

# INTRODUCTION

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# LETTER FROM CHAIR, BOARD OF SUPERVISORS



## BOARD OF SUPERVISORS COUNTY OF SACRAMENTO

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Sacramento County  
The Community of Trees



ILLA COLLIN  
SUPERVISOR, SECOND DISTRICT

Lyfa Ferris Hanson  
Chief of Staff

### TO THE RESIDENTS OF SACRAMENTO COUNTY:

The Sacramento County Board of Supervisors is proud to present to you the County's 2003-04 Adopted Final Budget. The County Budget is the financial and operating plan for the provision of services to you by the County and by the special districts governed by the Board of Supervisors. For Fiscal Year 2003-04, the County Budget also includes a Five-Year Capital Improvement Plan which will guide the development of county facilities including an airport terminal, roads, and buildings.

The County Budget was developed through an open and public process. The Board heard a budget forecast, adopted resource allocation obligations and priorities, and made early, tentative resource allocations in February. Budget workshops were held in April and May. Budget hearings were held in June and September.

This year, the Board of Supervisors adopted a budget resulting in significant reductions in services to county residents. Due to a slowing local and statewide economy there has been an increase in human services costs and a reduction in revenue growth. The State of California also made significant reductions in funding for county programs. Budget reductions were necessary for the Board to adopt a balanced budget. The County must live within its resources, and this fact often compels the Board of Supervisors to make painful decisions.

The public availability of the budget documents, both printed version and Internet version, coupled with the open and public budget process assures the rights of interested and involved county residents to participate in budget decision-making and to examine the operations of our County Government.

Should you desire further information regarding the 2003-04 County Budget or the county's budget process, please contact your Supervisor (874-5411) or the Office of the County Executive (874-5833).

Sincerely,

A handwritten signature in cursive script that reads "Illa Collin".

ILLA COLLIN  
Chair, Board of Supervisors



**GFOA DISTINGUISHED BUDGET PRESENTATION AWARD**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**County of Sacramento  
California**

For the Fiscal Year Beginning  
**July 1, 2002**

Handwritten signature of William S. Peltola in black ink.

President

Handwritten signature of Jeffrey R. Emery in black ink.

Executive Director

**THE GOVERNMENT FINANCE OFFICERS ASSOCIATION  
DISTINGUISHED BUDGET PRESENTATION AWARD  
FOR THE  
COUNTY OF SACRAMENTO  
  
FOR FISCAL YEAR 2002-03**

**ACKNOWLEDGEMENTS**

**Prepared by the  
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# SUMMARY OF 2003-04 ADOPTED FINAL BUDGET

This brief summary of the Adopted Final Budget places Sacramento County's Annual Budget in the context of the legal requirements, local budget policies, the basis of budgeting, and the budget process which have resulted in the budget in its final form. This summary includes:

- I. The Budget, Legal Requirements, Budgeting Basis, and Budget Policies
- II. Debt Management Policies
- III. Long-Range Budget Planning
- IV. Budget Document Content
- V. The 2003-04 Budget Process
- VI. The General Fund, Programs, Financing, and Fund Balance Changes
- VII. Other Funds Subject to Appropriation (Other Governmental Funds)
- VIII. Five-Year Capital Improvement Plan

## I. The Budget

The annual budget for Sacramento County is an operational plan, a fiscal plan, and a staffing plan for the provision of services to the residents of Sacramento County. The budget also includes a five-year Capital Improvement Plan for the County. This plan is presented to the Board of Supervisors and is reviewed during the budget hearings. The County Board of Supervisors approves the budget each year at the conclusion of an open and deliberative process in which county residents, county employees, and county officials are active participants.

### Legal Requirements

The county's budget process conforms to state law and the County Charter. The California State County Budget Act of 1986 provides statewide uniformity in the budget process, content, and format among California counties and special districts. Deadlines for the public release of budget information and the adoption of proposed and final budgets are given. The Budget Act also sets the content and format of budget schedules.

The County Charter specifies the roles of the Board of Supervisor and the County Executive in the budget process. The County Executive is charged with recommending a balanced budget to the Board and with executing the budget plan once it is adopted. The County Executive is also responsible for monitoring the status of the budget throughout the year and with recommending budget changes when circumstances warrant.

### Budgeting Basis

For the governmental funds, or those funds subject to appropriation, Sacramento County uses a modified accrual basis of budgeting and accounting. Under this basis of budgeting and accounting, revenues are recognized when they become both measurable and available, and expenditures are recorded when the liability is incurred. Measurable means the amount of the transaction is known. Available means the revenue will be received as cash within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current period.

Proprietary funds use an accrual basis of accounting in essentially the same manner as commercial accounting. Recognition occurs at the time of the transaction – revenues when earned and expenses when incurred.

## Budget Policies

Sacramento County's budget process operates under long standing Board of Supervisors-approved budget policies. In summary, the policies are designed to control growth in the budget, maximize fund balance, give departments operational flexibility, and establish prudent reserve levels.

### Alignment of Ongoing Expenditures and Revenues and Use of Fund Balance

In 1985 the Board adopted long-term policies intended to keep ongoing county expenditures in alignment with ongoing financing sources and to increase fund balance. These policies state:

- General Fund fund balance will be used as an ongoing financing source.
- The higher costs of new programs, higher service levels, and new staff will be recognized on a full-year basis to ensure the recognition of the full cost of new commitments.
- Unanticipated revenue windfalls not included in the budget plan will not be expended during the year unless such spending is required in order to receive the funding.
- Short-term funding sources are not to be applied to ongoing requirements.

### Use of Fund Balance and Appropriation Use Flexibility

In 1992 the Board of Supervisors adopted a set of policies under the rubric of "departmental empowerment" to give departments more flexibility in managing service delivery and departmental budgets. The budgetary aspects of the departmental empowerment policies include:

- The year-end practice was changed from "use it or lose it" to "save it and keep it." Departmental contributions to fund balance are credited back to departments as financing in the following year. In the lean budget years of the early and mid-1990s, this policy gave departments an incentive to curtail spending to avoid future budget reductions.
- Departments were given the flexibility of administratively shifting appropriations between expenditure categories without Board or County Executive approval so long as there is no change in overall net appropriations. The Department of Finance presents a quarterly report of such budget adjustments to the Board of Supervisors.
- A restriction was placed on departmental empowerment in Fiscal Year 2002-03, disallowing transfer of salary appropriations to other expenditures without Board approval. This restriction was necessary due to the need to maintain high fund balances in order to mitigate against the state budget reductions and weak economic conditions.

### Reserve Levels

In 1998, upon recommendation of the County Executive and Chief Financial Officer, the Board of Supervisors set a target level for the General Fund General Reserve. The target level is 5.0 percent of general purpose financing, or approximately \$22.0 million (5.0 percent of \$440.0 million). The current level of the General Reserve is \$18.0 million, or \$4.0 million under the targeted level.

Resource Allocation

In February 2003, upon recommendation of the County Executive, the Board of Supervisors adopted a series of obligations/priorities to guide resource allocation and budget decision making. The approved spending priorities recognize that certain obligations must be funded before any discretionary priorities can be addressed:

- A. **Mandated Countywide Obligations**, such as jails, prosecution, juvenile detention, health care for the poor, and welfare payments to eligible clients.
- B. **Mandated Municipal Obligations** such as the core requirements for providing for the public safety of the citizens living in the unincorporated area (Sheriff's patrol and investigations).
- C. **Financial Obligations**, is the maintenance of the public trust through a sound fiscal policy that focuses on financial discipline, including funding programs that provide for revenue collection and payment of county debts.
- D. **Budget Priorities** - When funding of the County's mandated services and obligations are met, the following priorities shall govern the budget process:
  1. Provide the highest level of discretionary law-enforcement municipal and countywide services possible within the available county budget, such as Sheriff's patrol and investigations, and Probation Supervision.
  2. Provide the safety net for those disadvantaged citizens, such as the homeless, mentally ill, and others who receive no services from other government agencies.
  3. Provide the highest possible quality of life for our constituents within available remaining resources (i.e. neighborhood programs, reinvestment in communities, Parks & Recreation, and non-law enforcement municipal services, etc.)
  4. General government functions (such as Clerk of the Board, County Counsel, Human Resources Agency, OCIT, County Executive, etc.) shall continue at a level sufficient to support the direct services to citizens.
  5. Continue prevention/intervention programs that can demonstrate that they save the county money over the long-term, such as alcohol and drug programs.

These obligations/priorities were used to structure budget recommendations in the Fiscal Year 2003-04 budget process.

**II. Debt Management Policies**

The County has also adopted comprehensive Debt Management Policies, which are intended to improve coordination and management of all debt issued in which the County has complete or limited obligation (e.g. special assessment or Mello-Roos financings) for debt repayment. As the municipal debt market changes, all outstanding debt should be monitored to take advantage of changing opportunities.

Major elements of the policy include:

- Establishment of a County Debt Utilization Committee (CDUC) which has the responsibility for reviewing, coordinating and advising the County Executive and Board of Supervisors regarding proposed and existing debt issues in order to assure that debt is utilized in a favorable manner to the County and only when it is in the best interest of the County.

- Formalizing the concept that debt proposals by individual departments must be closely coordinated with the county's capital and operating budget processes and must take into account the impact of the proposed debt issue on the county's credit rating and total debt burden.
- Assignment of responsibilities related to analysis of proposed borrowings and monitoring compliance with covenants and restrictions in approved debt agreements.
- To the extent feasible, debt issued shall be tied to revenues from those taxpayers who will directly or indirectly receive benefits of the purpose of the debt.
- Short-term and long-term borrowing will be limited to borrowings that are within prudent limits regarding applicable debt ratios and those which improve county cash flow and related interest earning capabilities.
- Proceeds from long-term financing will be limited to the uses authorized by law and allowed by the provisions of the particular debt. Generally, these limitations allow payment for planning, design, land, construction, or acquisition of buildings, permanent structures, attached fixtures and/or equipment, movable furniture, and equipment and also the costs related to planning and issuing the debt.
- Short-term financing will include funding the county's cash flow deficit in anticipation of tax and revenue receipts.
- Structure (e.g. General Obligation, Certificates of Participation, Assessment Districts, or Revenue Bonds) and type of debt issuance (negotiated or competitive) is dependent upon various factors, including the nature of the project to be financed, available revenue sources and revenue streams, budget impact and the financial market environment.
- No financing will be undertaken to finance an operating deficit.

Debt Limits

In California there are no statutory or constitutional limits on debt levels for counties. Overall, debt levels for Sacramento County are very low. In the General Fund, total debt service payments amount to only 1.5 percent of net appropriations.

**III. Long-Range Budget Planning**

Sacramento County integrates long-term budget planning with an annual budget process. The annual budget forecast, typically presented to the Board of Supervisors in early February each year, is based on a five-year model of the General Fund. The model is the specific tool used to evaluate the impacts of new facilities, programs, and other commitments on the General Fund in light of projected changes in general revenues.

The model is based on the prior adopted budget and includes all known changes in expenditures and revenues. The model attempts to predict the net cost of maintaining service levels and taking on new programs and costs and compares those net costs to the general purpose financing thought to be available to fund those net costs.

Particular emphasis is placed on determining and accounting for the impacts of facility development, labor negotiations, and changes in state and federal law and regulations. The capital improvement plan is used to identify new operational requirements years in advance of the need to actually fund the staffing and maintenance of new facilities. Long-term commitments to employees are made in light of an assessment of the county's

ability to balance labor cost increases with the maintenance or enhancement of service levels.

The modeling has proved to be a useful predictor of budgetary trends and the overall balance between net cost and general purpose financing. The model is less accurate in projecting changes in gross spending and departmental revenue. The fundamental point is that the budget model is used far beyond short-term predictions of budget status and issues; the budget model is used to evaluate the county's capacity (or lack thereof) to take on new obligations.

The county's 2003-04 budget process actually began with the presentation of a budget forecast, based on the five-year model, during the budget hearings for the 2002-03 Fiscal Year. The Chief Financial Officer and the County Executive wanted the Board, county departments, and public to be aware of the budget challenges the County would be facing in Fiscal Year 2003-04 and beyond.

#### IV. Budget Document Content

The annual county budget document includes fiscal and operational information on county operations and those special districts and enterprises governed by the Board of Supervisors. The county's annual budget document consists of several general sections including:

- Reports and cover letters from the County Executive and the Office of Budget and Debt Management. These reports and letters summarize the Adopted Final Budget, the Recommended Final Budget, the Recommended Proposed Budget and the Midyear Budget Update.
- General budget information including summary information about the County, major funds, major revenue trends, a summary of authorized staffing levels, and summaries of appropriations and financing.
- State-determined Program Areas and Revenue Summary Schedules (tables) listing the financing and requirements for county funds, appropriations in governmental funds.
- Summary of Positions Schedules giving the authorized staffing levels by budget unit.
- Detailed information (the budget messages) on the various budget units making up the overall county budget.
- The Five-Year Capital Improvement Plan has now been included in the budget document. The Board of Supervisors held a separate hearing on the Five-Year Capital Improvement Plan during the annual budget hearings.

The County Budget Act of 1986 requires that all California counties make available a budget document containing the summary schedules, the Summary of Positions, and the budget unit level schedules. All other information included in the budget documents is at the county's option.

#### V. 2003-04 Budget Process

With the 2003-04 Adopted Final Budget, Sacramento County has been forced to reduce services and staffing levels in order to have a balanced General Fund. Overall, there was a \$77.0 million funding gap between ongoing resources. This gap was closed with \$37.0 million in base budget reductions and \$40.0 million in one-time measures. The primary reasons for the funding gap.

- The use of \$25.0 million in one-time measures to balance the Fiscal Year 2002-03 budget. This structural funding gap came back in Fiscal Year 2003-04.
- The new costs due to the enhancement of the employee retirement benefits. The net cost in the General Fund was \$37.0 million. The total countywide cost was \$67.0 million.
- There was a \$9.0 million net revenue loss due to the incorporation of the new City of Rancho Cordova, effective at the start of the 2003-04 Fiscal Year.
- Weak growth in local and statewide sales tax.

The ultimate adoption of the Final Budget was the culmination of several steps where our large General Fund budget problem was identified and acted upon:

1. In the September 2002 Final Budget Hearings for Fiscal Year 2002-03, the County Executive's Office presented a budget forecast for the Fiscal Year 2003-04 Budget which predicted a funding gap in the General Fund of at least \$30.0 million which would likely be increased by implementation of the retirement benefit enhancements, state budget actions, and any budget augmentations in the hearings above the Fiscal Year 2002-03 base budget.
2. At the Fiscal Year 2002-03 Midyear Budget Hearing on February 4, 2003, the Board of Supervisors was presented with a revised budget forecast predicting a funding gap in the General Fund of \$69.5 million, which included the projected costs of anticipated retirement enhancements and some state budget impacts proposed by the Governor in the January 2003 Proposed State Budget. The budget forecast stated that the funding gap would likely be increased by additional state budget actions, due to the enormity of the State's projected funding gap, which was then projected to be in excess of \$30.0 billion.
3. At the Midyear Budget hearing, preliminary general-purpose financing allocations were approved for General Fund Departments. In effect, each elected official department and the five county agencies were given a bottom line net cost target to build their budgets within. Agency administrators were delegated the responsibility of determining a recommended preliminary allocation for the non-elected departments from their agency's overall preliminary allocation.
4. The other key change in the annual budget process was the provision of a structural framework for making resource allocation decisions. Soon after the presentation of the budget forecast, the Board of Supervisors adopted a policy statement of the obligations and discretionary priorities for the County. The obligations are those things the County must fund (such as mandates) and the priorities serve as a guide for the application of any discretionary financing available after the obligations are funded. The adoption of the obligation and priority statements, and early allocation of the county's resources were key changes in the budget process for 2003-04.
5. In preparing their Fiscal Year 2003-04 budget estimates, the departments had to tie to their net cost to the preliminary funding allocations given to them early in the process. Departments were asked to identify which current programs would be funded within their allocations and those programs which would not be funded due to the limited funding available, utilizing the approved obligation and priority statements as a policy guide. Once budgets were submitted and reviewed for accuracy by the County Executive's Office, a series of budget workshops were held before the Board of Supervisors. These workshops were an integral part of the 2003-



- 04 budget process because at this time the Board and the public were made aware of the consequences of operating with the funding targets (operating within the county's projected available resources).
6. Between the time of the initial budget forecast and when the County Executive's initial recommendations for the Proposed Budget Hearings were prepared, we identified many changes to the county's General Fund budget status, including both cost changes and financing changes. These adjustments resulted in an overall funding gap of \$100.8 million. This included a slightly lower (\$58.2 million) local funding gap, and an addition \$42.6 million problem caused by assumed state actions, which went beyond those identified by the Governor in January.
  7. In the period of time between the drafting of the initial budget documents for the hearings and the drafting of the final transmittal report for the Recommended Proposed Budget, we identified \$20.3 million in additional financing and cost reductions which could be used to additional funding of obligations/mandates not included in the initial budget recommendations and to restore funding to high priority discretionary programs. Of the \$20.3 million in restoration funding, approximately \$9.0 million resulted from the Board's approval on May 13, 2003, of a plan to restructure our pension bond debts. A total of \$5.8 million was derived from tobacco litigation settlement proceeds. However, one-half of that amount was from the restricted proceeds of the Tobacco Litigation Settlement debt issue for use only by tax exempt community organizations only and was not available for direct use by county departments.
  8. The County Executive recommended that the \$20.3 million in additional financing be used to fund \$5.1 million in high priority additional requests (including \$3.3 million in new labor costs for unexpected COLA's for county employees), and \$15.2 million in restorations of mandated/discretionary programs originally unfunded in the preliminary budget allocations. A total of \$8.58 million was recommended in additions/restorations of mandated programs, and \$11.72 million in restorations of discretionary programs were recommended. These restoration recommendations resulted in the funding of 179.0 positions which had previously been recommended for unfunding and deletion. The restorations of discretionary programs were split 60.0 percent for Law Enforcement and 40.0 percent for Safety Net/Prevention Programs, to reflect the Board's 1<sup>st</sup> and 2<sup>nd</sup> approved priority areas. The restored monies within Law Enforcement were spread amongst the District Attorney's Office, Probation Department and Sheriff's Department, based upon a holistic criminal justice system analysis of the workload/costs of those programs funded by the County.
  9. The original restoration recommendations were supplemented by the addition of \$0.5 million in last minute-funding recommendations that restored another 4.5 positions.
  10. During the Proposed Budget Hearings, further funding options totally \$9.8 million were identified and recommended for consideration of the Board of Supervisors. These recommendations involved recognizing additional TANF (welfare) incentive revenue and TANF base revenues (adjustment for correction of the earlier proposed "negative premise" assumption), increasing the transfers of hotel tax to the General Fund by \$0.5 million, and the recognition of certain other miscellaneous revenue. The TANF revenues were used to both restore funding to some programs and to supplant general purpose financing support of other programs. The recommended

changes using the TANF revenues avoid immediate layoffs in the Human Assistance Department, avoid reductions to certain high priority safety net and prevention programs, and allowed for maintaining reserves/contingencies in the General Fund. The Board adopted the additional revenue and spending recommendations with minor revisions.

11. In September 2003, Final Budget Hearings were held. By then the State Budget has been adopted by the Legislature and the year-end results for Fiscal Year 2002-03 were known. The State Budget included \$18.1 million in additional costs or revenue reductions in the county's General Fund. The largest single item was a \$13.5 million one-time reduction in vehicle license fee (VLF) revenue backfill. In addition to the negative state impacts, there were \$5.5 million in local budget issues in need of resolution including additional election costs due to the California Recall Election and increases in caseload driven programs. The additional funding gap of \$23.6 million was closed with additional financing, most of which was of a one-time nature. The additional financing included a higher fund balance from the prior year (\$8.0 million), gains from restructuring long term debt (\$13.2 million), and general revenue improvements (\$1.0 million).

Sacramento County went through a very difficult budget cycle for the 2003-04 Fiscal Year. Very deep services, staffing, and budget reductions were made. Yet the County can expect another very difficult budget process for the 2004-05 Fiscal Year. Over \$40.0 million in one-time financing sources were used in closing the budget gap and only \$23.0 million was allocated to one-time funding issues. Labor costs will increase, caseload driven program costs will increase, and the State of California is still facing a very difficult budget problem.

#### **VI. The General Fund, Programs, Financing, and Fund Balance Changes**

The General Fund is the largest county fund and supports the majority of county services. Roughly three-quarters of county employees work in General Fund programs. The County provides both countywide and municipal services from the General Fund. As a California county, Sacramento County provides countywide human services and law and justice services. The human services include human assistance aid, foster care, public health, mental health, and protective services. The countywide law and justice services include prosecution, adult and juvenile detention (jails), coroner services, and legal defense.

Sacramento County is atypical in California in that there is a large, populous, urban Unincorporated Area. The residents of the Unincorporated Area receive municipal services from the County and many special districts. Sacramento County provides local police protection from the Sheriff's Department and many public works services from the Public Works Agency. The County is also responsible for land use regulation and planning services for the Unincorporated Area. Sheriff's and planning services are included in the General Fund.



The following table summarizes the 2003-04 Adopted Final Budget for the General Fund:

**2003-04 Adopted Final Budget**  
(amounts expressed in millions)

	Appropriation	Revenue	Net Cost	Carry-Over	Allocation	Percent of Allocation
<b>LAW AND JUSTICE</b>						
Sheriff	\$255.3	\$146.6	\$108.7	\$0.3	\$108.4	24.4%
Court	44.2	8.1	36.1	0.1	36.0	8.1%
District Attorney	51.4	18.4	33.0	2.3	30.7	6.9%
Probation	72.5	38.2	34.3	5.0	29.3	6.6%
Medical -- Institutions	34.8	23.6	11.2	0.4	10.8	2.4%
Public & Conflict Defense	25.2	1.0	24.2	0.7	23.5	5.3%
Other Law & Justice	9.1	1.3	7.8	0.7	7.1	1.6%
Centrally Budgeted Labor	7.0	0.0	7.0	0.0	7.0	1.6%
<b>Subtotal</b>	<b>\$499.5</b>	<b>\$237.2</b>	<b>\$262.3</b>	<b>\$9.5</b>	<b>\$252.8</b>	<b>58.8%</b>
<b>HUMAN SERVICES</b>						
Human Assistance-Payments	\$384.5	\$325.8	\$58.7	0.0	\$58.7	13.2%
Human Assistance-Admin	242.2	220.3	21.9	1.5	20.4	4.6%
Health & Human Services	395.8	373.0	22.8	7.0	15.8	3.6%
IHSS Provider Payments	43.7	33.1	10.6	(0.5)	11.1	2.5%
Health Treatment Account	38.3	25.1	13.2	(2.5)	15.7	3.5%
Child Support	36.0	33.7	2.3	0.1	2.2	0.5%
<b>Subtotal</b>	<b>\$1,140.5</b>	<b>\$1,011.0</b>	<b>\$129.5</b>	<b>\$5.6</b>	<b>\$123.9</b>	<b>28.8%</b>
Community & Neighborhood	\$42.4	\$29.2	\$13.2	\$4.6	\$8.6	1.9%
General Government / CFO	\$82.1	\$37.1	\$45.0	\$6.4	\$38.6	8.7%
Human Resources Agency	18.0	9.6	8.4	3.2	5.2	1.2%
Contingencies	5.0	0.0	5.0	0.0	5.0	1.1%
Reserve Increase	10.0	0.0	10.0	0.0	10.0	2.3%
<b>Total Departmental</b>	<b>\$1,797.5</b>	<b>\$1,324.1</b>	<b>\$473.4</b>	<b>\$29.3</b>	<b>\$444.1</b>	<b>100.0%</b>

The overall authorized spending for departmental programs and the contingency is just under \$1.8 billion. The bulk of the costs are in the human services and law and justice program areas with expenditures on all other areas being less than 9.0 percent of the total.

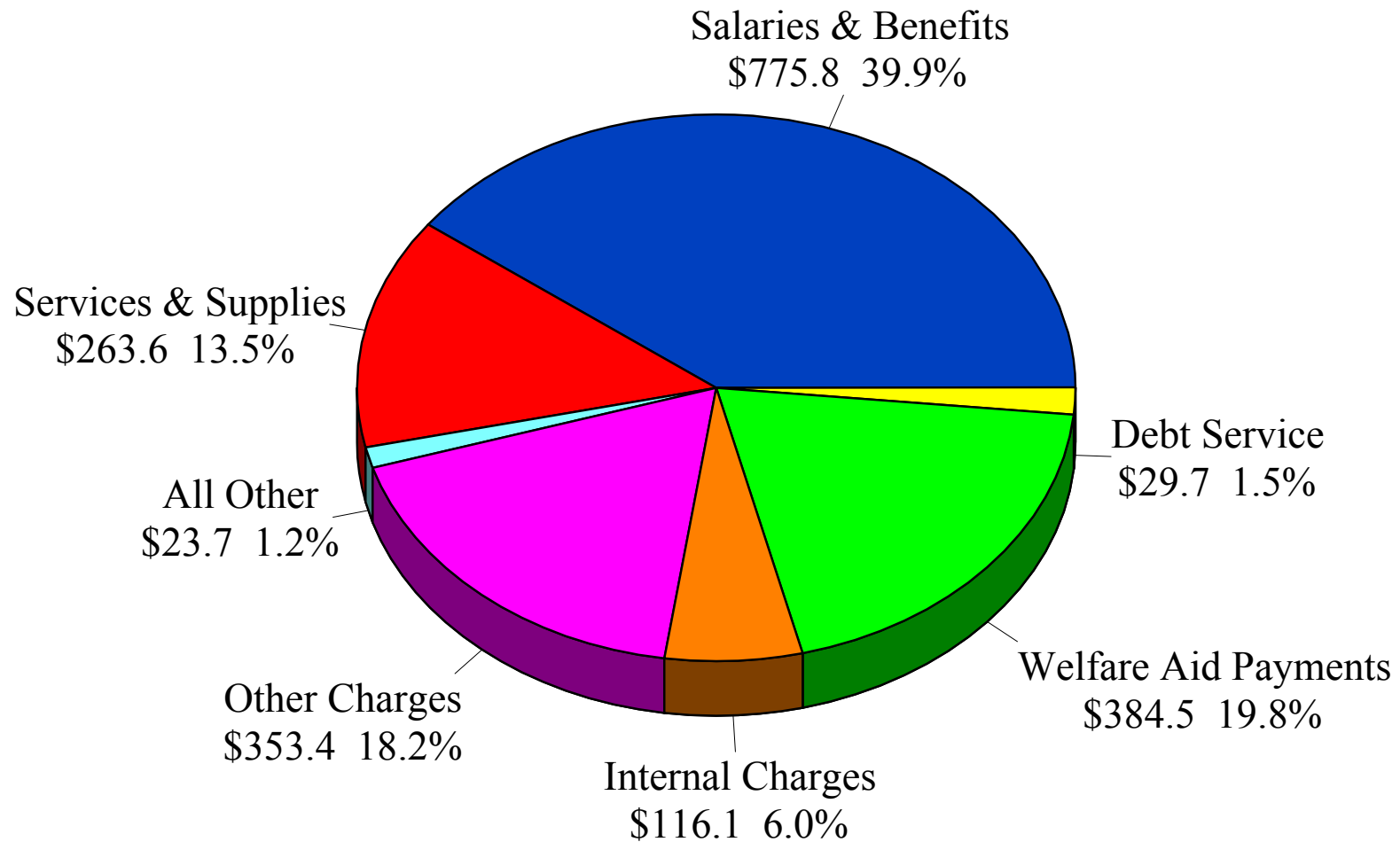
Another view of the General Fund is by type of appropriation rather than the programmatic appropriations illustrated above. The chart on page 13 reflects the Final Adopted Budget by "Spending Type".

Salaries and employee benefits make up just under 40.0 percent of appropriations. The welfare aid payments make up just under 20.0 percent. Debt service makes up only 1.5 percent of the total.

# GENERAL FUND

## SPENDING TYPE

(amounts expressed in millions)



**Overall Financing**

As Sacramento County’s General Fund budget is conceptualized, financing for a General Fund program may come from three sources:

<b>FINANCING SOURCE</b>	<b>Amounts</b> (expressed in millions)
Departmental Revenue	\$1,324.1
Departmental Carryover	29.3
General Purpose Financing	444.1
<b>TOTAL</b>	<b>\$1,797.5</b>

Departmental revenues make up 74.1 percent of the total financing and are those revenues restricted to funding a single program or narrow range of programs. In the State of California, counties are formally political subdivisions of the State, and most of these restricted departmental revenues come from the state and federal governments (most of the federal revenue channels through the State).

The department carryover is that portion of the fund balance, which is, by Board policy, allocated directly back to certain General Fund budget units. This policy was established in 1992 to provide an incentive for departments to take actions to maximize fund balance and minimize budget funding gaps in lean budget years, such as 2003-04.

**General Purpose Financing**

The general purpose financing are those local revenues and state subventions which are not necessarily linked to a particular service or a narrow range of services. Transfers from other funds, a portion of the fund balance, reserve changes, and expenses associated with the collection of revenues are also included. In theory, the general purpose financing may be applied to any county service or function, but the reality of the county’s fiscal position is that the bulk of general purpose financing is used to cover the county’s costs of mandated General Fund programs. Less than one-quarter of the general purpose financing is available to the Board of Supervisors for allocation to discretionary General Fund programs.

The following table summarizes general purpose financing for the 2002-03 Adopted Final Budget and Actuals and 2003-04 Adopted Final Budget estimates:

**General Purpose Financing**  
(amounts expressed in millions)

<b>FINANCING SOURCE</b>	<b>Adopted Budget 2002-03</b>	<b>Actuals 2002-03</b>	<b>Adopted Final Budget 2003-04</b>
Property Taxes	\$162.4	\$171.2	\$177.8
Sales Tax	83.2	82.4	77.9
Vehicle License Fees	85.4	86.3	80.3
Utility Tax	16.0	16.1	14.6
Fines	14.9	14.3	15.0
Revenue Neutrality & Transition	6.6	7.0	15.2
Funds Transfers & Cost Plan	14.7	15.2	13.6
Other Revenues & Costs	14.2	27.8	15.5
<b>Subtotal</b>	<b>\$397.4</b>	<b>\$420.3</b>	<b>\$409.9</b>

<b>FINANCING SOURCE</b>	<b>Adopted Budget 2002-03</b>	<b>Actuals 2002-03</b>	<b>Adopted Final Budget 2003-04</b>
Fund Balance Non-Departmental	\$11.1	\$11.1	\$33.6
Net Reserve Changes	12.0	12.0	0.6
<b>Subtotal</b>	<b>\$23.1</b>	<b>\$23.1</b>	<b>\$34.2</b>
<b>TOTAL GENERAL PURPOSE FINANCING</b>	<b>\$420.5</b>	<b>\$443.4</b>	<b>\$444.1</b>

The major revenue assumptions are included in a table in the General Budget Information section of this budget document. In general, property tax is strong. The Assessor’s Roll closes on January 1<sup>st</sup> each year, so fiscal year current tax revenue growth reflects activity in the local real estate market in the prior calendar year. Sales tax and utility tax revenues are reduced due to the transfer to the newly incorporated City of Rancho Cordova. The underlying growth in these revenues of 2.0 to 3.0 percent is less than the amounts now being allocated to the new city.

**Recent Changes in Fund Balance of General Fund**

The following table reflects the beginning fund balance of each fiscal year since Fiscal Year 1998-99 and the change in available fund balance from the prior-year fiscal year:

<b>Fiscal Year</b>	<b>Fund Balance</b>	<b>Variance</b>
1998-99	\$31,187,916	
1999-00	57,680,098	\$26,492,182
2000-01	70,670,476	12,990,378
2001-02	57,459,180	(13,211,296)
2002-03	42,333,377	(15,125,803)
2003-04	62,865,576	20,532,199

The major reasons for the increase in fund balance in the past year were the receipt of one-time financing from long-term debt restructuring, the strong local real estate market, and the higher number of vacant positions due to the hiring freeze. The County received \$11.4 million from selling a option to swap variable rate for fixed rate debt on a 1990 debt issue. Property tax collections exceeded budget estimates by \$8.8 million. Before 575 vacant positions were deleted in the budget process, there were nearly 1,400 vacant positions resulting from a hiring freeze first put into place in December 2001, and made more restrictive since that time. In addition, as it became increasing apparent that the County was facing a severe local budget problem likely to be compounded by state actions, most departments took measures to curtail spending and increase departmental carryover.

There were significant increases in fund balance from 1998-99 to 2000-01 and reductions in the following two years. For Fiscal Year 2003-04 there has been another significant increase. The very large increase in fund balance between Fiscal Years 1998-99 and 1999-00 was due to a number of factors relating to the booming economy and the impact on General Fund programs and revenues. The actual growth in major revenues such as sales tax, vehicle license fees, and realignment exceeded budgetary expectations.

Welfare caseloads fell during those fiscal years leading to savings in aid payments and indigent medical programs. For the start of the 2000-01 Fiscal Year, the apparent increase in fund balance was due to the unbudgeted receipt of tobacco litigation settlement payments of \$16.3 million which were not expended during the fiscal year. Without this unanticipated revenue, fund balance would have declined by several million. The reduction in fund balance at the start of the 2002-03 Fiscal Year reflected unbudgeted increases in the local share of human assistance aid payments, and under-collection of both local sales tax and sales tax from statewide pools. The sales tax from statewide pools is allocated to certain public safety and human service programs.

#### VII. Other Funds Subject to Appropriation (Other Governmental Funds)

The overall financing and requirement for the Other Governmental Funds, or those other funds subject to appropriation is found in Schedule 1 in the Summary Schedules portion of this document. An analysis of fund balances is reflected in Schedule 2 – Analysis of Fund Balance Unreserved/Undesignated. Reserve change detail is reflected in Schedule 3- Detail of Provisions for Reserves/Designations. (All Summary Schedules are reflected in Tab-Section B.) Following is a brief description of the Other Governmental Funds, the major financing sources, and the 2003-04 requirement and financing.

**Fish and Game Fund -- \$84,992** - Financing for this fund comes from fish and game fines. The funds are used for education programs.

**Court Operations Fund -- \$84,481,277** - Funding for court operations comes primarily from the State, but there is a substantial county contribution from the General Fund. Fiscal control of the Court has shifted from the County to the State.

**Health Care for the Uninsured Fund -- \$1,200,000** - Funding came from Tobacco Litigation Settlement Revenue received before the securitization of this revenue stream. The projected use of this fund is to provide seed funding for the extension of health benefits to that portion of the population currently uninsured.

**Park Construction Fund -- \$11,231,644** - Funding comes from grants, donations, state bond sales, and contributions from the County Transient-Occupancy Tax Fund. Parks acquisition, development, and rehabilitation projects are financed from this fund.

**Capital Construction Fund -- \$10,586,422** - Financing comes from a use allocations charge to the departments occupying countyowned facilities, debt financing, and grants. The acquisition, construction, and major maintenance of county facilities are financed from this fund.

**Tobacco Litigation Settlement Fund -- \$9,971,475** - Financing for this fund comes from the proceeds of the tobacco revenue bond sale (securitization). Included in the bond sale was an amount that together with interest earnings could provide \$6.3 million in funding for health, youth, and community programs. There are restrictions on the use of this funding, with most being not available for county services. The Board of Supervisors approves allocations to community based organizations on a competitive basis and on a three-year funding cycle.

**First Five Commission Fund -- \$29,782,350** - Funding comes from the State of California under the terms of a voter-approved statewide initiative. The funding is restricted to services to youths and may not be used for basic county operations. Allocations are approved by a Commission consisting of elected officials and appointed members.

**Teeter Plan -- \$22,612,934** - The County utilizes the Teeter Plan of property tax distribution. All secured tax delinquencies are advanced to those public agencies in the County which receive property taxes. The County borrows the funds to advance the delinquent taxes from the Treasury Pool in an annual five-year note. The borrowed funds are repaid with delinquent tax principal, redemption charges, and interest (18.0 percent per year). Any interest and redemption charges in excess of debt service accrues to the General Fund. The debt issues, the debt service, delinquent taxes, redemption charges, interest, and transfers to and from the General Fund are made from this fund.

**Economic Development \$33,748,493** - County economic development activities are financed from this fund. Major projects include the conversion of two former air force bases from military to mixed private and public use. Funding comes from the sale of land and facilities, grants, and a contribution from the General Fund of \$0.3 million. Changes in fund balance depend on the timing of capital projects. Often the actual sale of assets and the construction or renovation of facilities differs from the budget plan.

**Road Fund \$51,851,309** - Gas tax and restricted state road funding accrue to this fund. Street and road acquisition, construction, and maintenance are financed from this fund. The purpose of this fund is to segregate the gas tax revenue.

**Library General Fund \$15,242,776** - The primary source of financing for this fund comes from a dedicated share of property taxes collected in the Unincorporated Area and the cities of Sacramento, Elk Grove, Citrus Heights, Galt, Rancho Cordova, and Isleton. Library services are provided by a joint City of Sacramento – Sacramento County Joint Powers Authority with a separate Authority Board. Funding allocated to this fund are transferred to the Library Authority for services and materials.

**Community Services Fund \$22,750,245** - Housing and homeless programs are financed from this fund. Major funding sources include redevelopment project allocations, grants, state allocations, and transfers from the General Fund. The purpose of this fund is to segregate the restricted housing revenues.

**Transient-Occupancy Tax Fund \$8,487,090** - This fund is a subset of the General Fund. The county's hotel tax accrues to this fund, and this revenue is general purpose financing and may be expended on any county activity. The Board of Supervisors holds special hearings to allocate financing from this fund to community organizations, facilities and programs jointly funded with the City of Sacramento, and County Departments.

**Golf Fund \$8,722,879** - The operations and maintenance of three county golf courses is financed from this fund. Major financing sources include user fees and concession charges.

**Building Inspection Fund \$13,575,789** - Primary financing comes from building inspection charges. The County is responsible for building inspection in the Unincorporated Area.

**Roadways Fund \$16,869,655** - This fund is used to segregate development impact and special assessment revenue dedicated to street and road acquisition, construction, and maintenance.

**Transportation – Sales Tax Fund \$78,608,271** - In Sacramento County the voters have approved a ½ cent increase in the sales tax to be dedicated to transportation capital projects and operations. Revenue is shared by the County, cities, and the Regional Transit

System (bus and train service). This fund is use to segregate the county’s share of the special sales tax revenue.

**Citrus Heights Road Maintenance Fund \$1,154,808** - The County provides road maintenance services to the City of Citrus Heights. This fund is use to segregate this activities from other county operations. Funding comes from the City of Citrus Heights.

**IX. Five-Year Capital Improvement Plan (Volume III)**

The 2003-04 Final Adopted Budget includes a Five-Year Capital Improvement Plan for Sacramento County. The plan lists both the approved and proposed capital improvements to be acquired or constructed through the 2007-08 Fiscal Year. The approved and proposed capital projects are broken into three major categories: Airports, Other County Facilities, and Regional Parks and Open Space. The funding needs may be summarized.

<b>CATEGORY</b>	<b>Prior-Years and Five-Year Costs</b>
Airports	\$590,492,740
County Facilities	671,556,146
Regional Parks and Open Space	11,280,550
<b>Total</b>	<b>\$1,273,329,436</b>

Funding has not been obtained for all the projects, particularly those in the later years of the five-year plan. Following the Five-Year Capital Improvement Plan will result in additional operating and debt service expenditures in the present and future years. The levels of new expenditures will depend upon factors such as the timing of the facility development, operating offsets from current facilities, and interest rates. All operating and debt service costs relating to the budget year are included in the budget. The multiyear modeling (see above) is used to estimate the impact of new facilities on the operating budget.

# STRATEGIC PLAN

## STRATEGIC PLAN INTRODUCTION

In early 1996, the County Executive of Sacramento County initiated a Strategic Planning effort. This process was designed to provide Sacramento County with a long-range plan to provide quality public services within limited funding, and to guide the future direction by establishing a long-term Strategic vision.

This document is the county's Strategic Plan. It outlines the county's direction for the future, and explains the steps we must take to ensure organizational effectiveness and quality customer service in the coming years.

Elements of the Strategic Plan include:

- The County's Vision, Mission and Values
- The Five Strategic Issues that provide the direction for the future
- The areas of focus within each Strategic Issue that are being addressed for the next three to five years

### THE STRATEGIC PLANNING PROCESS

The County's Strategic Planning process was built on the County's Quality Management foundation. The process was divided into four phases:

- Assessment Phase
- Development Phase
- Implementation Phase
- Evaluation Phase

**Assessment Phase:** The Assessment Phase defines "Where are we now?" Sacramento County's Strategic Planning process began in 1996 with an internal and external scan to identify the major issues and priorities affecting the County over the next three to five years. This phase, which also prepares the organization to begin development of the Strategic Plan, involved collecting input from the community and the workforce to determine County priorities and future needs. The assessment phase culminated in the development of County Vision, Mission, and Values statements.

