Services and Supplies to Fixed Assets	Technical adjustment for project close-out
<b>Total</b>	<b>-0-</b>	<b>-0-</b>		

**Summary of Recommendations:** It is recommended to transfer existing appropriations of \$130,000 from services and supplies to fixed assets as part of a technical adjustment to the Capital Projects budget.

**CHIEF EXECUTIVE OFFICE-CROWS LANDING AIR FACILITY:** Chief Executive Office-Crows Landing Air Facility was established as the planning budget to facilitate the economic development of the former military air facility. On February 27, 2007, the Board of Supervisors entered into a twelve-month exclusive negotiation with Pacific Coast Capital Partners West Park (West Park) as exclusive master developer candidate. As part of the negotiation process, West Park has agreed to fiscal responsibility for all third party consulting costs and analysis. On July 6, 2007, the County entered into an agreement with Meyers, Nave, Riback, Silver and Wilson for legal services in an amount not to exceed \$100,000 in the current fiscal year associated with the development of the air facility. In order to properly account for this additional revenue and expense an adjustment to the Chief Executive Office-Crows Landing Air Facility budget is requested as part of the mid-year process.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Chief Executive Office – Crows Landing Air Facility	\$100,000	\$100,000	Department Revenue	Establishes appropriations and estimated revenue for legal services in the current fiscal year	
<b>Total</b>	<b>\$100,000</b>	<b>\$100,000</b>			

**Summary of Recommendations:** It is recommended to increase appropriations and estimated revenue by \$100,000 for the cost of legal services associated with the development of the Crows Landing Air Facility in the current fiscal year. Funding for these services will be paid through West Park per the twelve-month exclusive negotiation agreement.

**CHIEF EXECUTIVE OFFICE-GENERAL FUND MATCH AND SUPPORT:** The Sheriff Cal-MMET fund was established as an interest-bearing fund. The original grant award allowed a 25% advance of the funds for the purchase of equipment and to facilitate the implementation of the program. Any interest earned is considered project income and is to be used for a purpose that furthers the objective of the Cal-MMET

program. Since the original advance, all expenditures have been reimbursed on a quarterly basis and an interest expense to the fund has been incurred. This deficit continues to grow as long as this grant is handled on a reimbursement basis. It is recommended that the Board approve the change of this fund from interest bearing to non-interest bearing status. In addition it is recommended that up to \$91,000 be appropriated from County Match to eliminate the current negative interest position which will include interest that accrues until the interest bearing status is changed.

The downturn in the real estate market has had a direct effect on the funding of the District Attorney's Real Estate Fraud program. Revenue is projected to fall short of budgeted expenditures by \$64,000 at year-end. In addition, claims of real estate fraud continue to increase the workload and a portion of the costs associated with these cases has been funded in the DA-Criminal General Fund budget. Currently, County Match is used to balance the DA's Vertical Prosecution budget and it is projected that nearly all of the match used to balance will remain unused. It is recommended that \$90,000 of this excess match be transferred to fund the challenges of the Real Estate Fraud program. \$40,000 will be used toward the revenue deficit and \$50,000 will be used toward General Fund costs that will be transferred into the Real Estate Fraud budget.

The Department of Animal Services has identified a shortfall in the Animal Services-Trust Donation budget due to the additional anticipated cost of the Stanislaus County Alternative to Euthanasia (SCATE) program and anticipated shortfall in revenue. At this time it is projected that revenue shortfalls of \$50,000 will occur and that an additional \$50,000 will be needed for the reimbursement of the spay and neuter surgery portion of the program. It is recommended that appropriations be increased by \$100,000 to cover the costs in the Animal Services-Trust Donation budget.

Budget Unit	<i>Recommended</i>		Funding Source	Description
	Appropriations	Revenue/Fund Balance		
County Match	\$91,000	-0-	Appropriations for Contingencies	Sheriff-CalMMet negative interest
County Match	(\$90,000)	-0-	Existing Department Budget	Decrease DA-Vertical Prosecution
County Match	\$90,000	-0-	Existing Department Budget	Transfer out to DA-Real Estate Fraud
County Match	\$100,000	-0-	Appropriations for Contingencies	Animal Services Trust Donation for SCATE program
<b>Total</b>	<b>\$191,000</b>	<b>-0-</b>		

**Summary of Recommendations:** It is recommended that appropriations be increased by \$191,000 to fund the Sheriff-Cal-MMET program and the Animal Services SCATE program, to be funded from Appropriations for Contingencies.



**CHIEF EXECUTIVE OFFICE - PLANT ACQUISITION:** The Plant Acquisition Budget provides funding for the acquisition, repair, and remodel of existing and new County facilities. During the 2007-2008 Fiscal Year, a budget of \$485,430 was established for various County facility-related expenses including expansion and renovation projects.

The Chief Executive Office is requesting to use existing appropriations in the amount of \$60,000 for a transfer from services and supplies to fixed assets. This transfer would be used to fund an additional \$20,000 in fixed assets at the Stanislaus Behavioral Health Center (SBHC) for a chiller that was paid for out of the proceeds of the sale of Stanislaus Behavioral Health Center to Doctors Medical Center. The additional \$40,000 requested in this transfer would be used to fund office equipment for the 12<sup>th</sup> Street Office Building and HSA Paradise Medical Office remodel project, and to complete water repair damages at the HSA Family Practice Center facility.

Also requested is a transfer of existing appropriations in the amount of \$37,371 for the General Services Agency Facilities Maintenance Division (FMD). The FMD requested an increase in appropriations in the amount \$9,671 for battery backups at Stanislaus Regional (SR) 911. The FMD also requested \$12,000 to replace existing fire suppression heads at Juvenile Hall. The FMD also requested an increase in appropriations in the amount of \$15,700 for fire insurance (which is a county obligation) on the Gallo Center for the Arts facility for the 2007-2008 Fiscal Year which provides insurance on the County-owned facility.

It is also requested that existing budgeted funds be used to assist the Office of Emergency Services with the finalization of Stanislaus County's Continuity of Operations (COOP) and Continuity of Government (COG) efforts. Continuity of Operations (COOP) and Continuity of Government (COG) ensure the continuity of essential functions through a wide range of emergencies and disasters. Today's changing threat environment and recent natural and man-made emergencies demonstrate the need for COOP/COG capabilities and plans at the local, state, and federal levels.

The potential public health and socioeconomic risks associated with a pandemic influenza are significant and require that COOP/COG preparedness efforts be undertaken at all levels of government. Traditional continuity of operations planning focuses on damage to property and equipment with limited loss of personnel. However, if a highly virulent strain of influenza impacts the United States, it may result in significant reduction and loss of governmental personnel as well as lowered delivery performance by vendors for extended periods of time.

The proposed contract for services will provide COOP/COG with a plan for County-wide sustained operational plans through a wide range of emergencies with emphasis on the impacts of a virulent strain of Influenza in addition to all other potential emergencies.

Finally, it is requested to use existing appropriations in the amount of \$240,000 to complete an Absorber Replacement Project at the Health Services Agency located at County Center II. The current absorber is non-operational and with the summer season rapidly approaching, the facilities at County Center II may be adversely affected by the lack of air conditioning during major summer heat. This recommendation would provide appropriations to purchase a fixed asset and install a new 180 Ton Chiller and repair (2) existing 45 ton chillers to provide adequate air-conditioning for facilities at County Center II.

