

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
February 23, 2010
2:00 P.M.

To: Board of Supervisors
From: County Executive's Office
Subject: 2009-10 Midyear Budget Reductions

Supervisory
District: All

Contact: Navdeep S. Gill, Chief Operations Officer, 874-5803
Thomas R. Burkart, County Budget Officer, 874-4627

Overview

On October 2, 2009, the Board of Supervisors adopted the County's Final Budget for Fiscal Year 2009-10. Certain revenue assumptions used as a basis for that budget are now projected to be less than estimated. Additionally, the Interim County Executive recommends reducing one-time funding sources used to balance the adopted budget. This midyear report recommends midyear adjustments to reduce appropriations for revenue shortfalls and a portion of the one-time sources.

Recommendations

1. Receive and file this report.
2. Conduct a Beilenson Hearing on February 24, 2010 at 11:00 A.M. pursuant to Section 1442.5 of the California Health and Safety Code (Beilenson Act) on the elimination or reduction of medical care services to indigents provided by the County of Sacramento.
3. Approve the Notice of Exemption as required for the Beilenson Hearing (Attachment VII).
4. Authorize the County Executive Officer or his designee to reduce or terminate those contracts entered into pursuant to section 71-J of the County Charter as may be necessary prior to affecting the lay-offs authorized pursuant to Recommendation 5 of this report. Notice of reduction or termination must be given to affected contractors prior to any notice of lay-off of employees.
5. Authorize the notification of lay-offs and the actual lay-off of employees in those positions identified for reduction in Attachment II of this report. The affective date of the lay-offs will be April 3, 2010.
6. Authorize the Department of Personnel Services to process an administrative Salary Resolution Amendment eliminating positions affective April 3, 2010 consistent with the actions taken by the Board during these hearings.

7. Authorize the Department of Personnel Services to process an administrative Salary Resolution Amendment eliminating vacant positions in the Department of Behavioral Health as detailed on in the department's staff report (Attachment III).
8. Act upon the recommendations in the attached staff report merging The Department of Behavioral Health And The Department Of Health And Human Services (Attachment IV).
9. Act upon the recommendation in the attached report modifying the General Assistance Program to eliminate specific benefits (Attachment V).
10. Act upon the recommendation in the attached report from the County Clerk/Recorder, Real Estate Division, to fund two Unfunded Real Estate Officer I/II positions to provide services to the Department of Transportation (Attachment VI).
11. Authorize an administrative Appropriations Adjustment Request changing appropriations and revenues consistent with the actions taken by the Board during these hearings.

Fiscal Impact

Revenues are now projected to be less than estimated by \$9.9 million in the current year. The Interim County Executive also recommends that \$3.8 million of one-time funding sources be reduced in the current year. Total recommended reductions in appropriations and revenues equal \$13.7 million.

BACKGROUND

On October 2, 2009, the Board of Supervisors adopted the County's Final Budget for Fiscal Year 2009-10. This midyear report provides the Board with the following information:

- The status of current-year revenues in relation to the adopted budget.
- Recommendations concerning midyear actions necessary before the Fiscal Year 2010-11 budget hearings.
- Factors that necessitate a Beilenson Hearing on February 24, 2010.

DISCUSSION

Status of Fiscal Year 2009-10 Revenues

The Board made significant budget reductions during the Final Budget Hearings necessitated by the economic conditions that existed at the time. The budget was built on reasonable revenue and expenditure projections. However, the economic conditions have continued to drag local revenue projections downward. Property taxes, document transfer fees, transient occupancy taxes and Realignment revenues have declined further than estimated for the Final Budget. Additionally, certain conditions affecting sales tax revenue will result in less revenue than anticipated.

These revenue shortfalls have resulted in an estimated net shortfall for the General Fund of \$9.9 million in the current year. The revenues contributing to the current year shortfall are as follows:

Property Tax	\$2,371,004
Sales Tax – Triple Flip	\$2,072,477
Document Transfer Fees	\$2,000,000
Realignment	\$1,761,617
Sales Tax – Fiscal Year 2008-09 Accruals	\$1,158,590
Transient Occupancy Tax	\$510,000
Total	\$9,873,688

One-time Funding Sources

The County used several one-time funding sources to balance the budget. Those one-time sources were budgeted both centrally for the entire General Fund benefit and in specific departments for specific departmental benefit.

The centrally budgeted one-time sources totaled \$26.9 million. Those sources included:

	(in millions)
Reserve releases	\$12.8
Inter-fund transfers	\$11.2
Miscellaneous transfers	\$1.9
Consultant contract reductions	\$1.0
Total	\$26.9

The County Executive is recommending that a portion of the one-time sources, which will not be available in Fiscal Year 2010-11, be reduced over a 15 month period beginning April 1, 2010. Making reductions now will carry through to next fiscal year and ultimately result in lesser overall program reductions. The total recommended reduction in this fiscal year is \$3,786,840.

Program Reductions

The Interim County Executive's recommended program reductions are detailed in Attachment I. They result in appropriations reductions totaling \$14.0 million and revenue reductions totaling \$2.1 million. The net County cost savings will be \$11.9 million. The total of the net County cost and Realignment savings is \$13.7 million.

This results in the elimination of 144.0 positions, excluding any reductions in positions recommended by the Sheriff or District Attorney. Additionally the Department of Behavior Health is recommending the elimination of 16.1 positions. A total of 160.1 positions are recommended for elimination, 49.1 are vacant and 111.0 are filled. Attachment II details the positions recommended for elimination.

Potential Additional Lay-offs in the Planning Department

The Planning Department has a number of employees whose services are contracted out to other entities due to the employees' expertise. These entities have indicated that if the specific employee assigned to them can no longer provide the service, they would cancel their contract resulting in a revenue loss to the Planning Department. Due to seniority and bumping rights, the department does not know the full impact of these actions, but anticipates the need to reduce an additional three to five positions due to revenue losses. The Department will return at a later date with a complete list of additional position reductions and related impacts.

Lay-off Process including 71J Contract Actions

The Department of Personnel Services is developing seniority lists to identify those employees subject to lay-off. The Board of Supervisors must provide the authority to deliver lay-off notices and affect layoffs. Attachment II provides a list of those classifications identified by Departments that are subject to lay-off through budget reductions or as the result of demotion by another employee who has seniority rights in a lower classification.

The County Executive's Office in coordination with departments is currently examining all 71J contracts to determine if the reduction or termination of these contracts can provide sufficient savings to prevent the lay-off of county employees. Notification of action to reduce or terminate 71J contracts must take place prior to the delivery of lay-off notices with the contract reduction or termination occurring prior to actual layoff date. Additionally all temporary or provisional positions within a department must be eliminated prior to a lay-off in the identified classification. Efforts are under way to place employees in the same or similar positions throughout all county departments. Notification to 71J contractors and placement efforts will be completed prior to an employee being laid-off.

Respectfully submitted,

APPROVAL RECOMMENDED:

THOMAS R. BURKART
County Budget Officer

STEVEN C. SZALAY
Interim County Executive

CONCUR:

NAVDEEP S. GILL
Chief Operations Officer

cc: Elected Officials
Department Heads
Agency Administrators
County Executive Cabinet Analysts
Department Administrative and Fiscal Staff

Attachments:

Attachment I Reduction Impact Statements

Attachment II List of Position Deletions

Attachment III Delete Vacant Positions in Behavioral Health Services

Attachment IV Ordinance Merging the Departments of Behavioral Health and Health and Human Services

Attachment V General Assistance, Elimination of Special Benefits

Attachment VI Real Estate Position

Attachment VII Notice of Exemption for the Beilenson Hearing