**Development Phase:** This phase includes development of comprehensive issues and direction with measurable objectives and evaluation criteria. In 1997, we entered the Development Phase, where actual development of the strategic plan occurred. During this phase, the county's Strategic Issues were chosen and steering committees and task teams were formed. The teams defined the focus areas for the strategic plan. To assist with the process, a County Quality Facilitator training program was implemented to provide facilitators for the various steering committees and task teams to assist them in meeting their goals.

**Implementation Phase/Evaluation Phase:** The Implementation Phase takes place over the next three to five years; it is where we put our words into actions while monitoring results and outcomes. Teams of employees will continue with implementation and evaluation of the County's Strategic Plan.

### VISION

*A vision is a compelling conceptual image of the desired future.*

This statement describes "what we want to be" in the twenty-first century.

Our Vision is for Sacramento County to be:

- The most livable community with the highest quality public service

### MISSION

*Our mission statement defines why our organization exists.*

It describes what we want to do for the community.

Our Mission for Sacramento County is to:

- Improve quality of life in the community
- Promote individual responsibility and achievement
- Protect one another and the environment we share
- Provide innovative and cooperative quality customer service
- Recognize and seize opportunities for improvement
- Stimulate economic growth and regional cooperation

### VALUES

*These values are the basic principles and beliefs for the County of Sacramento.*

They govern the way we make and carry out our decisions.

Our Values for Sacramento County are:

- Trust
- Dignity and respect for the individual
- Customer service
- Partnership
- Empowerment
- Continuous improvement
- Personal and professional growth
- Respect for cultural and ethnic diversity

## STRATEGIC ISSUES

*Strategic issues are long-term challenges or opportunities that are of critical importance to the organization.*

These strategic issues provide a direction which enable us to focus on the highest priority goals for the organization as a whole.

- **WORKFORCE** : Sacramento County is committed to investing in and maintaining a highly skilled, well trained workforce.
- **COLLABORATION**: Sacramento County is committed to collaborating internally, as well as externally with businesses, other agencies and the community.
- **ECONOMIC GROWTH**: Sacramento County is committed to creating an environment that will promote economic growth and prosperity within the region.
- **CUSTOMER SERVICE**: Sacramento County is committed to exceeding customer expectations in the delivery of services.
- **TECHNOLOGY**: Sacramento County is committed to promoting an efficient and reliable technological infrastructure for its employees, businesses, and community.

### I. CHIEF FINANCIAL OFFICER AGENCY/GENERAL GOVERNMENT

#### WORKFORCE

During the past three years, departments within the Chief Financial Officer Agency have implemented Employee Recognition Events to honor their employees who have provided exemplary service and to thank their entire workforce for achieving results stated in the departments goals and objectives. These events have included formal events at the workplace as well as informal events such as picnics or after hour celebrations where family members of the employees could also participate.

#### COLLABORATION

The Chief Financial Officer Agency has worked together as a team and collaborated with the County Counsel's Office to help find solutions to the County's overall budget difficulties. Examples of collaboration during Fiscal Year 2002-03 include debt refinancing of existing bonded debt for the Sheriff's Main Jail, restructuring of our existing Pension Obligation Bonds and two debt service interest rate "swaps" executed in the Spring/Summer of 2003 that provided one-time premium payments of approximately \$19.0 million. In total, these efforts provided over \$35.0 million in budgetary relief for the County in Fiscal Year 2003-04, and helped avoid painful reductions to county programs and services to our constituents.

#### ECONOMIC GROWTH

Due to the incorporation of three unincorporated area communities during the past six years, and the build-out of what remains of the urbanized unincorporated area, Economic Growth in the County's unincorporated area has slowed considerably. In recognition of these circumstances that are somewhat beyond the County's control, the Chief Financial Officer Agency has worked with the Economic Development Department and the Planning Department to determine a new strategic for growth of the County's Tax Base in these difficult times. The strategy development resulted in a Memorandum Of Understanding with the City of Sacramento known as the "Joint Vision for North Natomas" wherein the County and the City agreed to a set of land-use principles for the developing North Natomas area, and revenue sharing of municipal revenues from the area. This Joint Vision will be the baseline for annexations of unincorporated areas by any city within the County, and will allow the county's tax base to grow even without significant development occurring within the unincorporated areas of the County.

#### CUSTOMER SERVICE

The Chief Financial Officer Agency continuously attempts to enhance customer service. One example is the creation during Fiscal Year 2003-04 of a Revenue & Collections Task Force, whose duties include improving opportunities for constituents to be able to make payments on their obligations to the County at multiple locations across the County, instead of having to come downtown to make payments, as has been the case historically.

### TECHNOLOGY

The Chief Financial Officer Agency has several efforts underway to take advantage of improved technology applications. The Voter Registration & Elections Department is overseeing a Request for Proposals process to replace our existing voting system with either an Optical Scan system or a "Touch Screen" electronic voting system. The Office of Budget & Debt Management will be migrating to the Windows XP platform during October 2003. The Department of Finance is working with the Office of Communications and Information Technology to investigate the replacement of our legacy special district payroll system with a new LAN-based technology that will permit electronic deposits and other modern innovations. The Department of Revenue Recovery is initiating a process to seek a replacement of its accounts receivable system and collaborate with other California counties in developing the requirements and funding for the new system.

### II. COMMUNITY DEVELOPMENT & NEIGHBORHOOD ASSISTANCE AGENCY

#### WORKFORCE

- University of California, Cooperative Extension (UCCE) provided a Caregiver Program to train local residents on In Home Supportive Services (IHSS) Registry to provide in-home supportive services in the areas of nutrition, activities of daily living and resource management.
- UCCE also provided training to local landscapers and growers in the best practices in landscaping and pest management, and to airport landscape maintenance personnel on the proper pruning of trees.
- The Sacramento County Airport System continued to work on creating a working environment that attracts the best and the brightest aviation professionals seeking to be part of a highly motivated and competent airport management team.
- The Department of Economic Development had three gold award winners at recent Excellence in County Service ceremonies.

#### COLLABORATION

- Community Development and Neighborhood Assistance Agency (CDNA) staff formed a regional workgroup, including area cities and business owners, to combat the growing problem of illegal massage parlors.
- University of California Cooperative Extension's (UCCE) Water Wise Pest Control Program, working in collaboration with the Sacramento Stormwater Management Program, distributed printed materials on non-chemical and less toxic pest control practices in Spanish. Over 40,000 English and Spanish publications were distributed to residents, helping to reduce pesticide pollution and improve the health of Sacramento's creeks and rivers.
- UCCE, in collaboration with Airports, created a conceptual design of the MacReady Way entrance to Mather Airport, provided critique for the landscape design of the new Executive Airport parking lot, and helped solve problems with the International Airport landscape.
- To maintain its role as a major economic engine for the Sacramento region, the Sacramento County Airport System will continue to participate in key stakeholder organizations such as the Metro Chamber of Commerce, Northern California World Trade Center, Sacramento Convention and Visitors Bureau, Sacramento Area Commerce and Trade Organization (SACTO), and Valley Vision.
- Animal Care and Regulation is a participant in the UC Davis Shelter Medicine Program providing Veterinarian students an exposure to the care of shelter animals and at the same time, bringing enhanced care to the animals.



- Animal Care and Regulation partners with the City of Sacramento and Sacramento Prevention for the Cruelty of Animals (SPCA) in sharing resources, adoption programs and staff training, and is working to expand partnerships with other area cities to form a Regional Animal Care system.
- The Department of Economic Development continued collaboration with inside and outside agencies to continue the reuse and development of Mather and McClellan – both former Air Force Bases.
- The Department of Economic Development participated in Community Service Teams located in Arden-Arcade, Carmichael, Orangevale-Fair Oaks, Rancho Cordova, South Sacramento and led the North Highlands project.
- The Department of Economic Development maintains continuing relationships with SACTO, Sacramento Sports Commission, Sacramento Convention and Visitors Bureau, the Metropolitan Chamber of Commerce, other local chambers, and many other business and governmental organizations.

### **ECONOMIC GROWTH**

- The Arden-Arcade Community Planning process has successfully involved area citizens and business leaders in the setting of priorities for that community.
- UCCE trained local growers in best practices to increase crop yields and quality.
- The Sacramento County Airport System is committed to expanding its economic contribution to the region which currently is over \$2 billion annually to the local economy, plus jobs, \$172 million in tax revenues, and \$1.8 billion in business sales.
- The Economic Development Department's Mission is to compliment this strategic initiative in everything it does:
  - Business Attraction, Retention and Inquiries
  - Community Initiatives Participation
  - Commercial Corridors Revitalization
  - General Economic Development/Coordination

### **CUSTOMER SERVICE**

- UCCE Master Gardeners respond daily to local phone calls regarding indoor and outdoor plants, growing vegetables and perennials, and conducts plant clinics for local residents.
- UCCE completed the installation of the water efficient landscape demonstration gardens at the Fair Oaks Horticulture Center.
- The Sacramento County Airport System recognizes that our customers are the source of all our revenues, and our goal is to be the Airports of Choice for all Northern Californians by offering customer service that is second to none.
- The Department of Economic Development continues to pool resources and create response teams to expedite permitting and services to businesses wanting to locate in Sacramento County.

### **TECHNOLOGY**

- CDNA departments have utilized technology to increase use of the World Wide Web to provide information and access to our customers.

## **III.**

### **HUMAN RESOURCES AGENCY**

#### **WORKFORCE**

##### **• Culture Improvements**

The Human Resources Agency has made great improvements in its physical working environments. Improvements began in 2001 and continued through 2003. Examples of improvements include the relocation of the Workers' Compensation, Risk Management, and Employment Office programs to larger, more attractive spaces, and the renovation of the Agency's spaces in the County Administration Center. The Agency also developed and implemented a Career Enrichment program for county employees, and started development of a Wellness Program.

##### **• Incentives**

The Human Resources Agency began an internal reward/recognition program – the "Shining Star" program – in 2001. This program enables Agency employees to nominate each other for recognition in a variety of categories. Nominees are recognized quarterly and receive award certificates.

##### **• Training**

The Human Resources Agency has developed and implemented both internal and countywide training programs intended to improve and supplement employees' skills and encourage career development. Examples of these programs include Introduction to Supervision, Personnel/Payroll System Processes and Procedures Training, Sexual Harassment Awareness, Diversity in the Workplace, and Illness and Injury Prevention.

#### **COLLABORATION**

##### **• Community Partnerships**

The Human Resources Agency has collaborated with other county agencies, as well as other agencies and private-sector entities, to address issues of concern to all parties. An example of external collaboration is the Agency's work with cities inside the County to develop an innovative insurance/claims program, enabling the County to contract for provision of services to the cities.

#### **ECONOMIC GROWTH**

##### **• Regional Economic Development**

The Human Resources Agency has promoted regional economic growth and prosperity by ensuring that the County is positioned to attract and retain the highest caliber of employees. Examples of the Agency's activities to attract and retain these employees include assisting departments with their classification and organizational design needs, developing recruitment strategies that are tailored to meet departments' needs, providing a variety of training and development opportunities to continuously improve the effectiveness and productivity of County employees, and ensuring that the County is able to offer competitive salaries and benefits.

#### **CUSTOMER SERVICE**

##### **• Customer Service**

The Human Resources Agency has worked to continuously improve its effectiveness and efficiency in delivery of service to its customers. Examples of the Agency's service delivery improvements include the procurement of an automated recruitment system to enable job applicants to apply for County jobs online, and the development of a formalized examination request process to streamline recruitment efforts.

#### **TECHNOLOGY**

Sacramento County is committed to promoting an efficient and reliable technological infrastructure for its employees, businesses, and community.

##### **• Infrastructure**

The Human Resources Agency has implemented significant improvements in its technological infrastructure in order to enhance the effectiveness and efficiency of its employees and to improve its ability to deliver services to its customers. Examples of technological improvements include the

digital imaging of employee medical records for more efficient archiving and information retrieval, the installation of upgrades to the Agency's job applicant tracking software for more accurate and efficient exam processing, the procurement of an automated recruitment system to enable job applicants to apply for county jobs online, and the continuous updating of the Agency's Internet and Intranet websites to provide customers with the most current and accurate information.

#### IV. PUBLIC PROTECTION AGENCY

##### WORKFORCE

For the past three years, departments within the Public Protection Agency have worked with affiliate agencies in sponsoring the Trading Secrets Conference. The Conference is designed to deal with the legal and welfare issues related to the juvenile system and is structured so that employees working within the system can gain knowledge, share information and learn to navigate through the system.

##### COLLABORATION

The Public Protection Agency is focusing efforts to facilitate a solution to the lack of capacity for health care by working together with hospitals and healthcare service providers. This effort includes contract re-negotiations and exploring the feasibility of community clinics.

##### ECONOMIC GROWTH

Despite the difficult economic times, the Department of Human Assistance (DHA), within the Public Protection Agency, continues to provide extensive employment services for its clients. DHA through partnerships with the Sacramento Education and Training Agency (SETA), the Sacramento County Office of Education (SCOE) as well as other community based providers assist individuals with goal setting, provide employment training, and placement. This effort has been successful in that a significant number of clients have obtained and retained employment and overall Temporary Assistance to Needy Families (TANF) caseloads have been steadily decreasing with an overall 33.7 percent decrease since the passage of the TANF legislation (1997-2003).

##### CUSTOMER SERVICE

The Public Protection Agency continuously attempts to enhance customer service. One example is the DNA Training Institute that was held in order to educate a core group of attorneys in the Public Defender and Conflict Criminal Attorney offices. As a result of the training received, there is now an ongoing cost-effective pool of attorney expertise that can be applied as needed to complex DNA-related cases.

##### TECHNOLOGY

California County Information System (CalCIS) is a multifaceted computer system created specifically for California health and human service agencies that will make it possible to perform a wide variety of tasks, such as:

- Practice Management, which includes scheduling, intake and assessment.
- Electronic Medical Record System.
- Billing, Accounts Receivable, and Collections System.
- Payer System, including contract management, authorization management and utilization review.

The CalCIS system will improve client services and transactions as well as billing processes. Additionally, it will assist with the technological means to comply with federal Health Insurance Portability and Accountability Act (HIPAA) requirements.

The Department of Health and Human Services will be implementing the CalCIS system over the next few years. It is anticipated that the Mental Health portion of the CalCIS system will be implemented in the spring of 2004. Primary Health services is in the contract negotiation phase. Public Health and Alcohol & Other Drug services are in the evaluation phase of the project.

#### V. PUBLIC WORKS AGENCY

##### WORKFORCE

###### • Succession Planning

With the implementation of the retirement enhancement benefit, the County is experiencing a significant loss of institutional knowledge throughout the organization. Complicating the staffing problem is the shrinking revenue sources caused by the incorporations. Knowing that our best resources are the remaining staff, the Public Works Agency (PWA) has implemented programs to enhance the skill sets of its employees.

➤ **360 Degree Evaluation:** Having identified the key positions for replacement, the PWA is utilizing the method of a 360 Degree Evaluation for potential candidates. Each candidate requests candid evaluation by their superiors, peers, subordinates and customers. Covering key elements such as leadership, knowledge, interpersonal skills, and task proficiency the candidate endeavors to gain feedback to identify strong and weak attributes. By identifying and strengthening their weaknesses, candidates can improve their chances to compete for higher levels of responsibility and become better managers and leaders.

➤ **Training and Development:** The PWA will be implementing a formal development program to help clerical and technical accounting candidates transition into the administrative classifications.

###### ➤ Countywide Training

• **“Budget 101”:** Concurrent with the development of managerial staff, demand for more budgetary knowledge has been voiced at several levels of the organization. The Financial Analysis group is developing a more customized presentation at the functional level of the organization. While the countywide budgetary and COMPASS training sessions have provided an overview for the participants, classroom evaluations indicate a need for more specific and practical applications to their individual programs.

###### • Productivity enhancement

The key element to increasing productivity has been the improvement of communications from the PWA Administrator to the individual employee that delivers the services to the community. The PWA has used a number of methods to increase communications.

➤ **Quarterly Leadership Meetings:** The quarterly leadership meetings bring together the top one hundred managers to discuss the major issues that affect the direction of our services.

➤ **Information Sharing Sessions:** The PWA Administrator presents the information sharing sessions at 26 different work sites every six months. New projects, emerging issues, and financial status are discussed, followed by a question and answer period.

➤ **Flash, Conduit, Intranet Web Information:** The Flash is an electronic newsletter produced every Monday highlighting current changes in the organization, news article links, employment opportunities and future events. The Conduit is a monthly publication that discusses new programs, organizational changes, employee supervision tips, completed construction projects and departmental programs. The intranet web pages provide an opportunity to learn more about other department activities, functions, processes and areas of responsibility.

➤ **Public Works COMPASS/AFS user group meetings:** These meetings provide a forum to discuss more complex problems and solutions related to the financial system and accounting issues throughout the PWA. Secondly, for smaller operations that need additional financial expertise, the groups provide a supportive environment for the employee's initial exposure to the complexities of governmental accounting.

##### COLLABORATION

###### • Municipal Services

Leaders within the PWA and the Community Development and Neighborhood Assistance Agency have been working collaboratively to evaluate the future direction of municipal services within the County. Some of the tasks assigned to the group include:

- Determining the governance structure that delivers more responsive community services.
- Quantifying the priority needs of the individual communities.
- Evaluating conflicts between regional and community program priorities and providing solutions.
- Delivering programs that are economically viable matched against a system of accountability for results.
- Providing flexibility in the organizational structure that will allow decisions to be made across traditional departmental authority lines.
- Presenting the recommendations to the Board of Supervisors.

### ECONOMIC GROWTH

#### • **Business Incentives**

The County offers incentives to attract businesses to the area. The PWA is involved in some of these programs.

- The Waste Management & Recycling Department operates under a Non-Exclusive Franchise System that allows for special "Tip Fee Reductions" to small, independent haulers. This Tip Fee Reduction (Incentive) Program helps small haulers to remain competitive.
- The Sacramento Regional County Sanitation District (SRCSD), administered through the PWA Water Quality Department, has created an Economic Development Treatment Capacity Bank Program. At the inception of this program the SRCSD purchased excess sewer capacity (sewer credits) from industry rated at 16,606 equivalent single-family dwelling units (ESDs). 4,386 ESDs (sewer credits) have been allocated to Sacramento County. The Bank was established so that Sacramento County and member cities could create economic incentives for commercial and industrial sewer customers through the sale of discounted ESDs (sewer credits) that significantly reduce sewer impact fees.

### CUSTOMER SERVICE

#### • **Satellite Offices**

Community initiatives to provide more responsive services have resulted in several services moving closer to the communities served. Examples include:

- **North County Corporation Yard:** This facility houses Water Quality, Transportation and Fleet Services to increase efficiency by reducing drive time to project worksites.
- **Building Inspection Field Office:** Building Inspection has an office in the City of Rancho Cordova to better serve the community by providing local permit and inspection services.
- **Water Supply Field Office:** Water Resources will be opening an office in the City of Elk Grove in Fiscal Year 2003-04.

#### • **Public Outreach**

Public outreach has been very important to the PWA. In addition to informing constituents of the services provided, it educates the communities about environmental issues and the benefits of proactive approaches to conservation. Outreach is also conducted within the communities to garner input, concerns and ideas regarding specific PWA projects. Some of the outreach programs include:

- **Waste Management:** Recycling, Green Waste, Backyard Composting, and Neighborhood Clean-Up
- **Water Quality:** Watershed Conservation and Walk on the Wild Side
- **Water Resources:** Flood Kits and Adopt a Storm Drain programs
- **Transportation:** Low energy efficient street lights, rubberized asphalt utilizing recycled tires, and landscaping requiring less irrigation and maintenance.
- **Building Inspection:** Participation in community events such as the County Fair, Carmichael Founder's Day in the Park and Home and Garden shows.
- **Mathematics, Engineering, and Science Administration (MESA):** The PWA educates children by partnering with schools such as Washington Elementary School for the MESA program. This program involves giving brief presentations to 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> grade students about Public Works services and showing them how they can make a difference.

### TECHNOLOGY

#### • **Converged voice/data network**

Currently, the County maintains and supports two separate networks which deliver phone service and data/resource connectivity. The County's standard data network equipment vendor, Cisco, has developed equipment that will allow the County to converge these two separate network infrastructures into one. A pilot recently completed by the PWA proved that this technology is viable for use in the County and that there is potential for cost savings in converging our existing voice and data networks. New technologies include:

- **Voice Over IP (VoIP):** VoIP is simply connecting a telephone system to the data network and using the Internet Protocol for sending voice between phones. A countywide team, sponsored by the Technology Review Group (TRG), is working on a business case for a seamless coordinated implementation of a Countywide VoIP infrastructure.
- **Unified Messaging and FAX:** The PWA implemented on-line fax capabilities and unified messaging that deliver fax and voice mail messages to the Outlook inbox. This has been very useful to PWA staff managing construction projects. Project related faxes and voice messages are stored on-line in the appropriate project's folder.
- **Video Streaming:** The PWA is in the process of implementing video streaming in two separate projects that will allow staff to operate more efficiently. Transportation had a need to view the video from its cameras installed at high accident count intersections outside of the Traffic Operations Center. Management Information Systems (MIS) is working with Transportation to stream this video over the County Wide Area Network (WAN). Video streaming will have countywide benefit. For example, once the Board of Supervisors meetings are being streamed over the County network, we will no longer need to install and pay monthly charges for all the cable connections now used to view these meetings.

#### • **Internet/Intranet**

The County's web presence has grown dramatically over the years. Some examples of recent additions within the PWA include:

- The Transportation Department's on-line service request program.
- Water Resource Department's "Real Time" rain and creek level data.
- Water Quality's Fiscal Budget Application on the Intranet for its managers.

#### • **Wireless Technologies**

Within the PWA, wireless technology is being used to save money and increase the efficiency and productivity of its employees. MIS has implemented point-to-point wireless WAN connections at new sites. These have a one time cost for installation but avoid the recurring costs of PacBell data network class telephone lines. The PWA is currently using this technology to connect construction management division employees who work in remote facilities to the WAN. In many instances it is not practical to wire these facilities, which are used only during the construction phase of new projects. All of these technologies are dependent on the County developing wireless policies and standards.

#### • **Geographic Information System (GIS)**

The County has been developing its GIS technologies over the past several years. The parcel base maps have been loaded into the system. Other applications that have been and are being developed include:

- Easement locations.
- Manhole cover locations.
- Drainage facility maps.
- Parcel Viewer, which allows maps to be downloaded from the Recorder's Office.
- A right-of-way application that allows for coordination of infrastructure installation.

#### • **Liquefied Natural Gas (LNG) Fueled Vehicles**

- The Waste Management & Recycling Department is converting the Refuse fleet to Clean-Air vehicles; i.e., converting from diesel to LNG fueled vehicles in order to comply with Air Quality Regulations. This is a major step forward in reducing smog-forming soot particles and harmful oxides of nitrogen emissions in the Sacramento region.

# SUPPLEMENTAL FISCAL YEAR 2003-04 FINAL BUDGET RECOMMENDATIONS

COUNTY OF SACRAMENTO  
CALIFORNIA

For the Agenda of:  
September 29, 2003  
9:30 a.m.

To: Board of Supervisors  
From: County Executive's Office  
Subject: Supplemental Fiscal Year 2003-04 Final Budget Recommendations  
Contact: Geoffrey Davey, Chief Financial Officer, 874-5803

**RECOMMENDATIONS:**

1. Approve the Fiscal Year 2003-04 Recommended Final Budget as transmitted to your Board on September 2, 2003 and as modified by adjustments described herein (and as detailed in Attachment I). Approve the policy of restricting the use of the General Reserve increase traceable to certain General Fund departments that generated additional savings in Fiscal Year 2002-03 to those departments that generated the savings (Attachment II).
2. Approve the attached reports from the District Attorney (DA), Department of Human Assistance (DHA), Department of Parks, Recreation and Open Space, and Community Development and Neighborhood Assistance (CDNA) Agency.
3. Receive and file the attached reports back requested at the September 2, 2003 Final Budget Hearings from the Animal Care & Regulation Department; Planning and Community Development Department; Sheriff Department.
4. Approve the reduction of 14.0 Full-Time Equivalent (FTE) positions for Sheriff staff, and 1.0 Probation staff related to the State's reduction in funding for the Cal-MMET grant program, and direct the Human Resource Agency (HRA) Administrator to prepare an administrative Salary Resolution Amendment (SRA) to delete those positions effective November 2, 2003.
5. Approve the addition of 8.0 (FTE) Probation staff for the Boy's Ranch 25-bed expansion, and direct the HRA Administrator to prepare an administrative SRA as soon as possible to add the 8.0 positions.
6. Approve the attached Fiscal Year 2003-04 Final Budget Resolutions, as prepared by the Director of Finance.
7. Approve the indefinite continuation of the County's existing limited hiring freeze under the expectation that additional reductions to county staffing may be necessary in Fiscal Year 2004-05, and create additional vacancies that will provide us the greatest flexibility to avoid potential layoffs.

**BACKGROUND:**

On September 2, 2003, your Board commenced the Fiscal Year 2003-04 Final Budget Hearings, receiving detailed information from the Office of Budget and Debt Management (OBDM) regarding:

- Year-end results for all county funds
- An assessment of the tentative state budget impacts on our General Fund
- Advisement of certain new local budget issues in our General Fund

Your Board conceptually approved the use of one-time additional fund balance/carryover funds from Fiscal Year 2002-03 to enhance our General Fund "General Reserve", after mitigating the impacts of the state budget and new local budget issues, and continued the Final Budget Hearings until September 29, 2003. By that time, it was expected that the conclusion of the 2003 State Legislative Session would bring finality to the impacts of the state budget on our General Fund, so that your Board could follow-through with adjustments to the County's Final Budget accordingly.

During the September 2, 2003, Final Budget Hearings, OBDM detailed the following \$21.181 million budget gap tentatively created by the state budget and certain local issues:

DEPARTMENTAL	AMOUNTS EXPRESSED IN MILLIONS	NOTES
Sheriff's Booking Fees	\$0.000	Senate cut rejected by Assembly, likely to come back next year.
COPs-Sheriff	0.320	Estimate of \$16.0 million statewide cut.
COPs-DA	0.102	Estimate of \$16.0 million statewide cut.
Juvenile-Probation	0.000	\$16.0 million statewide cut, impact to Probation estimated at \$579,000, commencing Fiscal Year 2004-05.
Sheriff's Cal-METT Grant	0.000	Senate \$5.5 million statewide cut rejected by Assembly. Estimate of impact to Sheriff's Department: \$2.0 million (full-year, \$1.35 million partial year for Fiscal Year 2003-04)
Sheriff's High Technology Grant	0.000	Grant program eliminated, but applies only to \$400,000 equipment acquisition, which Sheriff's Department has agreed to defer.
DA's Vertical Prosecution Grants	0.341	Three OCJP vertical prosecution grant programs reduced by 50.0 percent
<b>NON-DEPARTMENTAL</b>		
VLF "Gap" caused by end of backfill 90 days before tax increase effective	13.500	Estimate of \$5.0 million monthly impact for three months, 10 days of impact already built into Fiscal Year 2002-03 actuals (for June 20-June 30).
Child Support Sanction (for failure to implement statewide computer system)	2.294	This must be paid to the State as a County General Fund cost.
Court Fee Revenue transfer	0.000	\$31.0 million statewide transfer, commencing Fiscal Year 2004-05, our share \$1.0-\$3.0 million.
CalWORKs COLA	0.400	COLA reinstated by Legislature, not included in our 2003-04 Proposed Budget.



DEPARTMENTAL	AMOUNTS EXPRESSED IN MILLIONS	NOTES
Local Redevelopment Funds Transfer to State General Fund	0.000	No impact to General Fund unless General Fund back-fills loss to redevelopment areas.
<b>SUBTOTAL</b>	<b>\$17.018</b>	<b>Total approximate State Budget impact.</b>

**THE LOCAL BUDGET ISSUES ARE:**

ISSUE	AMOUNTS EXPRESSED IN MILLIONS	NOTES
Transient Occupancy Tax (TOT) negative fund balance	\$0.915	Fund balance estimate for Proposed Budget relied upon comparison of projected revenues vs. original budget before Measure H approved.
Recall Election Costs	1.500	Although efforts underway to seek state reimbursement, outlook for reimbursement is pessimistic given State's Budget problems.
IHSS Revenue Adjustment	0.384	Revision to amount of state subvention revenue for IHSS program to correct amount.
IHSS increased labor costs	0.216	Recent settlement with IHSS workers calls for increased medical insurance costs.
DHA CalWORKs appropriations below Maintenance Of Effort (MOE) requirement-must be restored	\$1.148	During Proposed Budget hearings, reductions to CalWORKs administrative programs, including supplanting of costs with TANF incentive revenues and savings from Pension Bond restructuring reduced our County share of cost for the CalWORKs program below the MOE set by state regulations.
<b>Subtotal Local Issue Impacts</b>	<b>\$4.163</b>	
<b>Grand Total Final Budget Impacts</b>	<b>\$21.181</b>	<b>Combined State and Local impacts</b>

**DISCUSSION:**

During the last four weeks, county staff has followed the developments of the final days of the Legislative Session, and monitored the progress of certain "trailer bills" that had impact to the county's budget. We have also become aware of additional local budget issues and worked through the resolution of the existing local issues. Following is a discussion of the changes since our September 2, 2003 report:

**I. State Budget Impacts-General**

- Child Support Sanction (for failure to implement statewide computer system): In our September 2<sup>nd</sup> report, the estimate of the impact of the State passing on ¼ of the Federal Child Support Sanction was \$2.294 million. The estimate has been revised, based upon more recent information, to \$2.31 million.

**II. State Budget Impacts-Categorical**

- Sheriff's Cal-MMET Grant: Unfortunately, despite intensive lobbying efforts by our Sheriff, we were unsuccessful in garnering Senate support for trailer bill legislation, Senate Bill (SB) 1053 to restore \$5.5 million (statewide) for this grant program. Approximately \$1.62 million of the grant funding (annualized) reduction will impact Sacramento County. This grant funding had been cut in the Senate version of the

state budget, but rumors of an agreement to restore the grant cut had surfaced in the Assembly. The initial batch of trailer bills did not include legislation to restore the grant funds, but ultimately the legislation to restore the funding was introduced immediately prior to the Legislature's recess. The Assembly passed the trailer legislation, but it failed in the Senate. Although the assumption of the loss of these funds was not built into the September 2, 2003, report we had reported it was possible, if not likely, that the funds would be lost and removed for this report. It is now necessary to remove \$1.08 million (partial year) in funding from the Sheriff's, and Probation Department budgets (in aggregate) and delete a total of 15.0 FTE positions from the Sheriff's and Probation Departments.

- DA's Vertical Prosecution Grant Funds: At the time of the September 2, 2003 Final Budget report, the approved state budget eliminated half of the grants for the Vertical Prosecution Grant programs. The District Attorney's reduction was \$340,092. The proposed trailer legislation, SB 1053 that would have restored the Cal-MMET funds would also have restored the Vertical Prosecution funding. Since the trailer legislation failed in the Senate, we must now delete appropriations or identify alternative funding. The DA has requested to use \$340,092 of their additional Fiscal Year 2002-03 carryover of \$1.04 million. This will reduce the DA's reserve by \$340,092, since otherwise we were prepared to recommend use of \$102,720 of the DA's additional carryover to offset the cost reduction for Fiscal Year 2003-04 and their General Reserve increase.

**III. Local Budget Issues**

- Recall Election Costs: Legislation to fund the cost of the October 7, 2003, Recall Election was introduced, SB 407, but failed to be enacted by the Legislature during the final day of the Legislative session. Although we will continue to press for retroactive reimbursement when the Legislature reconvenes in January 2004, for now we must assume that the County will bear the local cost of the Recall Election. On September 15, 2003 the United States Court of Appeals for the Ninth Circuit, a federal appellate court, issued a ruling delaying the Recall Election until March 2004 ballot. This ruling is automatically stayed for seven days to allow for an appeal to the United States Supreme Court. We recommend no change in the Voter Registration and Elections budget unit until a final outcome is known. Approximately \$1.0 million of the \$1.5 million cost of the Recall Election has already been spent for printing of Sample Official Ballots (voter booklets) and Official Ballots and various other related election costs.
- Fiscal Year 2001-02 was the second year of an agreed-upon plan to phase out use of the Court Construction Fund to pay the debt service on the Court portion of the Carol Miller Justice Center facility. The county appropriation for Court projects that year was \$711,445. Actual expenditures were \$529,205, leaving \$182,240 in year-end fund balance. As a result of recent discussions with the Court, it was agreed that the \$182,240 appropriation would be restored in Fiscal Year 2003-04 for use on Court-related facility projects. The ability to restore this appropriation results from an anticipated increase in Court-related revenue generated through the increased collection efforts of both the Court and Department of Revenue Recovery.

- Staffing for New Housing at Boys Ranch: During the September 2, 2003, Final Budget Hearings, Supervisor Nottoli requested information on the cost of staffing the new 25-bed housing unit at the Sacramento County Boys Ranch. The Probation Department has provided your Board with a report back indicating the annualized cost for the 8.0 additional staff required would be \$604,821, with partial-year costs for Fiscal Year 2003-04 of \$453,616.
- Civil Lawsuit: The DA has commenced investigation and preparation of an environmental protection case involving contamination of ground water. The DA anticipates litigation to redress this contamination. The litigation will be filed within six months, and will involve the DA on behalf of the People as civil plaintiff, joined with the other plaintiffs against the responsible defendants. It is not possible at this time to anticipate how long this litigation will take, but it is believed the duration will run a minimum of two years. This effort will require 6.0 additional positions: 2.0 Deputy District Attorneys, 2.0 Paralegals, 1.0 Investigative Assistant, 1.0 Legal Secretary, and litigation support.

**IV. Transient Occupancy Tax (TOT) Funding Issues**

The September 2, 2003, report detailed a \$915,000 negative fund balance in the TOT Fund at year-end, due to a significant undercollection of TOT revenues during Fiscal Year 2002-03. Apparently, although reports are that our occupancy rates have remained relatively high in the unincorporated area hotels/motels, the room rates have been reduced in order to maintain the occupancy rates, resulting in lower tax revenues. This undercollection in the TOT fund was not identified at the time of the Proposed Budget Hearing, due to an analytical error in our revenue projection analysis. Unfortunately, the negative fund balance may only be resolved through reduction of the transfer to the General Fund (which had been budgeted at approximately \$3.0 million during the Proposed Budget Hearings) and/or reductions to TOT grantees.

Since the adoption of the Proposed Budget, the CDNA Agency has worked collaboratively with the Department of Finance to determine if County Clerk-Recorder Division revenues could be an alternate source of funding for the \$150,000 TOT grant to the Sacramento History and Archives Museum. Fortunately, this is an appropriate alternate-funding source, and funds are available. The attached report (Attachment IV) from the CDNA Agency details the recommended contract funding shift.

Additionally, the budget adjustments recommended (as summarized in Attachment I within this report) detail a reduction in the transfer to the General Fund of \$763,724 necessary to bring the TOT Fund back into balance in Fiscal Year 2003-04.

**V. Resolution of the State/Local Funding Gap**

With the above changes to the September 2, 2003, assessment of state and local budget impacts, the revised budget gap in the General Fund stands as follows:

State Budget Impacts	\$18.098 million
Local Budget Impacts	5.379 million
<b>Total General Fund Budget Gap</b>	<b>\$23.477 million</b>

Normally, a budget gap of \$23.477 million at Final Budget would require substantial reductions to county operations in order to bring our spending back into line with available resources. However, we are pleased to report the availability of additional financing, primarily one-time, in the General Fund to offset for the shortfall. It should be noted that a substantial proportion of this budget gap is due to the one-time “VLF gap” of approximately \$13.5 million. Although most of the additional revenue sources described below are one-time, we believe it is appropriate to use one-time revenues to pay (a mostly) one-time budget gap.

Following is the recommended financing sources we recommend to bridge the \$23.477 million General Fund Final Budget gap:

SOURCE	NOTES	AMOUNTS EXPRESSED IN MILLIONS
Net remaining Non-Departmental Fund Balance Improvement	This is a reduction to the Reserve Increase for the General Reserve that had been otherwise recommended in the September 2, 2003 report.	\$6.691
Proceeds from Pension Obligation Bond Variable-Rate to Fixed-Rate SWAP	This is a one-time revenue source secured in late June 2003 after the Proposed Budget Hearings were concluded, in the form of a premium payment from the SWAP Counter-Party (Lehman Brothers).	8.072
Release Proceeds from Pension Obligation Bond Stabilization Fund (BU 9311000) Balance	This is a one-time revenue source made available by the release of our covenanted requirement to maintain a stabilization fund as a result of the SWAP described above.	5.100
Replace TOT Archives contract with Recorder contract (otherwise reduce TOT transfer to General Fund by \$765,000)	The CDNA Agency and the Department of Finance have recommended alternative use of County Clerk-Recorder Division funds to fund the Archives & Museum Center Collection contract for Fiscal Year 2003-04 instead of TOT funds.	0.150
General Revenue Improvement (est)	Since approval of the Proposed Budget, OBDM has monitored revenue collection trends, and recommends adjusting our budgeted overall non-departmental revenue by this amount. The adjustment is primarily due to additional supplemental property taxes expected because of the robust real estate market in Sacramento County during the first half of this calendar year.	0.989

SOURCE	NOTES	AMOUNTS EXPRESSED IN MILLIONS
Sheriff-new STC/POST revenue to offset COPS cut	The Sheriff's Department anticipates additional state reimbursements for Fiscal Year 2003-04 that will be sufficient to offset their reduction in "COPS" funding.	0.317
Use of DA's increased carryover to cover cuts to COPS funding	The DA's Office proposes to use \$102,720 of their improved departmental carryover to finance their state COPS reduction for Fiscal Year 2003-04. This will reduce the General Reserve established on behalf of the DA's Office by a like amount.	0.102
Use of DA's increased carryover to offset Vertical Prosecution grant cut.	The DA's Office proposes to use \$340,092 of their improved departmental carryover to finance their state Vertical Prosecution grant reduction for Fiscal Year 2003-04. This will reduce the General Reserve established on behalf of the DA's Office by a like amount.	0.341
Use of Probation's increased carryover to cover partial-year cost for staffing Boys Ranch new housing unit	The County Executive's Office recommends the use of \$453,616 of the improved Probation departmental carryover to finance the costs for staffing 8.0 additional new positions at the Boys Ranch for the new 25-bed housing unit. This will reduce the General Reserve established on behalf of the Probation Department by a like amount. <b>Note: The Probation Department disagrees with this recommendation.</b>	0.454
Additional Fines revenues from Collection Agency pilot program	The County Executive's Office proposes that additional county fine revenues anticipated from a pilot project to refer delinquent uncollected fines from the Court to private collection agencies be utilized as the source of funding for a contribution to the Courthouse Construction Fund to finance courthouse improvements.	0.182
Reduced Cal-MMET grant program funding/appropriations for Sheriff, DA, and Probation.	Annualized reduction of \$1.61 million, partial year reduction of \$1.079 million for Fiscal Year 2003-04. <ul style="list-style-type: none"> <li>• Sheriff: \$1,004,228 and 14.0 FTE Positions</li> <li>• Probation: \$75,171, and 1.0 FTE Position</li> </ul>	1.079
<b>TOTAL IMPROVEMENTS</b>		<b>\$23.477</b>

**VI. CalWORKs/TANF Funding Issues**

- CalWORKs Funding: The September 2, 2003, report outlined a preliminary finding that the anticipated \$6.0 million increase in CalWORKs funding due to an adjustment in the "negative premise" assumption did not completely materialize. During the proposed budget, we had conservatively budgeted \$1.5 million for three months' worth of a \$6.0 million hoped-for adjustment to our CalWORKs allocation. Instead of the allocation being adjusted by \$6.0 million, the adjustment ended up at approximately \$3.4 million. In order to make up for the potential shortfall of \$2.6 million (the difference between the annualized \$6.0 million assumption and the annualized \$3.4 million actual adjustment), DHA plans to utilize one-time TANF Incentive funds to bridge their CalWORKs budget shortfall proposes (see Attachment V). They will continue to lobby the California Welfare Directors' Association (CWDA) and the California State Department of Social Services for further equity adjustments to our CalWORKs allocation in the coming year.
- TANF Funding: The September 2, 2003, report identified additional unexpected TANF "incentive" funds remaining unspent from Fiscal Year 2002-03 of approximately \$6.5 million. It is in our best interest to obligate and spend these funds as soon as possible before they are transferred back to the State of California. DHA proposes to utilize \$2.6 million of these funds to fill their CalWORKs funding shortfall (see above), and utilize the remaining \$3.9 million for certain one-time "safety net" expenditures (see Attachment V).

In total, the recommended revenue adjustments for DHA are approximately \$10.2 million, with total appropriation increases (including the CalWORKs MOE adjustment) of approximately \$11.3 million.