Budget Unit	<i>Recommended</i>		Funding Source	Description
	Appropriations	Revenue/Fund Balance		
Plant Acquisition	-0-	-0-	Transfer \$60,000 to Fixed Assets from Services and Supplies	SBHC Chiller, Office Equipment, HSA Family Practice Center roof repair
Plant Acquisition	(\$37,371)	-0-	Transfer Existing Appropriations from Plant Acquisition to Facilities Maintenance	Decrease Plant Acquisition for fire insurance, juvenile hall sprinkler replacement, OES Battery Back-up
Plant Acquisition	-0-	-0-	Existing Budgeted Appropriations	Hire national planner to finalize COOP/COG efforts
Plant Acquisition	-0-	-0-	Existing Budgeted Appropriations	Absorber replacement at HSA/CC II
<b>Total</b>	<b>(\$37,371)</b>	<b>-0-</b>		

**Summary of Recommendations:** It is recommended that existing appropriations be decreased by \$37,371 and transferred to the Facilities Maintenance legal budget unit. It is also recommended to transfer \$60,000 in existing appropriations from the Plant Acquisition services and supplies to fixed assets. It is recommended to use \$340,000 in existing appropriations in the Plant Acquisition budget to complete critical projects. Existing appropriations are being diverted to these high priority projects due to upcoming budget constraints.

**CHIEF EXECUTIVE OFFICE-COUNTY FACILITIES:** The County Facilities budget provides funding for minor facility improvements and costs associated with maintaining certain County property.

The Department of Animal Services has identified an immediate need to repair the Animal Services Facility Adoption Center. The Modular Unit was installed at Animal Services in 1999 with the expectancy that it would be able to meet the need to hold adoptable animals for approximately five years until a more permanent solution was identified. Through continuous cleaning, the trailer has received water damage, which now needs to be repaired. It is anticipated that the repair to the floors will cost approximately \$50,000 which can be funded from County Facilities.

Budget Unit	<i>Recommended</i>		Funding Source	Description
	Appropriations	Revenue/Fund Balance		
County Facilities	-0-	-0-	Use Existing Appropriations	Repair Pet Adoption Center floors
<b>Total</b>	<b>-0-</b>	<b>-0-</b>		

**Summary of Recommendations:** It is recommended to use existing appropriations in the County Facilities budget of \$50,000 to repair the Animal Services Pet Adoption Center floors.

**CHIEF EXECUTIVE OFFICE - RISK MANAGEMENT DIVISION:** The Internal Service Funds operated by the Risk Management Division of the Chief Executive Office include funds for Dental Self-Insurance, General Liability Self-Insurance, Professional Liability-Self Insurance, Purchased Insurance, Unemployment Self-Insurance, Vision Care Insurance and Workers' Compensation. Two of these funds have requested mid-year budget adjustments as the result of increased expenditures and estimated revenue.

**Purchased Insurance:** The County currently funds the cost of employee medical insurance at the lowest cost option. The 2007-2008 Final Budget included appropriations for a 15% increase in health insurance premiums beginning January 1, 2008. Actual rates for the lowest-cost provider (currently Kaiser) came back at 18.9%. This increased expenditures by \$1,486,321. These expenditures are offset by estimated revenue from Departments for the additional insurance cost. PacificCare which in the past has had a substantially higher cost than Kaiser, increased only 8%. As a result the cost of PacificCare insurance is just slightly higher than Kaiser. While this resulted in a number of employees changing from Kaiser to PacificCare insurance it does not have any impact on the cost to the County because the County's contribution is based on the lowest cost provided, which is still Kaiser.

The cost of employee's basic life insurance was overstated by \$858,974 in the final budget. As a result the Department is requesting a decrease in appropriations and estimated revenues of \$858,974.

A deferred compensation consulting fee in the amount of \$20,000 and additional use of temporary staff in the amount of \$15,821 during the PeopleSoft upgrade resulted in an increase in operating expenditures of \$35,821. This increase is offset by additional revenue of \$20,000 from the deferred compensation carrier and \$15,934 for a benefit administration fee for a total of \$35,934 in estimated revenue.

**Professional Liability:** This budget will see a significant increase in estimated revenue and expenditures. The increase of \$1,041,547 in expenditures can be attributed to the transfer of cash to the Health Services Agency. In order to fully account for all costs associated with the clinic operations as a Federally Qualified Health Center Look-Alike, the Health Services Agency requested to pay the full cost of liability insurance. Prior to the Agency receiving this designation, a portion of the cost for professional liability for the Health Services Agency was to be funded from retained earnings. As a result of this change the Health Services Agency is being charged through the Auditor's Cost Allocation Division for the full cost of professional liability insurance. This transfer of cash will be offset by a reduction in expenditures of \$520,353 for loss claims and other charges. Therefore expenditures are expected to increase overall by \$521,194.

The Department is requesting an increase of \$1,063,742 in estimated revenue from charges to the Health Services Agency for the full cost of professional liability Insurance and an increase of \$53,500 in interest earnings.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
Purchased Insurance	\$1,486,321	\$1,486,321	Increased Premiums and Charges to Departments	Increase in health insurance costs	
Purchased Insurance	(\$858,974)	(\$858,974)		Decrease employee life insurance costs	
Purchased Insurance	\$35,821	\$35,934	Charges to Deferred Compensation Carrier and to Departments	Consultant and temporary agency staff costs	
Professional Liability	\$1,041,547	-0-	Fund Balance	Transfer of cash to Health Services Agency	
Professional Liability	(\$520,353)	-0-		Decrease in loss claims expenses and other charges	
Professional Liability	-0-	\$53,500	Department Revenue	Increase interest earnings	
Professional Liability	-0-	\$1,063,742		Increase for Professional Liability insurance	
<b>Total</b>	<b>\$1,184,362</b>	<b>\$1,780,523</b>			

**Recommended Budget Adjustments:** It is recommended that appropriations be increased by \$1,184,362 and estimated revenue be increased by \$1,780,523 resulting in an increase in Department fund balance of \$596,161.

**CLERK-RECORDER:** The Clerk Recorder is requesting a new facility that would consolidate both the Clerk Recorder and Elections Division as well as the warehouse. This request is also in the Stanislaus County Fiscal Year 2007-2008 Capital Improvement Plan. As mentioned in the CIP this request will be studied to determine its funding sources prior to proceeding.

**Recorder Division:** The Recorder Division is projecting a decrease in estimated revenue as a result of a reduction in recording revenue from local real estate market sales and refinancing activity. This slowdown has resulted in lower housing prices and fewer sales. The trend is anticipated to continue through the remainder of the fiscal year. In reviewing the budget it is projected that the Recorder Division will not meet their budgeted revenue by \$430,000. This will impact their Net County Cost by approximately \$150,000. It is recommended to review this budget at third quarter and identify any additional shortfalls.

**Elections Division:** As part of mid-year the Elections Division has identified a shortfall in appropriations due to the additional costs needed for the June State Primary Election. In the Proposed Budget the Board approved a \$1,826,604 increase in the Clerk-Recorder Elections budget. This funding was to cover the majority of costs associated with the three elections that would be held this fiscal year. The Department is requesting an additional \$308,930 in appropriations to cover costs in the June Election for salaries, postage costs and other related elections supply costs. In reviewing the budget, the Chief Executive Office anticipates that the impact will not be as great as the Department projects. At this time it is projected that the exposure will be closer to \$150,000 in appropriations.

Department expenditures are anticipated to increase from \$50,000 to \$80,000 for the Oak Valley Hospital special bond election scheduled for April 29, 2008. Further, a Petition for Recall of State Senator Jeffery Denham has been received in the Elections Division. Additional potential exposures are the certification of the results of the recall petition and a special recall election called by the Governor. It is recommended to review this budget at third quarter and identify any additional shortfalls.

**Modernization:** The Department has identified a revenue exposure of \$581,620 due to the reductions in recorded documents, which is a result of a decline in the housing market. In reviewing previous fiscal years, the Chief Executive Office found that the Department has consistently not spent all of their appropriations and may therefore not need the current level of budgeted revenues. The Modernization budget has sufficient fund balance to fund current year shortfalls if they occur at year-end.

Budget Unit	<i>Recommended</i>		Source	Description	Staffing
	Appropriations	Revenue/ Fund Balance			
Clerk Recorder	-0-	(\$430,000)	Fund Balance	Decrease in revenue due to housing market	
Clerk Recorder - Elections	\$150,000	-0-	Appropriations for Contingencies	June Election	
<b>Total</b>	<b>\$150,000</b>	<b>(\$430,000)</b>			

**Summary of Recommendations:** The recommendations will increase overall department appropriations by \$150,000 through transfer from Appropriations for Contingencies and decrease estimated revenue by \$430,000.