**VII. Mather Golf Course Acquisition Funding**

The Economic Development Department and the Department of Parks, Recreation and Open Space recently came to terms with the US Department of the Air Force regarding the final acquisition of the Mather Golf Course. The County has previously made a down payment of \$600,000. The remaining amount owing under the acquisition settlement terms is \$3.8 million. The attached report (Attachment VI) from the Department of Parks, Recreation and Open Space details the budget adjustments necessary to fund the acquisition escrow, consistent with your Board's previous direction. The sources of funds for the remaining \$3.8 million payment are proceeds from our recent 2003 Certificates of Participation, \$600,000 from the release of the General Fund reserve for the Mather Community Center, and \$600,000 from the release of funds in the Golf Fund reserve.

**VIII. Other Budget Adjustments With No Net Cost**

Midyear Adjustments Since Proposed Budget: Since adoption of the Proposed Budget, there have been a handful of agenda items approved by your Board during the months of July and August that provided for spending increases to the Approved Proposed Budget to be funded with dedicated revenues. Examples are:



\$400,000	DHA contract with Cal Expo for Winter Homeless Shelter Funding.
\$157,989	DHHS-Mental Health/Drug & Alcohol Contracts.
\$397,951	Additional Court Security Staffing in the Sheriff's Department Funded by the Courts
\$671,613	Additional Staffing/Appropriations in the Sheriff's Department for management of the City of Sacramento's Red-Light Enforcement Program, funded by additional fine revenues.

These adjustments are included in the overall adjustments being recommended within this report, to "true-up" our budget consistent with the recent authorizations approved by your Board.

**IX. Approval of the Budget Resolution**

The attached Fiscal Year 2003-04 Final Budget Resolutions have been prepared by the Director of Finance consistent with the County Executive's Recommended Final Budget, including the additional recommendations included within this report. Approval of the Final Budget Resolutions are necessary no later than October 2, 2003, in order to meet state mandated timeframes for enactment of the County's Final Budget, and in order to provide for spending authority beyond that date.

**X. Continuation of the Limited Hiring Freeze**

The County has had a limited hiring freeze in place since December 2001. The hiring freeze was hardened at the midyear budget hearing in February 2003 to require virtually all countywide classification positions to be covered by the hiring freeze, allowing such positions to only be filled through transfer, promotion or with temporary workers. At the time of the June 2003 Proposed Budget Hearings, there were approximately 1,500 vacant positions in the county overall. The large number of vacant positions was a major factor in avoiding layoffs when 570.0 positions were deleted in the Proposed Budget. As a result of the deletion of those positions, the number of vacancies dropped below 1,000 in July 2003. That number has crept upward due to retirements and the continued hiring freeze, but today stands at approximately 1,100 vacant positions. We recommended that the current (hardened) hiring freeze remain in effect indefinitely to force the number of vacancies higher, in hopes that if major staffing reductions are again necessary in Fiscal Year 2004-05, we will again be able to avoid layoffs of permanent staff.

**CONCLUSION:**

With the conclusion of the Fiscal Year 2003-04 budget process upon us, county departments will implement your Board's spending plan following approval of the budget resolution, knowing their available resources with certainty. Although this has been one of the most difficult years the County has ever faced budgetarily, we remain on strong financial ground and able to provide a high level of services to our constituents.

The next few months will be a historic time period for the State of California. With the outcome of the upcoming Recall Election being known, a spending plan being proposed for the State in January 2004, will undoubtedly have impacts on local government, and our national, state and local economies establishing a new direction. We will return to your Board in early February

2004 with a midyear assessment of the county's financial performance, as well as a multiyear budget projection for our General Fund.

Respectfully submitted,

TERRY SCHUTTEN  
County Executive

GBD/MJH  
Attachments

- I. 2003-04 Final Supplemental Changes.
- II. General Reserve Changes 2003-04 (General Fund).
- III. District Attorney's Office Report on Environmental Litigation Project.
- IV. Community Development and Neighborhood Assistance (CDNA) Agency Report on TOT Fund and Approval of Resolution Authorizing an Agreement between County of Sacramento and the City of Sacramento/Sacramento Archives and Museum Collection Center.
- V. Department of Human Assistance Report on CalWORKs and TANF incentives funding and related recommendations.
- VI. Department of Parks, Recreation and Open Space Report on Mather Golf Course Acquisition Funding.
- VII. Report back from Animal Care and Regulation regarding impact to field staffing from deletion of 3.0 FTE positions.
- VIII. Report back from Planning and Community Development regarding expediting East County Plan Update.
- IX. Report back from Sheriff's Department on Planning/Assessment of Need for Additional Detention Facilities.

2003-04 Final Supplemental Changes

Attachment I

Fund	B. U.	Department	Res Inc	Approp	Reimb.	Est Rev	Res Rel	Net
001A	3210000	AG COMM-SEALER OF WTS & MEAS						0
001A	3220000	ANIMAL CARE AND REGULATION						0
001A	4660000	CONTRIB- HUMAN RIGHTS/FAIR HOUSING						0
001A	3310000	COOPERATIVE EXTENSION						0
001A	6200000	ENVIRONMENTAL MANAGEMENT						0
001A	5690000	ENVIRONMENTAL REVIEW						0
001A	5110000	FINANCING-TRANSFERS/REIMB		600,000				600,000
001A	6400000	PARKS, RECREATION & OPEN SPACE						0
001A	6610000	PLANNING						0
001A	3260000	WILDLIFE SERVICES						0
		Subtotal - CDNA	0	600,000	0	0	0	600,000
001A	3610000	ASSESSOR						0
001A	4010000	BOARD OF SUPERVISORS						0
001A	7410000	CORRECTIONAL HEALTH SERVICES						0
001A	5800000	DISTRICT ATTORNEY		563,938		(442,812)		1,006,750
001A	7400000	SHERIFF		306,741	397,951	(762,823)		671,613
		Subtotal - ELECTED OFFICIALS	0	870,679	397,951	(1,205,635)	0	1,678,363
001A	5980000	APPROPRIATION FOR CONTINGENCY						0
001A	4210000	CIVIL SERVICE COMMISSION						0
001A	5920000	CONTRIBUTION TO LAFCO						0
001A	4810000	COUNTY COUNSEL						0
001A	5910000	COUNTY EXECUTIVE						0
001A	5730000	COUNTY EXECUTIVE CABINET						0
001A	3230000	DEPARTMENT OF FINANCE		160,000		160,000		0
001A	6110000	DIVISION OF REVENUE RECOVERY						0
001A	5970000	LABOR RELATIONS						0
001A	5700000	NON-DEPARTMENTAL REVENUES		(2,915,000)	(765,000)	(1,581,846)		(568,154)
001A	5710000	OCIT-SHARED SYSTEMS						0
001A	4410000	VOTER REGISTRATION/ ELECTIONS		1,516,000				1,516,000
		Subtotal - GENERAL GOVERNMENT/CFO	0	(1,239,000)	(765,000)	(1,421,846)	0	947,846
001A	6030000	DEPT OF PERSONNEL						0
001A	6020000	EMPLOYEE BENEFITS/RISK MGT						0
001A	6010000	HUMAN RESOURCES						0
001A	6040000	ORGANIZATION DEVELOPMENT						0
001A	6090000	SPECIAL PROJECTS						0
		Subtotal - HUMAN RESOURCES AGENCY	0	0	0	0	0	0
001A	6760000	CARE IN HOMES AND INST						0
001A	5810000	CHILD SUPPORT SERVICES		2,311,112				2,311,112
001A	5510000	CONFLICT CRIMINAL DEFENDERS						0
001A	4522000	CONTRIBUTION TO THE LAW LIBRARY						0
001A	4610000	CORONER						0
001A	5040000	COURT / COUNTY CONTRIBUTION				182,240		(182,240)
001A	5020000	COURT / NON-TRIAL COURT FUNDING		182,240				182,240
001A	5750000	CRIMINAL JUSTICE CABINET						0
001A	5050000	CT PAID COUNTY SERVICES		397,951	397,951			0
001A	5520000	DISPUTE RESOLUTION PROGRAM						0
001A	7090000	EMERGENCY OPERATIONS						0
001A	5660000	GRAND JURY						0
001A	7200000	HEALTH AND HUMAN SERVICES		157,989	919,782	(761,793)		0

Recommended Supplemental Final Control 03-04

2003-04 Final Supplemental Changes

Attachment I

Fund	B. U.	Department	Res Inc	Approp	Reimb.	Est Rev	Res Rel	Net
001A	7270000	HEALTH-MEDICAL TREATMENT PAYMENTS						0
001A	5740000	HIPAA		0				0
001A	8100000	HUMAN ASSISTANCE-ADMIN		11,309,038		10,160,790		1,148,248
001A	8700000	HUMAN ASSISTANCE-AID PAYMTS		17,774,651		17,325,727		448,924
001A	7250000	IHSS PROVIDER PAYMENTS		1,210,775		610,457		600,318
001A	7230000	JUVENILE MEDICAL SERVICES						0
001A	6700000	PROBATION		462,603		8,987		453,616
001A	6910000	PUBLIC DEFENDER						0
		Subtotal - PUBLIC PROTECTION AGENCY	0	33,806,359	1,317,733	27,526,408	0	4,962,218
001A	4650000	CONTRIBUTION TO PARATRANSIT						0
001A	2820000	PUBLIC WORKS-COUNTY WIDE						0
		Subtotal - PUBLIC WORKS	0	0	0	0	0	0
SUBTOTAL-ALL DEPARTMENTS			0	34,038,038	950,684	24,898,927	0	8,188,427
001A		RESERVE CHANGE-MATHER COMMUNITY					600,000	(600,000)
001A		GENERAL RES					6,691,999	(6,691,999)
001A		GENERAL RES-PROBATION CARRYOVER					453,616	(453,616)
001A		GENERAL RES-DA CARRYOVER					442,812	(442,812)
		Subtotal - GENERAL FINANCING	0	0	0	0	8,188,427	(8,188,427)
Total-001A			0	34,038,038	950,684	24,898,927	8,188,427	0

			Res Inc	Approp	Reimb.	Est Rev	Res Rel	SHORTFALL
001A	0000001	GENERAL	0	34,038,038	950,684	24,898,927	8,188,427	0
003A	0000003	CT OPERATIONS		397,951		397,951		0
006A	6570000	PARK CONSTRUCTION		3,800,000	1,200,000	2,600,000		0
012A	8600000	COMMUNITY SERVICES		2,254,432	2,049,982	204,450		0
015A	4060000	TRANSIENT-OCCUPANCY TAX		(913,480)				(913,480)
018A	6470000	GOLF		600,000			600,000	0
TOTAL OPERATING BUDGET			0	40,176,941	4,200,666	28,101,328	8,788,427	(913,480)

311A	9311000	PENSION OBLIGATION BOND-INTEREST RATE STABILIZATION		5,100,000			5,100,000	0
			0	45,276,941	4,200,666	28,101,328	13,888,427	(913,480)

General Reserve Change 03-04 (General Fund)		Attachment II		
Funds Ctr	Department	Budgeted Reserve Increase	Supplemental Changes	Recomm'd Increase
<b>CRIMINAL JUSTICE</b>				
4522000	Law Libr	2,586		2,586
4610000	Coroner	0		0
5020000	County Funded Court Prog.	0		0
5040000	County Contrib. To Court Ops.	0		0
5050000	Court Pd Cty Svcs	0		0
5510000	Conflict Criminal Defense	0		0
5660000	Grand Jury	5,009		5,009
5750000	Crim Justice Cab. Support	0		0
5800000	D. A.	1,039,261	(442,812)	596,449
6700000	Probation	2,683,193	(453,616)	2,229,577
6760000	Care/Inst	92,847		92,847
6910000	Pub. Defender	54,269		54,269
7400000	Sheriff	1,230,074		1,230,074
7410000	Correctional Health	0		0
Subtotal Criminal Justice		5,107,239	(896,428)	4,210,811
<b>HUMAN SERVICES</b>				
5810000	Child Support Svcs	82,986		82,986
7200000	Health Svcs	1,833		1,833
7230000	Juvenile Medical Services	0		0
7250000	IHSS Provider Payments	0		0
7270000	Health-Medical Treatment Pmt	720,756		720,756
7350000	Medical Systems	0		0
8100000	Soc Svc-Admin	284,242		284,242
8700000	Soc Svc-Assist	0		0
Subtotal Human Services		1,089,817	0	1,089,817
<b>ALL OTHER</b>				
2820000	PW CW Svcs	44		44
3210000	Ag Comm	0		0
3220000	An Care	0		0
3230000	Finance	1,280,031		1,280,031
3260000	Wildlife Svc	2,308		2,308
3310000	Cooperative Ext	2,086		2,086
3610000	Assessor	681,988		681,988
4010000	Bd of Supv	182,881		182,881
4210000	Civ Svc	0		0
4410000	Voter Reg	0		0
4650000	Paratransit	0		0
4660000	Human Rights/Housing	0		0
4810000	Co Cnsl	108,323		108,323
5110000	Trn-Teeter Plan	0		0
5520000	Dispute Res	0		0
5690000	Env Review	0		0
5710000	S&DP Shared Systems	40,622		40,622
5730000	Co Exec Cabinet	24,198		24,198
5910000	Co Exec	137,015		137,015
5920000	LAFCO	0		0
5970000	Labor Relations	0		0
6010000	Human Resources	76,157		76,157
6020000	Employee Benefits/Risk Mgt	77,093		77,093
6030000	Dept of Personnel	159,717		159,717
6040000	Organizaion Development	(152,767)		(152,767)
6110000	Rev Reimb	110,785		110,785
6200000	Env Mgt	332,094		332,094
6400000	Parks	261,504		261,504
6610000	Planning	1,221,951		1,221,951
7090000	Emerg Op	21,038		21,038
Subtotal All Other		4,567,068	0	4,567,068
5980000	Contingency			
All Departments		10,764,124	(896,428)	9,867,696
General Carryover		6,691,999	(6,691,999)	0
General Reserve Increase		17,456,123	(7,588,427)	9,867,696

**ATTACHMENT III**

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
September 29, 2003

To: Board of Supervisors

From: Office of the District Attorney

Subject: Approve The Addition Of 6.0 Positions To The District Attorney's Office For The Environmental Litigation Project To Be Funded From Fiscal Year 2003-04 Increases To The Non-Departmental Revenues Budget Unit

Contact: Cindy Besemer, 874-6556

**Overview**

The District Attorney (DA) has commenced investigation and preparation of an environmental protection case involving contamination of ground water. It is believed the duration of this project will run a minimum of two years. This effort will require 6.0 additional positions: 2.0 Deputy District Attorneys, 2.0 Paralegals, 1.0 Investigative Assistant, and 1.0 Legal Secretary.

**Measures/Evaluation**

Not applicable.

**Recommendations**

- Conceptually approve adding 6.0 positions to the DA's Office and direct Human Resources Agency Administrator to prepare an administrative Salary Resolution Amendment (SRA) to add these positions as soon as possible.
- Approve the attached budget adjustment request in the amount of \$563,938 as currently entered into the county budget system for the last three quarters of Fiscal Year 2003-04 which includes costs associated with one additional vehicle.

**Fiscal Impact**

As determined by the county's Office of Budget and Debt Management (OBDM), the total DA budget cost increase of \$563,938 will be offset by increases in the Non-Departmental Revenues budget unit, resulting in no adverse impact to the county General Fund for the current fiscal year. In the long term, it is anticipated that the full cost of this litigation will be more than fully recovered through payment of assessed penalties and fines.

**BACKGROUND/DISCUSSION:**

The DA has commenced investigation and preparation of an environmental protection case involving contamination of ground water by petrochemical derivatives and additives. The DA anticipates litigation to redress this contamination. The litigation will be filed within six months, and will involve the DA on behalf of the People as civil plaintiff, joined with the other plaintiffs against the responsible defendants. It is not possible at this time to anticipate how long this

litigation will take, but it is believed the duration will run a minimum of two years. This effort will require 6.0 additional positions: 2.0 Deputy District Attorneys, 2.0 Paralegals, 1.0 Investigative Assistant, and 1.0 Legal Secretary.

**Vehicle Request:** A county vehicle (type 110) will be required for this project, to be used by program staff to conduct investigations, visit contaminated sites, attend depositions, meet with other plaintiffs and attorneys, attend meetings with water purveyors, and transport large numbers of files.

**MEASURES/EVALUATION:**

Not applicable.

**FINANCIAL ANALYSIS:**

The attached Budget Adjustment Request presents the estimated costs for this project for the nine-month period from October 1, 2003 through June 30, 2004. According to OBDM, the total DA budget cost increase of \$563,938 can be offset by unrelated increases in the Non-Departmental Revenues budget unit, resulting in no adverse impact to the county General Fund for the current fiscal year.

As this project proceeds through subsequent fiscal years, it is anticipated that all costs associated with the project since its inception will be recovered through the assessment and payment of civil litigation penalties and fines, and that this revenue may well exceed the cost of the litigation.

We request, therefore, approval of the attached Budget Adjustment Request, which is being recommended by OBDM.

Respectfully submitted,

\_\_\_\_\_  
JAN SCULLY  
District Attorney

CONCUR:

\_\_\_\_\_  
PENELOPE CLARKE, Administrator  
Public Protection Agency

CONCUR:

\_\_\_\_\_  
TERRY SCHUTTEN  
County Executive

Attachment

**OFFICE OF THE DISTRICT ATTORNEY  
BUDGET ADJUSTMENT REQUEST  
ENVIRONMENTAL LITIGATION PROJECT  
Fiscal Year 2003-04  
(October 1, 2003 – June 30, 2004)**

<b>Fund</b>	<b>Fund Center</b>	<b>Account</b>	<b>Description</b>	<b>Amount</b>
001A	5805801	10111000	Salaries & Wages - Regular Employees	\$262,316
001A	5805801	10114100	Salaries & Wages - Premium Pay	4,739
001A	5805801	10121000	Retirement - Employer Cost	57,360
001A	5805801	10122000	Oasdhi - Employer Cost	19,385
001A	5805801	10123000	Group Ins - Employer Cost	27,571
001A	5805801	20203100	Business Travel	20,000
001A	5805801	20203500	Education & Training Service	4,800
001A	5805801	20206100	Membership Dues	1,000
001A	5805801	20226200	Office Equipment Maintenance Supplies	13,000
001A	5805801	20227200	Radio/Electronic Maintenance Supplies	2,700
001A	5805801	20227500	Rent/Leases Equipment	25,000
001A	5805801	20259100	Other Professional Services	90,000
001A	5805801	20281200	Data Processing Supplies	22,000
001A	5805801	20291200	Systems Development Supplies	3,600
001A	5805801	20292800	GS Equipment Rental - Light	3,537
001A	5805801	20298700	Gs Telephone Services	5,730
001A	5805801	20298900	Gs Telephone Installations	1,200
<b>TOTAL</b>				<b>\$563,938</b>

**ATTACHMENT IV**

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
September 29, 2003

To: Board of Supervisors

From: Community Development and Neighborhood Assistance Agency

Subject: Approval Of Recommended Final Budget For Transient-Occupancy Tax Fund And Approval Of Resolution Authorizing An Agreement Between The County of Sacramento And The City Of Sacramento/Sacramento Archives And Museum Collection Center

Contact: Marilyn Baca, 874-5085

**Overview**

On June 16, 2003, the Board of Supervisors approved the recommended proposed budget for the Transient-Occupancy Tax (TOT) Fund. In addition, the Board had previously directed staff to seek alternative funding for the Sacramento Archives and Museum Collection Center (SAMCC), including the possibility of implementing a records management program. This report presents the recommended 2003-04 Final Budget for the TOT Fund, as well as a recommendation to approve a funding agreement between the County of Sacramento and the City of Sacramento/SAMCC.

**Recommendations**

1. Approve the recommended 2003-04 Final Budget for the TOT Fund.
2. Approve the attached resolution authorizing the Chair of the Board of Supervisors to enter into an agreement with the City of Sacramento/SAMCC for a total not to exceed \$160,000.

**Fiscal Impact**

1. Approval of the recommended 2003-04 Final Budget for the TOT Fund will negatively impact the county's General Fund by \$763,724.
2. No fiscal impact to the General Fund associated with the SAMCC Agreement.

**DISCUSSION:**

During proposed budget hearings, your Board was advised of the projected financing for the TOT Fund for Fiscal Year 2003-04. This projection of \$9,400,570 included a negative fund balance of \$90,747. However, once final year-end numbers became available, it was evident that staff had made a significant error in calculating the projected fund balance. Due to the passage of Measure H last year, the TOT budgeted revenues were projected to increase by \$894,477 over the amount originally budgeted. However, this increase of revenues was not accounted for when projecting the year-end actual vs. budgeted amount, and projected fund balance. The actual fund balance is a negative \$1,004,227 (a difference of \$913,480). Thus, the actual financing for Fiscal Year 2003-04 is only \$8,487,090.

Because your Board has already allocated the entire \$9,400,570 to community groups and county departments, staff recommends that the TOT Fund transfer to the General Fund be reduced to offset the negative impact of the year-end fund balance. In addition, the allocation to SAMCC

can be withdrawn from this year's TOT Funding due to the financing agreement with the Department of Finance (DOF). The net effect of these two adjustments will reduce the TOT Fund transfer to the General Fund from \$3,115,091 to \$2,351,367.

**FISCAL ANALYSIS:**

On June 19, 2003, at the budget hearing for the TOT Fund, your Board directed the Community Development and Neighborhood Agency (CDNA) staff to find an alternate-funding source for the SAMCC. Your Board further directed staff to explore a proposal to create a fee-supported County Records Management Program as an ongoing funding source. CDNA staff has worked with County Counsel's Office to develop a contract between the DOF-Clerk-Recorder's Division, and SAMCC to perform specific work that will provide funding for SAMCC for Fiscal Year 2003-04. This will offset the \$147,000 from this year's proposed TOT Fund and be paid out of DOF dedicated funds. Last year the County budgeted \$176,184 for this program (including \$31,500 debt service). The proposed agreement for Fiscal Year 2003-04 totals \$160,000. Staff will continue to work with fee-supported departments to develop a fee-based Records Management Program scheduled for ongoing funding and will present this proposal to your Board prior to Fiscal Year 2004-05 Proposed Budget.

The Records Management Program Working Group (RMPWG) has convened with representatives from the Information Management Steering Committee (IMSC), County Counsel Office, Clerk of the Board, SAMCC, State Archives, Clerk Recorder's Office, Public Works-General Services, and CDNA staff. The California State Archives is also interested in working with Sacramento County to develop a model program for other counties to follow. The RMPWG will explore a Records Management Program surcharge, as well as review potential state legislation.

**CONCLUSION:**

As you are aware, the IMSC has performed considerable work in reviewing research into Internet access of records, storage, and conversion to digital/electronic format. IMSC has issued a white paper entitled, "Integrated Document Management Policy for Cost Recovered vs. Open Access for County Documents". The IMSC efforts to enact a countywide program were halted due to cost and liability issues. In order not to duplicate the work of the IMSC, the RMPWG will limit its scope of work as it relates to archiving of documents and issues around nonelectronic records.

Respectfully submitted,

APPROVAL RECOMMENDED:

JOHN O'FARRELL, Administrator  
Community Development and  
Neighborhood Assistance Agency

TERRY SCHUTTEN  
County Executive

cc: Mark Norris, Department of Finance; Jim Henley, Sacramento Archives and Museum Collection Center; Barbara Bonebrake, City of Sacramento

Attachments: Resolution  
Contract

RESOLUTION NO. \_\_\_\_\_

WHEREAS, pursuant to the provisions of Subdivision K of Section 15 of the Charter of the County of Sacramento, and Section 26100 of the Government Code of the State of California, the Board of Supervisors of Sacramento County, hereinafter referred to as "COUNTY" is desirous of advertising, exploiting, and making known the artistic, musical, cultural, civic, and other resources or advantages of COUNTY; and

WHEREAS, the City of Sacramento/Sacramento Archives and Museum Collection Center, hereinafter referred to as "CONTRACTOR" has experience in developing the cultural resources and advantages of Sacramento County; and

WHEREAS, the services to be performed by CONTRACTOR pursuant to this contract will serve to exhibit and/or advertise the cultural resources and advantages of Sacramento County.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors authorizes the Chair of the Board of Supervisors to sign a contract in the amount of \$160,000 with the City of Sacramento, Sacramento Archives and Museum Collection Center.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, this \_\_\_\_\_ day of \_\_\_\_\_, 2003, with the following vote, to wit:

- AYES: Supervisors
- NOYES: Supervisors
- ABSENT: Supervisors

\_\_\_\_\_  
Chair, Board of Supervisors

ATTEST: \_\_\_\_\_  
Clerk of the Board of Supervisors

AGREEMENT

THIS AGREEMENT, made and entered into this 29th day of September, 2003, by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California, hereinafter referred to as "COUNTY" and the CITY OF SACRAMENTO/SACRAMENTO ARCHIVES AND MUSEUM COLLECTION CENTER, hereinafter referred to as "CONTRACTOR".

WITNESSETH:

WHEREAS, pursuant to the provisions of Subdivision K of Section 15 of the Charter of the County of Sacramento, and Section 26100 of the Government Code of the State of California, the Board of Supervisors of COUNTY is desirous of advertising, exploiting, and making known the artistic, musical, cultural, civic, and other resources or advantages of COUNTY; and

WHEREAS, CONTRACTOR has experience in developing the cultural resources and advantages of Sacramento County; and

WHEREAS, the services to be performed by CONTRACTOR pursuant to this contract will serve to exhibit and/or advertise the cultural resources and advantages of Sacramento County.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

1. TERM. This agreement shall be for the term beginning September 29, 2003, and ending June 30, 2004.
2. NOTICE. Notices to the parties as provided by this Agreement shall be given by United States Mail, postage prepaid as follows:

<u>TO COUNTY</u>	<u>TO CONTRACTOR</u>
Mark Norris, Director Department of Finance 700 H Street, Room 2720 Sacramento, CA 95814-1280	City of Sacramento/Sacramento Archives and Museum Collection Center 1030 15 <sup>th</sup> Street, Suite 250 Sacramento, CA 95814

Notice shall be deemed to have been served when it is deposited in the United States Mail, postage prepaid, and addressed as above prescribed.

3. DESCRIPTION OF SERVICES. CONTRACTOR shall provide services in the amount, type, and manner described in Exhibit A.



4. PAYMENT SCHEDULE. COUNTY agrees to pay CONTRACTOR, in the consideration of the services to be performed under this Agreement, and CONTRACTOR agrees to accept in full satisfaction thereof, the sum of ONE HUNDRED SIXTY THOUSAND and 00/100 DOLLARS (\$160,000), payable in the following manner.

Upon receipt of invoice(s) ((Exhibit B)) verifying expenditures in accordance with Exhibit A. Final invoice must be submitted prior to 30 days after end of contract term.

5. STATUS OF CONTRACTOR.

It is understood and agreed that CONTRACTOR (including CONTRACTOR'S employees) is an independent CONTRACTOR and that no relationship of employer-employee exists between the parties hereto. CONTRACTOR'S assigned personnel shall not be entitled to any benefits payable to employees of COUNTY. COUNTY is not required to make any deductions or withholdings from the compensation payable to CONTRACTOR under the provisions of this agreement; and as an independent CONTRACTOR, CONTRACTOR hereby indemnifies and holds COUNTY harmless from any and all claims that may be made against COUNTY based upon any contention by any third party that an employer-employee relationship exists by reason of this agreement.

It is further understood and agreed by the parties hereto that CONTRACTOR in the performance of its obligation hereunder is subject to the control or direction of COUNTY as to the designation of tasks to be performed, the results to be accomplished by the services hereunder agreed to be rendered and performed, and not the means, methods, or sequence used by CONTRACTOR for accomplishing the results.

If, in the performance of this agreement, any third persons are employed by CONTRACTOR, such person shall be entirely and exclusively under the direction, supervision, and control of CONTRACTOR. All terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by CONTRACTOR.

It is further understood and agreed that as an independent CONTRACTOR and not an employee of COUNTY, neither the CONTRACTOR nor CONTRACTOR'S assigned personnel shall have any entitlement as a COUNTY employee, right to act on behalf of COUNTY in any capacity whatsoever as agent, nor to bind COUNTY to any obligation whatsoever.

It is further understood and agreed that CONTRACTOR must issue W-2 and 941 Forms for income and employment tax purposes, for all of CONTRACTOR'S assigned personnel under the terms and conditions of this agreement.

6. ASSIGNMENT. This Agreement is not assignable by CONTRACTOR in whole or in part without express consent of COUNTY.

7. ALTERATION. Except as provided by Exhibits hereto, no alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by both parties.

8. SUCCESSORS. This Agreement shall bind the successors of COUNTY and CONTRACTOR in the same manner as if they were expressly named. Waiver by either party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent, or any other right hereunder.

9. EXTENT OF CONTRACTUAL DOCUMENTS. This Agreement shall consist of this basic document and Exhibits A and B, and all laws and governing instruments previously referred to in this Agreement or in any Exhibit(s) made part of this Agreement.

10. TERMINATION OF AGREEMENT. This Agreement may be terminated at any time by either party upon thirty (30) days' written notice to the other party.

11. PAYMENT. Payments made by COUNTY hereunder shall be used exclusively for the purposes set forth in Exhibit A; CONTRACTOR expressly agrees that no funds paid by COUNTY hereunder shall be used directly or indirectly for any political activity whatsoever.

12. NONDISCRIMINATION.

a. CONTRACTOR will not discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, age or physical or mental handicap. CONTRACTOR will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, national origin, age, or physical or mental handicap. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the CONTRACTOR setting forth the provisions of this Equal Opportunity Clause.

b. CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, color, creed, religion, sex, national origin, age, or physical or mental handicap.

c. CONTRACTOR is responsible for knowing and adhering to the requirements of program accessibility regulations as set forth in Section 504 of the Rehabilitation Act of 1973 and all related state and local regulations.

13. REPORTS. CONTRACTOR shall, without additional compensation therefor, make fiscal, program evaluation, progress and other such reports as may be reasonably required by COUNTY concerning CONTRACTOR'S activities as they affect the contract duties and purposes herein. COUNTY shall explain procedures for reporting the required information.

14. AUDITS AND RECORDS. Upon COUNTY'S request COUNTY or its designee shall have the right at reasonable times and intervals to audit, at CONTRACTOR'S premises, CONTRACTOR'S financial and program records as COUNTY deems necessary to determine CONTRACTOR'S compliance with legal and contractual requirements and the correctness of claims submitted by CONTRACTOR.

15. INDEMNIFICATION. CONTRACTOR will indemnify, defend, and hold harmless COUNTY, its officers, agents, and employees from and against any and all claims, losses, liabilities, or damages, including payment of attorney's fees arising out of or resulting from the performance of this Agreement, caused in whole or in part by any negligent or willful act or omission of CONTRACTOR or anyone directly or indirectly employed by CONTRACTOR, regardless of whether caused in part by a party indemnified hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COUNTY OF SACRAMENTO  
a political subdivision of the State of California

By \_\_\_\_\_  
Chair, Board of Supervisors

( S E A L )

ATTEST: \_\_\_\_\_  
Clerk, Board of Supervisors

CITY OF SACRAMENTO/SACRAMENTO ARCHIVES  
AND MUSEUM COLLECTION CENTER

By \_\_\_\_\_  
"CONTRACTOR"

**EXHIBIT A**

Organization: CITY OF SACRAMENTO/SACRAMENTO ARCHIVES AND MUSEUM COLLECTION CENTER

Total: \$160,000

Project Dates: September 29, 2003, through June 30, 2004

Project Description:

The Sacramento Archives and Museum Collection Center (SAMCC) is a City of Sacramento agency which is responsible for Division of History and Science Administration, maintaining city and county public records archives, providing staffing for public access to archival materials, and maintenance of collection facility.

The Department of Finance, County Clerk-Recorder Division, has identified specific tasks to modernize and maintain its records through the following scope of services:

1. Survey, prepare and inventory, evaluate for enduring value and prepare "Finding Aids" for each record series for records maintained by the County Recorder at the former Mather Air Force Base.
2. Compile a detailed history of all County Recorder's records at SAMCC.
3. Compare County Recorder's records with records deposited at SAMCC by other county agencies or departments which continue or are associated with County Recorder's records (for example some records from the County Clerk and the various courts are what appear to be part of what was, or is now part of the County Recorder's Office).
4. Compare existing indexes at the County Recorder's Office with indexes at SAMCC and suggest how they can be integrated.
5. Provide public access to County Recorder's records at SAMCC.
6. Develop a facilities needs assessment to accommodate future additional County Recorder's records of enduring historical value for preservation and public access at SAMCC.
7. Prepare indexes for unindexed County Recorder's records at SAMCC such as Homestead Records and Delayed Birth Certificates (1850's-1930).
8. Prepare a "critical needs" records preservation list by conducting an assessment of the records to determine if they are in need of conservation and list those that, due to

**EXHIBIT B**

**INVOICE**

**2003-04 DEPARTMENT OF FINANCE CONTRACT**

Organization \_\_\_\_\_ Invoice Number \_\_\_\_\_

Contact Person \_\_\_\_\_ Phone \_\_\_\_\_

Amount of Reimbursement Requested \$ \_\_\_\_\_

Detail of Expenditures:

DATE	VENDOR	DETAIL OF EXPENDITURES

I certify that the above reported expenses were incurred in accordance with all terms and conditions as set forth in the Fiscal Year 2003-04 Agreement between the County of Sacramento and the City of Sacramento/Sacramento Archives and Museum Collection Center.

\_\_\_\_\_  
Signature Title

Date: \_\_\_\_\_

potential use and/or condition, should have priority for preservation when a funding source can be identified.

9. The following record groups are incomplete or appear to contain missing elements. SAMCC will attempt to compare these runs with records in the County Recorder's Office or storage and determine if fuller or more complete runs can be identified:

- Homestead Statements
- Real Estate Agreements
- Mortgages
- Leases
- Attachments
- Cemetery Deeds and Indexes
- Certificates of purchases and sales
- Deed Books
- Grantor / Grantee Indexes
- Lessee / Lessor Indexes
- Survey and Subdivision Maps
- Marriage Certificates, Licenses and Registers
- Mechanics Liens
- Official Records And Bonds
- Patents for Real Property
- Powers of Attorney
- Preemption Claims
- Reclamation Records
- Register of Divorces
- Road Deeds
- School Contracts
- Swampland Surveys
- Tax Collector's Certificates
- Water Rights Registers

The COUNTY agrees to pay the City, in consideration of those services to be performed by SAMCC, a share of the cost of operations, not to exceed a total of \$160,000.

TOTAL EXPENSES ELIGIBLE FOR COUNTY REIMBURSEMENT: \$160,000

ATTACHMENT V

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
September 29, 2003

To: Board of Supervisors  
From: Department of Human Assistance  
Subject: Request For 2003-04 Final Budget Appropriation Increase Of \$11.3 Million And Revenue Increase Of \$10.2 Million; Conceptually Approve The Addition Of 90.0 Positions; And Increase Contract Authority Of \$321,489  
Contact: Daniel C. Kim 875-3744

**Overview**

For the Fiscal Year 2003-04 Proposed Budget, the Department of Human Assistance’s (DHA) program revenue was estimated based on the Governor’s January 2003 budget. At that time, DHA projected a \$56.1 million shortfall in federal, state, and local revenue. However, during Fiscal Year 2002-03, DHA received additional California’s Work Opportunity and Responsibilities to Kids (CalWORKs) revenue. In addition, the final State Budget included more CalWORKs revenue than initially projected. DHA now proposes to use the combination of additional Temporary Assistance to Needy Families (TANF) incentives and CalWORKs revenue to add-back \$11.3 million of the \$56.1 million DHA had initially proposed to reduce for Fiscal Year 2003-04.

**Recommendations:**

1. Direct the Office of Budget and Debt Management to make all the necessary appropriation and revenue changes to the Final Budget for Fiscal Year 2003-04 as shown on Attachment I; including the transfer of \$937,782 of TANF funding to the Department of Health and Human Services (DHHS) for TANF Program eligible services resulting in a net allocation increase of \$1,148,000 for DHA.
2. Authorize the DHA Director to execute contracts (see Attachment II) in the amount of \$321,489 to provide employment and supportive services to CalWORKs recipients and needy families.
3. Authorize the DHA Director to seek contracted services for change management services and purchase of one-time furniture, equipment and supportive services for homeless shelters in the amount of \$278,511.
4. Direct the Human Resource Agency Administrator to add by an administrative Salary Resolution Amendment (SRA) 90.0 positions for the CalWORKs and Medi-Cal programs in DHA as soon as is administratively possible.
5. Direct the Clerk of the Board to retain a fully executed original and transmit four fully executed and certified copies of the resolution to the Director of DHA.

**Fiscal Impact:**

The request to increase DHA’s appropriation by \$11,309,038 is partially offset by increased additional program revenues of \$10,160,790. The increased county allocation of \$1,148,000, is necessary for DHA to meet the minimum required county Maintenance of Effort (MOE) for the CalWORKs program.

**BACKGROUND:**

For the Fiscal Year 2003-04 Proposed Budget, the Department of Human Assistance initially projected a \$56.1 million shortfall in state, federal and local revenues. This revenue reduction was due to:

- **County General Fund (\$7.8 million)** – Due to county budget constraints, DHA was required to reduce its county General Fund by \$7.8 million. This represented a 48.5 percent reduction to DHA’s discretionary General Fund spending.
- **CalWORKs/Other State Funds (\$36.7 million)** – In Fiscal Year 2002-03, the State reduced DHA’s CalWORKs funding because it assumed dramatic savings associated with quarterly reporting and with clients reaching their 60-month CalWORKs time limit. As a result of these “negative premises” along with other factors, DHA projected a \$20.0+ million shortfall in CalWORKs for Fiscal Year 2002-03. Although DHA planned to use TANF incentives to cover this shortfall in Fiscal Year 2002-03, it projected that all TANF incentives would be spent by Fiscal Year 2002-03, thereby resulting in a \$20.0+ million shortfall for CalWORKs in Fiscal Year 2003-04. Furthermore, DHA projected an additional \$12.8 million reduction to its CalWORKs funding in Fiscal Year 2003-04 based on the Governor’s January Budget proposal. These reductions, along with projected shortfall in other allocations, resulted in a \$36.7 million shortfall in state funding.
- **TANF Incentives (\$11.6 million)** – In Fiscal Year 2002-03, DHA budgeted an estimated \$11.6 million in TANF incentives for various social service programs. However, since DHA would be required to use its remaining TANF incentives to backfill for its shortfall in CalWORKs revenue, DHA projected that there would be no available TANF incentives for programs in Fiscal Year 2003-04.

**\$56.1 Million in Budget Reductions Proposed for Fiscal Year 2003-04**

As a result of these shortfalls in state, federal, and local revenues, DHA initially proposed to reduce operations, staffing and services by \$56.1 million – a reduction larger than all the other county departments combined. DHA recommended cuts for Fiscal Year 2003-04 that would minimize the impact of service reductions to clients. To this end, DHA initially proposed to:

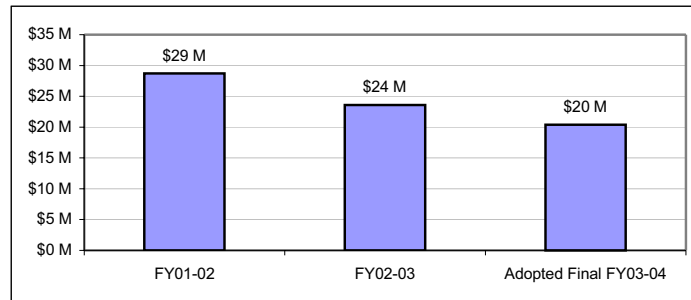
Delay/reduce operational expenses	\$13.8 million
Eliminate 231.9 FTE vacancies	11.7 million
Eliminate/reduce 102 service contracts	24.3 million
Delete 105.5 FTE filled positions	6.3 million

The reductions proposed were historic in scale but at the time considered necessary given the reduction in the county General Fund, the projected reduction to our CalWORKs allocation, and the likely elimination of TANF incentives. Furthermore, the \$56.1 million reduction to DHA’s proposed budget came at the heels of the Fiscal Year 2002-03 budget, which reduced DHA’s budget by \$16.1 million (\$5.1 million General Fund) and eliminated 45.7 FTE positions.

In total, DHA has seen its General Fund support reduced by 29.0 percent since Fiscal Year 2001-02. As Figure 1 indicates, DHA’s General Fund share has decreased from \$28.7 million in

Fiscal Year 2001-02 to \$20.4 million in Fiscal Year 2003-04 (Adopted Final), an \$8.3 million decrease within two fiscal years.