**COUNTY COUNSEL:** For a number of years a contract attorney has handled all legal responsibilities associated with Capital Projects for the County Counsel and the Chief Executive Office. That contract

resource is no longer available and currently outside legal counsel is assisting the County. The County has now identified the need to have a Capital Projects attorney assigned to County Counsel. The Chief Executive Office-Operations and Services budget unit will fund this position for the remainder of the Fiscal Year 2007-2008 using existing appropriations. The cost of the position for the remainder of the fiscal year is expected to be \$37,000.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/Fund Balance			
County Counsel	-0-	-0-	CEO Ops and Services	Perform legal duties associated with Capital projects	Add one Attorney V position
<b>Total</b>	<b>-0-</b>	<b>-0-</b>			

**Summary of recommendations:** One Deputy County Counsel V position is recommended to be added, increasing the Department's total allocated positions to 18. The cost for this position for the remainder of the fiscal year will be funded by Chief Executive Office - Operations and Services budget unit using existing appropriations.

**GENERAL SERVICES AGENCY:** The General Services Agency is comprised of five Divisions: Administration, Central Services, Facilities Maintenance, Fleet and Purchasing. Each Division insures that County Departments have the necessary tools to provide direct services to the community.

**Administration Division:** The Administration Division is requesting \$3,042 in additional appropriations to cover higher than anticipated costs for data processing services. The additional \$3,042 should be sufficient to cover the remaining project costs for Fiscal Year 2007-2008. It is recommended to review this request at Third Quarter.

**Facilities Maintenance Division:** The Facilities Maintenance Division (FMD) is requesting an increase in appropriations and estimated revenue in the amount of \$26,972 for the remainder of the fiscal year to add one Maintenance Engineer II position to perform maintenance services at the Central Valley Center for the Arts (CVCA) Gallo Center at the expense of the non-profit operator of the Performing Arts Center, the CVCA.

The FMD is also requesting an increase in appropriations and estimated revenue in the amount of \$85,249 to provide telecommunications, parking, and landscaping services for the Gallo Center for the Arts in accordance with previous Board of Supervisors approval to contract for these services at the expense of the non-profit operator of the Gallo Center for the Arts, the CVCA. On August 28, 2007, the Board of Supervisors authorized the Chief Executive Officer to negotiate and execute agreements for parking, telephone services, maintenance services, and landscape services in accordance with the original agreement with the CVCA. The Facilities Maintenance Division is also requesting an increase of \$20,000 in appropriations and estimated revenue for supplies and filter replacement for the CVCA. In accordance with the agreement, this request to increase appropriations will be fully charged back to the CVCA with no cost to the General Fund.

The FMD is requesting an increase in appropriations in the amount of \$31,341 for maintenance equipment. Of that amount, \$19,341 is for battery backups at Stanislaus Regional (SR) 911, this would be partially recovered through Charges for Services to SR 911 in the amount of \$9,671. The remaining \$12,000 is to replace existing fire suppression heads at Juvenile Hall.

The FMD is requesting an increase in appropriations in the amount of \$15,700 for fire insurance on the Gallo facility for the 2007-2008 Fiscal Year which provides insurance on the facility.

The FMD is also requesting an increase in appropriations in the amount of \$32,000. Of that amount, \$14,000 is for the purchase of two mini trucks. These trucks would be used for transporting equipment and traveling between buildings at the Public Safety Center. If approved, these small mini trucks would replace the need for larger vehicles currently used at this site. The mini trucks would be used at the Hackett Road facility and will enable engineers to move between buildings with material and tools without tying up a full size truck. The remaining amount of \$18,000 would be used to purchase a full size truck for use by the maintenance engineers, and funded through charges for services to user departments which would be billed out as part of overhead. This request is not recommended at this time.

**Fleet Services:** The Fleet Services Division (FSD) is requesting to increase appropriations and estimated revenues by \$194,481 due to higher than anticipated cost for materials inventory, parts and tires. This increase can be directly correlated to increased costs associated with manufacturing and transporting these materials.

Fleet is requesting to add one Equipment Services Technician with funding for the position shared equally by Fleet Services and the Sheriff's Department Emergency Vehicle Operations Center (EVOC) budget units, with an annual total cost of \$53,944. The Sheriff's Department Training Division maintains a fleet of nearly 20 vehicles for the EVOC program. Significant amounts of time are devoted to fleet maintenance issues. Currently, most of the coordination involved in maintenance is done by the Sheriff's Coordinator (Personal Services Contractor), at a much higher hourly rate than the position being requested. Currently GSA – Fleet Services processes over 2,916 repair requests annually with seven mechanics and technicians. The Equipment Service Technician would be housed at Fleet Services, and funding for one-half of the position from Fleet Services Division would be funded from increased charges for services in the amount of \$26,077 incurred by General Fund and Non-General Fund Departments. This request is not recommended at this time.

**Purchasing Division:** The Purchasing Division is requesting an increase in appropriations to reclassify one Manager II position to a Manager III position with an annual fiscal impact to the Division's budget of \$1,758. It is recommended to review funding for this request at third quarter.

Purchasing is requesting additional appropriations of \$10,000 to purchase and implement Planet Bids Emergency Operations Module. The Emergency Operations management module (EO) enables any organization to manage, maintain and retrieve up-to-date information on vendors that provide goods and services in the event of an emergency. As a valuable addition to the existing Vendor and Bid Management modules of the BidsOnline™ system, the EO module can be deployed departmentally or across an entire organization and requires no other modules to be functional. This is a one-time cost; however, a recurring cost for software licensing will be requested as part of the division's 2008-2009 Proposed budget with an annual license renewal estimated at \$4,500. It is recommended to approve the purchase of the Planet Bids EO module. It is recommended to review funding for this request at the Third Quarter.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/ Fund Balance			
Facilities Maintenance Division	\$26,972	\$26,972	Department Revenue	Provide maintenance labor for CVCA	Add one Maintenance Engineer II position
Facilities Maintenance Division	\$85,249	\$85,249	Department Revenue	Contract for telecom, landscape, and parking services with CVCA	
Facilities Maintenance Division	\$20,000	\$20,000	Department Revenue	Provide supplies and filter replacement for CVCA	
Facilities Maintenance Division	\$12,000	-0-	Transfer from Existing Appropriations in the CEO Plant Acquisition Budget	Replace sprinkler heads at Juvenile Hall facility	
Facilities Maintenance Division	\$19,342	\$9,671	Department Revenue and Transfer from Existing Appropriations in the CEO Plant Acquisition Budget	Replace battery back-up at the EOC, with half of cost charged to Dispatch	
Facilities Maintenance Division	\$15,700	-0-	Transfer from Existing Appropriations in the CEO Plant Acquisition Budget	Purchase fire insurance on Gallo facility	
Fleet Services Division	\$194,481	194,481	Department Revenue	Increased costs for materials, parts and tires	
Purchasing Division	-0-	-0-	Existing Department Budget	Block-budget & Reclassify upward one Manager II position	Manager III



Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/ Fund Balance			
Purchasing Division	-0-	-0-	Existing department budget	Purchase emergency operations module for emergencies or natural disasters	
<b>Total</b>	<b>\$373,744</b>	<b>\$336,373</b>			

**Summary of Recommendations:** It is recommended to increase appropriations by \$373,744 and estimated revenue by \$336,373 from departmental revenues. The remaining \$37,371 will be transferred from existing appropriations in the CEO Plant Acquisition budget unit. One Manager II position will be upgraded and block-budgeted to a Manager III and one Maintenance Engineer II position will be added, increasing the Department's total allocated positions to 90.