**Figure 1: DHA 8100000 Budget Unit General Fund  
Fiscal Year 2001-02 to Fiscal Year 2003-04**



#### Additional CalWORKs /TANF Revenues In Fiscal Year 2002-03

DHA initially projected the \$56.1 million shortfall in January 2003. However, since January 2003, DHA received an unprecedented \$16.9 million increase in midyear funding from the State. This additional funding included:

- **January CalWORKs Augmentation (\$7.1 million)** – DHA in conjunction with the County Welfare Directors Association (CWDA) and other county welfare departments, contested the State’s calculation of the savings associated with quarterly reporting and timing-out cases. In an unexpected move, the State acknowledged that it had overestimated these savings and, in late January 2003, provided counties with \$93.5 million in additional CalWORKs funding, of which Sacramento received \$7.1 million.
- **May CalWORKs Augmentation (\$4.4 million)** – At the time counties were bracing for additional cuts, in May 2003 the State made the unprecedented move of allocating an additional \$48.7 million for CalWORKs employment and eligibility services to counties. Sacramento received \$4.4 million of this amount for Fiscal Year 2002-03.
- **TANF Holdback (\$5.4 million)** – In Fiscal Year 2002-03, the State provided counties with a preliminary TANF incentive allocation, but indicated that the final allocation could be provided only after all supplemental claims had been processed by the State. The State processed these claims in April and determined that there were unspent TANF incentives available to counties. Accordingly, in May 2003, the State returned \$36.9 million in TANF incentives to counties, of which Sacramento received \$5.4 million. With the severe cuts in the Governor’s January Budget, it was anticipated by CWDA and the counties that any TANF Incentive funds unspent from Fiscal Year 2002-03 would be kept by the State and used to fill the State funding gap. Therefore, when we submitted our proposed budget, we did not think it prudent to assume this funding stream would be available for Fiscal Year 2003-04.

The additional \$16.9 million in CalWORKs and TANF incentive revenues, combined with the countywide hiring freeze and the Department’s own efforts to reduce spending, has enabled the

Department to save \$13.0 million in TANF incentives for Fiscal Year 2003-04 that otherwise would have been spent in Fiscal Year 2002-03 to backfill behind its CalWORKs program. In addition, the midyear CalWORKs augmentations indicated that Sacramento’s Fiscal Year 2003-04 CalWORKs allocation would not be cut by \$12.8 million as initially projected, but would be reduced by a lesser amount.

#### Fiscal Year 2003-04 Final Proposed Budget

Based on the State’s May Revise Budget, DHA anticipated it would receive more CalWORKs revenue in Fiscal Year 2003-04 than it had initially projected in January 2003. DHA also projected it would have over \$5.0 million in TANF incentives available for Fiscal Year 2003-04, but could not estimate the full amount until July 2003.

Based on DHA’s new projections, however, the County Executive recommended in June 2003 that the Board increase DHA’s CalWORKs revenue by \$1.5 million and its TANF incentive revenues by \$6.6 million. DHA proposed that the additional CalWORKs funds be used to rescind the 114.5 layoff notices that it was asked to issue. In addition, the County Executive’s Office recommended and the Board adopted the use of one-time TANF incentives to supplant \$3.4 million General Fund from DHA’s budget. The County Executive’s Office also recommended and the Board adopted the use of \$3.2 million in one-time TANF incentives to supplant the General Fund cost for some contracts and services within the Probation Department and DHHS. The \$937,282 recommended for transfer to DHHS is to provide the necessary appropriation necessary to allow for full utilization of the TANF Incentive funding.

#### DISCUSSION:

##### Fiscal Year 2003-04 Final Budget (Proposed Augmentation)

For Fiscal Year 2003-04, DHA now anticipates it will have more revenue than initially projected in our Fiscal Year 2003-04 proposed budget. Below we describe in greater detail the source of this additional revenue and DHA’s proposal for using these funds.

**TANF Incentive Funds Available for Fiscal Year 2003-04** – For the Fiscal Year 2003-04 Proposed Budget, the Board has adopted the use of \$6.7 million in TANF incentives, of which \$4.9 million was for TANF-eligible services within DHA and other departments, and \$1.8 million went to backfill behind the CalWORKs program. Now that DHA has closed out the Fiscal Year 2002-03 Fiscal Year, the Department projects it will have an additional \$8.1 million in TANF incentives available for Fiscal Year 2003-04. In conjunction with the County Executive’s Office, the Department proposes \$7.4 million in one-time TANF incentives be used in Fiscal Year 2003-04 for the purpose outlined in Figure 2:



**Figure 2: Proposed Uses of TANF Incentives in Fiscal Year 2003-04**

ITEM	AMOUNT	DESCRIPTION
CalWIN Case Conversion (one-time salaries) or backfill for CalWORKs	\$4,000,000	Staffing costs associated with converting cases from CDS system to CalWIN. Although data from the CDS is supposed to transfer automatically into CalWIN, a significant number of cases will need to be converted manually.
CalWIN Change Management (one-time)	215,000	DHA will need to train staff and modify policies/procedures to operate new CalWIN system.
Sacramento County Office of Education/RCNC	85,000	Providing low-income family neighborhood based supportive services. See Attachment 2
Mather Expansion (one-time)	1,700,000	Start-up costs for expanding Mather family housing units.
DHHS	937,782	Cost of TANF eligible services (Teen Smart/Peri-Natal Services)
Homeless shelter furnishing (one-time)	300,000	Cost to purchase furniture, equipment and other one-time costs for various homeless family providers
Winter Shelter Overflow	164,787	Provide 19 additional temporary shelter beds in Cal Expo for emancipated foster youth
<b>TOTAL</b>	<b>\$7,402,569</b>	

**Increased CalWORKs Funding** – In the final Fiscal Year 2003-04 State Budget, CalWORKs funding was somewhat greater than the amount initially proposed in the Governor’s January budget proposal. The State has notified the Department that it will receive \$3.4 million more CalWORKs funding than DHA included in the Fiscal Year 2003-04 Proposed Budget. However, DHA has determined that Sacramento should receive an additional \$5.3 million because the State applied an incorrect formula when allocating CalWORKs funds among counties. DHA has appealed this shortfall to the California Department of Social Services and, in conjunction with the CWDA, the State is in the process of recalculating – and increasing – Sacramento County’s share of CalWORKs funding. DHA should know the outcome by your Board meeting on this report.

**Remaining Nine-Month Appropriation for Rescinded Layoff Positions** – During Proposed Budget Hearings, the Board approved a three-month appropriation to rescind the layoff notices for 114.5 positions in Budget Unit 8100000 and Budget Unit 8600000. Given the increase in CalWORKs funding, DHA now requests an appropriation increase of \$4.2 million to fund these positions for the remaining nine months, at no additional county General Fund cost. In addition, DHA requests to correct the Summary of Positions to transfer 2.0 rescinded positions from Budget Unit 8600000 to Budget Unit 8100000 that inadvertently had not been transferred in Proposed Budget.

**Add-back 90.0 Positions** – With the additional CalWORKs funding for Fiscal Year 2003-04, DHA also requests to add-back 90.0 of the 232.0 FTE positions that had been deleted in the Fiscal Year 2003-04 Final Proposed Budget. Of these 90.0 positions, DHA proposes to add 50.0

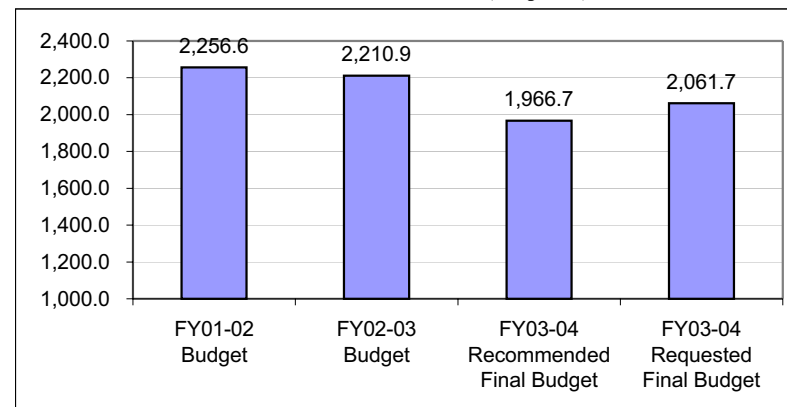
Medi-Cal positions. These positions are 100 percent revenue-backed and will help the Department maximize funding and maintain program integrity.

In addition, DHA proposes to add-back 40.0 CalWORKs staff to help the Department meet increased Federal welfare-to-work participation requirements. DHA anticipates these positions will also be 100 percent revenue-backed once the State corrects the calculation error in our CalWORKs allocation. However, in the event Sacramento County does not receive the corrected CalWORKs funding, DHA will take the following measures to ensure that there is no county General Fund liability due to hiring additional CalWORKs staff:

1. **Apply CalWORKs Child Care Savings** – DHA will determine if there are any available CalWORKs childcare funds in Fiscal Year 2003-04 to offset the additional cost of CalWORKs eligibility and employment services.
2. **Hold Positions Vacant** – DHA anticipates 100+ staff will retire in Fiscal Year 2003-04 due to enhanced retirement, with a significant number of them retiring in March 2004. DHA will keep these positions vacant if it appears unlikely the additional CalWORKs funding will be received.
3. **Use CalWIN Case Conversion Funds** – After exhausting options 1 and 2, DHA will use TANF funds dedicated for CalWIN case conversion to offset any potential county General Fund liability to the CalWORKs program.

As Figure 3 shows, even with the return of these 90.0 staff, DHA will still have eliminated 200.0 positions (9.0 percent decrease) since Fiscal Year 2001-02. With TANF Reauthorization and its increased welfare-to-work participation requirements pending, along with state performance requirements mandated for Medi-Cal, DHA must employ additional CalWORKs and Medi-Cal staff in order to meet its mandates and avoid state and federal financial penalties.

**Figure 3: DHA Staffing from Fiscal Year 2001-02 to Fiscal Year 2003-04 (Proposed)**





**Additional Contract Authority** – Using the additional funding both TANF Incentive and CalWORKs base, DHA is requesting to restore a few contracts that were cut in the Proposed Budget. The request is to add contract authority in the amount of \$321,489, per Attachment II. The contracts proposed for funding are as follows:

**SETA** -DHA proposes to contract with the Sacramento Employment and Training Agency (SETA) to fund On-the-Job Training (OJT) or Work Experience (WEX) wage subsidies for CalWORKs clients who need work experience as part of their Welfare-to-Work plan.

OJT is a work activity designed to place participants into permanent full-time jobs where up to 50.0 percent of the wages are subsidized for a specific period of time and training is provided by the employer. An OJT contract is limited to the period of time required for a participant to become proficient in the occupation for which training is being provided, up to a maximum of 480.0 hours. In determining the appropriate length of the contract, consideration is given to the skill requirements of the occupation, the academic and occupational skill level of the participant, prior work experience, and the participant's individual employment plan. OJT affords participants the opportunity to acquire the work skills necessary to succeed in and retain employment.

WEX is a paid, structured learning experience that takes place in a workplace for a specific period of time. WEX work-sites may be in the private sector, the non-profit sector, or the public sector. Work assignments may be for a maximum of 32.0 hours per week for up to a three-month period or up to a maximum of 320.0 hours. WEX is for participants who need assistance in basic work requirements (i.e., attendance, punctuality, appropriate communication, or work retention). The goal is to provide participants with the opportunities for career exploration and skill development. WEX has traditionally been a successful way for unskilled adults with very little work history to enter the labor market, and has been used successfully with long-term welfare recipients.

DHA will fund the wage subsidies with CalWORKs Single Allocation and will require no additional county General Fund dollars. SETA will fund the administrative costs for this program. This contract also assists our department in meeting our federal work participation requirements. Under the proposed federal TANF Reauthorization, the work participation requirements are projected to increase, making it critical that we make every effort to develop opportunities for clients that will meet the participation requirements.

**OPPORTUNITY KNOCKS** - The Opportunity Knocks program is a partnership between DHA and local area high schools to help increase school attendance and high school graduation rates among CalWORKs teens. The program provides truancy reduction, homework support, mentoring, work experience and earned income for up to 70 participating, at-risk students who are members of a CalWORKs household. Under CalWORKs regulations, school attendance is a requirement and for 16-18 year old students counts towards the department's welfare-to-work participation rate.

This contract is with Lou Rasmussen to perform the services of Program Administrator for the development, implementation and supervision of the Opportunity Knocks program. He acts as a consultant/liaison to DHA staff and staff from the various

Sacramento County school districts regarding the program and coordinates the enrollment of selected truant at-risk CalWORKs teens in Opportunity Knocks. This contract is funded by CalWORKs and requires no county General fund.

Opportunity Knocks has demonstrated a tremendous success at keeping kids in school, which is one of the requirements of the CalWORKs program. In recognition of this success, we will be receiving \$35,050 in funding from Congressman Matsui through SHRA to fund the ten teens who will be participating from the Phoenix Park area, and our contribution will allow us to restore the program to the rest of the County.

**SACRAMENTO COUNTY OFFICE OF EDUCATION** -The contract with the Sacramento County Office of Education will help fund the operation of the Rancho Cordova Neighborhood Center (RCNC). RCNC is a collaboration of county, education, and community-based agencies that provides Center services to improve health, safety, employment and educational opportunities to over 3,700 residents of the Rancho Cordova community per month. DHA contracts with the Sacramento Office of Education to provide community outreach and management services at RCNC. RCNC provides community meeting rooms where residents, service providers, civic groups, and the business community can offer training, workshops and events. These services improve health, safety, employment and educational opportunities for children and families in the Rancho Cordova community.

Approximately 1,000 Rancho Cordova community members will be provided job readiness and educational support services per month. The Center will provide space and support for over 112 community meetings with 1,753 community attendees each month. The Neighborhood Center facilitates linkages to community services and supports educational success for needy children.

TANF was used this fiscal year to restore the Oak Park Neighborhood Center as well as Sienna Vista. Funding RCNC will allow continuation of the other neighborhood centers the County is involved in.

**WALSMITH PRODUCTIONS/IRON MOUNTAIN FILMS** - Walsmith Productions and Iron Mountain Films produce videos for the Department for client and staff education. Recent changes in regulations and service delivery require that the DHA lobby video, which is shown to clients in all DHA bureau offices, be revised to include Electronic Benefit Transfer and Food Stamp information. In addition, they will produce the following: Electronic Benefit Transfer (EBT) 30-second Public Service Announcements, an Electronic Benefit Transfer client training video, and new production to update the existing outdated EITC video. The contract includes script development, new production and post-production services for the above. The contract also provides for duplication services and formatting into VHS, CD Rom, and Beta for use on Public Access television.

**Loss of SETA Revenue in Budget Unit 8600000** – The funding provided by SETA for three employment services positions at the A Street and Mather Career Centers has been eliminated. As a result, these 3.0 positions and the associated appropriation of \$195,550 will be transferred

to Budget Unit 8100000 and funded through the CalWORKs Welfare to Work allocation. Staff will cease providing employment services to homeless shelter residents and will be integrated in CalWORKs employment service delivery.

**Client Impact Statement** – The August 2, 2003, State Budget includes some major program funding adjustments aimed at reducing the General Fund shortfall through a combination of program savings, borrowing, new revenues, funding shifts and deferrals. The budget will impact the clients utilizing the programs administered by the Department of Human Assistance. Please see Attachment 3 for details.

**FINANCIAL ANALYSIS:**

The request to increase DHA’s budgeted appropriation by \$11,309,038 is partially offset by additional program revenues of \$10,160,790. The increased county allocation (\$1,148,000), is necessary for DHA to meet the minimum required county Maintenance of Effort (MOE) for the CalWORKs program.

Respectfully submitted,

\_\_\_\_\_  
 CHERYL S. DAVIS, Director  
 Department of Human Assistance

APPROVED:

TERRY SCHUTTEN  
 County Executive

By: \_\_\_\_\_  
 PENELOPE CLARKE, Administrator  
 Public Protection Agency

CSD:  
 Attachment  
 cc: County Executive  
 Director of Human Assistance  
 Director of Health and Human Services

**DEPARTMENT OF HUMAN ASSISTANCE**  
**Requested Adjustments**  
**Fiscal Year 2003-04**

ATTACHMENT I

**ADMINISTRATION - 8100 BUDGET UNIT**

Description	Object	Amount	FTE
<b>EXPENDITURES</b>			
Add new staff (50 for Medi-Cal vacancies) for 9 months	10 - Salary/Benefits	1,770,888	50.0
Add new staff (40 for CalWORKs) for 9 months	10 - Salary/Benefits	1,547,669	40.0
Add appropriation for the remaining 9 months for the 114.5 rescinded layoff positions and transfer of 5.0 additional positions from Budget Unit 8600 to 8100	10 - Salary/Benefits	4,187,699	5.0
Add new or restored CalWORKs/TANF contracted svcs	30 - Other Charges	321,489	
CalWIN Change Management Contract svcs	30 - Other Charges	278,511	
Increase Community Based Organization contracted services to cover one-time purchase of furnishings and equipment for Homeless Programs	30 - Other Charges	65,000	
Mather Expansion and Furnishings	50 - Interfund Charges	1,700,000	
Homeless Shelter Furnishings & Winter Shelter Overflow	50 - Interfund Charges	500,000	
DHHS TANF eligible svcs	60 - Intrafund Charges	937,782	
Unallocated TANF revenue		600,000	
<b>TOTAL EXPENDITURES</b>		<b>11,909,038</b>	<b>95.0</b>
<b>REVENUE</b>			
CalWORKs	90 - Revenue	3,358,008	
TANF	90 - Revenue	7,402,782	
<b>TOTAL REVENUES</b>		<b>10,760,790</b>	
<b>COUNTY COST CHANGE</b>		<b>1,148,248</b>	<b>95.0</b>

**COMMUNITY SERVICES - 8600 BUDGET UNIT**

Description	Acct #	Amount	FTE
<b>EXPENDITURES</b>			
Decrease appropriation for 8600 BU positions transferred to 8100 BU due to loss of SETA funding+B18	10 - Salary/Benefits	(195,550)	(5.0)
Furnishings for Mather Expansion, Adolfo and St John's Homeless Shelter	20 - Services & Supplies	700,000	
Mather Expansion	30 - Other Charges	1,500,000	
Mather Expansion and Furnishings	50 - Interfund Reimbursement	(1,700,000)	
Homeless Shelter Furnishings	50 - Interfund Reimbursement	(500,000)	
<b>TOTAL EXPENDITURES</b>		<b>(195,550)</b>	<b>(5.0)</b>
<b>REVENUE</b>			
Loss of SETA revenue	90 - Revenue	(195,550)	
<b>TOTAL REVENUES</b>		<b>(195,550)</b>	
<b>COUNTY COST CHANGE</b>		<b>-</b>	<b>(5.0)</b>

Attachment II

**DEPARTMENT OF HUMAN ASSISTANCE  
Appropriation Adjustments for 2003-04 Final Budget  
Amendment to Contract List**

Contract #	Contractor	Amount	Description of Service
W-10-04	Walsmith Productions	\$25,000	Production of client information and education video
W-09-04	Iron Mountain	5,000	Production of client information and education video
CW-176-04	SETA	148,981	On-the-job training
CW-78-04	Lou Rasmussen	57,508	Opportunity Knocks - truancy reduction
W-124-04	Sacramento County Office of Education/Rancho Cordova Neighborhood Center	85,000	Providing low income family neighborhood based supportive services
<b>TOTAL</b>		<b>\$321,489</b>	

ATTACHMENT III

**IMPACT STATEMENT**

The August 2, 2003, State Budget includes some major program funding adjustments aimed at reducing the General Fund shortfall through a combination of program savings, borrowing, new revenues, funding shifts and deferrals. The budget will impact the clients utilizing the programs administered by the Department of Human Assistance as listed below:

- **Elimination of the October 2003 COLA.** For the approximately 23,000 CalWORKs families in Sacramento County, this means keeping their grant at the 2002-03 levels, at a time when the cost of living continues to rise. A family of four will receive approximately \$55.00 less per month to meet their basic needs of food, clothing, and shelter. This will also reduce the federal dollars coming to Sacramento, since all welfare grants are essentially a pass-through from clients to businesses in the community.
- **Transitional Medi-Cal (1931b) for CalWORKs families, reduced from two years to one year.** This provision will affect approximately 12,000 families per year. The reduction of Transitional Medi-Cal to one year will affect the ability of these families to access health care. This could result in an increase of visits to already over burdened county clinics and emergency rooms.
- **A 5.0 percent reduction in Medi-Cal payments to providers.** This will reduce our clients' ability to access needed medical services as more providers decline to treat them.
- **Implementation of the new Federal Transitional Food Stamp Program.** This program will provide five months of transitional food stamp benefits to families leaving CalWORKs and will have a positive impact on their successful transition from welfare to work.
- **State funding for the Foster Grandparent Program has been suspended.** This will reduce the number of at-risk children who receive tutoring/mentoring from 1,670 to 1,540. It will also eliminate eight stipend positions for low-income seniors. The Department is eliminating these positions through attrition.
- **Restored 50.0 percent of the funding for the Senior Companion Program.** This program provides in-home companionship and transportation to frail homebound elderly and disabled adults. It is unknown at this time exactly how much of the restored funding will be allocated to local programs.
- **Reduced reimbursement for subsidized childcare.** The impacts on subsidized childcare programs include a reduction in reimbursement paid to providers from 93.0 percent to 85.0 percent of the Regional Market Rate (RMR). About 960 families with 2 to 5 year olds using center care and over 2,200 families with children over 5 years old using part-time licensed care will experience a reduction in their reimbursement. This reduction will impact child care providers, reducing their ability to accept subsidized children in their programs, thus making it difficult for these parents to obtain quality child care their children need. Many of these families will experience an increase in co-pay from \$12.50 to \$84 per month. Additional impacts include the reduction in payments to providers for extended hours and 13 year olds no longer being eligible for subsidized childcare. The elimination of 13 year olds from the program will result in about 200 children being discontinued. About 200 more will be discontinued during the year, as they turn 13.

**ATTACHMENT VI**

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
September 29, 2003

To: Board of Supervisors  
From: Department of Regional Parks, Recreation & Open Space and Department of Economic Development  
Subject: Settlement Offer to Purchase Mather Golf Course for \$4,400,000 and Requested Fiscal Year 2003-04 Budget Adjustments to Parks Construction Fund  
Contact: Thom Oliver, 875-6912

**Overview**

On April 22, 2003, your Board approved Resolution No. 2003-0414, authorizing the Director of Economic Development Department to make a settlement offer to the Department of Justice for the purchase of Mather Golf Course for \$4.4 million. On July 9, 2003, that offer was accepted by the Department of Justice. A down payment of \$600,000 has already been made, leaving a balance owed of \$3.8 million. In order to finalize the purchase, it is necessary to execute escrow instructions and other documents required to close escrow as well as modify the Fiscal Year 2003-04 Parks Construction (Fund 006A) Requested Final Budget.

**Recommendations**

Approve the attached resolution:

1. Authorizing the Chief Real Estate Agent to execute escrow instructions and other documents necessary to close escrow.
2. Approve the allocation of \$3.8 million in the 2003-04 Parks Construction Fund (006A) Budget, to obtain fee title to Mather Golf Course from the Department of Defense, Air Force Real Property Agency.

**Measures/Evaluation**

The Department's performance measure ensures that, "There are affordable and accessible, clean and safe recreational activities and facilities for all".

**Fiscal Impact**

The \$3.8 million funding for the purchase will be taken from various revenue sources: \$2.6 million 2003 Certificates of Participation (COP) proceeds; \$0.6 million from General Fund (001A) Reserve for Mather Community Center; and \$0.6 million from Golf Fund (018A) Reserves.

**BACKGROUND:**

Sacramento County agreed to purchase Mather Golf Course in 1994, under a negotiated purchase agreement, for \$6.0 million. For the past two years, County and United States Air Force staffs have attempted to settle on an adjusted purchase price for Mather Golf Course. Ultimately, the Department of Justice agreed to apply \$1.6 million in improvements made to the golf course by the County to the original purchase price of \$6.0 million. This compromise reduces the original purchase price of \$6.0 million to \$4.4 million. With a previous down payment of \$600,000 (10 percent of the original purchase price), the balance now owed is \$3.8 million. Funds have been set aside for this purchase. Ongoing debt service payments on the \$2.6 million in 2003 COP's, have been built into the Mather Golf Course budget. This purchase has resulted in a positive impact on the Golf Fund.

**DISCUSSION:**

The resolution will:

1. Authorize the Chief Real Estate Agent to execute escrow instructions consistent with the release of bond proceeds and other funds.
2. Approve the allocation of \$3.8 million to the 2003-04 Parks Construction Fund (006A) requested final budget so that all necessary financial transactions may be carried out.

**MEASURES/EVALUATION:**

This purchase fits in with Department's performance measure to ensure that, "There are affordable and accessible, clean and safe recreational activities and facilities for all". Benefits to the community are measurable by the number of rounds of golf that Mather Golf Course provides to the county's citizens and other users of the golf course.

**FISCAL ANALYSIS:**

In order to accomplish the purchase of Mather Golf Course, the Department must provide for the purchase in its Parks Construction budget. The remaining balance on the purchase price is \$3.8 million. The Department has adjusted the Parks Construction Fund requested final budget, to include the acquisition. The allocation utilizes the following funding sources:

<b>Funding Source</b>	<b>Amount</b>
Bond proceeds from the 2003 COPs	\$2,600,000
General Fund (01A) Reserve for Mather Community Center	600,000
Golf Fund (018A) Reserves	600,000
<b>TOTAL</b>	<b>\$3,800,000</b>

Respectfully Submitted,

Ron Suter, Director  
Regional Parks, Recreation & Open Space

\_\_\_\_\_  
Paul Hahn, Director  
Economic Development Department

APPROVED:

TERRY SCHUTTEN  
County Executive

By \_\_\_\_\_  
JOHN O'FARRELL, Administrator  
Community Development and  
Neighborhood Assistance Agency

ATTACHMENT VIICOUNTY OF SACRAMENTO  
CALIFORNIAFor the Agenda of:  
September 29, 2003

To: Board of Supervisors

From: Department of Animal Care and Regulation

Subject: Report Back - Reduction In Carryover Amount For Fiscal Year 2003-04 For Department Of Animal Care And Regulation

Contact: Pat Claerbout – 875-5051

**Overview:**

The Department of Animal Care and Regulation estimated a carryover amount of \$245,000 during the 2003-04 Proposed Budget process. The actual carryover amount was \$103,846. Therefore, the Department is required to reduce its financing requirements by \$142,010 to balance its budget. To meet this reduction, 3.0 current vacant non-field positions available for reallocation to field coverage (for enhancement of field services over current levels) will be deleted for a total savings of \$144,258. Licensing revenue will also be reduced for next fiscal year by \$2,248.

**Recommendation:**

Receive and file this report.

**Measures/Evaluation:**

The loss of 3.0 positions will impact planned enhanced field coverage by Animal Control Officers in the unincorporated area.

**Fiscal Impact:**BACKGROUND

During Fiscal Year 2003-2004 Proposed Budget process, the Department of Animal Care and Regulation estimated a carryover in the amount of \$245,856. The actual amount of the carryover was \$142,010 less than estimated primarily due to an over estimation of revenues from our Licensing program. In prior years, the Department has received less revenue from this source than budgeted.

DISCUSSION

**Reason for Reduced Carryover:** The primary reason for the shortfall in expected carryover was less-than-anticipated licensing revenues. At the time of midyear projections, the Department estimated revenues of \$700,000. The actual amount of revenue received was \$541,526. This decrease in licensing revenues was likely due to the high number of vacant Animal Control Officer positions throughout the spring. The Department brought on temporary help to work in kennels, but these were not enough to maintain the expected level of revenues generated by staff in the field. All of these new staff had to be adequately trained to work the kennels, which kept field staff in the shelter rather than generating revenue in the field.

Unfortunately, there was not a corresponding salary savings because the necessary level of kennel work to compensate for vacant positions and staff-in-training required more overtime from regular staff. Again, however, this overtime was not spent on generation of licensing revenues, but on training and kennel activities.

In an effort to reduce costs and increase efficiencies, your Board recently approved the reallocation of Animal Control Officer positions to Animal Care Attendant positions. The recruitment and hiring process was delayed during the reallocation process. Now that the positions are approved, we expect to have the positions filled in the next 60 to 90 days. The salary savings estimated at Proposed Budget was due in part to the expectation that the reallocation would occur midyear of Fiscal Year 2002-03, but they did not reach your Board for approval until September 2003.

The Department has analyzed options for reducing its financing requirement to meet the reduced carryover. While it would be preferable to reduce Salary and Supply costs rather than positions, there does not appear to be specific items that can withstand reductions sufficient to cover the reduced carryover amount. Many of those costs are fixed, and until the new management within the department can get a better handle on where costs might be reduced, the most prudent source of savings is the reduction of staff costs.

**Impact of Lost Positions:** The Department has identified 3.0 vacant positions to eliminate to make up for the reduced carryover. Two of them are Animal Control Officer positions that have been vacant. These positions have been used in the kennel in the past, although restructuring of kennel activities and the new creation of the Kennel Attendant classification would allow them to be devoted to field services. The third vacant position is a Senior Animal Control Officer, which has historically been used for barking dog complaints and other special duties. Restructuring within the department, including automation of a barking dog call line, has made filling this position unnecessary. The Department had intended to convert this position to an Animal Control Officer position and directing it toward field services. In summary, the 3.0 positions that would be reduced, though currently vacant, had been intended to increase coverage in the field.

FISCAL IMPACT

The reduction in positions will result in a reduction of our financing requirements in the amount of \$144,258.

Respectfully submitted,

APPROVED:

\_\_\_\_\_  
Pat Claerbout, Director  
Department of Animal Care and Regulation

\_\_\_\_\_  
TERRY SCHUTTEN  
County Executive

By: \_\_\_\_\_  
JOHN O'FARRELL, Administrator  
Community Development & Neighborhood  
Assistance Agency



ATTACHMENT VIIICOUNTY OF SACRAMENTO  
CALIFORNIAFor the Agenda of:  
September 29, 2003

To: Board of Supervisors

From: Department of Planning and Community Development

Subject: Report Back--Proposal For An Open Space Coordinator

Contact: Robert Sherry, Director, 874-6097

**Overview**

Over the past several years, Sacramento County has experienced a profound change in its political geography – the County has three new cities, older established cities looking to expand their hegemony, mature older communities with differing land use and quality of life concerns. These changes in the political geography have been coupled with shrinking open space, agricultural resources, and pasture lands and a great interest and need to retain critical habitat and open space areas in the public domain. The result has been for the County to shift its land use emphasis both in the urban and rural areas. In the urban communities, the planning strategy has been to strengthen and rebuild the neighborhoods. In the rural areas, the focus has been on habitat restoration, open space oversight and agricultural land preservation, albeit in a somewhat disjointed fashion. This report addresses the need to elevate and better coordinate open spaces issues in Sacramento County. How do we propose to do this? Through the designation of an Open Space Coordinator (OSC).

**Recommendation**

Conceptually approve the creation of a new OSC to be initially staffed by an existing Senior Planner position in the Department of Planning and Community Development.

**Measures/Evaluation**

Not applicable.

**Fiscal Impact**

We expect that there would be no long-term fiscal impact on the county General Fund. Initially, the OSC would be funded by utilization of an existing Senior Planner position in the Planning and Community Development Department. However, staff expects to return with recommendations in a report back within 60 days for a cost-sharing plan among non-General Fund agencies and departments that will benefit from the creation of this position. This will hopefully remove the cost from the General Fund and more appropriately spread the cost among non-General Fund departments. Shifting funding will enable this Department to backfill behind the position (through funding of an additional position) for other activities, such as support of the Galt/Elk Grove planning effort that has recently been initiated.

**PROPOSAL:**

The Planning and Community Development Department currently has 1.0 Senior Planner position in the Long-Range Planning Section that has primary responsibility for overseeing

Planning's open-space related projects. Ann Baker is the Senior Planner who fulfills this role and would segue to the new OSC position, if the position is approved. At present, her oversight as a Senior Planner includes the South Sacramento Habitat Conservation Plan, the American River Parkway Plan Update, amendments to the Swainson's Hawk Mitigation Fee Ordinance, and others. It is proposed that she should be reassigned to serve as the County OSC. She would be responsible for the activities outlined in this report (see Attachment A) and receive direction from the County Executive on open space issues.

As other funding is identified to support the new OSC position, the Department will backfill the existing Senior Planner position through creation of an additional position. It is proposed that a new Senior Planner will fulfill some of Ann Baker's current responsibilities, which would include planning efforts with the cities of Elk Grove and Galt as discussed during the budget hearing on September 2, 2003.

**BACKGROUND:**

Simply stated, Sacramento County needs an OSC to:

1. Oversee the diverse activities of a number of agencies and departments as it relates to open space in the Unincorporated Area of Sacramento County; and
2. Coordinate a countywide open space strategy with the cities within Sacramento County, as well as within the region.

This report provides a review of open space issues and projects that to a greater, or lesser degree, would come under the auspices of the proposed OSC.

**East County Study:** In January 1999, the County Board of Supervisors directed this Department to initiate a study of the natural resources of the East County. The study was proposed in light of increasing pressure for development in that portion of the County as evidenced by the acquisition of large tracts of land by development interests; the request by the City of Folsom to LAFCo to expand the city's Sphere of Influence (SOI) to lands south of U.S. Highway 50, which was ultimately approved by LAFCo, and the application for a senior community development, known as Deer Creek Hills, by developer C.C. Meyers. The Deer Creek Hills project was denied by the Board; the applicant subsequently initiated an unsuccessful voter referendum to decide the fate of the development. Subsequent to the failed referendum, a new initiative gained momentum to take the Deer Creek Hills property out of "private hands" and place it in the public domain for long-term preservation and protection.

The East County Steering Committee presented its findings, based on an 18-month study concerning open space in the East Area of Sacramento County, to the Board of Supervisors on July 17, 2002. The study identified habitat types located in the study area and articulated a number of "tools" that could be used to protect open space and preserve ranching in the East County. Another key element of the proposal was the establishment of an "Open Space Manager" for the East County to implement the recommendations of the study.

In the context of the East County Study, the then-proposed Open Space Manager would assume responsibility for working with landowners to explore possible agreements between the landowner and the County through the preparation of land agreements for open space or habitat



protection or other appropriate mechanisms that might provide benefit to both parties. There are a number of other geographical areas or projects where open space/habitat preservation is critical to our quality of life, and where the proposed OSC would weigh in.

**Natomas:** The County has also received a great deal of “attention” from state and federal regulators in the recent past, much of which has not been positive. In Natomas, federal regulators have questioned the County’s issuance of permits for nondiscretionary actions such as the construction of agricultural accessory structures. While the County allows projects such as these outright, they still may be subject to Endangered Species laws, and need better coordination and oversight.

Sacramento County has joined with the City of Sacramento in an approach to development in the Natomas area whereby the County would serve as the “protector” or “keeper” of open space. The County’s ability to serve in this capacity would be facilitated by a sound working relationship with the federal and state regulatory agencies. An OSC, both in “form” and “in substance”, is a key ingredient to a better working relationship with state and federal regulatory agencies. Also, a key component of the Natomas Vision “agreement” with the City is the County’s role in the acquisition and management of open space, while the City assumes the role of developer. There are additional valid arguments that support the creation for such a position.

**Spheres of Influence:** Sacramento County must be poised to continue to assume a lead role in the protection and management of open space in the near future. Discussions have begun with the City of Elk Grove and the City of Galt concerning a green belt between the two jurisdictions. Recently, Sacramento County was invited to a meeting to discuss the proposal and to determine the county’s role in this possible agreement. Any intervening, protected lands between the two cities would remain in the jurisdiction of the County. It appears that the county’s role will be to facilitate the discussions, make recommendations for preservation areas, work with the jurisdictions and LAFCo to ensure county interests are represented and suggest possible funding mechanisms and ensure that proposed uses within the green belt area are consistent with county policies and the future South Sacramento Habitat Conservation Plan. An OSC is logical to stimulate and facilitate these discussions.

Previously, the County was involved in negotiations with the City of Folsom regarding their proposed expansion of Folsom’s SOI. Among the County’s expressed interests in the expanded SOI was the protection of the Oak Woodlands located on roughly the western third of the SOI area. The County successfully negotiated that one-third of the SOI area would be protected, targeting the oak woodlands. These negotiations were in large part handled by the Director of Planning and Community Development, because there was no OSC.

**Sacramento County Airport System and other County Major Infrastructure Projects:**

There have been and continue to be a number of other county projects where an OSC could provide a beneficial role. In the past, workers at Sacramento International Airport inadvertently filled some wetland areas and destroyed trees that accommodated Swainson’s Hawk nests. An OSC may have been helpful in preventing these inadvertent mistakes from happening. In other cases, construction of some public works projects, such as roadway widening and other similar activities, could occur without knowledge of the potential for federal or state jurisdiction over protected species. Workers may not be trained to identify listed species and could inadvertently impact listed species. An OSC would work with Airport staff and other appropriate personnel to ensure compliance with all local, state and federal regulations.

Finally, there are a number of major county infrastructure projects -- Regional Sanitation District’s interceptor projects, the Freeport Water Diversion project and others--that have been stalled because of the federal or state agencies’ reluctance to permit these activities through issuance of biological opinions on the part of the U.S. Fish and Wildlife Service. This reluctance, in part, seems to be a result of the County’s lack of a proactive approach to assuming responsibility for mitigation, preservation of species or habitat protection. In a sense, there has been no point-person to focus on these efforts. The OSC could be that focal point.

In many cases, the situations that have arisen are the result of a lack of communication and a lack of education concerning federal and state requirements and authority on the part of county workers. In addition, the federal and state agencies are unfamiliar with county processes and do not always understand where their input would be most beneficial or, in many cases, even the right person at the County to contact to get results when necessary. Again, an OSC would fulfill this role.

**Sacramento County Department of Regional Parks, Recreation and Open Space**

There are three areas that an OSC could work with the Department of Regional Parks, Recreation and Open Space:

1. As a liaison -

The OSC would meet with environmental interests, agricultural interests, land managers (both public and private), cities and other counties for long-range planning efforts to gain a regional approach to “open space” and provide information/updates to the various departments with open space responsibilities. This would also entail coordinating a means by which “open space” stakeholders could convene on a regular basis to discuss, plan, and/or develop open space strategies, master plans, and goals.

2. As the keeper of the County's Open Space information -

The OSC would be responsible for the development of a comprehensive database so that information related to open space is in one central place. As keeper of information, the OSC could monitor various participants’ activities, providing ongoing information to other stakeholders to better coordinate efforts, and voice concerns. In general, providing a forum so that all open space managers need not work in isolation from other groups.

3. As a resource –

As trainer/educator – The OSC would provide training, education and updates related to environmental permitting and changes in processes related to endangered species, California Environmental Quality Act and National Environmental Policy Act to departments that have open space responsibilities.

As support and consultant – The OSC would provide support and consultation on departmental open space issues, assisting when requested in the acquisition of land and preservation development and maintenance of space. This OSC might also assist in ensuring that departments, etc. follow established processes and/or protocol.

**OBJECTIVES:**

The creation of the OSC would further the following county objectives:

- Coordinate county open-space related activities;
- Ensure the implementation of countywide open space goals and objectives; and
- Serve as the point of interface with county, state and federal regulators.

Initially, this OSC position will reside in the Planning and Community Development Department. The responsibilities of the existing Senior Planner position currently filled by Ann Baker, will be redefined to include the tasks as previously outlined in this report. However, it is intended that the OSC would ultimately take direction from the County Executive, given the multidisciplinary nature of the work and the expectation that the position would serve the needs of a number of county departments and interests.

**FISCAL ANALYSIS:**

Initially, one existing Senior Planner position, currently residing in the Planning and Community Development Department, will be allocated to serve as OSC at an annual cost for base salary and benefits of approximately \$99,110. Staff will review options for a cost-sharing plan among the non-General Fund agencies and departments that will benefit from the creation of this position. These may include the Department of Airports, the Regional Sanitation District, Water Resources, Waste Management and Recycling, Transportation and others. Staff will report back within 60 days with a proposal for funding the OSC. This, in turn, will permit this Department to backfill the Senior Planner position, which would focus on land use issues generally in the south county area.

**CONCLUSION:**

The newly created OSC position will serve as a focal point for all open space related activities. The OSC will be responsible for two primary functions: to represent the County in coordinating with other cities in the development of a countywide open space strategy and to oversee and coordinate activities that relate to open space issues within the County. The County of Sacramento must play a lead role in the preservation of open space if it is to be a successful endeavor. The establishment of the OSC position will help to ensure that regional open space goals and objectives are achieved.

Respectfully submitted,  
  
ROBERT SHERRY, Director  
Planning and Community Development

APPROVED:  
  
TERRY SCHUTTEN  
County Executive  
  
By \_\_\_\_\_  
John O'Farrell, Administrator  
Community Development and  
Neighborhood Assistance Agency

Attachment A

**OPEN SPACE COORDINATOR  
RESPONSIBILITIES STATEMENT**

**Roles and Responsibilities:**

Anticipated to oversee the various activities related to open space that occurs in a number of departments and agencies and ensure a level of coordination that will forward the county's role in open space protection and preservation in the region.

The following describes some areas of interest and activities that will more specifically define the responsibilities of this position. It is recognized that some of these activities are the primary responsibility of other departments or agencies. Where this occurs, the primary role of the proposed position is coordination.

**Planning and Development:**

- Develops and implements open space programs in the Unincorporated Area of Sacramento County;
- Makes recommendations on policies and procedures to ensure accessible and safe open space environments, consistent with applicable environmental principles;
- Investigates opportunities for open space grants, and prepares proposals;
- Implements Open Space Element of General Plan; and
- Assists/conducts/manages complex and diverse open space research, planning and acquisition functions, prepares and coordinates plans and makes presentations on projects to various groups.

**Land Acquisitions**

- Assists in the acquisition of properties through participation in negotiations, and the preparation of the appropriate agreements or easement language;
- Maintains an active listing of all open space properties, mitigation banks and other non-urbanized lands;
- Provides oversight of county open space easements, conveyance of development rights or other legal mechanisms of open space protection; and
- Manages all phases of land conservation projects including acquisition, fundraising, addressing management concerns, stewardship planning and transfer to protective ownership.

ATTACHMENT AOPEN SPACE COORDINATOR  
RESPONSIBILITIES STATEMENT**Property Management:**

- Ensures the proper management, including the use of innovative management practices, for all countyowned or controlled lands through agreement with a third party conservancy or through in-house management capabilities;
- Conducts surveys and inventories of open space lands;
- Evaluates acquisition and management alternatives; and
- Develops and implements a comprehensive approach to the management of the natural resources for all countyowned or controlled lands through agreement with a third party conservancy.

**Outreach and Education:**

- Provides education, outreach and guidance to county staff regarding regulatory compliance for endangered species, open space objectives;
- Meets with county officials and commissions, departments and agencies to explain and promote the objectives and priorities of the open space management program;
- Establishes and maintains public relations with the media, community groups, non-profit organizations and other professional organizations, makes presentations as appropriate; and
- Provides conservation information to landowners and the public.

**Coordination:**

- Coordinates with Ag Conservancy to provide dual objectives for land protection;
- Coordinates with various other county staff implementing a storm water management program, where appropriate;
- Coordinates open space planning and development with other county departments and other agencies;
- Evaluates impacts and potential benefits of proposed developments or policies that affect open space lands;
- Coordinates efforts with other resource management agencies: California Department of Fish and Game, U.S. Fish and Wildlife Service; and
- Coordinates Sacramento County's Open Space Policy with surrounding jurisdictions

ATTACHMENT IX

Sheriff

**COUNTY OF SACRAMENTO**

For the Agenda of:  
September 29, 2003

To: Board of Supervisors  
From: Lou Blanas, Sheriff  
Subject: Report Back-Planning /Assessment Summary of Need for  
Additional Jail Facilities

The Adult Facilities and Operations Committee made a report to the Criminal Justice Cabinet in January of 2003 which was to be used as a blueprint for future planning of adult detention facilities to be integrated into the County Facilities Master Plan. The Master Plan, prepared by the SGS Group, is comprehensive in nature, taking into account all aspects of the various components of the criminal justice process relative to prosecution and housing of pretrial and post-conviction inmates. Various studies anticipated the growth factors to be anticipated within the County, which will affect all jail operations for many years to come. The purpose of this memorandum is to update the progress of one recommendation by the committee in addition to discussing the feasibility of an option that was apparently not considered.

The meetings and reports thus far have focused primarily on long-range issues of space for the Courts, District Attorney, Public Defenders, and others associated with the process...as well as the primary focus of jail space for prisoners. Long range planning for a third jail tower at the Main Jail will not be a reality for well over ten years. Other facilities yet to be built at the Rio Cosumnes Correctional Center (RCCC) are also encumbered by significant timelines as well as financial considerations. What has not been memorialized is the impending need for a relatively short term/reduced capital expenditure, which will provide additional jail space.

The Roger Bauman Facility (RBF), while unused for a number of years, represents in all probability the most immediate and inexpensive jail bed space to alleviate the short-term overcrowding in the jails which continues to affect all operations. While it would require a major renovation of plumbing, electrical, heating /air-conditioning, and refitting of locks, it could nevertheless, be operational in a relatively short period of time. We are working with the County Executive to expedite this project. I believe that the prospect of obtaining on relatively short order an additional 300 jail bed spaces warrants further exploration of this undertaking. Obviously, this would be in addition to, and parallel with, ongoing studies and planning on the long-term options previously discussed.

Most immediately, we anticipate that the Sandra Larson Facility (SLF) at the RCCC will be ready for occupancy of the sentenced female inmates currently housed at the Main Jail sometime in early November. This will in turn free up approximately 188 bed spaces in the Main Jail, although a number of those will be used to offset the costs of the additional staffing necessary for the SLF in conformance with the recommendations of the Grand Jury's report.

I look forward to working toward this mutually beneficial goal in the most expeditious manner agreeable to all.

cc: Terry Schutten, County Executive

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, ADOPTING THE FISCAL YEAR 2003-04 FINAL BUDGET FOR OPERATING FUNDS UNDER THE SUPERVISION AND CONTROL OF THE BOARD OF SUPERVISORS**

**WHEREAS**, all necessary estimates of Revenues, Expenditures, Interfund Transfers, and Reserves for the 2003-04 Fiscal Year were prepared and filed; the proposed budget was printed, and hearings thereon were noticed and held as required by Chapter I of Division 3, Title 3 of the Government Code (Section 29000 et seq.); and

**WHEREAS**, this Board has made such revisions of, deductions from and increases or additions to said proposed budget as it deemed advisable, all such increases or additions having been proposed in writing and filed with the Board of Supervisors prior to the conclusion of said hearings on September 29, 2003; and

**WHEREAS**, all proceedings required by law have been duly had and regularly taken concerning the adoption of the final budget for the County of Sacramento for the fiscal year commencing July 1, 2003; and

**WHEREAS**, the final budget document contains the specific requirements of Government Code Section 29089, the adoption of the budget may be accomplished by a resolution in which the final budget document is adopted by reference, as provided for by Government Code Section 29090.

**NOW, THEREFORE, IT IS RESOLVED AND ORDERED** that the amounts as set forth in the final budget document for Expenditures, Revenues, Reserves and Interfund Transfers are the adopted final budget for the County of Sacramento for Fiscal Year 2003-04 for operating funds of said County of Sacramento whose affairs and finances are under the supervision and control of the Board of Supervisors. The total appropriations for expenditures and Interfund transfers are:

(1)	Special Revenue Funds No. 002A, 004A, 005A, 008A, 011A, 012A, 013A, 015A, 018A, 020A, 021A, 021B, 025A-D, 025G, 025H, 026A, and 027A	\$279,279,672
(2)	Capital Projects Funds No. 006A, 007A and 284A	\$111,115,888
(3)	Enterprise Funds No. 041A, 041B, 043A, 044C-G, 045A-D, 049A, 051A, 051B, 052A, and 056A	\$393,457,452
(4)	Internal Service Funds No. 030B, 030C, 031A, 033A, 034A, 035C, 035F, 035H, 035J-M, 037A, 038A, 039A, 040A, 059A	\$587,422,598
(5)	Debt Service Funds No. 016A and 313A	\$ 29,526,483

**BE IT FURTHER RESOLVED AND ORDERED** that the Director of Finance be directed to and is hereby authorized to transfer funds and adjust the reserve accounts in the budget adopted herewith.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, this 29th day of September, 2003, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

\_\_\_\_\_  
Chair of the Board of Supervisors  
of Sacramento County, California

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, ADOPTING THE FISCAL YEAR 2003-04 FINAL BUDGET FOR SPECIAL DISTRICTS UNDER CONTROL OF THE BOARD OF SUPERVISORS**

**WHEREAS**, all necessary estimates of Revenues, Expenditures, Interfund Transfers, and reserves for the 2003-04 Fiscal Year were prepared and filed; the proposed budget was printed, and hearings thereon were noticed and held as required by Chapter I of Division 3, Title 3 of the Government Code (Section 29000 et seq.); and

**WHEREAS**, this Board has made such revisions of, deductions from and increases or additions to said proposed budget as it deemed advisable, all such increases or additions having been proposed in writing and filed with the Board of Supervisors prior to the conclusion of said hearings on September 29, 2003; and

**WHEREAS**, all proceedings required by law have been duly had and regularly taken concerning the adoption of the final budget for the Special Districts, whose affairs are under the control of the Board of Supervisors for the fiscal year commencing July 1, 2003; and

**WHEREAS**, the final budget document contains the specific requirements of Government Code Section 29089, the adoption of the budget may be accomplished by a resolution in which the final budget document is adopted by reference, as provided for by Government Code Section 29090.

**NOW, THEREFORE, IT IS RESOLVED AND ORDERED** that the amounts as set forth in the final budget document for Expenditures, Revenues, Reserves and Interfund Transfers are the adopted final budget for Fiscal Year 2003-04 for Special Districts, whose affairs are under control of the Board of Supervisors. The total appropriations for expenditures and Interfund Transfers are:

(1)	Natomas Fire Protection District Fund No. 229A	\$1,913,416
(2)	County Service Area No. 1, Fund No. 253A, 253B; County Service Area No. 5, Fund No. 254A-D; and County Service Area No. 7, Fund No. 256A	\$4,810,615
(3)	Park and Recreation Districts/Areas Funds No. 336A, 336B, 337A, 338A, 351A, 560A, 561A and 562A	\$18,329,470
(4)	Landscape Maintenance District Funds No. 330D and E	\$743,832

(5)	Community Facilities District Funds No. 105A-D, 107A, 107B, 130A-C, 131A and 132A	\$34,136,780
(6)	Mather Public Facilities Financing Plan Funds 136A and 136B	\$3,216,332
(7)	Antelope Community Plan Area Funds No. 101A-E	\$6,718,861
(8)	Gold River Station #7 Landscape CFD Fund No. 137A	\$33,780
(9)	Elk Grove/West Vineyard Plan Area Fund No. 108A	\$38,464,746
(10)	East Elk Grove Plan Area Fund No. 128B	\$12,242,989
(11)	Bradshaw Rd MS 50 Corridor Fund No. 115A	\$1,041,743
(12)	Sacramento Regional County Solid Waste Authority Fund No. 50A	\$4,474,655
(13)	Sacramento County Storm Water Utility District Fund No. 322A, C, and D	\$32,641,184
(14)	North Vineyard Station Right-of-Way	\$696,000

**BE IT FURTHER RESOLVED AND ORDERED** that the Director of Finance be directed to and is hereby authorized to transfer funds and adjust the reserve accounts in the budget adopted herewith.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, this 29th day of September 2003, by the following vote, to wit:

- AYES: Supervisors,
- NOES: Supervisors,
- ABSENT: Supervisors,

\_\_\_\_\_  
Chair of the Board of Supervisors  
of Sacramento County, California

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, ADOPTING THE FISCAL YEAR 2003-04 FINAL BUDGET FOR THE CAPITAL PROJECT FINANCING PLAN OF THE SACRAMENTO COUNTY MENTAL HEALTH CENTER**

**WHEREAS**, the County of Sacramento has elected to participate in a capital projects financing plan sponsored by the State of California under the terms of which the County acts as an agent of the California Health Center and making lease payments thereon; and

**WHEREAS**, all necessary estimates of Revenues, Expenditures, Interfund Transfers, and Reserves for the 2003-04 Fiscal Year were prepared and filed; the proposed budget was printed, and hearings thereon were noticed and held as required by Chapter I of Division 3, Title 3 of the Government Code (Section 2900 et seq.); and

**WHEREAS**, this Board has made such revisions of, deductions from and increases or additions to said proposed budget as it deemed advisable, all such increases or additions having been proposed in writing and filed with the Board of Supervisors prior to the conclusion of said hearings on September 29, 2003; and

**WHEREAS**, all proceedings required by law have been duly had and regularly taken concerning the adoption of the final budget for the County of Sacramento Mental Health Center Project for the fiscal year commencing July 1, 2003; and

**WHEREAS**, the final budget document contains the specific requirements of Government Code Section 29089, the adoption of the budget may be accomplished by a resolution in which the final budget document is adopted by reference, as provided for by Government Code Section 29090.

**NOW, THEREFORE, IT IS RESOLVED AND ORDERED** that the amounts as set forth in the final budget document for Expenditures, Revenues, Reserves and Interfund Transfers are the adopted final budget for Fiscal Year 2003-04 for the Sacramento County Mental Health Center Project, whose affairs are under the supervision and control of the Board of Supervisors. The total appropriations for expenditures and Interfund Transfers are: \$839,886.

**BE IT FURTHER RESOLVED AND ORDERED** that the Director of Finance be directed to and is hereby authorized to transfer funds and adjust the reserve accounts in the budget adopted herewith.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, this 29th day of September, 2003, by the following vote, to wit:

- AYES: Supervisors,
- NOES: Supervisors,
- ABSENT: Supervisors,

\_\_\_\_\_  
Chair of the Board of Supervisors  
of Sacramento County, California

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors



**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, ADOPTING THE FISCAL YEAR 2003-04 FINAL BUDGET OF THE SACRAMENTO COUNTY PUBLIC FACILITIES FINANCING CORPORATION**

**WHEREAS**, the County of Sacramento was irrevocably appointed as agent for the Sacramento County Public Facilities Financing Corporation to cause the acquisition of various capital projects as provided for under the terms of the Agency Agreement executed and entered into as of October 1, 1984; and

**WHEREAS**, all necessary estimates of Revenues, Expenditures, Interfund Transfers, and Reserves for the 2003-04 Fiscal Year were prepared and filed; the proposed budget was printed, and hearings thereon were noticed and held as required by Chapter I of Division 3, Title 3 of the Government Code (Section 2900 et seq.); and

**WHEREAS**, this Board has made such revisions of, deductions from and increases or additions to said proposed budget as it deemed advisable, all such increases or additions having been proposed in writing and filed with the Board of Supervisors prior to the conclusion of said hearings on September 29, 2003; and

**WHEREAS**, all proceedings required by law have been duly had and regularly taken concerning the adoption of the final budget for the Sacramento County Public Facilities Financing Corporation, whose affairs are under the control of the Board of Supervisors, for the fiscal year commencing July 1, 2003; and

**WHEREAS**, the final budget document contains the specific requirements of Government Code Section 29089, the adoption of the budget may be accomplished by a resolution in which the final budget document is adopted by reference, as provided for by Government Code Section 29090.

**NOW, THEREFORE, IT IS RESOLVED AND ORDERED** that the amounts as set forth in the final budget document for Expenditures, Revenues, Reserves and Interfund Transfers are the adopted final budget for Fiscal Year 2003-04 for the Sacramento County Public Facilities Financing Corporation, whose affairs are under the control of the Board of Supervisors. Total appropriations for Expenditures and Interfund Transfers are:

(1)	Fixed Asset Revolving Fund No. 277A	\$ 82,112,520
(2)	Public Facilities Construction Funds No. 279A, 280A, 297A and 309A	\$ 40,473,880
(3)	Debt Service Funds No. 287A, 288A, 292A, 298A, 308A and 308C	\$ 13,997,796

**BE IT FURTHER RESOLVED AND ORDERED** that the Director of Finance be directed to and is hereby authorized to transfer funds and adjust the reserve accounts in the budget adopted herewith.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, this 29th day of September, 2003, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

\_\_\_\_\_  
Chair of the Board of Supervisors  
of Sacramento County, California

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SACRAMENTO COUNTY WATER AGENCY  
ADOPTING THE FISCAL YEAR 2003-04 FINAL BUDGET**

**WHEREAS**, all necessary estimates of Revenues, Expenditures, Interfund Transfers, and Reserves for the 2003-04 Fiscal Year were prepared and filed; the proposed budget was printed, and hearings thereon were noticed and held as required by Chapter I of Division 3, Title 3 of the Government Code (Section 29000 et seq.); and

**WHEREAS**, this Board has made such revisions of, deductions from and increases or additions to said proposed budget as it deemed advisable, all such increases or additions having been proposed in writing and filed with the Board of Directors prior to the conclusion of said hearings on September 29, 2003; and

**WHEREAS**, all proceedings required by law have been duly had and regularly taken concerning the adoption of the final budget for the Sacramento County Water Agency for the fiscal year commencing July 1, 2003; and

**WHEREAS**, the final budget document contains the specific requirements of Government Code Section 29089, the adoption of the budget may be accomplished by a resolution in which the final budget document is adopted by reference, as provided for by Government Code Section 29090.

**NOW, THEREFORE, IT IS RESOLVED AND ORDERED** that the amounts as set forth in the final budget document for Expenditures, Revenues, Reserves and Interfund Transfers are the adopted final budget for the Sacramento County Water Agency for Fiscal Year 2003-04, for each and every operating fund zone of said Sacramento County Water Agency whose affairs and finances are under the supervision and control of the Board of Directors. The total appropriations for expenditures and inter-fund transfers (all zones) are **\$82,176,551**.

**BE IT FURTHER RESOLVED AND ORDERED** that the Director of Finance be directed to and is hereby authorized to transfer funds and adjust the reserve accounts in the budget adopted herewith.

On a motion by Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, the foregoing resolution was passed and adopted by the Board of Directors of SACRAMENTO COUNTY WATER AGENCY this 29th day of September, 2003, by the following vote, to wit:

- AYES: Directors,
- NOES: Directors,
- ABSENT: Directors,

\_\_\_\_\_  
Chair of the Board of Directors  
Sacramento County Water Agency  
Sacramento County, California

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Directors

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, ADOPTING THE FISCAL YEAR 2003-04 FINAL BUDGET FOR THE GENERAL FUND UNDER THE SUPERVISION AND CONTROL OF THE BOARD OF SUPERVISORS**

**WHEREAS**, all necessary estimates of Revenues, Expenditures, Interfund Transfers, and Reserves for the 2003-04 Fiscal Year were prepared and filed; the proposed budget was printed, and hearings thereon were noticed and held as required by Chapter I of Division 3, Title 3 of the Government Code (Section 29000 et seq.); and

**WHEREAS**, this Board has made such revisions of, deductions from and increases or additions to said proposed budget as it deemed advisable, all such increases or additions having been proposed in writing and filed with the Board of Supervisors prior to the conclusion of said hearings on September 29, 2003; and

**WHEREAS**, all proceedings required by law have been duly had and regularly taken concerning the adoption of the final budget for the County of Sacramento for the fiscal year commencing July 1, 2003; and

**WHEREAS**, the final budget document contains the specific requirements of Government Code Section 29089, the adoption of the budget may be accomplished by a resolution in which the final budget document is adopted by reference, as provided for by Government Code Section 29090.

**NOW, THEREFORE, IT IS RESOLVED AND ORDERED** that the amounts as set forth in the final budget document for Expenditures, Revenues, Reserves and Interfund Transfers are the adopted final budget for the County of Sacramento for Fiscal Year 2003-04 for the General Fund of said County of Sacramento whose affairs and finances are under the supervision and control of the Board of Supervisors. The total appropriations for expenditures and Interfund Transfers are: **\$1,789,911,892.**

**BE IT FURTHER RESOLVED AND ORDERED** that the Director of Finance be directed to and is hereby authorized to transfer funds and adjust the reserve accounts in the budget adopted herewith.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, this 29th day of September, 2003, by the following vote, to wit:

- AYES: Supervisors,
- NOES: Supervisors,
- ABSENT: Supervisors,

\_\_\_\_\_  
Chair of the Board of Supervisors  
of Sacramento County, California

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors

# RECOMMENDED FISCAL YEAR 2003-04 FINAL BUDGET

## COUNTY OF SACRAMENTO CALIFORNIA

For the Agenda of:  
September 2, 2003  
2:00 p.m.

To: Board of Supervisors  
From: County Executive  
Subject: Recommended Fiscal Year 2003-04 Final Budget  
Contact: Geoffrey B. Davey, Chief Financial Officer, 874-5803

### RECOMMENDATIONS:

1. Receive and file this report on the reconciliation of the County's Fiscal Year 2002-03 actual expenditures, revenues, carryover and fund balances (as detailed for General Fund departments in Attachment I and the attached Fiscal Year 2003-04 Final Budget Schedules), certain other recommended changes to the Proposed Budget, and our assessment of the impacts of the enacted Fiscal Year 2003-04 State Budget on the County of Sacramento.
2. Consider, subject to final adoption of the budget, increasing the General Fund's "General Reserve" by \$17,456,123, an amount equal to the aggregate improved Fiscal Year 2002-03 carryover/fund-balance for General Fund departments (\$10,764,124) plus the non-departmental fund balance (\$6,691,999) as outlined in Attachment II, rather than considering those one-time funds as a financing source for additional Fiscal Year 2003-04 expenditures. Also consider, subject to final adoption of the budget, establishing a policy to restrict the use of the additional General Reserve amounts to the departments that generated them, beginning with use of these funds to mitigate against categorical reductions included in the Fiscal Year 2003-04 State Budget.
3. Continue the Fiscal Year 2003-04 Final Budget hearings until Monday, September 29<sup>th</sup> at 9:30 a.m.

### BACKGROUND:

On June 20, 2003, the Board of Supervisors adopted the 2003-04 Proposed Budget for Sacramento County. The proposed budget gives the spending authority to county departments for the months of July, August, and September, and is replaced by a final budget no later than October 2<sup>nd</sup> each year.

Sacramento County faced an extraordinarily budget cycle for the 2003-04 Fiscal Year. The ultimate adoption of the Proposed Budget was the culmination of several steps where our large General Fund budget problem was identified and acted upon:

- In the September 2003 Final Budget Hearings for Fiscal Year 2002-03, we presented a budget forecast for the Fiscal Year 2003-04 which predicted a funding gap in the General

Fund of at least \$30.0 million which would likely be increased by implementation of the retirement benefit enhancements, state budget actions, and any budget augmentations in the hearings above the Fiscal Year 2002-03 base budget.

- At the Fiscal Year 2002-03 Midyear Budget Report on February 4, 2003, we presented to the Board of Supervisors a revised budget forecast predicting a funding gap in the General Fund of \$69.5 million, which included the projected costs of anticipated retirement enhancements and some state budget impacts proposed by the Governor in his January 2003 Proposed State Budget. The budget forecast stated that the funding gap would likely be increased by additional state budget actions, due to the enormity of the State's projected funding gap, which was then projected to be in excess of \$30.0 billion.
- At the Midyear Budget Report, preliminary general-purpose financing allocations were approved for General Fund Departments. In effect, each elected department head and the five county agencies were given a bottom line net cost target within which to build their budgets. Agency administrators were delegated the responsibility of determining a recommended preliminary allocation for the departments (other than those with elected department heads) from their agency's overall preliminary allocation.
- The other key change in the annual budget process was the provision of a structural framework for making resource allocation decisions. Soon after the presentation of the budget forecast, the Board of Supervisors adopted a policy statement of the obligations and discretionary priorities for the County. The mandated obligations and the priorities serve as a guide for the application of any available discretionary financing. The adoption of the obligation and priority statements, and early allocation of the county's resources were key changes in the budget process for Fiscal Year 2003-04.
- In preparing their Fiscal Year 2003-04 budget estimates, the departments had to tie their net cost to the preliminary funding allocations given to them early in the process. Departments were asked to identify which current programs would be funded within their allocations and those programs which would not be funded due to the limited funding available, utilizing the approved obligation and priority statement as a policy guide. Once budgets were submitted and reviewed for accuracy by the County Executive's Office, a series of budget workshops were held before the Board of Supervisors. These workshops were an integral part of the 2003-04 budget process because at this time the Board and the public were made aware of the consequences of operating with the funding targets (operating within the County's projected available resources).
- Between the time of the initial budget forecast and preparation of the County Executive's initial recommendations for the Proposed Budget Hearings, we identified many changes to the county's General Fund budget status, including both cost changes and financing changes. These adjustments resulted in an overall funding gap of \$100.8 million. This included a slightly lower (\$58.2 million) local funding gap, and an addition \$42.6 million problem caused by assumed state actions, which went beyond those identified by the Governor in January.

- In the period of time between the drafting of the initial budget documents for the hearings and the drafting of the final transmittal report for the Recommended Proposed Budget, we identified \$20.3 million in additional financing and cost reductions which could be used for additional funding of obligations/mandates not included in the initial budget recommendations and to restore funding to high priority discretionary programs. Of the \$20.3 million in restoration funding, approximately \$9.0 million resulted from the Board's approval on May 13<sup>th</sup> of a plan to restructure our pension bond debts. A total of \$5.8 million was derived from tobacco litigation settlement proceeds. However, one-half of that amount was from the restricted proceeds of the Tobacco Litigation Settlement debt issue for use only by tax exempt community organizations and was not available for direct use by county departments.
- The County Executive recommended that the \$20.3 million in additional financing be used to fund \$5.1 million in high-priority additional requests (including \$3.3 million in new labor costs for unexpected COLA's for county employees), and \$15.2 million in restorations of programs originally unfunded in the preliminary budget allocations. A total of \$8.58 million in additions/restorations of mandated programs, and \$11.72 million in restorations of discretionary programs was recommended. These recommendations resulted in the funding of 179.0 positions, which had previously been recommended for deletion. The restorations of discretionary programs were split 60.0 percent for Law Enforcement and 40.0 percent for Safety Net/Prevention Programs, to reflect the Board's 1<sup>st</sup> and 2<sup>nd</sup> approved priority areas. The restored monies within Law Enforcement were spread among the District Attorney's Office, Probation Department and Sheriff's Department, based upon a criminal justice system analysis of the workload/costs of those programs funded by the County.
- The original restoration recommendations were supplemented by the addition of \$0.5 million in last minute-funding recommendations that restored another 4.5 positions.
- During the Proposed Budget Hearings, further funding options totaling \$9.8 million were identified and recommended for consideration of the Board of Supervisors. These recommendations involved recognizing additional Temporary Assistance to Needy Families (TANF) (welfare) incentive revenue and TANF base revenues (adjustment for correction of the earlier proposed "negative premise" assumption), increasing the transfers of hotel tax to the General Fund by \$0.5 million, and the recognition of certain other miscellaneous revenue. The TANF revenues were used to both restore funding to some programs and to supplant general purpose financing support of other programs. The recommended changes using the TANF revenues avoided immediate layoffs in the Human Assistance Department (DHA), avoided reductions to certain high priority safety net and prevention programs, and allowed for maintaining reserves/contingencies in the General Fund. The Board adopted the additional revenue and spending recommendations with minor revisions.

## DISCUSSION:

### **I. State Budget Update**

On Sunday July 27, the State Senate passed a budget bill, Assembly Bill (AB) 1765, with minimal detail and/or debate by a vote of 27 to 10, the bare two-third's majority required. The Senate version of the budget contained significant reductions/impacts to counties and cities to allow passage of a balanced budget with few new taxes. Of particular surprise, was the fact that the Senate budget contained approximately \$300.0 million in local law enforcement spending/funding reductions. Included were the repeal of booking fees for counties, and significant reductions to the Community Oriented Policing Strategies (COPS) and Juvenile Probation funding programs, as well as the California Multijurisdictional Methamphetamine Enforcement Team (Cal-METT), High-Tech Crimes and Vertical Prosecution grant programs. The budget then moved over to the Assembly for consideration on Monday, July 28<sup>th</sup>. After setting a record for the single longest legislative floor session in the State's history, the Assembly finally broke a twenty-six hour deadlock on July 29th and approved the Budget Bill on a 56 to 22 vote. Two of the most significant law enforcement funding reductions for Sacramento County, the booking fee repeal and reduction to the Cal-METT grant program, were rejected by the Assembly. However, the Senate's action to pass on one-quarter of the State's Federal Sanctions (for failing to implement a statewide child support collection system) was approved by the Senate. This item will impact Sacramento County by \$2.294 million in Fiscal Year 2003-04 (which was not anticipated in our Approved Proposed Budget).

The Assembly added five bills to the budget package. These measures will have to go back to the Senate in late August for concurrence before the Governor can act on them. The five bills that the Assembly added to the Senate's budget package, plus the \$38.0 million cost of not acting on the booking fee bill put the total budget deal about \$232.0 million out of balance.

Otherwise, the State Budget enacted by the Legislature and signed by the Governor (before consideration of the Governor's line-item vetoes) does not include any taxes that must be approved by the Legislature. It does assume the increase in Vehicle License Fees (VLF) previously enacted through the trigger mechanism contained in the original VLF reduction bill and assumes that the Manufacturers' Investment Tax Credit will be allowed to sunset. The budget assumes that the state will issue \$10.7 billion in deficit retirement bonds to be repaid out of existing resources. The bonds will be repaid through a complex transaction insiders call the "triple flip." This transaction shifts ½ cent of local governments' sales tax rate (the "Bradley-Burns" rate) to the State; shifts property taxes from K - 14 education to cities and counties to replace lost sales tax revenues on a dollar for dollar basis; and reimburses schools for lost property tax moneys out of the state's General Fund. Contrary to some reports, the "triple flip" does not attempt to address the so-called fiscalization of land use - the preference of some local governments for sales tax generating land uses. Cities and counties will be reimbursed with property tax dollars based on the amount of sales tax they would have received under current law. The "triple flip" will be reversed once the deficit bonds are retired. The budget assumes that the state receives \$680.0 million in Fiscal Year 2003-04 and thereafter in contributions from tribes that engage in gaming activities. The State Budget also assumes revenues from previously authorized pension obligation bonds and the sale of additional bonds backed by the state's payments from the national settlement between the tobacco industry and the states.

The State Budget eliminates the VLF backfill payments to counties and cities. These backfill payments will be eventually made up with revenues from the restored VLF rates paid by car owners. However, there is a "gap" of approximately 90 days between the end of backfill payments and the point when car owners will begin to pay higher fees, which is the source of the single largest impact to counties and cities from the adopted State Budget (approximately \$750.0 million statewide). The budget treats the so-called VLF "gap" for counties and cities as a loan that would be repaid in Fiscal Year 2006-07, and ensures that county realignment programs will be fully funded despite the VLF "gap". The budget uses the \$2.2 billion the State received in fiscal relief from the federal government to cover costs in Fiscal Years 2002-03 and 2003-04 (including offsetting the VLF "gap" for the Realignment Sales Tax revenues).

Other local government-related provisions include a one-time \$135.0 million transfer from Redevelopment Agencies (RDAs) to schools. RDAs would be prohibited from using low- and moderate-income housing funds to make the transfer and the parent cities or counties of RDAs are authorized to make the transfer in lieu of all or part of that required by a RDA. The budget defers or suspends state payment for most mandated programs.

The State Budget achieves \$384.0 million in savings from child care programs by reducing funding for after school programs (\$7.0 million), reducing provider regional market rates (\$82.0 million), assuming lower enrollment in CalWORKs' Stage 3 (\$57.0 million), using federal TANF dollars for Stage 2 (\$119.0 million), reducing the age limit so that subsidies are only available to children under the age of 13 (\$16.0 million), reducing the Alternative Payment Provider administrative rate by 1.0 percent (\$12.0 million), and eliminating Quality Improvement Technical Assistance spending (\$5.0 million), among other changes.

The State Budget makes a number of changes to health care programs, including a 5.0 percent reduction in Medi-Cal provider reimbursement rates that excludes long-term care and hospital inpatient and outpatient services; rejects the elimination of so-called Medi-Cal optional benefits, but includes cost containment efforts in the area of dental, hearing aids, and durable medical equipment; shifts the accounting treatment of Medi-Cal expenditures from accrual to cash to reflect a reduction in Fiscal Year 2003-04 expenditures of \$930.0 million; and includes \$46.0 million to fund the Supplemental Wage Rate Adjustment program that provides supplemental payments to nursing homes in Fiscal Years 2002-03 and 2003-04, this program had been previously eliminated in bills enacting mid-year reductions. The budget assumes that the cost-of-living adjustment for long-term care facilities will be suspended in Fiscal Year 2004-05. The budget agreement imposes a new "quality improvement assessment fee" that will be imposed on Medi-Cal managed care plans and Intermediate Care Facilities for the Developmentally Disabled. Proceeds of the fee will be used to draw down federal funds and will be returned to health care providers in the form of higher reimbursement rates.

The approved State Budget retains June 2003 cost-of-living adjustments (COLAs) for the Supplemental Security Income/State Supplemental Program (SSI/SSP) and CalWORKs programs, but suspends Fiscal Year 2003-04 COLAs. The budget does not reduce current grant levels. Other social service changes include shifting \$11.0 million of federal TANF dollars from CalWORKs to Child Welfare Services; authorizing State participation in the federal transitional food stamp program (this change is expected to provide Californians with \$70.0 million in food stamps at an estimated state cost of \$2.5 million). The budget shifts a total of \$56.0 million from the Employment Training Panel to support CalWORKs' employment services costs.

The State budget imposes new and increased court filing fees to result in \$150.0 million in General Fund savings for trial court funding. The budget also eliminates the Office of Criminal Justice Planning (OCJP), high technology grants to local law enforcement (\$18.5 million), and Rural County Law Enforcement Grants (\$18.5 million) and makes a number of reductions in corrections spending totaling approximately \$110.0 million. Funding for COPS and Juvenile Justice Crime Prevention grants is reduced by \$32.0 million statewide.

The State Budget makes a number of complex fund shifts and loans from transportation programs to the General Fund, including transferring \$856.0 million in Proposition 42 funds to the General Fund and deferring the repayment of a loan from the Transportation Congestion Relief Fund to the General Fund. The agreement also increases truck weight fees by about \$160.0 million to make up for a shortfall created by a prior measure that inadvertently resulted in a reduction in total fee revenues.

Finally, the State budget achieves \$40.0 million in General Fund savings by reducing funding for various housing programs and shifting these programs to the proceeds of Proposition 46 bond funds. The Senate package restores \$1.3 million for Emergency Housing Grants proposed for reduction in the Governor's January budget.

## II. The Governor's "Blue Pencil" Line-Item Vetoes

The Governor's line-item vetoes were limited to about \$1.0 million overall and mostly involve error corrections/deletions of language rather than deletion of funding.

Of interest, the line-item vetoes included: vetoing the intent language to fully reimburse Stanislaus County for the costs of the Lacy Peterson trial, an error correction of \$12.1 million in mental health managed care funds to arrive at the correct amount to accomplish the intended 5.0 percent reduction in those costs, and a veto of the Assembly's \$500,000 reduction to the Governor's redevelopment fund transfer from local redevelopment areas. Otherwise, there is little else in the line-item vetoes that appears to potentially impact counties. As such, for the most part, our impacts from the approved State Budget are primarily due to the items included in the budget bill before the blue-pencil vetoes, as described above.

## III. General Fund Fiscal Year 2002-03 Year-End Results

The Approved Fiscal Year 2003-04 Proposed Budget for Sacramento County relied upon estimates of year-end carryover/fund balance for the General Fund and all other funds. In the General Fund, the year-end estimate included in the Proposed Budget was \$48.059 million, of which \$21.7 million was estimated in aggregate by the departments for their operational carryover, and \$26.35 million was projected for non-departmental fund balance related to either general purpose revenue improvement and/or non-departmental expenditure savings. The Fiscal Year 2002-03 books closed on July 28, 2003 after all year-end transactions were completed. The unaudited year-end results indicate that actual total General Fund Balance/Carryover is \$62.12 million, an improvement of \$14.06 million. The General Purpose financing improvement was approximately \$6.5 million of that amount, the remainder was year-end carryover improvements in departmental operations. Almost every department had an improvement to their year-end carryover, only the six departments/budget units had results worse than anticipated. The



departments who experienced decreased carryover compared to their earlier estimate have tentative adjustments to their spending plan to balance their budgets. These departments include the:

- Agricultural Commissioner: \$11,947 (services and supplies)
- Animal Care: \$142,010 (3.0 vacant Full Time Equivalent [FTE] positions)
- Civil Service Commission: \$3,237 (services and supplies)
- Coroner: \$61,628 (increased fees)

Certain budget units that reflect mandated countywide costs also came in with lower/negative carryover balances, such as In-Home Support Services (IHSS) Provider Payments and Juvenile Medical Services. These budget units will require additional General Purpose financing allocation for Fiscal Year 2003-04 to offset for the lower/negative carryover,

Attachment I reflects the Fiscal Year 2003-04 year-end results for General Fund departments, and related appropriations and allocation reductions. These appropriation changes in this attachment also reflect the reallocation of funds centrally budgeted in the Proposed Budget for employee COLAs that are being re-allocated to the individual departmental budget units for the Final Budget.

**IV. Recommended Increase to General Fund “General Reserve”**

The Office of Budget & Debt Management recommends that the additional carryover for most General Fund departments (\$10,764,124), as well as the additional non-departmental fund balance (\$6,691,999), be added to the General Reserve as a financing source for future years. The total increase to the General Reserve would be \$17,456,123. This recommendation may be modified by recommended adjustments related to the State Budget impacts at the September 29<sup>th</sup> budget hearing. We will provide your Board with a comprehensive multiyear budget outlook at the Fiscal Year 2003-04 Midyear Budget hearing in early February 2004, but certain known cost increases (IHSS, Employer Retirement contributions, Employee Salary and Benefit increases, etc.) are likely to create budget stress for Fiscal Year 2004-05. Furthermore, due to the extensive use of one-time fixes to resolve the State Budget, and the extensive use of one-time financing sources in our General Fund budget for Fiscal Year 2003-04, it is likely that the County will face extraordinary General Fund budget pressures next year. Following is a list of the large one-time/short-term financing used by the County to balance the Fiscal Year 2003-04 General Fund budget:

1990 COP's variable to fixed SWAP Proceeds from Bank of America	\$11.0 million
Refinancing of Main Jail	5.4 million
Additional Life Insurance Rebate Proceeds	1.5 million
Use of Retained Earnings in Fleet Fund	2.0 million
Use of Retained Earnings in Liability Fund	2.0 million
TANF Incentive Funds used to restore programs	7.0 million
Pension Bond Restructuring (3-year reduction)	10.0 million
Miscellaneous	2.0 million
<b>Total</b>	<b>\$40.9 million</b>

As such, except for mitigating against the Fiscal Year 2003-04 State Budget impacts, we will not recommend utilization of these additional carry-over/financing amounts for Fiscal Year 2003-04 to finance additional expenditures. Rather, we recommend use of these additional carryover/fund balance amounts to increase the amount of the County's General Fund General Reserve.

In order to maintain faith with departments regarding their successful efforts to increase savings for year-end such that the funds would be available to their departments for future funding, we further recommend that the overall reserve increase be traceable back to the departments that generated it, and conceptually reserved for their future use in Fiscal Year 2004-05 or beyond. This recommendation is consistent with the revised budget policies your Board approved in February 2003 at the Midyear Budget hearing. Attachment II outlines the tentative reserve increase recommendation, and the traceable amounts for each General Fund department. It is anticipated that these amounts will be amended in the supplemental Final Budget recommendations that we will transmit to your Board for the September 29, 2003 Final Budget hearing, to account for draw down of improved carryover for those departments that have State Budget impacts, as well as for the non-departmental fund balance amount, to draw down for any increased countywide mandated costs (IHSS, Recall Election, etc.).

**V. Anticipated Fiscal Year 2003-04 Funding Shortfalls Caused by Approved State Budget & Certain Local Funding Issues**

At this time, we have identified a total of \$17.5 million in state budget impacts, when combined with \$3.95 million in certain local funding issues, aggregates to a total General Fund shortfall for Final Budget of \$21.45 million.

The State Budget impacts are:

Departmental	Amounts Expressed In Millions	Notes
Sheriff's Booking Fees	\$0.0	Senate cut rejected by Assembly, likely to come back next year.
COPs-Sheriff	0.320	Estimate of \$16.0 million statewide cut.
COPs-DA	0.102	Estimate of \$16.0 million statewide cut.
Juvenile-Probation	0	\$16.0 million statewide cut, impact to Probation estimated at \$579,000, commencing Fiscal Year 2004-05.
Sheriff's Cal-Mett Grant	0	Senate cut rejected by Assembly.
Sheriff's High Technology Grant	0	Grant program eliminated, but applies only to \$400,000 equipment acquisition, which Sheriff's Department has agreed to defer.
DA's Vertical Prosecution Grants	0.443	Three OCJP vertical prosecution grant programs reduced by 50.0 percent
<b>Non-Departmental</b>		
VLF "Gap" caused by end of backfill 90 days before tax increase effective	13.500	Estimate of \$5.0 million monthly impact for three months, 10 days of impact already built into Fiscal Year 2002-03 actuals (for June 20-June 30).
Child Support Sanction (for failure to implement statewide computer system)	2.294	This must be paid to the State as a County General Fund cost.
Court Fee Revenue transfer	0	\$31.0 million statewide transfer, commencing Fiscal Year 2004-05, our share \$1.0-\$3.0 million.
CalWORKs COLA	0.400	COLA reinstated by Legislature, not included in our 2003-04 Proposed Budget.
Local Redevelopment Funds Transfer to State General Fund	0	No impact to General Fund unless General Fund back-fills loss to redevelopment areas.
<b>Subtotal</b>	<b>\$17.056</b>	Total approximate State Budget impact.