**STRATEGIC BUSINESS TECHNOLOGY:** As a component of Strategic Business Technology (SBT) Department's on-going Business Continuity Strategy support efforts, the Department has identified two upgrade projects, an Oracle Financial Management System Server Upgrade and a Tape Backup System Upgrade. These projects will require additional fixed assets purchases. SBT has also partnered with the Chief Executive Office's Human Resources Division to identify an applicant tracking solution that will allow for great capability and efficiency with regards to the County's recruitment process. As a result of these three projects, the Department has requested to transfer appropriations of \$87,096 from salaries and benefits to fixed assets. Additionally, the Department requested a classification study of three Systems Engineer I positions to provide for greater flexibility in department assignments and ensure appropriate classification.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/ Fund Balance			
Strategic Business Technology	-0-	-0-	Transfer \$31,096 to Fixed Assets from Salaries and Benefits	Oracle FMS Server Upgrade	
Strategic Business Technology	-0-	-0-	Transfer \$30,000 to Fixed Assets from Salaries and Benefits	Tape Backup System Upgrade	
Strategic Business Technology	-0-	-0-	Transfer \$26,000 to Fixed Assets from Salaries and Benefits	Applicant Tracking Solution Purchase	

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/ Fund Balance			
Strategic Business Technology	-0-	-0-	Existing Budgeted Appropriations	Reclassify two Systems Engineer I positions	Systems Engineer II
Strategic Business Technology - Telecom	-0-	-0-	Existing Budgeted Appropriations	Reclassify one Systems Engineer I position	Systems Engineer II
<b>Total</b>	<b>-0-</b>	<b>-0-</b>			

**Summary of Recommendations:** Three Systems Engineer I positions will be upgraded and block-budgeted to Systems Engineer II, maintaining the Department's total allocated positions of 28. The net cost of these reclassifications is an increase in costs of \$3,062 for the remaining four months of the fiscal year and \$9,185 annually.

#### TREASURER-TAX COLLECTOR

**Tax Collector:** As part of mid-year, the Department has requested an increase of \$17,409 in appropriations due to the increased Group Health insurance costs.

**Treasury:** The Treasury Division is requesting an increase in appropriations and estimated revenue of \$16,817. The requested appropriations increase is for Group Health insurance increases, data processing services increase and an increase in the Auditor Department charges. These increases will be funded with increased revenue from interest income generated by the Investment Pool.

Budget Unit	<i>Recommended</i>		Funding Source	Description	Staffing
	Appropriations	Revenue/ Fund Balance			
Tax Collector	\$17,409	-0-	Appropriations for Contingencies	Increase cost health insurance	
Treasury	\$16,817	\$16,817	Departmental Revenue	Group Health insurance, data processing and Auditor Department charges.	
<b>Total</b>	<b>\$34,226</b>	<b>\$16,817</b>			

**Summary of Recommendations:** The recommendations will increase overall department appropriations by \$34,226 through a \$17,409 transfer from Appropriations for Contingencies and increase estimated revenue by \$16,817.

## SUMMARY

Overall, estimated revenue for the Board of Supervisors priority of *Efficient delivery of public services* is recommended to increase by \$1,803,713 and expenditures are recommended to decrease by \$230,487. Included in the decrease in appropriations is \$2,226,448 from Appropriations for Contingencies that are being transferred to fund identified needs in other budgets.

In the *Efficient delivery of public services* there are four transfers totaling \$358,409 to Appropriations for Contingencies. Two of these transfers are to County Match for the Animal Services SCATE program and Sheriff Cal-MMET. The additional two transfers are to the Clerk Recorder – Elections increase due to the June election and the Treasurer Tax Collector – Tax Division for the cost of Health Insurance. There is a recommended reduction to revenue of \$430,000 in Clerk Recorder that will result in a decrease in the General Fund fund balance at year-end and an increase of \$596,161 in departmental fund balance for funds not in the General Fund for a net increase of \$166,161.



# General Fund Update

General Fund—Designations  
Discretionary Revenue

# General Fund Update

## General Fund - Designations

General Fund designations totaled \$54,610,014 at the beginning of the current fiscal year. Designations are funding set aside by the Board of Supervisors for future and restricted use. Designations for year-end carry over adjustments total \$10.2 million and serve to fund appropriations carried forward from last fiscal year to cover the cost of projects not completed in the prior year. In addition, on July 10, 2007 the Board approved the use of up to \$868,568 from the Contingency designation for the new Integrated Public Safety System at Stanislaus Regional 911 (SR 911). The action authorized the use of \$390,104 for the County share of costs that will not be spread as part of the SR 911 cost sharing formula. The entire amount has been transferred to date for equipment costs currently budgeted in the Plant Acquisition budget. The agenda item also authorized the loan of up to \$478,464 of the undesignated funds to the SR 911 Joint Powers Agency. These funds are to be transferred by the Auditor-Controller to SR 911 for the project costs associated with the purchase and implementation of the new Computer Aided Dispatch system on an incremental basis. To date, the Auditor has transferred \$13,984 as part of the loan amount. The loan is to be paid back to the County over a five year period at 5% simple interest once the project is completed. The designations as approved by the Board of Supervisors as part of the Final Budget and the adjustments as of December 31, 2007 are reflected in the following chart and reflect an adjust total of \$43,998,333:

Designation	Fiscal Year 2007-2008 Total Designations	Adjustments as of Dec-07	Total Adjusted Designations
Debt Service	\$ 11,779,459	\$ -	\$ 11,779,459
Contingency	10,169,955	404,088	9,765,867
Tobacco Settlement	1,696,799	-	1,696,799
Tobacco Securitization	202,508	-	202,508
Restricted	1,300,000	-	1,300,000
Parks Projects (Other)	979,379	-	979,379
Litigation (Other)	2,757,614	-	2,757,614
Facility Mtce & Improve (Other)	1,000,000	-	1,000,000
State 1A Funding Exposure (Other)	4,516,707	-	4,516,707
Landfill Repayment (Other)	10,000,000	-	10,000,000
Carryover Appropriations (Fund 100)	6,396,329	6,396,329	-
Carryover Appropriations (Fund 105)	3,811,264	3,811,264	-
<b>Total Designations</b>	<b>\$ 54,610,014</b>	<b>\$ 10,611,681</b>	<b>\$ 43,998,333</b>

## Discretionary Revenue

As of mid-year actual discretionary revenue was \$53.4 million compared to \$49.9 million for the same time period one year ago. This amount represents 29.5% of the 2007-2008 Final Budget. Typically, discretionary revenue at this point of the fiscal year ranges from 28.2% to 37.0% of the total year collections when looking at the prior 5 years. This seems to indicate that we are on target to meet annual revenue projections but the economic state of the residential real estate sector and slowing consumer sales lead us to a different outcome. Although discretionary revenue received to date is \$3.5 million greater than

that received a last mid-year it is projected that year-end actuals will be \$1.9 million less than last fiscal year-end and \$2.6 less than budgeted.

As expected, both increases and decreases are projected among the various discretionary revenue sources. A discussion of some of the differences between last year and this year and recommended adjustments to the current year budget are included in the following:

**Property Taxes:** As of mid-year the County had received \$2.3 million more in property taxes than at the same point in the prior year. Included in this category are the current secured and current unsecured property taxes, unitary tax, supplemental taxes and the redevelopment pass through increment. Although the residential real estate market is in the midst of a downward spiral the total assessed value of all property in the County has increased over the prior year's assessment roll. It should also be noted that the current tax roll is based on property values as of January 1, 2007. Year-end projections indicate that this \$2.3 million figure accurately reflects the expected revenue over the current budgeted amount. It is recommended that the Final Budget revenue estimate be increased \$2,319,295.

**Property Tax in-lieu of VLF:** The formula to calculate this property tax category is very specific requiring the January 1 certified value of all properties. As the assessment roll is not completed and delivered to the Auditor-Controller for property tax calculation until after the Proposed Budget is established a growth factor is assumed. A 7% factor was applied when the Property Tax In Lieu of VLF was calculated and in July the Assessor announced that the regular tax roll had grown by 9.82%. This additional growth translates into an expected increase of \$1,416,266 to the Final Budget. It is recommended that this increase to estimated revenues be approved.

**Tobacco Endowment Funds:** Interest earnings on the 2002 and 2006 Tobacco Endowment Securitization have been received and reflect an overall increase of \$988,899 over last mid-year. This additional amount is primarily due to the 2006 refinancing and is considered by County policy as discretionary revenue. The original approved budget did not include the additional proceeds and it is recommended that an increase of \$988,899 to estimated revenue be approved to account for these earnings.

**SB813-Admin Cost:** The revenue in this category results from the recovery of costs associated with the administration of the Supplemental Property Tax adjustments. Any change in assessed value triggers a supplemental assessment and a resulting tax bill or refund. No budget was established in the final budget for this category so even though the year-end projected revenue of \$775,000 is below that of last year's \$1,235,540 it is recommended that the budget for estimated revenue be increased by \$775,000.

**Transfer Tax:** As of mid-year, December 31, 2006 the County had received Property Transfer Tax of \$1,370,937 compared to \$626,504 at December 31, 2007. This tax is collected by the Clerk-Recorder at the time of recording when an interest in real property is conveyed. Therefore, the slow down in home sales directly impacts this revenue. Projected fiscal year-end revenue of \$1,502,319 not only falls far short of the \$2,464,222 received last year but is \$1.1 million under the budget of \$2,600,000. Based upon the continued trend of reduced revenue, it is recommended that Transfer Tax revenue be reduced by \$1,097,681.

**Sales Tax:** Actual receipt of this revenue does not appear to be materializing at the rate anticipated when the budget was developed and it appears that the \$16.8 million budgeted will not be realized at year-end.

Even though the \$5.3 million received as of mid-year 2007 exceeds the \$5.2 million received as of mid-year 2006 the increase must be tempered by the fact that Fiscal Year 2006-2007 began with reduction of \$451,180 to the prior year's overstated year-end accrual. In addition, Fiscal Year 2007-2008 began with a positive adjustment of \$183,975 to the prior year's understated year-end accrual making the net effect a decrease of \$635,155 in growth in real sales tax revenue this year. This alone indicates that the \$15.7 million received in the prior year would be unlikely to materialize for the current year.

Based upon current trends it is recommended that the Sales Tax revenue budget of \$16,800,000 be decreased \$2,246,015 to a new projected total of \$14,553,985

**In Lieu of Sales and Use Tax:** In Fiscal Year 2004-2005 the State developed a financing structure for the State Economic Recovery Bonds. The State "flipped" ¼ of the Bradley-Burns sales and use tax from the counties and cities to the bond trustee for debt service payments. In order to compensate for the lost revenue to cities and counties, an equivalent amount of property taxes from the County Education Revenue Augmentation Fund (ERAF) were shifted to an "In-lieu of Sales and Use Tax" account. The third leg in this "Triple Flip" required the State make up lost ERAF revenue to education from the State of California's General Fund. Payments to the "In-lieu of Sales and Use Tax" account are made by the Auditor-Controller in January and May of each fiscal year with an annual "true-up" occurring in the following September of each fiscal year. Based upon the State Department of Finance's reconciliation of the prior year actual revenue the County's January true-up payment for last fiscal year included a decrease of \$319,794 resulting in an adjusted amount of \$5,027,967 for this year. Based on this adjustment the current budget of \$5,500,000 should be decreased by \$472,033 to reflect actual revenue that will be received.

**Fines Forfeitures and Penalties:** Penalties on delinquent property taxes are collected throughout the year and deposited into the Tax Loss Reserve Fund. At year-end a determination is made as to the cash balance required by law to be kept as a reserve in this fund. The remainder is considered discretionary revenue and is transferred out of the Tax Loss Reserve Fund for General Fund use. By October 31 of each fiscal year, one of two methodologies must be chosen to determine the reserve amount: either 25% of the total delinquent taxes or 1% of the total secured tax roll must remain. The methodology in effect for the past several years is the 25% option. Because of the difficulties in the residential real estate sector, the delinquency rate is rising and projections indicate that between \$10 and \$11 million will be needed in reserve by the end of the fiscal year compared with \$5.8 million at the end of last fiscal year. The total contribution to discretionary revenue last year was \$5,334,064 and a budget of \$2,000,000 was established for the current year. Since the reserve will need to be increased at least \$5.5 million over last year it is recommended that the current discretionary revenue budget be decreased by the entire \$2.0 million established as final budget. One of the top priorities after the assessed roll is delivered for the next fiscal year is to re-evaluate the reserve methodology and adjust accordingly at the beginning of next fiscal year.

**Public Safety Sales Tax (Prop 172):** Actual revenue received as of December 31, 2007 is \$505,081 less than that received during the same period one year ago. Revenue for Public Safety Sales Tax is based on a county's portion of the State sales tax pool and is the basis for distribution of the additional one half cent sales tax on a statewide basis. The pool rate is based on sales tax activity within each county and the slightest change in the pool rate can have a significant impact on this revenue. The pool rate for the current fiscal year was issued in December and the new rate of .013155 for Stanislaus County reflects a decrease from the prior year rate of .013589. This rate decline coupled with a projected decline in statewide sales tax revenue results in a smaller piece of a smaller pie. It is estimated that year-end

revenue will fall \$1.5 million short of last year and \$2.6 million short of the current year's budget. Therefore, a recommendation is made to decrease the estimated revenue by \$2,592,917 at this time.

Miscellaneous Revenue Categories: Adjustments to several other discretionary sources are recommended at this time to more accurately reflect year-end projections. Increases of \$59,000 to the Occupancy Tax, \$90,439 to Franchises, \$95,000 to Rental income, \$102,161 to Governmental Fund revenue and \$77,814 from other miscellaneous sources are requested. Decreases are recommended to Interest earnings of \$79,604 and to Homeowner's Property Tax Relief of \$33,398.

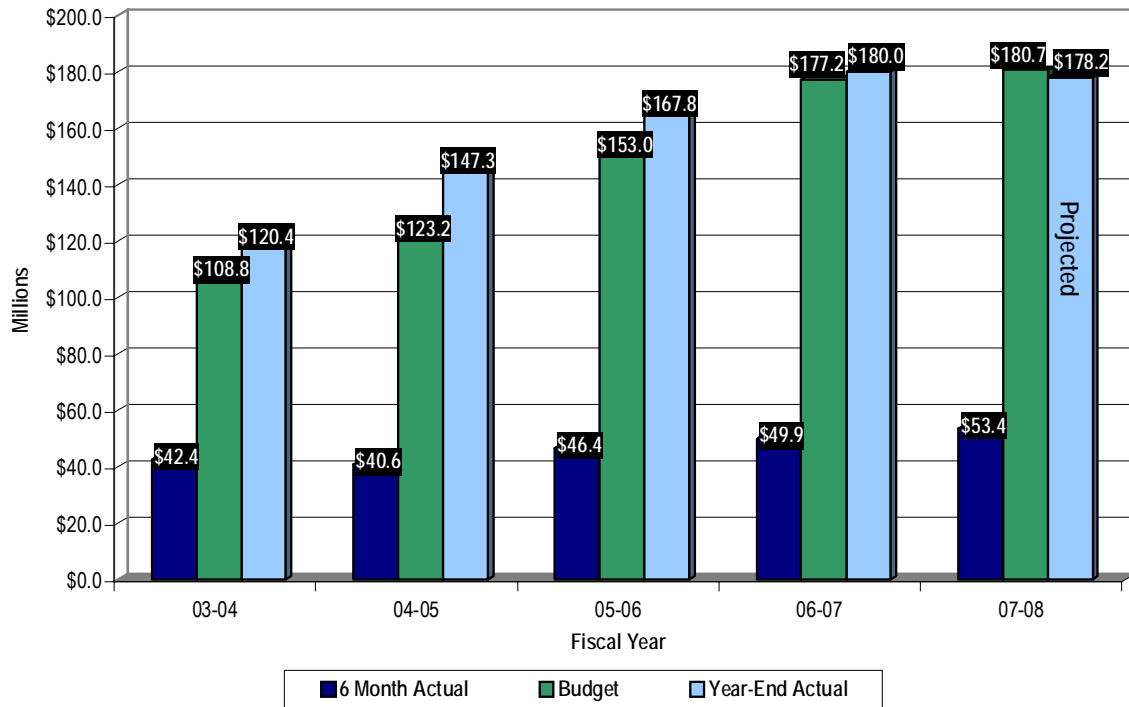
Discretionary Revenue Description	Final Budget FY 2007-2008	Mid-Year Recommendation	Recommended Change Increase/(Decrease)
Property Taxes	\$ 49,268,046	\$ 51,587,341	\$ 2,319,295
Property Tax In-lieu of VLF	53,941,672	55,357,938	1,416,266
Tobacco Endowment Funds	2,267,824	3,256,723	988,899
SB 813 Admin Cost for Supplementals	-	775,000	775,000
Transfer Tax	2,600,000	1,502,319	(1,097,681)
Sales & Use Tax	16,800,000	14,553,985	(2,246,015)
In-lieu of Sales & Use Tax	5,500,000	5,027,967	(472,033)
Fines, Forfeitures & Penalties	2,000,000	-	(2,000,000)
Public Safety Sales Tax (Prop 172)	38,325,000	35,732,083	(2,592,917)
Miscellaneous Revenue Categories	7,456,857	7,768,269	311,412
Other Accounts Not Changed	2,590,000	2,590,000	-
<b>Total</b>	<b>\$ 180,749,399</b>	<b>\$ 178,151,625</b>	<b>\$ (2,597,774)</b>