The local budget issues are:

Issue	Amounts Expressed In Millions	Notes
Transient Occupancy Tax (TOT) negative fund balance	\$0.915	Fund balance estimate for Proposed Budget relied upon comparison of projected revenues vs. original budget before Measure H approved.
Recall Election Costs	1.5	Although efforts underway to seek state reimbursement, outlook for reimbursement is pessimistic given State's Budget problems.
IHSS Revenue Adjustment	0.4	Revision to amount of state subvention revenue for IHSS program to correct amount.
IHSS increased labor costs	0.216	Recent settlement with IHSS workers calls for increased medical insurance costs.
DHA CalWORKs appropriations below Maintenance Of Effort (MOE) requirement-must be restored	1.148	During Proposed Budget hearings, reductions to CalWORKs administrative programs, including supplanting of costs with TANF incentive revenues and savings from Pension Bond restructuring reduced our County share of cost for the CalWORKs program below the MOE set by state regulations.
<b>Subtotal Local Issue Impacts</b>	<b>\$4.179</b>	
<b>Grand Total Final Budget Impacts</b>	<b>\$21.235</b>	<b>Combined State and Local impacts</b>

Normally, such a large budget shortfall for the Final Budget would necessitate painful reductions to our discretionary programs in order to bring the budget back in balance. However, since adoption of the Proposed Budget in mid-June, staff of the Office of Budget & Debt Management, in anticipation of expected state budget impacts, have worked diligently to produce additional one-time revenue sources/cost offsets to assist with the re-balancing of the budget for Final Budget so as to avoid the need for reductions, if possible. In addition, as described earlier, our Director of Finance "closed" the financial accounting for Fiscal Year 2002-03 in late July, and our preliminary findings are that our General Fund departments saved additional amounts above and beyond their required savings and projected carryover amounts, resulting in an additional carryover that can be used as a one-time financing source for Fiscal Year 2003-04 for either offsetting state budget impacts and/or adding to our General Reserve.

**State Budget Transfers of Redevelopment Area Funds**

Regarding the \$135.0 million redevelopment funds transfer to the State, Senate Bill (SB) 1045 trailer bill, the Sacramento Housing & Redevelopment Agency (SHRA) has advised us that there will be no fiscal impact to the County general fund. The impact from this reduction is anticipated for one year with the payment due from the SHRA to the State on May 10, 2004. The total SHRA share is expected to be about \$1.5 million with most of it due from City of Sacramento redevelopment areas. The impacts to the unincorporated area redevelopment areas are estimated at:

- Mather-\$66,000
- McClellan - \$0
- Walnut Grove - \$2200
- Auburn Blvd. - \$500
- Franklin Blvd - \$37,000
- Stockton Blvd. \$19,100

Each of these project areas has sufficient cash flow to handle these payments, although the payments to the State will reduce funds for projects in the redevelopment areas. Since the payments are due next fiscal year, SHRA will include them in their 2004 proposed budget.

**VI. Additional CalWORKS/TANF-Incentives Funding for Department of Human Assistance**

During the Proposed Budget hearings, two significant assumptions were made concerning state funds available during Fiscal Year 2003-04 for the DHS:

- \$6.0 million in CalWORKs Administration funds associated with an anticipated adjustment favoring Sacramento County to offset an earlier reduction for the so-called “negative premise.
- \$7.0 million (approximately) in unspent, remaining TANF “incentives” funds at the end of Fiscal Year 2002-03 that would be available to fund TANF-eligible programs during Fiscal Year 2003-04.

During the Proposed Budget hearings, only one-quarter (1/4) of the \$6.0 million in CalWORKs Administration funding was budgeted, to cover 3 months’ worth of expenditures/staffing. It was determined that this assumption would be re-evaluated at Final Budget, and a decision made at that time whether to budget the remaining \$4.5 million in assumed additional funding for the remainder of the year. Preliminary assessment of the funding in the approved State Budget for the CalWORKs program, based upon later determination by the California Welfare Directors’ Association in conjunction with the State Department of Social Services, is that there will be a total of approximately \$7.4 million (annualized) of additional funding for Fiscal Year 2003-04, or \$1.4 million (annualized) more than the earlier \$6.0 million assumption.

With regard to the TANF “incentive” funds, our preliminary assessment is that TANF incentive funds during Fiscal Year 2002-03 were underspent by approximately \$2.0 million (due to the need to shift fewer dollars to offset for CalWORKs expenditures because of higher than

anticipated CalWORKs funding during Fiscal Year 2002-03). In addition, the amount of TANF incentive funds “borrowed” by the State to balance the State’s budget was approximately \$4.0 million less than anticipated, resulting in approximately \$6.0 million in additional TANF incentive funds being available for Fiscal Year 2003-04.

**VII. Summary of Fiscal Year 2003-04 Recommended Final Budget**

The following table summarizes the Recommended Final Budget for the General Fund:

<b>2003-2004 Recommended Final Budget</b>						
<b>(amounts expressed in millions)</b>						
	<b>Appropriation</b>	<b>Revenue</b>	<b>Net Cost</b>	<b>Carry-Over</b>	<b>Allocation</b>	<b>Percent of Allocation</b>
<b>LAW AND JUSTICE</b>						
Sheriff	\$255.4	\$147.4	\$108.0	\$0.3	\$107.7	24.3
Court	44.0	7.9	36.1	0.1	36.0	8.1
District Attorney	50.8	18.8	32.0	2.3	29.7	6.7
Probation	72.0	38.2	33.8	5.0	28.8	6.5
Medical – Institutions	34.8	23.6	11.2	0.4	10.8	2.4
Public & Conflict Defense	25.2	1.0	24.2	0.7	23.5	5.3
Other Law & Justice	9.1	1.3	7.8	0.7	7.1	1.6
Centrally Budgeted Labor	7.0		7.0		7.0	1.6
<b>Subtotal</b>	<b>\$498.3</b>	<b>\$238.2</b>	<b>\$260.1</b>	<b>\$9.5</b>	<b>\$250.6</b>	<b>58.3</b>
<b>HUMAN SERVICES</b>						
Human Assistance-Payments	\$366.7	\$308.5	\$58.2		\$58.2	13.1
Human Assistance-Admin	230.9	210.1	20.8	1.5	19.3	4.4
Health & Human Services	396.6	373.8	22.8	7.0	15.8	3.6
IHSS Provider Payments	42.5	32.5	10.0	(0.5)	10.5	2.4
Health Treatment Account	38.3	25.1	13.2	(2.5)	15.7	3.5
Child Support	33.7	33.7	0.0	0.1	(0.1)	0.0
<b>Subtotal</b>	<b>\$1,108.7</b>	<b>\$983.7</b>	<b>\$125.0</b>	<b>\$5.6</b>	<b>\$119.4</b>	<b>27.8</b>
<b>Community &amp; Neighborhood General Government / CFO / Elected</b>	\$41.7	\$29.2	\$12.5	\$4.6	\$7.9	1.8
<b>Human Resources Agency</b>	\$80.4	\$36.9	\$43.5	\$6.4	\$37.1	8.4
Contingencies	\$18.0	\$9.6	\$8.4	\$3.2	\$5.2	1.2
General Reserve	5.0		5.0		5.0	1.1
Carryover Reserve	6.7		6.7		6.7	1.5
<b>Total Departmental</b>	<b>\$1,769.6</b>	<b>\$1,297.6</b>	<b>\$472.0</b>	<b>\$29.3</b>	<b>\$442.7</b>	<b>100.0</b>

The total requirement for departmental appropriations and the recommended reserve increases is \$1.77 billion. Over 90.0 percent of total appropriations (spending) is for criminal justice and human services programs. All other programs, the contingency, and the reserve increases amount to less than 10 percent of the total appropriations. Just over 86.0 percent of the general purpose financing is allocated to criminal justice and human services programs. And most of the

general government and human resources programs provide support to the human services and criminal justice programs.

The financing for the expenditures and reserve increases may be summarized:

Departmental Revenue	\$1,297.6	73.3 percent
Carryover	29.3	1.7 percent
General Purpose Financing	442.7	25.0 percent
<b>Total Financing</b>	<b>\$1,769.6</b>	<b>100.0 percent</b>

Over 73.0 percent of the financing comes from departmental revenues which predominately come from state and federal sources. Carryover of \$29.3 million is under 2.0 percent of total financing but is available for discretionary use.

The general purpose financing is not dedicated to any specific program or function. The general purpose financing makes up 25.0 percent of overall financing in the General Fund and consists of revenues, transfer in from other funds, and reserve changes. Certain expenditures, such as interest expense on the annual cash flow borrowing and tax collection fees, are netted against the financing sources. Adjustments to the general purpose financing estimates, including addressing of the VLF “gap” will be presented to the Board of Supervisors on September 29<sup>th</sup>.

**VIII. TOT Fund Negative Fund Balance/Revenue Forecast Error**

The Fund Balance for TOT Fund decreased by \$913,480 from Proposed Budget due to less than anticipated tax collections and incorrect year-end estimates at proposed budget. After the passage of Measure H last year, the budgeted tax revenues were increased by \$889,000 (from \$8,253,401 to \$9,142,401). In March 2003, estimated revenue was reduced by \$200,000, using the Contingency appropriation as an offset, in light of reduced actual tax revenue collections. However, at proposed budget, year-end estimates for Fiscal Year 2002-03 were calculated based on the original budgeted revenue amount of \$8.2 million. The calculation should have been made at the higher amount and would have revealed the \$900,000 decrease. The actual tax collections for Fiscal Year 2002-03 were \$8,065,068 (more than \$1.0 million less than was budgeted).

The TOT Fund for Final Budget reflects a negative cost of \$913,480.

**IX. Fiscal Year 2002-03 Year-End Results for Other Funds**

- **Community Services Fund**

The fund balance for the Community Service Fund was \$148,481 greater than had been estimated. For the Final Recommended Budget a transfer from the General Fund to this Fund has been reduced by \$148,481. The contribution to the General Reserve of additional carryover from the Human Assistance Department has been increased by the \$148,481.

- **Economic Development Fund**

There has been an increase of \$1.2 million in both requirement and financing in the Economic Development Fund with no change in the General Fund or TOT Fund contributions. Fund balance decreased by \$0.3 million due to lower than anticipated 2002-03 revenues. A \$1.5 million increase in revenues is due to anticipated Mather property sales and rebudgeting of prior year revenues. There is an operating expenditure increase of \$0.5 million funded with the increase property sales. There is also a reserve increase of \$0.7 million reflecting a loan to General Services for a McClellan remodeling project. As the loan is repaid, the financing will come in the form of a reserve release.

- **Tobacco Litigation Settlement Fund**

Fund Balance decreased by \$2,217,300 due to the requirement that the County only recognize revenue up to the point of annual expenditures in County operated programs and due to increased claiming from both county programs and community based organizations from the level anticipated at Proposed Budget. The revenue estimate has increased by \$1,857,232 to reflect the new revenue recognition practice.

- **Teeter Fund**

The Teeter Plan of Tax Apportionment resulted in a higher than anticipated gain for the County in the 2002-03 Fiscal Year and a higher fund balance. An unbudgeted transfer to the General Fund was made at the end of the fiscal year, which was used in a year-end clean up budget adjustment to augment appropriations in several General Fund Budget Units.

- **Golf Fund**

The Fund Balance for the Golf Fund decreased by \$178,770 due to unanticipated settlement expenses and inventory over-expenditure at two County golf courses. A reserve release has been budgeted for 2003-04 to offset the negative fund balance. There will still be a balance of \$1,009,814 in the reserve after this release.

- **Insurance Funds**

There have been no significant changes to the Workers’ Compensation, Liability/Property, Dental, or Unemployment Insurance funds. Therefore, there have been no changes to these funds’ charges to County departments.

In the Liability/Property Insurance Fund, actual payments for settlements and judgments in Fiscal Year 2002-03 were well below that year’s budgeted level, resulting in an increase in retained earnings of approximately \$7.5 million. Use of \$4.0 million of this fund’s retained earnings was included in the 2003-04 Proposed and Final Budgets. Given the low level of reserves in this Fund and the large number of potential cases, which may be resolved over the next two years, we recommend no further use of retained earnings.

#### X. Fiscal Year 2002-03 Year-End Results for Capital Construction Fund

The Capital Construction Fund (CCF) typically budget projects based on anticipated expenditures. Often the design and engineering is not completed within a single fiscal year after the project is authorized. If large construction projects are awarded late in the fiscal year, the contracts encumber funds in CCF. Those encumbered funds have a significant effect on the fund balance. When a large project is financed, CCF typically provides the financing for the expense and receives reimbursement for those expenses. Since the revenue is received in arrears, the revenue is not listed as a balancing entry for the encumbrance. This may have the effect of creating a large negative fund balance.

In Fiscal Year 2002-03, two significant projects were awarded late in the fiscal year, the Juvenile Courthouse and Visitor Center (\$27.1 million), and the Warren E. Thornton Youth Center Expansion project (\$7.8 million). As a result of these project awards and other encumbrances, CCF ended the year with a large encumbrance of \$42.6 million, which resulted in a negative fund balance of (\$40,236,851). The 2003-04 Final Budget has been adjusted to account for net reduction of revenue. The Recommended Final Budget was also adjusted to account for the purchase of the Primary Care Center for \$30.5 million. Since we will be receiving reimbursement immediately following the payment, the net effect on the budget is zero, but the appropriation is necessary to complete the transaction. The following is a summary of the major changes from Proposed to Final Budget for CCF.

The Recommended Final Budget has been reduced by approximately \$35.2 million to account for a net reduction of revenue due to the negative fund balance.

#### XI. Fiscal Year 2002-03 Year-End Results for Public Works Agency Funds

The Public Works Agency adjustments to the Recommended Final Budget generally reflect changes resulting from the Fiscal Year 2002-03 Available Fund Balance at year-end. Overall, there is a net increase in appropriations of \$160.0 million.

The most significant changes between the Adopted Proposed Budget and the Recommended Final Budget are a bond issuance in June 2003 for new Water Supply projects totaling \$50.0 million. The projects to be financed by the bonds include selected projects that have been previously approved by your Board.

Effective July 1, 2003, Building Inspection Division reorganized to move its operations of \$13.0 million to an Internal Services Fund (033A) while the revenue will continue to be collected in a special revenue fund. This reorganization is a direct result of the need to track costs in the newly incorporated cities.

County Roads, Roadways, and Transportation Sales Tax increased by \$34.0 million. These funds involve a construction program that is adopted as a long-range plan (five to seven years) and are managed through a series of approved annual expenditure plans. Due to the multiple-year demands of the projects, the annual budget represents the portion of the five to seven year construction plan that can reasonably be accomplished in the current fiscal year. Actual project expenditures generally differ from the budget due to many factors which affect project life cycles, i.e. environmental issues, public discussion, legal opinions, rights-of-way acquisitions,

availability of consultants and contractors, and weather. Consequently, adjustments are almost entirely due to the necessity of rebudgeting for work that was planned, but could not be accomplished in Fiscal Year 2002-03. Similarly, developer special districts had an increase of \$39.0 million.

The Refuse Enterprise Fund had an increase of approximately \$24.0 million. This increase is primarily due to Available Fund Balance and increased Capital Outlay expenditures with offsetting reserve provision reductions.

The changes between the Proposed and Final Budget for the Public Works Agency in the Governmental and Enterprise funds are summarized in Attachment III.

No new positions are requested in the budgetary process for the Public Works Agency for Fiscal Year 2003-04. However, 9.0 positions were added midyear in Fiscal Year 2002-03 for the Department of General Services and 29.0 positions were added July 2003 by your Board for the Department of Water Quality.

#### XII. Fiscal Year 2002-03 Year-end Results for Airports Enterprise

The changes to the Sacramento County Airport System's budget reflect a reduction in maintenance and operation projects and capital projects identified in Proposed Budget. There are 15.0 new positions being requested. The changes include:

- Increase of \$919,950 in salaries which includes three engineering positions which will replace services previously provided by Public Works Agency staff, 6.0 positions added to the custodial staff, 3.0 support staff, and 2.0 support positions at Mather Airport.
- Decrease of \$1,245,050 in Services and Supplies, including maintenance and operation projects, which, includes a \$750,000 reduction in fuel farm clean up assumed by Chevron, a \$500,000 reduction in the contribution to the Downtown Natomas Light Rail/Rapid Transit project (deferred to Fiscal Year 2004-05), a \$200,000 decrease in estimated costs for environmental monitoring and a \$665,428 increase for consulting services relating to master planning, hotel negotiations and financial analysis, as well as miscellaneous adjustments to short-term projects.
- An increase of \$23,317,656 for the Parking Garage, of which \$12,748 is for the sixth floor and \$10,569,656 in reprogrammed of soft costs not yet under contract, and a decrease of \$10,162,391 in non-operating revenues which reflect a shift in financing from federal airport grants to bond proceeds and a reduction in passenger facility charge revenues.
- Final working capital of \$150,858,437 is a \$21,444,525 reduction from Proposed Budget.

#### XIII. Fiscal Year 2002-03 Year-end Results for Special Districts

Following is a brief summary of year-end results for the county's special districts:



- **CSA 4B**

The Fund Balance for CSA 4B increased by \$3,117 due to lower than anticipated expenditures. An expenditure increase of \$3,117 in Contribution to Other Agencies has been budgeted to balance the budget.

- **CSA 4C**

The Fund Balance for CSA 4C has decreased by \$4,275 due to higher than anticipated expenditures, and slightly reduced revenues. An expenditure decrease of \$4,275 will offset the reduced fund balance.

- **CSA 4D**

The Fund Balance for CSA 4D has increased by \$11,068 due to lower than anticipated expenditures and increased revenues. An expenditure increase of \$11,068 in the Buildings/Structures account will balance the budget.

- **Del Norte Oaks Park Maintenance District**

The Fund Balance for the Del Norte Oaks Park Maintenance District has decreased by \$67. An expenditure decrease of \$67 in the Land Improvements account will offset the reduced fund balance.

- **Fish and Game Propagation**

The Fund Balance for Fish and Game Propagation has increased by \$6,902 due to higher than anticipated revenues. An expenditure increase of \$6,962 reflects and increase to the contribution to the Effie Yeaw Nature Center.

- **Carmichael Recreation and Park District**

The Fund Balance for Carmichael Recreation and Park District has increased by \$146,884 due to cost reduction efforts. Revenues have increased \$155,000 due to new program revenues and state funding. An expenditure increase of \$301,884 reflects annual salary and part-time help increases, as well as retirement cost adjustments.

- **Mission Oaks Recreation and Park District**

The Fund Balance for Mission Oaks Recreation and Park District has increased by \$189,140 due to higher than anticipated revenues. Expenditure increases due to retirement cost adjustments and increased auditing costs, as well as increase in the Appropriations for Contingencies will balance the budget.

- **Mission Oaks Maintenance/Improvement District**

The Fund Balance for Mission Oaks Maintenance/Improvement District has increased by \$32,872 due to lower than anticipated expenditures. Reserve releases have decreased by \$29,598 and the Provision for Reserve has increase by \$3,274 due to the increased fund balance.

- **Sunrise Recreation and Park District**

The Fund Balance for the Sunrise Recreation and Park District has increased by \$280,027 due to less than anticipated expenditures. Revenue increases of \$754,620 reflect increased recreation service charges and various fee programs. Expenditure increases of \$1,034,647 reflect increases in health costs, workers compensation, retirement costs and cost of living increases, as well as park acquisition and improvements at various parks, and an increase in the Contingency Appropriation.

#### XIV. Purpose of September 29<sup>th</sup> Final Budget Hearing/Adoption of Budget Resolution

We are completing our assessment of the State Budget impacts to the County of Sacramento Fiscal Year 2003-04 budget, as well as our analysis of possible funding sources to mitigate these impacts and the impacts of the local budget issues. The Legislature's return to session on August 19<sup>th</sup> will result in final actions on the budget trailer bills, and possibly result in the state funding the costs of the October 7<sup>th</sup> Recall Election. It is anticipated that the County Executive will make further recommendations for your consideration, which will be publicly available on September 19<sup>th</sup>, 2003, and discussed by your Board on September 29<sup>th</sup>. Due to the legal requirement to enact a county budget no later than October 2<sup>nd</sup> or 60 days after the Governor's signing of the budget bill (whichever is later), we must adopt our Fiscal Year 2003-04 budget resolution no later than Thursday, October 2<sup>nd</sup>, 2003. Therefore it will be imperative that your Board conclude final budget deliberations by Tuesday, September 30<sup>th</sup>, in order to allow the Department of Finance adequate time to prepare the budget resolution for consideration by your Board on Thursday, October 2<sup>nd</sup>.

Respectfully Submitted,

TERRY SCHUTTEN  
County Executive

GBD/RTF

cc: Robert Ryan, County Counsel; Agency Administrators; Department Heads; County Executive Analysts; Department Administrative/Fiscal Staff

Attachments:

- I. Year-End Results for General Fund departments
- II. Preliminary Final Budget Allocations/General Reserve Increase amounts traceable to departments
- III. Public Works Agency year-end summary/adjustments
- IV. Budget Schedules (binder)



Fund Balance Analysis 2002-03											
Funds Ctr	Department	Adj. Budget 2002-03 Appropriation	Actuals 02-03 Expenditures	Encumbrances 2003-04	Under/ (Over) Appropriations	Adj. Budget 2002-03 Revenues	Actual 02-03 Revenues	Over/ (Under) Est. Revenues	02-03 Budget Unit Savings	2002-03	
										Department Savings	General Fund Savings
<b>CRIMINAL JUSTICE</b>											
4522000	Law Libr	699,803	679,613		20,190	140,000	140,000	0	20,190	20,190	
4610000	Coroner	5,877,490	5,974,252	431	(97,193)	535,900	461,180	(74,720)	(171,913)	(171,913)	
5020000	County Funded Court Prog.	13,692,738	13,949,653		(256,915)	1,449,105	1,449,105	0	(256,915)	(256,915)	
5040000	County Contrib. To Court Ops.	29,521,056	29,292,195		228,861	6,192,363	6,015,413	(176,950)	51,911	51,911	
5050000	Court Pd Cty Svcs	19,869	(63,492)		82,914		269	269	83,183	0	83,183
5510000	Conflict Criminal Defense	10,746,907	8,817,845	7,037	1,922,025	490,660	381,480	(109,180)	1,812,845	0	1,812,845
5660000	Grand Jury	180,974	170,207		10,767			0	10,767	10,767	
5750000	Crim Justice Cab. Support	126,805	126,496	309	0			0	0	0	
5800000	D. A.	54,807,944	50,142,122	284,570	4,381,252	23,012,253	20,952,428	(2,059,825)	2,321,427	2,321,427	
6700000	Probation	79,311,555	71,576,090	3,799,305	3,936,160	39,857,267	40,904,300	1,047,033	4,983,193	4,983,193	
6760000	Care/Inst	1,992,565	1,374,132		618,433	12,025	21,451	9,426	627,859	627,859	
6910000	Pub. Defender	19,193,091	17,845,015	224,594	1,123,482	795,921	505,181	(290,740)	832,742	689,613	143,129
7400000	Sheriff	272,823,941	253,743,531	6,827,329	12,253,081	159,161,697	147,193,119	(11,968,578)	284,503	284,503	
7410000	Correctional Health	24,316,259	26,323,546	231,180	(2,238,467)	18,334,593	18,887,850	553,257	(1,685,210)	(1,685,210)	
	Subtotal Criminal Justice	513,310,997	479,951,205	11,375,202	21,984,590	249,981,784	236,911,776	(13,070,008)	8,914,582	6,875,425	2,039,157
<b>HUMAN SERVICES</b>											
5810000	Child Support Svcs	36,336,842	31,363,679	18,848	4,954,315	36,041,097	31,151,256	(4,889,841)	64,474	64,474	
7200000	Health Svcs	474,080,409	442,211,355	1,527,610	30,341,444	426,349,370	400,354,097	(25,995,273)	4,346,171	6,954,875	(2,608,704)
7230000	Juvenile Medical Services				0			0	0	446,526	(446,526)
7250000	IHSS Provider Payments				0			0	0	(534,071)	534,071
7270000	Health-Medical Treatment Pmt				0			0	0	(2,521,159)	2,521,159
7350000	Medical Systems	943	0	0	943	0		0	943	0	943
8100000	Soc Svc-Admin	291,985,149	257,435,950	1,334,799	33,214,400	256,390,877	224,698,754	(31,692,123)	1,522,277	1,522,277	
8700000	Soc Svc-Assist	371,194,970	343,022,086	142,239	28,030,645	314,215,310	290,758,913	(23,456,397)	4,574,248	0	4,574,248
	Subtotal Human Services	1,173,598,313	1,074,033,070	3,023,496	96,541,747	1,032,996,654	946,963,020	(86,033,634)	10,508,113	5,932,922	4,575,191
<b>ALL OTHER</b>											
2820000	PW CW Svcs	18,500	18,456		44			0	44	44	
3210000	Ag Comm	3,409,375	2,970,590		438,785	2,097,697	1,898,871	(198,826)	239,959	239,959	
3220000	An Care	3,979,532	3,794,830	15,722	168,980	2,033,333	1,968,199	(65,134)	103,846	103,846	
3230000	Finance	19,020,457	17,620,093	10,607	1,389,757	17,639,989	17,932,896	292,907	1,682,664	1,682,664	
3260000	Wildlife Svc	94,224	86,382		7,842	46,542	41,008	(5,534)	2,308	2,308	
3310000	Cooperative Ext	374,887	347,977		26,910	67,493	96,943	29,450	56,360	56,360	
3610000	Assessor	13,498,283	12,205,574	411,789	880,920	7,395,370	8,367,180	971,810	1,852,730	1,852,730	
4010000	Bd of Supv	3,990,002	3,614,769	84,041	291,192	713,300	756,338	43,038	334,230	334,230	
4210000	Civ Svc	373,357	278,525		94,832	58,000	23,668	(34,332)	60,500	60,500	
4410000	Voter Reg	5,744,540	5,076,298	85,375	582,867	1,311,000	973,671	(337,329)	245,538	50,000	195,538
4650000	Paratransit	66,600	66,600		0			0	0	0	
4660000	Human Rights/Housing	113,662	113,662		0			0	0	0	
4810000	Co Cnsl	4,855,606	3,995,425	24,016	836,165	1,865,000	1,874,303	9,303	845,468	845,468	
5110000	Trn-Teeter Plan	(7,000)	(7,000)		0			0	0	0	
5520000	Dispute Res	429,345	425,317	4,028	0	403,149	403,149	0	0	0	
5690000	Env Review	3,911,545	3,788,413	717	122,415	4,034,229	3,527,331	(506,898)	(384,483)	(384,483)	
5710000	S&DP Shared Systems	15,048,545	14,265,425	42,498	740,622			0	740,622	740,622	
5730000	Co Exec Cabinet	1,198,416	935,711	59,039	203,666	1,359,339	1,462,587	103,248	306,914	306,914	
5910000	Co Exec	2,551,682	2,021,505	60,970	469,207	647,695	643,955	(3,740)	465,467	465,467	

Fund Balance Analysis 2002-03

Funds Ctr	Department	Adj. Budget 2002-03 Appropriation	Actuals 02-03 Expenditures	Encumbrances 2003-04	Under/ (Over) Appropriations	Adj. Budget 2002-03 Revenues	Actual 02-03 Revenues	Over/ (Under) Est. Revenues	02-03 Budget Unit Savings	2002-03	
										Department Savings	General Fund Savings
5920000	LAFCO	145,050	145,050		0			0	0	0	
5970000	Labor Relations	755,298	763,060	1,516	(9,278)	0	2,474	2,474	(6,804)	(6,804)	
6010000	Human Resources	2,459,322	1,881,650	31,416	546,266	2,356,376	2,493,355	136,979	683,235	683,235	
6020000	Employee Benefits/Risk Mgt	6,588,932	5,696,981	66,437	825,514	6,225,045	6,687,613	462,568	1,288,082	1,288,082	
6030000	Dept of Personnel	6,877,581	5,971,583	287,757	618,241	90,016	94,262	4,246	622,487	622,487	
6040000	Organizaion Development	1,965,202	1,204,435	136,348	624,419	476,818	470,716	(6,102)	618,317	618,317	
6110000	Rev Reimb	3,513,901	3,369,269	19,454	125,178	3,383,662	3,369,269	(14,393)	110,785	110,785	
6200000	Env Mgt	9,459,002	8,430,912	16,437	1,011,653	8,386,936	8,883,370	496,434	1,508,087	1,508,087	
6400000	Parks	9,840,099	9,445,561	97,790	296,748	3,879,564	4,336,077	456,513	753,261	753,261	
6610000	Planning	10,014,456	7,959,449	29,338	2,025,669	5,677,498	5,949,915	272,417	2,298,086	2,298,086	
7090000	Emerg Op	352,886	322,784		30,102	92,000	88,964	(3,036)	27,066	27,066	
Subtotal All Other		130,643,287	116,809,286	1,485,295	12,348,706	70,240,051	72,346,114	2,106,063	14,454,769	14,259,231	195,538
5980000	Contingency	0			0			0	0	0	
All Departments		1,817,552,597	1,670,793,561	15,883,993	130,875,043	1,353,218,489	1,256,220,910	(96,997,579)	33,877,464	27,067,578	6,809,886
5700000	Approp/Rev	8,125,786	3,626,064	37,148	4,462,574	397,192,332	420,877,068	23,684,736	28,147,310	34,957,196	(6,809,886)
5700000	Reserve Increases	22,145,162	22,145,162		0	0	0	0	0	0	
5700000	Reserve Cancellations				0	34,116,378	34,116,378	0	0	0	
5700000	Fund Balance				0	42,333,377	42,433,561	100,184	100,184	100,184	
5700000	Fund Balance-Rounding		1		(1)		(2)	(2)	(3)	(3)	
5700000	Fund Balance General				0			0	0	0	
5700000	Fund Balance-Assist/Voter				0			0	0	0	
5700000	Fund Balance-Enc.				0	20,962,969	20,962,969	0	0	0	
		30,270,948	25,771,227	37,148	4,462,573	494,605,056	518,389,974	23,784,918	28,247,491	35,057,377	(6,809,886)
GRAND TOTAL		1,847,823,545	1,696,564,788	15,921,141	135,337,616	1,847,823,545	1,774,610,884	(73,212,661)	62,124,955	62,124,955	0

ATTACHMENT II

Fund Balance Analysis 2002-03

Funds Ctr	Department	Proposed Budget Carryover Used	Final 2002-03 Department Savings	Year End AAR Adjustment	03-04 Budget Adjustment	Change From Proposed	Central Budgeted Reserve Increase
<b>CRIMINAL JUSTICE</b>							
4522000	Law Libr	17,604	20,190			2,586	2,586
4610000	Coroner	61,628	(171,913)	171,913	61,628	0	0
5020000	County Funded Court Prog.	(1,003,868)	(256,915)	256,915	(1,003,868)	0	0
5040000	County Contrib. To Court Ops.	159,579	51,911		107,668	0	0
5050000	Court Pd Cty Svcs	0	0			0	0
5510000	Conflict Criminal Defense	0	0			0	0
5660000	Grand Jury	5,758	10,767			5,009	5,009
5750000	Crim Justice Cab. Support	0	0			0	0
5800000	D. A.	1,282,166	2,321,427			1,039,261	1,039,261
6700000	Probation	2,300,000	4,983,193			2,683,193	2,683,193
6760000	Care/Inst	535,012	627,859			92,847	92,847
6910000	Pub. Defender	635,344	689,613			54,269	54,269
7400000	Sheriff	2,970,173	284,503		3,915,744	1,230,074	1,230,074
7410000	Correctional Health	0	(1,685,210)	1,685,210		0	0
	Subtotal Criminal Justice	6,963,396	6,875,425	2,114,038	3,081,172	5,107,239	5,107,239
<b>HUMAN SERVICES</b>							
5810000	Child Support Svcs	(18,512)	64,474			82,986	82,986
7200000	Health Svcs	6,953,042	6,954,875			1,833	1,833
7230000	Juvenile Medical Services	446,526	446,526			0	0
7250000	IHSS Provider Payments	(653,662)	(534,071)		(119,591)	0	0
7270000	Health-Medical Treatment Pmt	(3,241,915)	(2,521,159)			720,756	720,756
7350000	Medical Systems		0			0	0
8100000	Soc Svc-Admin	1,386,516	1,522,277		148,481	284,242	284,242
8700000	Soc Svc-Assist		0			0	0
	Subtotal Human Services	4,871,995	5,932,922	0	28,890	1,089,817	1,089,817
<b>ALL OTHER</b>							
2820000	PW CW Svcs		44			44	44
3210000	Ag Comm	251,906	239,959		11,947	0	0
3220000	An Care	245,856	103,846		142,010	0	0
3230000	Finance	402,633	1,682,664			1,280,031	1,280,031
3260000	Wildlife Svc		2,308			2,308	2,308
3310000	Cooperative Ext	54,274	56,360			2,086	2,086
3610000	Assessor	1,170,742	1,852,730			681,988	681,988
4010000	Bd of Supv	151,349	334,230			182,881	182,881
4210000	Civ Svc	63,737	60,500		3,237	0	0
4410000	Voter Reg	50,000	50,000			0	0
4650000	Paratransit		0			0	0
4660000	Human Rights/Housing		0			0	0
4810000	Co Cnsl	737,145	845,468			108,323	108,323
5110000	Trn-Teeter Plan		0			0	0
5520000	Dispute Res		0			0	0
5690000	Env Review	(383,033)	(384,483)		1,450	0	0
5710000	S&DP Shared Systems	700,000	740,622			40,622	40,622
5730000	Co Exec Cabinet	282,716	306,914			24,198	24,198
5910000	Co Exec	328,452	465,467			137,015	137,015
5920000	LAFCO		0			0	0
5970000	Labor Relations	12,682	(6,804)	6,804	12,682	0	0
6010000	Human Resources	607,078	683,235			76,157	76,157
6020000	Employee Benefits/Risk Mgt	1,210,989	1,288,082			77,093	77,093
6030000	Dept of Personnel	462,770	622,487			159,717	159,717
6040000	Organizational Development	771,084	618,317			(152,767)	(152,767)
6110000	Rev Reimb		110,785			110,785	110,785
6200000	Env Mgt	1,175,993	1,508,087			332,094	332,094
6400000	Parks	491,757	753,261			261,504	261,504
6610000	Planning	1,076,135	2,298,086			1,221,951	1,221,951
7090000	Emerg Op	6,028	27,066			21,038	21,038
	Subtotal All Other	9,870,293	14,259,231	6,804	171,326	4,567,068	4,567,068
5980000	Contingency		0			0	0
	All Departments	21,705,684	27,067,578	2,120,842	3,281,388	10,764,124	10,764,124
5700000	Approp/Rev	20,479,762	34,957,196			14,477,434	
5700000	Fund Balance General	5,873,466	100,181	(2,120,842)	(3,281,388)	(11,175,515)	
		26,353,228	35,057,377	(2,120,842)	(3,281,388)	3,301,919	
	<b>GRAND TOTAL</b>	48,058,912	62,124,955	0	0	14,066,043	

PUBLIC WORKS AGENCY FINANCING CHANGES

Fund Center	Description	Available Financing				Financing Requirements		
		Fund Balance	Reserve Release	Financing Sources	Total Financing	Financing Uses	Provision for Reserves	Total Appropriation
1282848	East Elk Grove PFFP	7,008,290	5,234,698	0	12,242,988	12,242,988	0	12,242,988
	Changes Since June Hearings	3,014,053	0	-1,716,000	1,298,053	1,298,053	0	1,298,053
1300000	Laguna Stonelake CFD - Bond	357,582	104,478	111,800	573,860	573,860	0	573,860
	Changes Since June Hearings	199,395	0	0	199,395	199,395	0	199,395
1301000	Laguna Stonelake Dev. Fee	523,359	0	148,210	671,569	671,569	0	671,569
	Changes Since June Hearings	119,457	0	0	119,457	119,457	0	119,457
1310000	Park Meadows CFD - Bond	159,159	0	55,998	215,157	215,157	0	215,157
	Changes Since June Hearings	95,248	0	0	95,248	95,248	0	95,248
1320001	Mather Landscape Maintenance	56,238	0	88,266	144,504	100,247	44,257	144,504
	Changes Since June Hearings	15,636	0	-1,834	13,802	11,981	1,821	13,802
1360000	Mather PFFP	2,156,332	0	1,060,000	3,216,332	3,216,332	0	3,216,332
	Changes Since June Hearings	198,238	0	0	198,238	198,238	0	198,238
1370000	Gold River Station #7 Landscape CFD	33,685	0	38,780	72,465	33,780	38,685	72,465
	Changes Since June Hearings	16,865	0	1,502	18,367	0	18,367	18,367
2070000	Public Works - Capital Outlay	0	1,576,234	650,000	2,226,234	2,226,234	0	2,226,234
	Changes Since June Hearings	0	0	0	0	0	0	0
2100000	Building Inspection Operations	0	0	13,191,254	13,191,254	13,191,254	0	13,191,254
	Changes Since June Hearings	0	0	13,191,254	13,191,254	13,191,254	0	13,191,254
2140000	Transportation Sales Tax	-295,955	0	78,904,226	78,608,271	78,608,271	0	78,608,271
	Changes Since June Hearings	-11,882,205	0	27,467,003	15,584,798	15,584,798	0	15,584,798
2150000	Building Inspection Division	-642,517	1,683,176	12,535,130	13,575,789	13,575,789	0	13,575,789
	Changes Since June Hearings	-342,517	308,872	-2,920,438	-2,954,083	-2,954,083	0	-2,954,083
2200000	Refuse Enterprise Operations	5,598,778	0	71,777,338	77,376,116	74,043,648	3,332,468	77,376,116
	Changes Since June Hearings	2,558,742	-738,555	10,744,489	12,564,676	9,300,233	3,264,443	12,564,676
2250000	Refuse Enterprise Capital Outlay	6,995,876	4,752,660	1,339,250	13,087,786	13,087,786	0	13,087,786
	Changes Since June Hearings	11,465,559	0	9,000	11,474,559	11,474,559	0	11,474,559
2260000	Citrus Heights Refuse Services	125,916	343,380	4,587,428	5,056,724	5,056,724	0	5,056,724
	Changes Since June Hearings	87,305	-229,818	118,385	-24,128	-24,128	0	-24,128
2300000	Construction Management	0	0	19,904,187	19,904,187	19,904,187	0	19,904,187
	Changes Since June Hearings	0	0	921,278	921,278	921,278	0	921,278
2400000	Public Works Agency Administration	0	0	2,314,997	2,314,997	2,314,997	0	2,314,997
	Changes Since June Hearings	0	0	-943,162	-943,162	-943,162	0	-943,162
2420000	Architectural Services Division	0	0	7,161,998	7,161,998	7,161,998	0	7,161,998
	Changes Since June Hearings	0	0	55,363	55,363	55,363	0	55,363
2450000	Development & Surveyor Services	0	0	9,069,924	9,069,924	9,069,924	0	9,069,924
	Changes Since June Hearings	0	0	-237,383	-237,383	-237,383	0	-237,383
2510000	Water Resources Division	0	0	15,485,690	15,485,690	15,485,690	0	15,485,690
	Changes Since June Hearings	0	0	286,272	286,272	286,272	0	286,272
2530000	County Service Area No. 1							
	Street Light Maintenance	645,818	0	3,434,299	4,080,117	4,080,117	0	4,080,117
	Highway Safety Lights	98,950	0	628,189	727,139	617,524	109,615	727,139
	Changes Since June Hearings (B.U. level)	434,859	0	941,207	1,376,066	1,283,318	92,748	1,376,066
2540000	County Service Area No. 5	75,710	0	58,172	133,882	109,474	24,408	133,882
	Changes Since June Hearings	75,710	0	-62,059	13,651	0	13,651	13,651
2550000	Water Quality Division	0	0	51,353,044	51,353,044	51,353,044	0	51,353,044