Recommended Budget Adjustment: It is recommended that discretionary revenue accounts be adjusted as described above for a net decrease of \$2,597,774 bringing the new discretionary revenue total to \$178,151,625. This is a significant reduction in local discretionary revenues and will trigger the need for budget reductions to maintain a positive year-end position for the County General Fund.



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





# Looking Ahead

Challenges at Mid-Year  
Local Economic Trends  
Proposed Budget Issues for Fiscal Year 2008-2009  
Budget Strategy for Fiscal Years 2007-2008 and 2008-2009  
Budget Schedule

# Looking Ahead

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## CHALLENGES AT MID-YEAR

### Capital Improvement Planning (CIP)

The County's Fiscal Year 2007-2008 Preliminary Capital Improvement Plan (CIP) was approved by the Board of Supervisors on December 4, 2007. Included in the CIP was a list of 304 capital projects requested over the next 20 year period. The total preliminary cost estimate for the entire requested project list is approximately \$1.47 billion. The County's share of this total cost is projected to be approximately \$1 billion dollars. Sixty-three new projects were included in the Preliminary CIP Project List and 22 projects were either completed or removed from the list. In summary, projects that have been approved and funded by the Board of Supervisors represent 6.4% of the County cost of all Capital Improvement Plan Projects. Forty of the 304 Preliminary CIP Projects are listed in the 'Approve/Funded' category, and 75 projects are considered to be 'Pending Implementation.'

Beyond the role of the CIP to be a long range planning guide there are several significant projects in the planning stage including the Animal Services Facility, the expansion of the Public Safety Center, Jails and Coroner project, Juvenile Justice Planning, planning for law enforcement services and facilities, the Empire Pool Project, the 12<sup>th</sup> Street Office Build-out for the District Attorney to list a few current efforts. These projects are either in planning, design or nearing construction. These are current year challenges to identify sufficient funding and resources to complete these critically needed facility improvements and expansions.

In the 2006-2007 Mid-Year Report, existing funds were approved to update the Juvenile Justice Needs Assessment Master Plan. With the State of California in the process of evaluating options to address services for juveniles housed in State facilities by providing incentives to counties to house non-violent juvenile offenders locally rather than transfer them to the Youth Authority it became a priority for the County to re-examine its goal of building a commitment facility locally consistent with the 1996 Juvenile Justice Master Plan. The State has now started releasing funds to counties to cover the increased operational cost of maintaining these juveniles in local facilities and/or operational costs. These funds in the future may also serve as a source of funding for new facilities making this review even timelier. The Plan is in the final process of being completed and will be presented to the Board of Supervisors in the latter part of the fiscal year.

Sheriff and Chief Executive Office staffs are continuing efforts to address the facility needs identified in the Sheriff Facilities and Jail Needs Assessment presented to the Board of Supervisors in June 2007. Needs were identified in excess of what the County is able to assume future debt for and as a result, efforts to review funding options and prioritizing the need are currently underway and will be presented to the Board in separate upcoming agenda reports. Compounding the challenges of this County's own local needs, is the State's severe prison overcrowding and the Governor's proposal as part of his 2008-2009 State Budget proposal for the early release of over 22,000 State prison inmates. If this happens local resources will be severely taxed, and the current jail overcrowding will likely be compounded as these inmates re-offend. There is jail bed funding available from the State through legislation enacted last year, often referred to as

AB 900, however, preference points are given for this funding if counties agree to site a prison re-entry facility. Through a separate agenda item the Board of Supervisors will be asked to pursue jail construction funds but not pursue a State prison re-entry facility.

### Funding for Social Service Programs

An area of growing concern is in Social Services program funding. Currently the County's social services programs total \$252.9 million. Since 2000-2001, Social Services programs in the State of California have not been funded for the increased annual costs of providing the same level of service. Locally, the Community Services Agency has accommodated this lost revenue by leveraging options, braiding funding streams to support services, mitigating cost increases within its control and implementing program efficiencies. The Agency anticipates significant future budget balancing challenges, beginning in 2008-2009 in the absence of additional revenues or General Fund support which will not be available in these times of budget reductions. The strategy used to balance the 2007-2008 budget relied heavily on one-time rollover funds from program savings from two prior fiscal years. The impact of In-Home Supportive Services (IHSS) Program growth and negotiated cost of living increases is estimated to be an additional \$1.7 million in 2008-2009. Carry-over savings were used in the current year to fund the nearly \$1 million increase in IHSS program costs. The Governor's veto of supplemental funds for the Adult Protection Services Program was mitigated locally, last year with a one year balancing strategy that include a sustained casework vacancy and fund balance through the balance of this fiscal year. The 2007-2008 CalWORKS allocation funds include over \$1.3 million of one-time support to expand employment services to meet work participation rates. This funding is not expected to continue past this fiscal year. However, failure to achieve required Federal work participation rates could result in State penalties, which would be shared with counties based on actual performance. Finally, the Agency supports a significant number of partnership projects both at the County Department level and with numerous community-based organizations, though collaborative financing strategies that leverage State allocations and maximize contributions of local County share. Given the changing funding environment and tightening of resources, certain partnerships may need to be revisited for sustainability into the future.

### Discretionary Revenue Growth and Fund Balance

The current fiscal year marks the beginning of what will undoubtedly be several years of challenge, with reduced revenues in local discretionary revenue and worsening economic conditions. This is the most significant source of funding for public safety and criminal justice and general government programs. More than 90% of the revenue in this category comes from property and sales tax sources. The current downturn in the real estate market has influenced other areas of the economy as individuals spend less and adopt a conservative approach to personal finance. While we see some modest growth over last year in the property taxes received, overall sales tax revenue is well below last year's actuals. As part of this mid-year process recommendations are made to reduce several significant sources of discretionary revenue in the current year, for a net reduction of \$2,597,774. Discretionary revenue will continue to be closely monitored for the remainder of the fiscal year. The recommended reductions in discretionary revenue are concerning because in previous fiscal years, discretionary revenue growth has been a significant contributor to year-end fund balance.

## Employee Health Insurance

Employee Health Insurance costs continues to have a significant cost exposure for the County. The January 2008 health insurance increase was 18.8% even with the increased co-payment for office visits increasing from \$15 to \$20. Once again Kaiser was the lowest cost provider of health insurance although the percentage increase on January 1, 2008 for PacifiCare was only 8%, placing their renewal rates fairly close this year. As a result of the similarity in rates a significant number of employees made the decision to transfer their health coverage from Kaiser to PacifiCare. Health Insurance is a negotiated benefit and will require close examination and consideration for these increasing cost exposures.

## Health Services Agency

Among the most significant challenges facing the County is the ongoing restructuring of the Health Services Agency's clinic system, to ensure fiscal viability. Entering the 2007-2008 Fiscal Year began, the Agency identified an unfunded shortfall of \$12.6 million. At the time of the Final Budget, a separate staff report was presented to the Board of Supervisors identifying initiatives designed to achieve cost savings and efficiencies, as part of a clinic re-design and set a public hearing for additional cost-saving initiatives. The public hearing was held on October 16, 2007, when the Board of Supervisors approved several significant changes to the clinic system. The approved initiatives and resulting changes are estimated to achieve a savings of over \$6.2 million annually. Additionally, on September 24, 2007 the County was informed its application for Federally Qualified Health Care – Look Alike (FQHC-LA) status had been approved by the Federal Government. As a result of this designation, the Agency will receive enhanced patient reimbursement revenues that are estimated to net an additional \$6.4 million annually. The First Quarter action included the newly achieved FQHC-LA revenue of \$4.8 million and the \$3.6 million in projected changes leaving a shortfall in the current year of \$4.189 million. This is considered a one-time shortfall as significant efforts by the Health Services Agency, the Chief Executive Office, the Board's Health Executive Committee and the full Board of Supervisors to restructure the agency to have a balanced budget in 2008-2009 without an increase in the current level of General Fund support of \$4.4 million annually. The Agency continues to work on additional cost-saving initiatives and will return to the Board of Supervisors as soon as March 2008 with additional recommendations. It is anticipated that the improved revenues resulting from the FQHC-LA designation and the full implementation of cost-saving initiative will result in balanced budgets for the Agency beginning in 2008-2009. The Governor's budget proposal for 2008-2009 calls for a 10% reduction in Medi-Cal reimbursement which will have an additional negative impact on clinic and specialty services reimbursement.

## Labor Negotiations

The County currently has long term contracts with a majority of its bargaining units with only two contracts expiring during Fiscal Year 2007-2008. Negotiations are currently in process for both of these units, the Sheriff's Management Association and the California Nurses Association. It is expected that the outcome of these negotiations will be known prior to the completion of the proposed budget for 2008-2009.

## Property Tax Administration Fee (SB 2557)

As part of the 2004 Budget package (SB 1096) the Legislature adopted a mechanism to fund the State's economic recovery bond program with a ¼ cent of sales tax. This mechanism called for the State to withhold a ¼ cent of the Bradley-Burns Sales tax from cities and counties. Also as a part of the 2004

budget package, the Legislature adopted a swap of vehicle license fee (VLF) backfill revenues to cities and counties for a new allocation of ad valorem property tax revenue. This was to permanently replace local revenues lost with the reduction of the VLF rate from 2% to 0.65%. The compensating revenues for cities and counties are transferred from the ad valorem property tax revenues that would otherwise be allocated to the County's Educational Revenue Augmentation (ERAF) Fund. Most importantly the growth in the VLF back-fill is now based on the increase in the annual percentage growth in the assessed valuation of property for cities and counties.

In the early 90's SB 2557 was passed to allow counties to recover their costs of providing property tax administrative services. Although this new legislation SB 1096 impacted the property tax administrative services, legislation prohibited the collection of additional fees for two years. During this two-year period a temporary shift of property taxes from counties and cities, referred to as ERAF III, was imposed by the State. During this period of time new guidelines were drafted to reflect the changes in the law under SB 1096 and implemented on a statewide basis in Fiscal Year 2006-2007.

The League of California Cities is now challenging these new guidelines. The County Counsel's Association is drafting a legal opinion. The California State Association of Counties (CSAC) has become involved in this dispute on behalf of counties. CSAC has communicated the counties' statewide position to the State Controller. It is the intent of counties to continue to utilize the statewide uniform guidelines for implementation of SB 1096 until directed otherwise by statute or court. The potential impact to Stanislaus County totals \$570,000.

#### **Behavioral Health and Recovery Services and the Sale of the Stanislaus Behavioral Health Center**

Another major challenge facing the County has been the status of the Stanislaus Behavioral Health Center (SBHC). Negotiations with Doctors Medical Center (DMC) to purchase both the operations and the land/property of SBHC from the County occurred over several months. On August 21, 2007 a public hearing was held and the Board of Supervisors approved the proposed sale and adopted an ordinance authorizing the sale of SBHC to DMC. On October 23, 2007 the Board of Supervisors approved all legal documents related to the sale of SBHC to DMC, and on November 1, 2007 the sale was finalized. The sale of SBHC requires Behavioral Health and Recovery Services to purchase beds for County patients from DMC or other providers, at an annual cost of \$11,703,300. The Department estimates State and Federal revenue for these services to be \$10,287,324. The ongoing annual net county cost is estimated to be \$1,415,976. For 2007-2008, the proceeds from the sale of SBHC will be allocated to the negative cash balance and operating losses at SBHC, the estimated transition and relocation costs, costs from the Behavioral Health and Recovery budget, and the remainder reserved for future uses for program needs.

The County's Behavioral Health and Recovery Services programs continue for the most part to face reduced funding and increased demand. Significant change to mental health programs has occurred over the past few years to adjust to this demanding fiscal situation. While new funding was approved by the voters in the form of Proposition 63 in November 2004, much of the other critically needed mental health funding has been retracted by the State leaving a significant gap between real needs and allocated funding. These challenges present significant distress to an already underfunded program area, in both behavioral health and alcohol and drug treatment services.

## LOCAL ECONOMIC TRENDS

### Unemployment Rate

According to the California Employment Development Department (EDD), the unemployment rate in Stanislaus County was 10% in December 2007 (an increase from the 7.6% in December 2006). This compares with a seasonally adjusted unemployment rate of 5.9% statewide and a 5.0% nationally for the same month.

### Jobs

Labor market statistics from the EDD also showed that total employment in Stanislaus County increased by 800 jobs, from 172,800 jobs in December of 2006 to 173,600 jobs reported in December 2007. Non-farm employment increased by 1,000 jobs and farm employment decreased by 200 jobs for the same time period. Manufacturing accounted for the majority of the increase in non-farm employment however Health Care and Social Assistance also showed a modest increase.

### Affordability Index

According to the California Association of Realtors (CAR), the percentage of households that could afford to buy an entry-level home in California stood at 24% in the third quarter of 2007, unchanged from the same period a year ago. CAR's First-time Buyer Housing Affordability Index (FTB-HAI) measures the percentage of households that can afford to purchase an entry-level home in California. The Index is the most fundamental measure of housing well-being for first-time buyers in the State. In the Bay Area, the affordability index was at 18% compared to 22% for the same quarter. At the time of this report, the index for Stanislaus County was only available for the second quarter of 2007 and stood at 41% compared to 36% in the third quarter of 2006.

### Median Home Price

The CAR also reported that as of December 2007, the median home price in Stanislaus County was \$281,500 that equates to a 25% decrease from the \$377,000 price reported in December 2006. A similar trend was evident over this same time period for the incorporated cities of Ceres, Modesto, Oakdale, Patterson, Riverbank and Turlock ranging from a 15% to 35% decrease. The median home price in the Bay Area and the State of California as of December 2007 was \$724,800 (compared to \$726,300 in December 2006) and \$475,460 (compared to \$569,350 in December of 2006), demonstrating .2% and 16% decreases, respectively.

### Building Permits

According to the California Building Industry Association (CBIA), the total number of building permits issued in Stanislaus County as of November 2007 were down nearly 48% when compared to the prior year. CBIA reported 1,148 in 2007 compared to 2,190 in 2006. Our neighboring counties showed a similar decline, 66% for Merced County and 36% for San Joaquin County. The State of California statistics showed a similar trend down 37% over that same time period.