PUBLIC WORKS AGENCY FINANCING CHANGES

Fund Center	Description	Available Financing				Financing Requirements		
		Fund Balance	Reserve Release	Financing Sources	Total Financing	Financing Uses	Provision for Reserves	Total Appropriation
	Changes Since June Hearings	0	0	2,957,811	2,957,811	2,957,811	0	2,957,811
2560000	Water Quality Regional Wstewater Tmt Plant	0	0	28,694,817	28,694,817	28,694,817	0	28,694,817
	Changes Since June Hearings	0	0	1,272,250	1,272,250	1,272,250	0	1,272,250
2600000	Transportation Division	0	0	45,181,451	45,181,451	45,181,451	0	45,181,451
	Changes Since June Hearings	0	0	1,287,973	1,287,973	1,287,973	0	1,287,973
2700000	Administrative Services Division	0	0	16,203,740	16,203,740	16,203,740	0	16,203,740
	Changes Since June Hearings	0	0	-827,109	-827,109	-827,109	0	-827,109
2815000	Sacramento Cnty Water Agency Zone 11A	8,087,316	141,273	4,437,000	12,665,589	8,430,971	4,234,618	12,665,589
	Changes Since June Hearings	3,702,648	4,283	0	3,706,931	1,203,418	2,503,513	3,706,931
2816000	Sacramento Cnty Water Agency Zone 11B	1,530,047	0	840,000	2,370,047	1,855,772	514,275	2,370,047
	Changes Since June Hearings	-5,491	0	0	-5,491	-197,767	192,276	-5,491
2817000	Sacramento Cnty Water Agency Zone 11C	1,370,226	0	1,140,000	2,510,226	1,196,497	1,313,729	2,510,226
	Changes Since June Hearings	65,448	0	0	65,448	3,279	62,169	65,448
2818000	No Vineyard Station Right of Way	0	0	696,000	696,000	696,000	0	696,000
	Changes Since June Hearings	0	0	696,000	696,000	696,000	0	696,000
2820000	Public Works - Countywide General Fund	44	0	20,056	20,100	20,100	0	20,100
	Changes Since June Hearings	44	0	-44	0	0	0	0
2840000	Elk Grove/West Vineyard PFFP	10,933,913	0	27,530,833	38,464,746	38,464,746	0	38,464,746
	Changes Since June Hearings	7,080,950	0	0	7,080,950	7,080,950	0	7,080,950
2856000	County Service Area No. 7	121	0	3,500	3,621	3,500	121	3,621
	Changes Since June Hearings	121	0	0	121	0	121	121
2870000	Laguna Creek Ranch/Elliott Ranch	3,122,287	2,454,697	514,250	6,091,234	6,065,510	25,724	6,091,234
	Changes Since June Hearings	499,043	-86,779	0	412,264	400,000	12,264	412,264
2900000	Road Fund	1,881,434	0	49,969,875	51,851,309	51,851,309	0	51,851,309
	Changes Since June Hearings	-90,683	0	12,053,350	11,962,667	11,962,667	0	11,962,667
2910000	Roadway Developer Fees							
	District 1	289,412	240,677	232,000	762,089	762,089	0	762,089
	District 2	97,472	391,059	365,000	853,531	853,531	0	853,531
	District 3	4,139,455	0	2,578,978	6,718,433	2,723,929	3,994,504	6,718,433
	District 4	93,272	6,161,014	1,600,000	7,854,286	7,854,286	0	7,854,286
	District 7	85,636	0	230,000	315,636	60,578	255,058	315,636
	Fee District Administration	210,680	0	155,000	365,680	365,680	0	365,680
	Changes Since June Hearings (B.U. level)	4,751,429	1,489,913	445,978	6,687,320	2,886,685	3,800,635	6,687,320
2915000	Citrus Heights Road Main & Operations	104,808	0	1,050,000	1,154,808	1,154,808	0	1,154,808
	Changes Since June Hearings	101,808	0	-19,543	82,265	82,265	0	82,265
3044000	Sacramento Cnty Water Agency Zone 13	705,571	5,394	2,166,749	2,877,714	2,877,714	0	2,877,714
	Changes Since June Hearings	-26,500	5,394	0	-21,106	0	-21,106	-21,106
3050000	Sacramento Cnty Water Agency Zone 40	73,324,020	0	28,609,007	101,933,027	47,068,769	54,864,258	101,933,027
	Changes Since June Hearings	61,259,814	-1,110,388	0	60,149,426	6,417,532	53,731,894	60,149,426
3055000	SCWA Zone 41 General Operations	1,615,244	704,855	10,245,030	12,565,129	12,513,497	51,632	12,565,129
	Changes Since June Hearings	536,803	704,855	100,000	1,341,658	1,626,419	-284,761	1,341,658
3056000	SCWA Financing Authority	0	0	2,285,807	2,285,807	2,273,951	11,856	2,285,807
	Changes Since June Hearings	0	0	2,285,807	2,285,807	2,273,951	11,856	2,285,807

PUBLIC WORKS AGENCY FINANCING CHANGES

Fund Center	Description	Available Financing				Financing Requirements		
		Fund Balance	Reserve Release	Financing Sources	Total Financing	Financing Uses	Provision for Reserves	Total Appropriation
3066000	Sacramento Cnty Water Agency Zone 12	677,627	0	5,281,753	5,959,380	5,959,380	0	5,959,380
	Changes Since June Hearings	575,162	0	0	575,162	575,162	0	575,162
3070000	Antelope Public Facilities Financing Plan	4,649,395	0	2,069,466	6,718,861	6,718,861	0	6,718,861
	Changes Since June Hearings	1,733,579	0	0	1,733,579	1,733,579	0	1,733,579
3081000	Bradshaw Rd/US 50 Corridor Integ Finan Dist	1,038,687	0	3,056	1,041,743	1,041,743	0	1,041,743
	Changes Since June Hearings	305,267	0	0	305,267	305,267	0	305,267
3090000	Laguna Community Facilities District	13,358,791	12,316,646	835,000	26,510,437	26,510,437	0	26,510,437
	Changes Since June Hearings	3,771,480	0	0	3,771,480	3,771,480	0	3,771,480
3100000	Capital Construction Fund	-40,236,851	0	50,823,273	10,586,422	10,586,422	0	10,586,422
	Changes Since June Hearings	-39,425,449	0	4,150,000	-35,275,449	-35,275,449	0	-35,275,449
3220001	Stormwater Utility	4,361,383	23,871,731	30,096,204	58,329,318	32,641,184	25,688,134	58,329,318
	Changes Since June Hearings	-593,218	-62,521	-1,500,000	-2,155,739	-2,446,304	290,565	-2,155,739
3300000	Landscape Maintenance Districts							
	Zone 1	0	0	0	0	0	0	0
	Zone 2	0	0	0	0	0	0	0
	Zone 3	0	0	0	0	0	0	0
	Zone 4	176,101	0	445,215	621,316	566,077	55,239	621,316
	Zone 5	124,683	0	84,763	209,446	177,755	31,691	209,446
	Changes Since June Hearings (B.U. level)	3,988	0	-28,173	-24,185	151,166	-175,351	-24,185
4650000	Contributions to Para Transit	0	0	66,600	66,600	66,600	0	66,600
	Changes Since June Hearings	0	0	0	0	0	0	0
7007030	Real Estate Division	0	0	50,196,361	50,196,361	50,196,361	0	50,196,361
	Changes Since June Hearings	0	0	811,937	811,937	811,937	0	811,937
7007046	Energy Management	0	0	7,258,572	7,258,572	7,258,572	0	7,258,572
	Changes Since June Hearings	0	0	632,013	632,013	632,013	0	632,013
7007063	Purchasing/Contract Services	0	0	3,017,365	3,017,365	3,017,365	0	3,017,365
	Changes Since June Hearings	0	0	14,424	14,424	14,424	0	14,424
7007420	General Services - Bradshaw District	0	0	14,232,813	14,232,813	14,232,813	0	14,232,813
	Changes Since June Hearings	0	0	451,879	451,879	451,879	0	451,879
7007430	General Services - Downtown District	0	0	10,023,409	10,023,409	10,023,409	0	10,023,409
	Changes Since June Hearings	0	0	-383,708	-383,708	-383,708	0	-383,708
7007440	General Services - Airport District	0	0	6,134,734	6,134,734	6,134,734	0	6,134,734
	Changes Since June Hearings	0	0	673	673	673	0	673
7007500	Fleet Services - Light Equipment	0	0	20,655,687	20,655,687	20,655,687	0	20,655,687
	Changes Since June Hearings	0	0	-47,732	-47,732	-47,732	0	-47,732
7007600	Fleet Services - Heavy Equipment	0	0	19,113,603	19,113,603	19,113,603	0	19,113,603
	Changes Since June Hearings	0	0	-64,529	-64,529	-64,529	0	-64,529
7110000	General Services Director's Office	0	0	1,240,007	1,240,007	1,240,007	0	1,240,007
	Changes Since June Hearings	0	0	228,333	228,333	228,333	0	228,333
7450000	Security Services	0	0	2,308,649	2,308,649	2,308,649	0	2,308,649
	Changes Since June Hearings	0	0	29,310	29,310	29,310	0	29,310
7700000	Support Services	0	0	12,585,192	12,585,192	12,585,192	0	12,585,192
	Changes Since June Hearings	0	0	1,598,898	1,598,898	1,598,898	0	1,598,898
7990000	Parking Enterprise	0	0	2,788,413	2,788,413	2,788,413	0	2,788,413
	Changes Since June Hearings	0	0	4,293	4,293	4,293	0	4,293



# SUMMARY OF RESULTS OF FISCAL YEAR 2003-04 PROPOSED BUDGET HEARINGS

## COUNTY OF SACRAMENTO OFFICE OF BUDGET AND DEBT MANAGEMENT *Inter-Department Correspondence*

Date: July 10, 2003  
To: Members, Board of Supervisors  
From: Geoff Davey, Chief Financial Officer  
Office of Budget & Debt Management  
Subject: Summary of Results of the Fiscal Year 2003-04 Proposed Budget Hearings

On June 20, 2003, the Board of Supervisors adopted the 2003-04 Proposed Budget for Sacramento County. The Proposed Budget gives the spending authority to county departments for the months of July, August, and September, and is replaced by a Final Budget no later than October 2<sup>nd</sup> each year.

### **The Budget Process leading to the Hearings**

Sacramento County faced an extraordinarily difficult budget cycle for the 2003-04 Fiscal Year. The ultimate adoption of the Proposed Budget was the culmination of several steps where our large General Fund budget problem was identified and acted upon:

1. In the September Final Budget Hearings for Fiscal Year 2002-03, we presented a budget forecast for the Fiscal Year 2003-04 which predicted a funding gap in the General Fund of at least \$30.0 million which would likely be increased by implementation of the retirement benefit enhancements, state budget actions, and any budget augmentations in the hearings above the Fiscal Year 2002-03 base budget.
2. At the Fiscal Year 2002-03 Midyear Budget Hearing on February 4, 2003, we presented to the Board of Supervisors a revised budget forecast predicting a funding gap in the General Fund of \$69.5 million, which included the projected costs of anticipated retirement enhancements and some state budget impacts proposed by the Governor in his January 2003 Proposed State Budget. The budget forecast stated that the funding gap would likely be increased by additional state budget actions, due to the enormity of the state's projected funding gap, which was then projected to be in excess of \$30.0 billion.
3. At the Midyear Budget Hearing, preliminary general purpose financing allocations were approved for General Fund Departments. In effect, each elected official department and the five county agencies were given a bottom line net cost target to build their budgets within. Agency administrators were delegated the responsibility of determining a recommended preliminary allocation for the non-elected departments from their agency's overall preliminary allocation.
4. The other key change in the annual budget process was the provision of a structural framework for making resource allocation decisions. Soon after the presentation of the budget forecast, the Board of Supervisors adopted a policy statement of the obligations and

discretionary priorities for the County. The obligations are those things the County must fund (such as mandates) and the priorities serve as a guide for the application of any discretionary financing available after the obligations are funded. The adoption of the obligation and priority statements, and early allocation of the county's resources were key changes in the budget process for 2003-04.

5. In preparing their Fiscal Year 2003-04 budget estimates, the departments had to tie their net cost to the preliminary funding allocations given to them early in the process. Departments were asked to identify which current programs would be funded within their allocations and those programs which would not be funded due to the limited funding available, utilizing the approved obligation and priority statements as a policy guide. Once budgets were submitted and reviewed for accuracy by the County Executive's Office, a series of budget workshops were held before the Board of Supervisors. These workshops were an integral part of the 2003-04 budget process because at this time the Board and the public were made aware of the consequences of operating with the funding targets (operating within the county's projected available resources).
6. Between the time of the initial budget forecast and when the County Executive's initial recommendations for the Proposed Budget Hearings were prepared, we identified many changes to the county's General Fund budget status, including both cost changes and financing changes. These adjustments resulted in an overall funding gap of \$100.8 million. This included a slightly lower (\$58.2 million) local funding gap, and an addition \$42.6 million problem caused by assumed state actions, which went beyond those identified by the Governor in January.
7. In the period of time between the drafting of the initial budget documents for the hearings and the drafting of the final transmittal report for the Recommended Proposed Budget, we identified \$20.3 million in additional financing and cost reductions which could be used for additional funding of obligations/mandates not included in the initial budget recommendations and to restore funding to high-priority discretionary programs. Of the \$20.3 million in restoration funding, approximately \$9.0 million resulted from the Board's approval on May 13, 2003, of a plan to restructure our pension bond debts. A total of \$5.8 million was derived from tobacco litigation settlement proceeds. However, one-half of that amount was from the restricted proceeds of the Tobacco Litigation Settlement debt issue for use by tax exempt community organizations only and was not available for direct use by county departments.
8. The County Executive recommended that the \$20.3 million in additional financing be used to fund \$5.1 million in high-priority additional requests (including \$3.3 million in new labor costs for unexpected COLA's for county employees), and \$15.2 million in restorations of mandated/discretionary programs originally unfunded in the preliminary budget allocations. A total of \$8.58 million was recommended in additions/restorations of mandated programs, and \$11.72 million in restorations of discretionary programs were recommended. These restoration recommendations resulted in the funding of 169.0 positions which had previously been recommended for unfunding and deletion. The restorations of discretionary programs were split 60.0 percent for Law Enforcement and 40.0 percent for Safety Net/Prevention Programs, to reflect the Board's first and second approved priority areas. The restored monies within Law Enforcement were spread amongst the District Attorney's Office,

Probation Department and Sheriff's Department, based upon a holistic criminal justice system analysis of the workload/costs of those programs funded by the County.

9. The original restoration recommendations were supplemented by the addition of \$0.5 million in last-minute-funding recommendations that restored another 4.5 positions.
10. During the Proposed Budget Hearings, further funding options totalling \$ 9.8 million were identified and recommended for consideration of the Board of Supervisors. These recommendations involved recognizing additional TANF (welfare) incentive revenue and TANF base revenues (adjustment for correction of the earlier proposed "negative premise" assumption), increasing the transfer of hotel tax to the General Fund by \$0.5 million, and the recognition of certain other miscellaneous revenue. The TANF revenues was used to both restore funding to some programs and to supplant general purpose financing support of other programs. The recommended changes using the TANF revenues avoid immediate layoffs in the Human Assistance Department, avoid reductions to certain high priority safety net and prevention programs, and allowed for maintaining reserves/contingencies in the General Fund. The Board adopted the additional revenue and spending recommendations with minor revisions.

**Approved Additional Funding by Obligation/Priority Area**

The approved additional funding by program and subtotaled by obligation/priority area are detailed in Attachment "A" of this report. A summary of the approved additional funding is presented in the following table:

Obligation/Priority Area	Appropriations	Net County Cost	Positions (FTE)
Obligations (0)	\$4,184,107	\$4,184,107	9.0
Safety Net & Prevention Programs (2 & 5)	\$1,225,000	0	0.0
<b>Total</b>	<b>\$5,409,107</b>	<b>\$4,184,107</b>	<b>9.0</b>

**Approved Restorations by Priority Area**

The restorations by program and subtotaled by priority area are detailed in Attachment "B" of this report. A summary of the restorations is presented in the following table.

Obligation/Priority Area	Appropriations	Net County Cost	Positions (FTE)
Obligations (0)	\$ 8,796,359	\$3,531,267	177.8
Discretionary Law Enforcement (1)	13,055,655	12,594,914	152.0
Safety Net (2)	12,108,024	(1,003,013)	94.6
General Government (4)	81,009	0	1.0
Prevention Programs (5)	6,152,404	1,372,304	36.0
<b>Total</b>	<b>\$40,193,451</b>	<b>\$16,495,472</b>	<b>461.4</b>

**Approved Reductions by Priority Area**

The approved reductions to General Fund departmental budgets are detailed in Attachment "C" of this report and are summarized below.

Obligation/Priority Area	Appropriations	Net County Cost	Positions (FTE)
Obligations (0)	\$37,059,583	\$32,716,958	184.5
Discretionary Law Enforcement (1)	17,586,092	17,298,161	190.4
Safety Net (2)	30,209,444	24,294,548	102.9
Quality of Life (3)	1,029,723	934,686	6.2
General Government (4)	3,967,853	1,829,557	47.8
Prevention Programs (5)	1,567,880	612,214	15.9
<b>Total</b>	<b>\$91,420,575</b>	<b>\$77,686,124</b>	<b>547.7</b>

Note: Of these reductions listed above, \$45,583,837 in appropriations and \$40,483,407 in net county cost, with 191.9 FTE position reductions are due to State Budget impacts, including TANF incentive revenue reductions.

**Summary**

The choices made by the County Executive's Office in recommending budget reductions and by the Board of Supervisors in approving budget reductions were very disheartening, but unfortunately were necessary to balance the General Fund budget, as required by law. They are not only reductions in County spending but, more importantly, represent reductions in services that the County provides to the residents of Sacramento County.

  
 GEOFFREY B. DAVEY  
 Chief Financial Officer

GBD:js w:\budget book\budget related memo's\2003-04 summary of results of proposed budget hearings.doc

Attachments: A-Approved Additional Funding Detail  
 B-Approved Restoration Detail  
 C-Remaining Unfunded Program Detail

cc: Terry Schutten, County Executive  
 Robert Ryan, County Counsel  
 Agency Administrators  
 Department Heads  
 County Executive Cabinet Analysts  
 Department Fiscal/Administrative Staff

**ATTACHMENT A**

**Approved Additional Requests by Countywide Priority  
Fiscal Year 2003-04 Proposed Budget**

<i>Program Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>	
<b>Countywide Priority 0</b>	<b>Mandated Countywide/Municipal or Financial Obligations</b>								
Program Type: <b><u>MANDATED</u></b>									
<i>Personal property</i>	3610000 Assessor	165,618	0	0	0	<b>165,618</b>	3.0	0	
<i>Real Property</i>	3610000 Assessor	299,180	0	0	0	<b>299,180</b>	6.0	0	
<i>Additional Central Labor</i>	5700000 Non-Dept Revenues/GF	3,297,000	0	0	0	<b>3,297,000</b>	0.0	0	
<i>Office of HIPAA</i>	5740000 Office of HIPAA	422,309	0	0	0	<b>422,309</b>	0.0	0	
	<b>MANDATED Total:</b>	4,184,107	0	0	0	<b>4,184,107</b>	9.0	0	
<b>Countywide Priority 0 Total:</b>		4,184,107	0	0	0	<b>4,184,107</b>	9.0	0	

<b>Countywide Priority 5</b>	<b>Prevention/Intervention Programs</b>								
Program Type: <b><u>DISCRETIONARY</u></b>									
<i>Mather Transitional Housing</i>	8600000 Community Services	800,000	800,000	0	0	<b>0</b>	0.0	0	
<i>Dependency Drug Court</i>	7200000 Health & Human Services	425,000	425,000	0	0	<b>0</b>	0.0	0	
	<b>DISCRETIONARY Total:</b>	1,225,000	1,225,000	0	0	<b>0</b>	0.0	0	
<b>Countywide Priority 5 Total:</b>		1,225,000	1,225,000	0	0	<b>0</b>	0.0	0	

**Grand Total:** 5,409,107 1,225,000 0 0 **4,184,107** 9.0 0

**ATTACHMENT B**

**Approved Restorations by Countywide Priority  
Fiscal Year 2003-04 Proposed Budget**

Restoration Code	Program Number and Title	Budget Unit and Title	Appropriations	Inter/Intrafund Reimbursements	Revenues	Carryover	Net Allocation	Position	Vehicles		
<b>Countywide Priority 0</b> Mandated Countywide/Municipal or Financial Obligations											
Program Type: <b><u>MANDATED</u></b>											
<b>PH</b>	002-B-1	<i>GA &amp; Empl Svs</i>	8600000	Community Services	42,862	42,862	0	0	<b>0</b>	2.0	0
<b>FC</b>	001-B-2	<i>Coroner Services</i>	4610000	Coroner	161,395	0	0	0	<b>161,395</b>	3.0	0
<b>FC</b>	022-B	<i>Primary Care Center</i>	7200000	Health & Human Services	2,199,366	0	0	0	<b>2,199,366</b>	12.1	0
<b>FC</b>	047-B	<i>In-Home Supportive Services</i>	7200000	Health & Human Services	2,101,720	0	1,911,338	0	<b>190,382</b>	26.1	0
<b>PH</b>	001-B-2	<i>CalWORKs &amp; Emp Svs.</i>	8100000	Human Assistance	1,559,100	0	3,310,892	0	<b>-1,751,792</b>	103.6	0
<b>FC</b>	301-C	<i>UNFUNDED</i>	7400000	Sheriff	2,731,916	0	0	0	<b>2,731,916</b>	31.0	0
<b>MANDATED Total:</b>					8,796,359	42,862	5,222,230	0	<b>3,531,267</b>	177.8	0
<b>Countywide Priority 0 Total:</b>					8,796,359	42,862	5,222,230	0	<b>3,531,267</b>	177.8	0

**Restoration Codes:**

FH=Fully Restored-Hearings      FC=Fully Restored-CEO Recommendation  
 PH=Partially Restored-Hearings      PC=Partially Restored-CEO Recommendation

Restoration Code	Program Number and Title	Budget Unit and Title	Appropriations	Inter/Intrafund Reimbursements	Revenues	Carryover	Net Allocation	Position	Vehicles		
<b>Countywide Priority 1 Discretionary Law Enforcement</b>											
Program Type: <b><u>DISCRETIONARY</u></b>											
<b>PH</b>	009-A	<i>Alternative Sentencing</i>	5020000	Court - Non-Trial Ct Funding	143,600	0	0	0	<b>143,600</b>	0.0	0
<b>PC</b>	054-B	<i>Unidentified Reductions</i>	5800000	District Attorney	2,471,975	0	0	0	<b>2,471,975</b>	37.4	0
<b>PH</b>	054-C	<i>Unidentified Reductions</i>	5800000	District Attorney	147,000	0	0	0	<b>147,000</b>	1.0	0
<b>PH</b>	014-B	<i>Adult Field</i>	6700000	Probation	3,341,975	168,000	0	0	<b>3,173,975</b>	32.0	14
<b>FH</b>	024	<i>Apartment Complex Program</i>	6700000	Probation	292,741	292,741	0	0	<b>0</b>	2.0	0
<b>PC</b>	301-D	<i>UNFUNDED</i>	7400000	Sheriff	2,118,837	0	0	0	<b>2,118,837</b>	23.6	0
<b>PH</b>	301-E	<i>UNFUNDED</i>	7400000	Sheriff	4,539,527	0	0	0	<b>4,539,527</b>	56.0	0
<b>DISCRETIONARY Total:</b>					13,055,655	460,741	0	0	<b>12,594,914</b>	152.0	14
<b>Countywide Priority 1 Total:</b>					13,055,655	460,741	0	0	<b>12,594,914</b>	152.0	14

**Restoration Codes:**

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Restoration Code	Program Number and Title	Budget Unit and Title	Appropriations	Inter/Intrafund Reimbursements	Revenues	Carryover	Net Allocation	Position	Vehicles		
<b>Countywide Priority 2 Safety Net</b>											
Program Type: <b>DISCRETIONARY</b>											
<b>PH</b>	004-A-2	<i>Hsg &amp; Homeless Svs</i>	8600000	Community Services	42,862	42,862	0	0	0	2.0	0
<b>PH</b>	007-C-1	<i>Safety Net Svs</i>	8600000	Community Services	42,862	42,862	0	0	0	2.0	0
<b>PH</b>	007-E-1	<i>Safety Net Svs</i>	8600000	Community Services	21,432	21,432	0	0	0	1.0	0
<b>PH</b>	007-F	<i>Safety Net Svs</i>	8600000	Community Services	131,285	131,285	0	0	0	0.0	0
<b>FH</b>	008-B	<i>Senior Services</i>	8600000	Community Services	444,307	335,307	109,000	0	0	11.0	0
<b>FH</b>	005-C	<i>Women, Infants and Children (WIC)</i>	7200000	Health & Human Services	2,611,768	0	2,611,768	0	0	46.0	0
<b>PC</b>	006-B	<i>Primary Health Svcs Division - Pharmacy &amp; Support Services</i>	7200000	Health & Human Services	1,170,000	1,170,000	0	0	0	0.0	0
<b>FH</b>	026	<i>Clinic - Family Planning Services</i>	7200000	Health & Human Services	67,217	67,217	0	0	0	1.0	0
<b>PH</b>	027-A	<i>Well Child Clinic</i>	7200000	Health & Human Services	287,610	0	107,610	0	180,000	4.0	0
<b>FC</b>	048-B	<i>Adult Protective Services</i>	7200000	Health & Human Services	2,022,443	132,578	1,576,566	0	313,299	16.8	0
<b>PH</b>	049-C	<i>Public Guardian / Conservator/ Administrator</i>	7200000	Health & Human Services	650,000	0	150,000	0	500,000	8.8	0
<b>FC</b>	050-B	<i>IHSS Public Authority</i>	7200000	Health & Human Services	164,811	0	139,198	0	25,613	2.0	0
<b>FH</b>	004-E	<i>Housing &amp; Homeless</i>	8100000	Human Assistance	800,000	800,000	0	800,000	-800,000	0.0	0
<b>PH</b>	007-C-2	<i>Safety Net Svs</i>	8100000	Human Assistance	3,191,120	0	4,873,352	0	-1,682,232	0.0	0
<b>FH</b>	008-B	<i>Senior Svs</i>	8100000	Human Assistance	460,307	0	0	0	460,307	0.0	0
<b>DISCRETIONARY Total:</b>			12,108,024	2,743,543	9,567,494	800,000	-1,003,013	94.6	0		
<b>Countywide Priority 2 Total:</b>			12,108,024	2,743,543	9,567,494	800,000	-1,003,013	94.6	0		

**Restoration Codes:**

FH=Fully Restored-Hearings      FC=Fully Restored-CEO Recommendation  
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Restoration Code	Program Number and Title	Budget Unit and Title	Appropriations	Inter/Intrafund Reimbursements	Revenues	Carryover	Net Allocation	Position	Vehicles	
<b>Countywide Priority 4</b> General Government										
Program Type: <b>DISCRETIONARY</b>										
<b>PH</b>	001-C	Office of Director - Dept Admin	7200000 Health & Human Services	81,009	0	81,009	0	0	1.0	0
			<b>DISCRETIONARY    Total:</b>	81,009	0	81,009	0	0	1.0	0
			<b>Countywide Priority 4    Total:</b>	81,009	0	81,009	0	0	1.0	0

**Restoration Codes:**

FH=Fully Restored-Hearings    FC=Fully Restored-CEO Recommendation  
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Restoration Code	Program Number and Title	Budget Unit and Title	Appropriations	Inter/Intrafund Reimbursements	Revenues	Carryover	Net Allocation	Position	Vehicles		
<b>Countywide Priority 5 Prevention/Intervention Programs</b>											
Program Type: <b>DISCRETIONARY</b>											
<b>FC</b>	002-B	<i>Birth and Beyond</i>	7200000	Health & Human Services	1,365,715	1,365,715	0	0	0	0.0	0
<b>FH</b>	028-B	<i>Oak Park Multi-Service Center</i>	7200000	Health & Human Services	1,065,945	0	435,945	0	<b>630,000</b>	6.5	0
<b>FH</b>	028-C	<i>Oak Park Multi-Service Center</i>	7200000	Health & Human Services	200,000	200,000	0	0	<b>0</b>	1.5	0
<b>FH</b>	059	<i>CPS - Child Safety/Family Violence Protection</i>	7200000	Health & Human Services	581,000	581,000	0	0	<b>0</b>	2.5	0
<b>FC</b>	060-C	<i>Alcohol and Drug Services Division</i>	7200000	Health & Human Services	178,000	178,000	0	0	<b>0</b>	0.0	0
<b>FH</b>	076-A	<i>Public Health Nurses - Birth and Beyond</i>	7200000	Health & Human Services	787,000	393,500	393,500	0	<b>0</b>	10.0	0
<b>FH</b>	077-A	<i>Public Health Nurses - Perinatal Outreach</i>	7200000	Health & Human Services	618,565	618,565	0	0	<b>0</b>	7.5	0
<b>FC</b>	013-A	<i>Drug Court</i>	6700000	Probation	1,085,245	316,875	45,000	0	<b>723,370</b>	6.0	2
<b>FC</b>	013-B	<i>Drug Court</i>	6700000	Probation	270,934	252,000	0	0	<b>18,934</b>	2.0	0
<b>DISCRETIONARY Total:</b>					6,152,404	3,905,655	874,445	0	<b>1,372,304</b>	36.0	2
<b>Countywide Priority 5 Total:</b>					6,152,404	3,905,655	874,445	0	<b>1,372,304</b>	36.0	2
<b>Grand Total:</b>					40,193,451	7,152,801	15,745,178	800,000	<b>16,495,472</b>	461.4	16

**Restoration Codes:**

FH=Fully Restored-Hearings      FC=Fully Restored-CEO Recommendation  
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**ATTACHMENT C**

**Remaining Unfunded Programs  
within  
Fiscal Year 2003-04 Proposed Budget**

<i>Program Number and Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 0 Mandated Countywide/Municipal or Financial Obligations</b>								
Funded or Unfunded: <b><u>UNFUNDED - LOCAL</u></b>		Program Type: <b><u>MANDATED</u></b>						
002-B-2	<i>GA &amp; Empl Svs</i>	8600000 Community Services	86,825	0	0	0	<b>86,825</b>	0.0 0
001-B	<i>Conflict Criminal Defenders</i>	5510000 Conflict Criminal Defenders	2,000,000	0	0	0	<b>2,000,000</b>	0.0 0
001-B-1	<i>Coroner Services</i>	4610000 Coroner	582,396	0	0	0	<b>582,396</b>	5.0 0
		<b>MANDATED Total:</b>	2,669,221	0	0	0	<b>2,669,221</b>	5.0 0
		<b>UNFUNDED - LOCAL TOTAL:</b>	2,669,221	0	0	0	<b>2,669,221</b>	5.0 0
Funded or Unfunded: <b><u>UNFUNDED - STATE</u></b>		Program Type: <b><u>MANDATED</u></b>						
001-B-1	<i>CalWORKs &amp; Emp Svs.</i>	8100000 Human Assistance	30,776,018	0	2,552,437	0	<b>28,223,581</b>	157.5 43
003-B	<i>Medi-Cal &amp; CMISP</i>	8100000 Human Assistance	3,090,770	0	1,445,565	0	<b>1,645,205</b>	18.1 3
005-C	<i>Foster Care &amp; Adoption Assistance</i>	8100000 Human Assistance	523,574	0	344,623	0	<b>178,951</b>	3.9 0
		<b>MANDATED Total:</b>	34,390,362	0	4,342,625	0	<b>30,047,737</b>	179.5 46
		<b>UNFUNDED - STATE TOTAL:</b>	34,390,362	0	4,342,625	0	<b>30,047,737</b>	179.5 46
<b>Countywide Priority 0 Total:</b>			37,059,583	0	4,342,625	0	<b>32,716,958</b>	184.5 46

<i>Program Number and Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>	
<b>Countywide Priority 1</b> Discretionary Law Enforcement									
Funded or Unfunded:	<b><u>UNFUNDED - LOCAL</u></b>	Program Type:	<b><u>DISCRETIONARY</u></b>						
004-C	<i>Hsg &amp; Homeless Svs</i>	8600000 Community Services	147,976	147,976	0	0	<b>0</b>	0.0	0
002	<i>Coroner Services</i>	4610000 Coroner	193,538	0	0	0	<b>193,538</b>	1.8	0
009-B	<i>Alternative Sentencing</i>	5020000 Court - Non-Trial Ct Funding	143,595	0	0	0	<b>143,595</b>	0.0	0
054-D	<i>Unidentified Reductions</i>	5800000 District Attorney	2,231,973	0	0	0	<b>2,231,973</b>	21.6	0
002-C	<i>Economic Development</i>	3870000 Economic Development	33,600	33,600	0	0	<b>0</b>	0.0	0
001-O	<i>Ranger Patrol (ARP_ Rangers)</i>	6400000 Parks, Recreatn & Open Space	63,960	0	0	0	<b>63,960</b>	1.0	0
011-B	<i>Juvenile Hall</i>	6700000 Probation	55,569	0	0	0	<b>55,569</b>	1.0	0
014-C	<i>Adult Field</i>	6700000 Probation	2,794,561	0	0	0	<b>2,794,561</b>	34.0	5
016-B	<i>Justice Grant</i>	6700000 Probation	172,630	0	0	0	<b>172,630</b>	2.0	0
034	<i>RCCC Youth Center</i>	6700000 Probation	5,169,681	0	106,355	0	<b>5,063,326</b>	53.0	1
301-F	<i>UNFUNDED</i>	7400000 Sheriff	6,484,832	0	0	0	<b>6,484,832</b>	75.0	0
		<b>DISCRETIONARY Total:</b>	17,491,915	181,576	106,355	0	<b>17,203,984</b>	189.4	6
		<b>UNFUNDED - LOCAL TOTAL:</b>	17,491,915	181,576	106,355	0	<b>17,203,984</b>	189.4	6
Funded or Unfunded:	<b><u>UNFUNDED - TANF</u></b>	Program Type:	<b><u>DISCRETIONARY</u></b>						
009-B	<i>Boys Ranch</i>	6700000 Probation	94,177	0	0	0	<b>94,177</b>	1.0	0
		<b>DISCRETIONARY Total:</b>	94,177	0	0	0	<b>94,177</b>	1.0	0
		<b>UNFUNDED - TANF TOTAL:</b>	94,177	0	0	0	<b>94,177</b>	1.0	0
<b>Countywide Priority 1</b>	<b>Total:</b>		17,586,092	181,576	106,355	0	<b>17,298,161</b>	190.4	6

<i>Program Number and Title</i>		<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 2</b>		Safety Net							
Funded or Unfunded: <b><u>UNFUNDED - LOCAL</u></b>			Program Type: <b><u>DISCRETIONARY</u></b>						
<i>004-A-3</i>	<b><i>Hsg &amp; Homeless Svs</i></b>	8600000 Community Services	537,930	342,655	0	0	<b>195,275</b>	0.0	0
<i>007-C-2</i>	<b><i>Safety Net Svs</i></b>	8600000 Community Services	148,902	148,902	0	0	<b>0</b>	0.0	0
<i>007-D</i>	<b><i>Safety Net Svs</i></b>	8600000 Community Services	589,873	589,873	0	0	<b>0</b>	0.0	0
<i>005-B</i>	<b><i>Women, Infants and Children (WIC)</i></b>	7200000 Health & Human Services	178,788	0	0	0	<b>178,788</b>	0.0	0
<i>006-C</i>	<b><i>Primary Health Svcs Division - Pharmacy &amp; Support Services</i></b>	7200000 Health & Human Services	445,228	445,228	0	0	<b>0</b>	0.0	0
<i>011-B</i>	<b><i>Refugee Clinic</i></b>	7200000 Health & Human Services	170,748	0	0	0	<b>170,748</b>	1.0	0
<i>013-B</i>	<b><i>Clinic Administration</i></b>	7200000 Health & Human Services	2,995,714	0	0	0	<b>2,995,714</b>	2.0	0
<i>018-B</i>	<b><i>Northeast Clinic</i></b>	7200000 Health & Human Services	170,641	0	0	0	<b>170,641</b>	1.0	0
<i>019-B</i>	<b><i>South City Clinic</i></b>	7200000 Health & Human Services	242,007	0	0	0	<b>242,007</b>	1.9	0
<i>020-B</i>	<b><i>Capital Health Clinic</i></b>	7200000 Health & Human Services	107,852	0	0	0	<b>107,852</b>	0.6	0
<i>021-B</i>	<b><i>Oak Park Clinic</i></b>	7200000 Health & Human Services	278,983	0	0	0	<b>278,983</b>	2.0	0
<i>023-B</i>	<b><i>Clinic - X-Ray</i></b>	7200000 Health & Human Services	65,832	0	0	0	<b>65,832</b>	0.5	0
<i>024-B</i>	<b><i>Dental Clinic</i></b>	7200000 Health & Human Services	256,001	0	0	0	<b>256,001</b>	2.0	0
<i>025</i>	<b><i>Chronic Disease Clinic</i></b>	7200000 Health & Human Services	143,422	0	0	0	<b>143,422</b>	2.0	0
<i>027-B</i>	<b><i>Well Child Clinic</i></b>	7200000 Health & Human Services	26,134	0	0	0	<b>26,134</b>	0.0	0
<i>039-B</i>	<b><i>Mental Health Adults - Long-Term Care</i></b>	7200000 Health & Human Services	65,000	0	65,000	0	<b>0</b>	0.0	0
<i>049-B</i>	<b><i>Public Guardian / Conservator/ Administrator</i></b>	7200000 Health & Human Services	1,068,860	0	0	0	<b>1,068,860</b>	11.2	0
<i>058-B</i>	<b><i>CPS - Child Welfare Services</i></b>	7200000 Health & Human Services	1,451,368	0	1,043,526	0	<b>407,842</b>	6.5	0
<i>066-B</i>	<b><i>Public Health Laboratory</i></b>	7200000 Health & Human Services	103,272	0	0	0	<b>103,272</b>	1.0	0
<i>068-B</i>	<b><i>Children's Health Disability Prevention (CHDP)</i></b>	7200000 Health & Human Services	716,058	0	-58,777	0	<b>774,835</b>	10.0	0
<i>075</i>	<b><i>Public Health Nurses - Integrated Children &amp; Family Svcs. (ICFS)</i></b>	7200000 Health & Human Services	190,067	190,067	0	0	<b>0</b>	2.5	0
<i>087</i>	<b><i>Health Officer - Ryan White Title I/II</i></b>	7200000 Health & Human Services	205,820	0	205,820	0	<b>0</b>	0.0	0
<i>002-C</i>	<b><i>GA &amp; Emp Svcs.</i></b>	8100000 Human Assistance	3,748,123	0	1,308,123	0	<b>2,440,000</b>	30.5	4

<i>Program Number and Title</i>		<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 2</b>		Safety Net							
Funded or Unfunded: <b><u>UNFUNDED - LOCAL</u></b>			Program Type: <b><u>DISCRETIONARY</u></b>						
<i>002-D</i>	<b><i>GA &amp; Emp Svs.</i></b>	8100000 Human Assistance	2,520,455	0	872,082	0	<b>1,648,373</b>	9.5	0
<i>002-E</i>	<b><i>GA &amp; Emp Svs.</i></b>	8100000 Human Assistance	225,655	0	65,655	0	<b>160,000</b>	2.0	0
<i>002-F</i>	<b><i>GA &amp; Emp Svs.</i></b>	8100000 Human Assistance	607,181	0	177,510	0	<b>429,671</b>	5.8	0
<i>004-C</i>	<b><i>Housing &amp; Homeless</i></b>	8100000 Human Assistance	22,128	0	0	0	<b>22,128</b>	0.0	0
<i>004-D</i>	<b><i>Housing &amp; Homeless</i></b>	8100000 Human Assistance	496,605	0	0	0	<b>496,605</b>	0.0	0
<i>005-B</i>	<b><i>Foster Care &amp; Adoption Assistance</i></b>	8100000 Human Assistance	168,574	0	0	0	<b>168,574</b>	1.2	0
<i>007-D</i>	<b><i>Safety Net Svs</i></b>	8100000 Human Assistance	29,841	0	27,355	0	<b>2,486</b>	0.2	0
<i>007-E</i>	<b><i>Safety Net Svs</i></b>	8100000 Human Assistance	1,381,612	0	0	0	<b>1,381,612</b>	1.1	0
<i>001-B</i>	<b><i>Dept Overhead</i></b>	7230000 Juvenile Medical Services	17,400	0	0	0	<b>17,400</b>	0.0	0
<b>DISCRETIONARY Total:</b>			19,376,074	1,716,725	3,706,294	0	<b>13,953,055</b>	94.5	4
<b>UNFUNDED - LOCAL TOTAL:</b>			19,376,074	1,716,725	3,706,294	0	<b>13,953,055</b>	94.5	4
Funded or Unfunded: <b><u>UNFUNDED - STATE</u></b>			Program Type: <b><u>DISCRETIONARY</u></b>						
<i>004-B-2</i>	<b><i>Hsg &amp; Homeless Svs</i></b>	8600000 Community Services	696,360	0	0	0	<b>696,360</b>	0.0	0
<i>007-E-2</i>	<b><i>Safety Net Svs</i></b>	8600000 Community Services	491,877	0	491,877	0	<b>0</b>	8.0	0
<i>008-C</i>	<b><i>Senior Services</i></b>	8600000 Community Services	105,837	0	0	0	<b>105,837</b>	0.4	0
<b>DISCRETIONARY Total:</b>			1,294,074	0	491,877	0	<b>802,197</b>	8.4	0
<b>UNFUNDED - STATE TOTAL:</b>			1,294,074	0	491,877	0	<b>802,197</b>	8.4	0