## State Budget Impacts

2007-2008 State Mid-year Budget: The Governor's Proposed Budget has identified a \$3.3 billion dollar shortfall in the State's current year spending plant. This prompted the Governor to declare a fiscal emergency on February 10, 2008 and subsequently propose spending cuts and billions in payment deferrals to occur mainly over the next six months.

On February 15, 2008 the Senate and Assembly passed a package of six bills that were signed by the Governor on February 16, 2008. These bills contain spending cuts of over \$1.5 billion and more than \$8 billion in spending deferrals. The proposal includes the sale of \$3.3 billion in Economic Recovery Bonds. On February 19, 2008 the Governor signed an executive order that is expected to save the State an additional \$100 million through State agencies and departments immediately reducing General Fund expenditures.

Public safety programs appear to have escaped relatively untouched from mid-year cuts. Some health and human services cuts will be made. The State will save approximately \$75 million by not paying for local government's estimated mandated costs; rather, they will pay based on actual costs (another cash deferral technique). Other payment deferral tactics will impact Medi-Cal check writes, administration payments and institutional provider payments and some social services programs.

The gas tax deferral was approved and the gas tax payments to counties for April through August will be sent out in September. Locally this becomes a cash flow issue which the Public Works Department estimates at approximately \$700,000 per month. The State Department of Finance is advocating that cities and counties substitute Proposition 1B local streets and roads funds during this delay period.

2008-2009 State Budget: Estimates of the budget shortfall range from the Governor's proposed estimate of a \$14.5 billion to Legislative Analyst Elizabeth Hill's estimate of \$16 billion for the 2008-2009 budget.

The Governor has called for 10% across-the-board cuts to most State agencies. Hill is calling for targeted spending reductions in State agencies and raising tax and fee revenue. The Governor has been opposed to raising tax revenue. The Governor has also proposed a constitutional amendment that would bring budget reforms, including a formula to put excess revenues into a Revenue Stabilization Fund that would serve, in essence, as a "rainy day" fund to help balance times of prosperity with times of deficits. The proposed reforms would also allow automatic reductions in state spending when a deficit has been determined.

The Governor's 2008-2009 Proposed Budget provides a General Fund spending plan of \$101 billion, representing a decrease of \$2.375 billion, or a 2.3% decrease over the prior fiscal year. Nearly 90% of the proposed budget is confined to only three program areas: K-12 and higher education (50.6%); health and human services (29.0%); and corrections and rehabilitation (10.2%). State General Fund expenditures have grown by a total of \$22.6 billion, or a cumulative 28.8 percent, since 2001-2002. The proposed budget anticipates \$103 billion in General Fund revenues, representing an increase of \$1.674 billion, or a 1.7% increase over last year. Three primary revenue sources constitute nearly 95 percent of General Fund revenues: personal income tax (54.9 percent); sales tax (28.4%); and bank and corporation tax (11.6 percent). State General Fund revenues have grown by a total of \$25.8 billion, or a cumulative 33.5 percent since fiscal year 2001-2002.



## PROPOSED BUDGET ISSUES FOR FISCAL YEAR 2008-2009

### Discretionary Revenue Growth

The current decline in the residential real estate market is the driving force when considering growth in discretionary revenue in the coming fiscal year. Assessed property values are expected to increase at a rate far below past years and property sales activity is not expected to return to previous levels in the near future. This outlook coupled with the decrease in sales and use tax revenue results in a very cautious approach to the discretionary revenue picture. It is expected that revenue will increase less than one percent over current year projections which is a 1.27% decrease from the current year final budget. A change in methodology regarding the Tax Loss Reserve fund may provide a \$4 million relief next year.

### Funding Reductions in the Health and Human Services Areas

The Governor's 2008-2009 Proposed Budget contained numerous initiatives to reduce spending and defer payments in 2007-2008. On February 16, 2008 the Governor signed six bills into law to achieve emergency reductions to the State's Budget in the current year. Impacts in 2007-2008 to local health and human services departments are minimal and focus on reductions to Public Health programs. The recommended deferrals, if approved, include Medi-Cal program payments to Counties. If passed into law, the potential impact to the Health Services Agency may be as high as \$1.4 million in cash flow issues. Additionally, the anticipated impact of the reductions in 2008-2009 are significant and may result in up to \$4.5 million reduction for Behavioral Health and Recovery Services, primarily from a recommended 5% reduction to Outpatient State Maximum Allowables. An estimated \$1.3 million reduction in the Health Services Agency may occur from a 10% cut in Medi-Cal Fee for Service payments and in various Public Health program. Approximately \$2.3 million reduction may occur in the Community Services Agency, primarily in Child Welfare Services, In-Home Supportive Services, CalWORKS and Foster Care programs.

### Health Insurance

In 2005 the County entered into a health insurance agreement with all employee organizations for the period January 1, 2006 through December 31, 2008. This agreement included the implementation of a gradual increase for office visit, prescription and chiropractic co-payments in order for the County to be able to fully fund the cost of medical insurance at the lowest cost option and to begin to bring into alignment the health insurance benefit package with both public and private sector employers. Healthcare costs have continued to rise since the time of this agreement and it is expected that some changes will need to be made in employee's healthcare coverage in future agreements. Included in the agreement was the formation of a labor/management work group to explore future options for health care coverage. This group has been meeting since late 2007 and has had several speakers present options and trends in healthcare. It is hoped that this sharing of information will allow the County and its employee organizations to identify opportunities that would allow the County to maintain cost while still offering quality healthcare benefits. It is expected that negotiations for a new healthcare agreement with employee organizations will start in early summer 2008.

## BUDGET STRATEGY FOR FISCAL YEARS 2007-2008 AND 2008-2009

Stanislaus County is facing significant budget challenges through the remainder of the current fiscal year and continuing through 2008-2009. Contributors to these challenges are the State fiscal crisis and

worsening economy as represented by reduced discretionary revenue collections and program budgets, State budget reductions and impending reimbursement deferrals, as well as the high home foreclosure rate currently being experienced by the nation and Stanislaus County. While this mid-year budget is balanced, discretionary revenues are not materializing as initially budgeted and recommendations for reductions are included in this report. CEO projections indicate the year-end General Fund fund balance for the General Fund will be minimal, at \$1.1 million. Additionally, the preliminary projected deficit for 2008-2009 budgets funded by the General Fund is \$14.3 million and assumes the use of \$5.9 million in General Fund fund balance. Although only four months remain in this fiscal year, it is important to implement budget reduction strategies that are balanced and focused on the Board of Supervisors' priorities.

A number of strategies are under consideration, including current year reductions to achieve at least a \$5.9 million in fund balance by June 30, 2008. Several departments are already implementing or planning a reduction strategy given key workload/revenue issues and State or Federal funding reductions. The County will continue to maintain its "no back-fill" policy for State and Federal program reductions to avoid further fiscal shortfalls to the County's General Fund. Every effort will be made to avoid the use of designations/reserves for operating expenses during this economic downturn.

A detailed summary of the proposed budget strategy is contained in the Board of Supervisors Agenda Item accompanying this Mid-Year Financial Report.

### BUDGET SCHEDULE

The following schedule is recommended for the final 2007-2008 quarterly financial reporting and for the 2008-2009 Proposed Budget:

- ◆ March 13, 2008 Issue 2008-2009 Proposed Budget Instructions to Departments
- ◆ April 14, 2008 Department's Proposed Budget Submittals due to Chief Executive Office
- ◆ May 6, 2008 Third Quarter Financial Report to the Board of Supervisors
- ◆ May 30, 2008 2008-2009 Proposed Budget available to Public
- ◆ June 10 11, 12, 2008 Proposed Budget Presentation and Public Hearing to the Board of Supervisors
- ◆ September 9, 10, 11, 2008 2008-2009 Final Budget Presentation and Public Hearing to the Board of Supervisors