<i>Program Number and Title</i>		<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 2</b>		Safety Net							
Funded or Unfunded: <b><u>UNFUNDED - TANF</u></b>			Program Type: <b><u>DISCRETIONARY</u></b>						
<i>007-F</i>	<i>Safety Net Svs</i>	8100000 Human Assistance	9,539,296	0	0	0	<b>9,539,296</b>	0.0	0
		<b>DISCRETIONARY Total:</b>	9,539,296	0	0	0	<b>9,539,296</b>	0.0	0
		<b>UNFUNDED - TANF TOTAL:</b>	9,539,296	0	0	0	<b>9,539,296</b>	0.0	0
<b>Countywide Priority 2</b>		<b>Total:</b>	30,209,444	1,716,725	4,198,171	0	<b>24,294,548</b>	102.9	4

<i>Program Number and Title</i>		<i>Budget Unit and Title</i>		<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 3</b>		Quality of Life								
Funded or Unfunded: <b>UNFUNDED - LOCAL</b>		Program Type: <b>DISCRETIONARY</b>								
<i>005-B</i>	<i>Pesticide Use Enforcement</i>	3210000	Ag Comm-Sealer of Wts & Mea	52,069	0	0	0	<b>52,069</b>	0.7	0
<i>006-C</i>	<i>Quantity Control</i>	3210000	Ag Comm-Sealer of Wts & Mea	38,076	0	10,000	0	<b>28,076</b>	0.5	0
<i>005</i>	<i>Tenant Landlord</i>	4660000	Contribution to Human Rights Fair	5,713	0	0	0	<b>5,713</b>	0.0	0
<i>006</i>	<i>Education Outreach</i>	4660000	Contribution to Human Rights Fair	5,714	0	0	0	<b>5,714</b>	0.0	0
<i>007</i>	<i>Hate Crime Unit</i>	4660000	Contribution to Human Rights Fair	6,000	0	0	0	<b>6,000</b>	0.0	0
<i>010</i>	<i>Jury Parking</i>	5020000	Court - Non-Trial Ct Funding	216,000	0	0	0	<b>216,000</b>	0.0	0
<i>001-P</i>	<i>Cost of Collection -ARP (ARP-Rangers)</i>	6400000	Parks, Recreatn & Open Space	58,648	0	0	0	<b>58,648</b>	0.0	1
<i>001-Q</i>	<i>Discovery Park (ARP - Maintenance)</i>	6400000	Parks, Recreatn & Open Space	33,992	0	0	0	<b>33,992</b>	0.0	0
<i>001-R</i>	<i>Ranger Dispatch (ARP-Rangers)</i>	6400000	Parks, Recreatn & Open Space	12,329	0	0	0	<b>12,329</b>	0.0	0
<i>001-S</i>	<i>Pond/Goethe, El Manto, Lower Sunrise, Sacramento B</i>	6400000	Parks, Recreatn & Open Space	28,790	0	0	0	<b>28,790</b>	0.0	0
<i>001-T</i>	<i>Paradise, Howe, Cal Expo, Watt, Waterton, Gristmil</i>	6400000	Parks, Recreatn & Open Space	31,154	0	0	0	<b>31,154</b>	0.0	2
<i>006-E</i>	<i>Deer Creek Hills</i>	6400000	Parks, Recreatn & Open Space	50,000	0	0	0	<b>50,000</b>	0.0	0
<i>010-C</i>	<i>Mather Park</i>	6400000	Parks, Recreatn & Open Space	9,822	0	0	0	<b>9,822</b>	0.0	0
<i>016</i>	<i>Leisure Services</i>	6400000	Parks, Recreatn & Open Space	124,916	0	47,537	0	<b>77,379</b>	0.0	0
<i>008-A</i>	<i>Vacancies for fiscal flexibility</i>	6610000	Planning & Community Devlp	206,500	0	37,500	0	<b>169,000</b>	3.0	0
<i>008-B</i>	<i>Vacancies for fiscal flexibility</i>	6610000	Planning & Community Devlp	150,000	0	0	0	<b>150,000</b>	2.0	0
<i>003</i>	<i>Other Discretionary</i>	4060000	Transient-Occupancy Tax	0	0	0	0	<b>0</b>	0.0	0
<i>006</i>	<i>Unallocated</i>	4060000	Transient-Occupancy Tax	0	0	90,747	-90,747	<b>0</b>	0.0	0
<i>009</i>	<i>Parks</i>	4060000	Transient-Occupancy Tax	0	0	0	0	<b>0</b>	0.0	0
<b>DISCRETIONARY Total:</b>				1,029,723	0	185,784	-90,747	<b>934,686</b>	6.2	3
<b>UNFUNDED - LOCAL TOTAL:</b>				1,029,723	0	185,784	-90,747	<b>934,686</b>	6.2	3
<b>Countywide Priority 3 Total:</b>				1,029,723	0	185,784	-90,747	<b>934,686</b>	6.2	3

<i>Program Number and Title</i>		<i>Budget Unit and Title</i>		<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 4</b>		General Government								
Funded or Unfunded:	<b><u>UNFUNDED - LOCAL</u></b>			Program Type:	<b><u>DISCRETIONARY</u></b>					
<i>001-A-2</i>	<b><i>Board of Supervisors</i></b>	4010000	Board of Supervisors	14,872	0	0	0	<b>14,872</b>	0.1	0
<i>001-B-2</i>	<b><i>Board of Supervisors</i></b>	4010000	Board of Supervisors	61,879	0	0	0	<b>61,879</b>	1.0	0
<i>002-A-3</i>	<b><i>Clerk of BOS</i></b>	4010000	Board of Supervisors	136,401	0	0	0	<b>136,401</b>	2.2	0
<i>001-B</i>	<b><i>General Fund</i></b>	4810000	County Counsel	123,196	0	0	0	<b>123,196</b>	1.0	0
<i>001-I</i>	<b><i>Countywide Admin &amp; Budget</i></b>	5910000	County Executive	103,570	0	0	0	<b>103,570</b>	1.0	0
<i>004-B</i>	<b><i>Countywide Admin &amp; Budget</i></b>	5910000	County Executive	158,596	0	0	0	<b>158,596</b>	1.0	0
<i>001-B</i>	<b><i>Office of Director - Dept Admin</i></b>	7200000	Health & Human Services	1,249,096	1,249,096	0	0	<b>0</b>	11.0	0
<i>003-B</i>	<b><i>Primary Health Services - Division Administration</i></b>	7200000	Health & Human Services	1,970	1,970	0	0	<b>0</b>	0.0	0
<i>004-B</i>	<b><i>County Medical Indigent Services Program - Case Mgmt.</i></b>	7200000	Health & Human Services	53,356	0	0	0	<b>53,356</b>	0.5	0
<i>029-B</i>	<b><i>Mental Health Administration</i></b>	7200000	Health & Human Services	12,803	0	12,803	0	<b>0</b>	0.0	0
<i>030-B</i>	<b><i>Mental Health Treatment Center</i></b>	7200000	Health & Human Services	91,392	0	91,392	0	<b>0</b>	0.0	0
<i>031-B</i>	<b><i>Mental Health Children</i></b>	7200000	Health & Human Services	49,911	0	49,911	0	<b>0</b>	0.0	0
<i>045-B</i>	<b><i>Mental Health Adults - Administration</i></b>	7200000	Health & Human Services	23,833	0	23,833	0	<b>0</b>	0.0	0
<i>046-B</i>	<b><i>Senior &amp; Adult Services - Administration</i></b>	7200000	Health & Human Services	745,720	519,923	0	0	<b>225,797</b>	8.0	0
<i>062-B</i>	<b><i>Health Education - Maternal Child &amp; Adolescent Health</i></b>	7200000	Health & Human Services	103,876	0	0	0	<b>103,876</b>	1.0	0
<i>067-B</i>	<b><i>California Children's Services</i></b>	7200000	Health & Human Services	79,171	0	0	0	<b>79,171</b>	0.0	0
<i>078</i>	<b><i>Public Health Nurses - Administration</i></b>	7200000	Health & Human Services	184,327	0	184,327	0	<b>0</b>	2.0	0
<i>088</i>	<b><i>Health Officer - Disease Control and Epidemiology</i></b>	7200000	Health & Human Services	342,348	0	0	0	<b>342,348</b>	0.0	0
<i>089-B</i>	<b><i>Emergency Medical Services</i></b>	7200000	Health & Human Services	5,041	0	5,041	0	<b>0</b>	0.0	0
<i>002-C</i>	<b><i>Selection &amp; Classification</i></b>	6030000	Personnel Services Dept.	347,767	0	0	0	<b>347,767</b>	2.0	0
<i>002-D</i>	<b><i>Selection &amp; Classification</i></b>	6030000	Personnel Services Dept.	76,339	0	0	0	<b>76,339</b>	1.0	0
<i>004-B</i>	<b><i>Personnel/Payroll Training &amp; Support</i></b>	6030000	Personnel Services Dept.	1,419	0	0	0	<b>1,419</b>	0.0	0
<i>005-B</i>	<b><i>Personnel Records &amp; Special Services</i></b>	6030000	Personnel Services Dept.	970	0	0	0	<b>970</b>	0.0	0

<i>Program Number and Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 4</b>	General Government							
Funded or Unfunded:	<b><u>UNFUNDED - LOCAL</u></b>	Program Type:	<b><u>DISCRETIONARY</u></b>					
021-B	<i>Unallocated Positions</i>	6700000 Probation	0	0	0	0	0	16.0 0
		<b>DISCRETIONARY Total:</b>	3,967,853	1,770,989	367,307	0	<b>1,829,557</b>	47.8 0
		<b>UNFUNDED - LOCAL TOTAL:</b>	3,967,853	1,770,989	367,307	0	<b>1,829,557</b>	47.8 0
<b>Countywide Priority 4 Total:</b>			3,967,853	1,770,989	367,307	0	<b>1,829,557</b>	47.8 0

<i>Program Number and Title</i>		<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 5</b>		<b>Prevention/Intervention Programs</b>							
Funded or Unfunded: <b>UNFUNDED - LOCAL</b>		Program Type: <b>DISCRETIONARY</b>							
001	<b><i>Criminal Justice Cabient</i></b>	5750000 Criminal Justice Cabinet	126,805	0	0	0	<b>126,805</b>	0.0	0
002-C	<b><i>Birth and Beyond</i></b>	7200000 Health & Human Services	22,530	22,530	0	0	<b>0</b>	0.0	0
060-B	<b><i>Alcohol and Drug Services Division</i></b>	7200000 Health & Human Services	302,074	0	243,436	0	<b>58,638</b>	4.0	0
063-B	<b><i>Health Education - Dental Education</i></b>	7200000 Health & Human Services	24,266	0	0	0	<b>24,266</b>	0.5	0
064-B	<b><i>Health Education - Immunization Assistance</i></b>	7200000 Health & Human Services	30,760	0	0	0	<b>30,760</b>	0.0	0
076-B	<b><i>Public Health Nurses - Birth and Beyond</i></b>	7200000 Health & Human Services	177,275	36,364	120,461	0	<b>20,450</b>	2.0	0
077-B	<b><i>Public Health Nurses - Perinatal Outreach</i></b>	7200000 Health & Human Services	28,399	0	0	0	<b>28,399</b>	1.5	0
079-B	<b><i>Health Officer - Public Health Programs</i></b>	7200000 Health & Human Services	235,683	159,575	20,358	0	<b>55,750</b>	3.0	0
080-B	<b><i>Health Officer - AIDS Health Education</i></b>	7200000 Health & Human Services	121,219	0	0	0	<b>121,219</b>	0.9	0
086	<b><i>Health Officer - HIV Perinatal Prevention</i></b>	7200000 Health & Human Services	87,014	0	87,014	0	<b>0</b>	0.0	0
Add'l Req	<b><i>Office of HIPAA</i></b>	5740000 Office of HIPAA	50,000	0	0	0	<b>50,000</b>	0.0	0
023	<b><i>9-12 Project - Comm. Intervention</i></b>	6700000 Probation	95,927	0	0	0	<b>95,927</b>	1.0	0
<b>DISCRETIONARY Total:</b>			1,301,952	218,469	471,269	0	<b>612,214</b>	12.9	0
<b>UNFUNDED - LOCAL TOTAL:</b>			1,301,952	218,469	471,269	0	<b>612,214</b>	12.9	0
Funded or Unfunded: <b>UNFUNDED - STATE</b>		Program Type: <b>DISCRETIONARY</b>							
064-C	<b><i>Health Education - Immunization Assistance</i></b>	7200000 Health & Human Services	68,580	68,580	0	0	<b>0</b>	1.0	0
<b>DISCRETIONARY Total:</b>			68,580	68,580	0	0	<b>0</b>	1.0	0
<b>UNFUNDED - STATE TOTAL:</b>			68,580	68,580	0	0	<b>0</b>	1.0	0

<i>Program Number and Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 5</b>	Prevention/Intervention Programs							
Funded or Unfunded:	<b><u>UNFUNDED - TANF</u></b>		Program Type:	<b><u>DISCRETIONARY</u></b>				
<i>002-D</i>	<i>Birth and Beyond</i>	7200000 Health & Human Services	197,348	197,348	0	0	0	2.0 0
		<b>DISCRETIONARY Total:</b>	197,348	197,348	0	0	0	2.0 0
		<b>UNFUNDED - TANF TOTAL:</b>	197,348	197,348	0	0	0	2.0 0
<b>Countywide Priority 5 Total:</b>			1,567,880	484,397	471,269	0	<b>612,214</b>	15.9 0
<b>Grand Total:</b>			91,420,575	4,153,687	9,671,511	-90,747	<b>77,686,124</b>	547.7 59



# 2003-04 RECOMMENDED PROPOSED (BASE) BUDGET

COUNTY OF SACRAMENTO  
CALIFORNIA

For the Agenda of:  
June 16, 2003  
9:30 a.m.

To: Board of Supervisors  
From: County Executive  
Subject: 2003-04 RECOMMENDED PROPOSED (BASE) BUDGET  
Contact: Geoffrey B. Davey, Chief Financial Officer, 874-5803

## RECOMMENDATIONS:

1. That your Board approve changes in appropriations and revenues to the attached recommended budget schedules associated with a pension obligation bond restructuring (Attachment I), certain other savings/financing adjustments (Attachment II) and certain restorations (Attachment X) of programs initially proposed in the attached budget schedules to be "unfunded", resulting in adoption of a "base" budget for Fiscal Year 2003-04.
2. That your Board set the General Fund contingencies at \$5.0 million, and conceptually approve the earmarking of the contingencies to cover specific uncertainties outlined herein.
3. That your Board approve a transfer from the Transient Occupancy Tax (TOT) Fund to the General Fund for Fiscal Year 2003-04 of \$3.5 million, an increase of \$1.0 million from the level adopted in the Fiscal Year 2002-03 Final Budget, in order to provide financing to restore certain otherwise "unfunded" programs (as determined by your Board during the Proposed Budget hearings) in the attached budget schedules, and otherwise determine during the Proposed Budget hearings the complete allocation of other TOT Fund monies to civic/cultural grantees as outlined in Attachment IV.
4. That your Board direct the Human Resources Agency (HRA) to rescind, as appropriate, the lay-off notices transmitted to those employees in positions that are restored by your Board's actions during the Proposed Budget Hearings.
5. Direct HRA to delete by administrative salary resolution amendment all those positions unfunded as part of your Board's actions during the Proposed Budget Hearings.
6. Delegate to the Chief Financial Officer and the HRA Administrator the ability to administratively restore/transfer certain positions unfunded by your Board's actions during the Proposed Budget Hearings that can be funded thereafter due to the provisions of Section 71-J of the County Charter by amending/terminating vendor contracts.

7. Approve a policy of funding the cost of terminal payments for certain leave balances (vacation, holiday-in-lieu, compensatory time-off, etc.) for retiring employees by not filling resulting vacancies for a period sufficient to amortize the terminal payment costs. Terminal payment costs of sick-leave balances will be funded centrally and reimbursed to General Fund departments during Fiscal Year 2003-04.
8. That your Board close the Bienson Hearings and make reductions to the health programs listed on Attachment V.
9. Direct the County Executive's Office and the Department of Health and Human Services (DHHS) to provide a 24-hour information service that can give eligible people immediate information on the available services and access to them, and an agency to receive and respond to complaints from people eligible for indigent medical care services.
10. That your Board adopt the attached Proposed Budget Resolution (Attachment VI) approving and implementing the Fiscal Year 2003-04 Proposed Budget, consisting of the County Executive's Recommended Proposed Budget, as amended by any decisions made by the Board during the Proposed Budget Hearings, and set the commencement of the Final Budget Hearings on Monday, August 25, 2003, for consideration of the Fiscal Year 2003-04 Final Budget.

## I. PRIORITIES

The central themes approved by your Board during February 2003 for this year's budget process are to focus on spending priorities, the anticipated available resources of the County for Fiscal Year 2003-04, and the results that will be accomplished with those resources. The approved spending priorities recognize that certain obligations must be funded before any discretionary priorities can be addressed:

- A. **Mandated Countywide Obligations**, such as jails, prosecution, juvenile detention, health care for the poor, and welfare payments to eligible clients.
- B. **Mandated Municipal Obligations** such as the core requirements for providing for the public safety of the citizens living in the Unincorporated Area (Sheriff's patrol and investigations).
- C. **Financial Obligations**, where we maintain the public trust through a sound fiscal policy and fund programs that provide for revenue collection.

When funding of the county's mandated services and other obligations are met, your Board determined that the following priorities shall govern our budget process for discretionary programs:

1. **Provide the highest level of discretionary law-enforcement (municipal and countywide) services possible**, such as the discretionary level of Sheriff's patrol and investigations, and Probation Supervision.
2. **Provide the safety net for disadvantaged citizens**, such as providing programs for the homeless, mentally ill, and others who receive no services from other government agencies.

3. **Provide the highest possible quality of life for our citizens**, such as through neighborhood programs, reinvestment in communities, parks and recreation, and non-law enforcement municipal services, etc.
4. **General government functions**, such as continuing funding at a sufficient level to support direct services to citizens for the Clerk of the Board, County Counsel, Human Resources Agency, Office of Communications & Information Technology, County Executive, etc.
5. **Prevention/intervention programs**, such as certain alcohol and drug programs that can demonstrate that they save the county money over the long-term.

These required funding obligations and discretionary funding priorities are the cornerstone of the County Executive Fiscal Year 2003-04 Recommended Proposed Budget.

## II. BACKGROUND

On February 4, 2003, the Office of Budget & Debt Management provided your Board with our initial General Fund forecast and recommended budget schedule for the Fiscal Year 2003-04 budget process. Because of the economic environment in the Unincorporated Area and the State of California as a whole, the initial impacts from the Rancho Cordova incorporation, and the expiration of one-time financing sources utilized in Fiscal Year 2002-03, a modest reduction of approximately \$10.0 million in general purpose financing in the General Fund was expected for Fiscal Year 2003-04. Conversely, spending was expected to grow sharply, largely due to contractually obligated costs for implementing retirement benefit enhancements and health benefit allowances for county employees. In addition, certain known programmatic spending increases were anticipated in Voter's Registration (acquisition of new voting system) and correctional health staffing. The result was a projection of a \$69.5 million General Fund shortfall for Fiscal Year 2003-04. Due to the combination of the need to fund certain "hard" mandates at their projected spending requirement and projected reduced general purpose financing, an across-the-board reduction of approximately 10.7 percent in departments with discretionary spending for Fiscal Year 2003-04 appeared necessary.

The magnitude of the projected General Fund shortfall, and the anticipation that the overall shortfall might increase due to state-imposed budget cuts likely as a result of the State's poor financial circumstances, resulted in an accelerated county budget schedule. Your Board also approved preliminary allocations for most General Fund departments that were approximately 10.7 percent less than Fiscal Year 2002-03, after factoring in certain midyear budget increases and unavoidable cost increases. Departments were directed to prepare their budgets to fit within these preliminary allocations, and to report to the Board in budget workshops scheduled for April-May 2003 on resulting program and fiscal impacts. While some departments were able to mitigate their shortfalls by increasing departmental revenues and/or reducing line-item accounts, most of the large departments identified unmitigated shortfalls far too large to be offset by departmental revenue increases and/or line-item reductions. Furthermore, the Department of Human Assistance (DHA) identified a separate additional budget shortfall of nearly \$42.5 million related to reduced categorical state funding, including but not limited to the state's refusal to further share Temporary Assistance to Needy Families (TANF) incentives.

## III. BUDGET IMPACTS FROM STATE BUDGET, INCLUDING GOVERNOR'S MAY REVISION TO STATE BUDGET

On May 14, 2003, Governor Davis released a state budget "May Revision" that proposes to push more than \$10.0 billion of the State's deficit into the future, raise taxes for smokers, shoppers and high-income earners, and all but guarantee a tripling of vehicle license fees. The reshaped state spending plan attempts to placate various political interests by providing some relief to schools and scrapping most of an unpopular "Realignment II" plan to shift state services to counties.

The May Revision re-estimated the state budget gap at approximately \$38.2 billion, up from \$35.0 billion, even following midyear budget reductions approved by the Legislature. The revised spending plan relies on similar principles to those set forth in January: deep spending cuts, tax increases and borrowing. The Governor's new plan, differs from his January 2003 proposal because it heeds Republican lawmakers' calls to engage in long-term borrowing to whittle the deficit, and it assumes that an increase in the yearly car tax will be triggered as of July 1, 2003. But Republicans, who must provide some votes for the plan to receive the two-thirds majority required for passage, immediately issued statements indicating that they were not impressed with the Governor's new plan.

The cornerstone of the new plan calls for selling \$10.7 billion in deficit bonds to spread the pain over five years and spare schools and colleges from some cuts. Also proposed is a half-cent per dollar sales tax increase -- expected to pump \$2.3 billion a year into the state treasury -- to repay the bonds. The new proposal shrinks a major piece of the new "realignment" plan to raise taxes and shift responsibility for some state services to cities and counties. It will call for an increase in the state's cigarette tax and for the creation of two new upper-income tax brackets to collect more from the state's top earners. Counties would get \$1.7 billion from the tax increases to pay for the shifted programs. The plan assumes that the vehicle license fee will be raised administratively under a 1998 law allowing an increase if the state has budget problems. The increase would mean a \$124 increase for the average car.

Although the new plan continues severe cuts for health and welfare programs, it eases some of the sting for education. Community colleges would take less of a hit than expected because Governor Davis is calling to increase student fees from \$11 to \$18 a unit -- instead of the \$24 he proposed in January. And K-12 schools would receive about \$700.0 million more than earlier slated, sources said. Governor Davis also is protecting some of his favorite programs, including one to reduce class sizes.

- **"Realignment II" Revised**

The Governor's earlier "Realignment II" proposal has been reduced in scope to include only \$1.7 billion in mental health and welfare programs. Following are the revenue increases proposed by the Governor as part of the new realignment:

**Revenue Increases  
(amounts expressed in millions)**

	2003-04	2004-05
<b>Personal Income Tax:</b> New 10.3 percent rate	\$1,560	\$1,250
<b>Tobacco Excise Tax:</b> \$0.23 increase per pack in 2003-04, \$0.40 increase in 2004-05.	267	678
<b>Total</b>	<b>\$1,827</b>	<b>\$1,928</b>

The Governor’s May Revision proposes to utilize the increased cigarette taxes and high-income earner income taxes to fund the transfer of the following program/financial responsibilities to counties:

**State-Local Realignment  
(amounts expressed in millions)**

Program	Current County Percentage Share of Cost	Proposed County Percentage Share of Cost	Realigned Costs
<i><u>Mental Health</u></i>			
Children’s System of Care	0.0%	100.0%	\$20
Integrated Services for Homeless Adults	0.0%	100.0%	55
<i><u>Children and Youth</u></i>			
Child Abuse Prevention, Intervention, and Treatment (CAPIT)	0.0%	100.0%	12
Foster Care Grants	60.0%	80.0%	237
Foster Care Administration	30.0%	50.0%	11
Child Welfare Services	30.0%	50.0%	197
<i><u>Social Services</u></i>			
Adult Protective Services	Maintenance of Effort	100.0%	61
CalWORKs Grants	2.5%	30.0%	782
CalWORKs Employment Services and Administration	Maintenance of Effort	30.0%	359
<b>TOTAL</b>			<b>\$1,734</b>

The form of the “realignment” of revenues relies upon the assumption that the increased revenues from the cigarette and income taxes will be deposited into the “Enhanced State-Local Realignment Fund” and then transferred to counties according to a yet-to-be-determined formula. The result is that counties would, in the future, have to rely upon cigarette taxes and high-income earner income taxes to fund much higher levels of financial responsibility for caseloads in Foster Care and CalWORKs, where the tendency may be for those caseloads to grow even when those revenues decline.

• **Vehicle License Fee Trigger**

The Governor’s May Revision assumes that the Vehicle License Fee (VLF) trigger will be pulled. “Based on all available financial information, it is anticipated there will be insufficient moneys available to be transferred from the General Fund for the offsets, beginning with the payments scheduled for transfer in July 2003.” The May Revision assumes that the State will not be obligated to make offset payments in Fiscal Year 2003-04.

What remains to be seen, however, is the timing of the “pulling of the trigger” and the flow of VLF revenues to cities and counties. The Governor’s May Revision document does not specifically speak to this item, but counties remain concerned about the potential “gap” that may occur, depending on the timing issue. The “gap” for Sacramento County General Fund VLF revenues is estimated at approximately \$5.0 million per month. There may be an additional gap related to Realignment VLF revenues as well. In fact, the budget item proposed by the State Department of Finance would appropriate only \$1,000 to fund the backfill required from July 1, 2003, to full collection of the VLF.

• **Other County Impacts**

The May Revision proposes to allow counties to continue to receive Williamson Act subventions for permanent agriculture property dedications, which would improve financing for Sacramento County by \$500,000. However, the May Revision continues to rely upon the assumption that counties would be held responsible for 25.0 percent of the federal penalty for the State’s failure to implement a statewide child support collection automation system, which would increase our General Fund shortfall by \$2.3 million. The May Revision proposes to repeal 34 mandates, in particular certain provisions of the Ralph M. Brown Act (Chapter 641, Statutes of 1986) which required local entities to post agendas regarding items to be considered at meetings, as well as the time and location of meetings. The mandate repeals appear primarily to be a blatant effort to permanently reduce Senate Bill 90 reimbursements to local governments, rather than an effort to reduce local government costs. We continue to evaluate the categorical reductions/restorations proposed by the Governor to determine the impacts to various health/welfare programs.

• **The Potential For Our General Fund Shortfall To Increase Because Of State-Budget Impacts Between Proposed And Final Budget**

Due to the late release of the May Revision, and the record of the Legislature ultimately failing to adopt many of the Governor’s May Revision proposals for the past few years, we have not included the possible financial impacts of the May Revision in the Fiscal Year 2003-04 Recommended Proposed Budget. There is at least the possibility that the General Fund shortfall will increase by approximately \$1.8 million between Proposed and Final Budget due to the net difference in General Fund financing caused by the Child Support Penalty sanction proposal and the Williamson Act financing restoration proposal. However, should the Legislature reject the Governor’s proposals for triggering the car tax increase, or the other sales, cigarette and high-income earner income tax increases, there is the distinct possibility that large additional cuts to counties might still occur. There is also the possibility that our Realignment VLF revenues may be reduced because of the “gap” issue between the trigger event and the collection of increased VLF taxes. As such, we will await the adoption of a state budget before making further adjustments to the county’s budget, during the Final Budget hearings in late August/early September 2003.

**IV. SUMMARY OF CHANGES SINCE MIDYEAR FORECAST AND YEAR-TO-YEAR INCREASES INCLUDED IN DEPARTMENTAL BASE BUDGET REQUESTS**

Since the midyear budget report on February 4, 2003, where a \$69.5 million General Fund budget shortfall was projected, departments have prepared their Fiscal Year 2003-04 budget

requests within the preliminary general purpose financing allocations approved at the meeting. As expected, a significant budget shortfall of approximately \$70.0 million was apparent as soon as the departments submitted their budgets on or about March 14, 2003. However, when the budgets were submitted and subjected to analysis, we determined that there were several unexpected budget changes that threatened to increase the overall size of the budget shortfall. Specifically, the year-to-year spending on the caseload costs of the In-Home Supportive Services (IHSS) program grew by 13.0 percent, far greater than had been anticipated in the budget modeling, and growth in spending on our various "treatment" accounts for correctional health costs and indigent health care was also several million dollars more than anticipated. Following is a more detailed analysis of those spending increases:

**IHSS Provider Costs**

	<u>2002-03 Fiscal Year</u>
Approved Budget:	\$28,901,121
Estimated Expenditures:	<u>34,581,954</u>
Overexpenditure:	\$ 5,680,833

IHSS costs have increased for two reasons: caseload increases averaging between 13.0 and 14.0 percent per year and a 10.9 percent pay increase for IHSS providers. The cost projection is based on actual payment information as of February 18, 2003. Additionally, the budgeted appropriations did not take into account the payroll costs associated with provider payments, estimated to be \$4,491,288 for Fiscal Year 2002-03.

DHHS is starting a review of IHSS charges to verify that the State is charging us the correct share of the provider costs, both in the actual payment amount to providers and the sharing ratios used. Additionally, DHHS will review its authorization of service hours to determine if they can be reduced, and any other cost control measures available to us.

Fiscal Year 2003-04 budget: \$39,077,608 (based on 13.0 percent caseload increase over Fiscal Year 2002-03 estimated expenditures); Increase over Fiscal Year 2002-03 budget: \$10,176,487.

**Treatment: University California Davis (UCD) Lump Sum Contract**

	<u>2002-03 Fiscal Year</u>
Approved Budget:	\$ 18,026,146
Estimated Expenditures:	<u>20,101,921</u>
Overexpenditure:	\$ 2,075,775

The original budget for the UCD Lump Sum Contract estimated a 6.0 percent Consumer Price Index (CPI) increase and a zero percent increase in the number of inpatient hospital days. The actual number of inpatient days increased by 8.0 percent (521 days) resulting in a \$1.8 million increase in payments to UCD. The average stay has increased from four to five days. The actual CPI adjustment is 1.7 percent higher than estimated, resulting in another increase of \$300,000.

Fiscal Year 2003-04 budget: \$25,193,243 (based on hospital CPI increase of 9.05 percent, a 5.0 percent increase in utilization, and loss of the rebate); Increase over Fiscal Year 2002-03 budget: \$7,167,097.

**Treatment: County Medically Indigent Services Program (CMISP)**

	<u>2002-03 Fiscal Year</u>
Approved Budget:	\$ 7,824,636
Estimated Expenditure:	<u>10,794,305</u>
Overexpenditure:	\$ 2,969,669

Estimated CMISP treatment costs increased by \$1,178,719 over Fiscal Year 2001-02 actuals due to a 15.0 percent increase in Medi-Cal rates. The volume of services has also increased over the past several years. Additionally, the County Executive's Office removed \$2,500,000 from this budget in Fiscal Year 2001-02. This reduction was carried forward into the Fiscal Year 2002-03 budget in order to maintain a status quo budget.

Fiscal Year 2003-04 budget: \$11,000,000; Increase over Fiscal Year 2002-03 budget: \$3,175,364.

**Treatment: California Children's Services (CCS)**

	<u>2002-03 Fiscal Year</u>
Approved Budget:	\$ 750,000
Estimated expenditure:	<u>1,650,000</u>
Overexpenditure:	\$ 900,000

CCS treatment costs have increased by \$200,000 due to a 15.0 percent average increase in Medi-Cal rates. The volume of services has also increased by 20.0 percent resulting in \$300,000 of increased CCS treatment costs. Additionally, the County Executive's Office reduced appropriations by \$250,000 during the budget process.

The State actually pays providers for these services so detail information is scarce. However, these cost are very volatile and can be higher or lower than budgeted based on one or two high cost cases.

Fiscal Year 2003-04 budget: \$750,000 (based on prior-year budget); Increase over Fiscal Year 2002-03 budget: \$0

**Terminal Pay Costs**

With the approval of retirement enhancements for county employees effective June 29, 2003, it is anticipated that a large number of existing employees will retire during the course of Fiscal Year 2003-04. Based upon an assessment of those in the county workforce over age 50 with 25 years or more of service, it is estimated that as many as 900 employees will retire during Fiscal Year 2003-04, roughly three times the average number that typically retire in a given year. Since all members of the workforce are entitled to be compensated at retirement (termination) for their

vacation and compensatory time off (CTO)/holiday in lieu (HIL) balances, and management employees are further entitled to be paid for one-half of their accumulated career sick-leave balances, there is a significant additional cost for these "terminal" payments anticipated during Fiscal Year 2003-04. Our estimate of the total costs (all funds, all leave balances) for these 900± retiring employees during Fiscal Year 2003-04 exceeds \$20.0 million.

The General Fund net share of the terminal pay is approximately one-half of the total amount, with enterprise funds, internal services funds, federal/state subventions and contract revenues paying for the remainder. We recommend that your Board approve the following plan for paying terminal pay costs during Fiscal Year 2003-04:

1. Departments are required to absorb the cost of cash-out for vacation, HIL, and CTO leave balances for all employees, either by holding the position vacated by a retiree, or a similar position vacant for a sufficient time-period to amortize the cost of the cash-out for those balances. For most long-term employees, the maximum leave balances in these categories would total 504 hours (400 hours vacation, 104 hours HIL), which would necessitate holding the position vacant for approximately 13 weeks (or about three months).
2. Departments in the General Fund will be reimbursed during Fiscal Year 2003-04 for the costs of cashing-out sick-leave balances for management, administrative and other employees entitled to sick-leave balance payments at retirement. Because there is no "cap" on the accumulated career sick-leave balances, many employees who have been healthy throughout their careers have 2,000 hours or more of accumulated sick-leave. Absent central funding, payment of 1,000 hours or more of sick-leave balances would necessitate holding vacancies in such positions for six months or more, which is not practical for many positions.

In order to fund payment of the estimated General Fund net share of sick-leave terminal payments during Fiscal Year 2003-04, an increase in centrally-budgeted labor costs of \$5.4 million was added to the base budget, and was partly responsible for increasing the General Fund shortfall to \$75.0 million, before consideration of debt refinancing and certain other savings.

#### **Debt Refinancing Savings**

In addition to the budgetary changes that threatened to worsen the budget shortfall, there fortunately were budgetary improvements to more than offset the cost increases. In particular, there are approximately \$17.8 million in budgetary savings from two debt-refinancings already accomplished by the Office of Budget and Debt Management following the midyear budget report:

1. Interest-Rate SWAPTION executed with Bank of America: The Director of Finance has executed a "SWAPTION" agreement with Bank of America pursuant to the terms of the Board approved indenture on the previously issued variable-rate 1990 Certificates of Participation. Under this swaption agreement, Bank of America essentially has the right to assume the county's variable-rate payment obligation and in the event they do, the County will pay Bank of America a fixed-rate of 4.534 percent. In exchange for the right to assume this variable-rate obligation and receive the county's fixed-payment stream, Bank of America paid an up-front fee of \$11.4 million to the County, which has been deposited into General

Fund revenue and on a one-time basis will increase our fund balance by a like amount for June 30, 2003.

2. Refinancing of the Main Jail: The Chief Financial Officer, Director of Finance and County Counsel presided over a sale of "refunding" Certificates of Participation during April/May, which will reduce our debt service payments for the Main Jail facility over a 13-month period by \$6.4 million. This reduced debt service expense has been factored into the Sheriff's Department's revised year-end carryover estimate and expenditure requirements for Fiscal Year 2003-04, reducing their budget shortfall and the overall General Fund shortfall by a like amount.

Following amendments to the base budget for the cost increases described above, and the revenues/budget savings also described above, as well as other numerous, minor budget changes, the remaining local Fiscal Year 2003-04 shortfall in the General Fund is approximately \$58.2 million. However, in addition to the local shortfall, an additional shortfall in the General Fund was identified of approximately \$42.5 million, primarily from state budget impacts identified in the Governor's January budget proposal. These have thus far generated minimal opposition in the Legislature and/or were already adopted by the Legislature midyear. Following is a summary of the reasons for the additional \$42.5 million "state-categorical" and "TANF incentive" shortfall:

#### **1. State-Categorical Shortfall: \$31.5 million**

Reasons for this shortfall include:

- No Cost of Living Adjustments (COLA)s in any programs for several years – DHA has not received a COLA in any of their programs for many years and have had to absorb the unavoidable cost increases throughout their programs.
- State allocation reduction due to "negative premise" - As we discussed, the Governor based allocations to counties on a negative premise which is a belief that as families "time out," they will become inactive and will not be eligible for benefits. DHA believes that the "timing out factor" used by the Governor is too aggressive and they will continue to have higher caseloads than they will get compensated for.
- Loss of TANF Incentive backfill - This year the problem of chronic underfunding became apparent due to the loss of TANF Incentive funds to backfill additional costs that have been accumulating for some time but were not funded by state appropriations to counties.

#### **2. TANF-Incentive Shortfall: \$11.07 million**

The reason for this shortfall is that during the early years of welfare reform, the federal government paid incentive revenues to States for achieving greater reductions in assistance caseloads than were minimally necessary to meet the goals/timelines required of the Federal welfare reform legislation. In California, the State initially shared these TANF-incentives with counties. However, the State was not required to do so and over the past two years has phased out the local distribution of these funds. For Fiscal Year 2003-04, the Governor has proposed to no longer share the TANF-incentives with counties. This action is being utilized as a means of



balancing the state's budget. We are projecting to receive no TANF-incentive revenues for Fiscal Year 2003-04, which will require terminations of various community-based organization (CBO) contracts that have heretofore been funded with the TANF-incentives revenues.

In summary, the total budget shortfall for Fiscal Year 2003-04 in the General Fund (local + state-categorical + TANF-incentive) is \$100.77 million. It appears that, except for a relatively small number of program restorations that can be possible with additional (primarily one-time/short-term) financing sources that we are recommending your Board approve, your Board will otherwise find it impossible to balance the Fiscal Year 2003-04 General Fund budget without making an unprecedented amount of budget reductions.

#### V. CONTINGENCY AND RESERVE RELEASE RECOMMENDATION

Consistent with the past several years, the County Executive's recommended General Fund contingency appropriation is \$5.0 million. This amount represents less than 1.3 percent of the total general purpose financing expected to be available, and less than 0.3 percent of the General Fund total appropriations level. There are several major uncertainties in the general assumptions for the Fiscal Year 2003-04 budget that, in total, far exceed the recommended contingency level. The County Executive, therefore, recommends that your Board conceptually "fence-off" the recommended \$5.0 million contingency appropriation, to allow that sum to remain available for covering any shortfall from these uncertainties that may result. Following is a summary of the major uncertainties for which the contingencies essentially should be earmarked:

- **Potential for Additional State Budget Actions:** The assumption in the Proposed Budget with by far the most uncertainty is that the county's general purpose financing will not be impacted by state budget actions. With the State now facing a \$38.2 billion shortfall, there are numerous proposals floating about the Capitol that would transfer a portion of the state's shortfall to local government. The Governor has proposed shifting 25.0 percent of the state's federal sanction for failure to implement a statewide child support automated collection system to counties, which if enacted would impact our budget by an additional \$2.3 million. There is the possibility of a "gap" between the VLF trigger event and the collection of increased VLF taxes, which for Sacramento County reflects a \$5.0 million monthly potential impact. The Governor's proposals to increase income taxes, cigarette taxes and sales taxes may be rejected by the Legislature in favor of additional cuts to local government. At this juncture, we are far from certain that further reductions to counties, or potentially even a larger one, will not pass the Legislature by the end of this year's State Budget process.
- **Potential Shortfalls In Local Revenue:** Our revenue estimates for sales taxes and sales tax-related taxes (such as State Proposition 172, Public Safety Sales Tax and Realignment Revenues) have been based upon the assumption that moderate growth will return during Fiscal Year 2003-04. This assumption has been made despite the fact that sales tax revenues during Fiscal Year 2002-03 has experienced actual declines vs. Fiscal Year 2001-02. Growth during the past several months in our local sales tax, as well as growth in revenues from the State Proposition 172 and Realignment pools, has continued at negative levels, albeit at reduced negative levels from the immediate period post-September 11, 2001. While many economists predict a recovery soon to be evident, we cannot bank on that prediction by budgeting for moderate growth and not budgeting a

contingency factor. An undercollection of revenue growth in sales taxes and related taxes of just 1.0 percent could result in revenue shortfalls exceeding \$3.5 million. Contingencies would conceivably be used for offsetting the revenue shortfalls, should they occur, as they were in Fiscal Year 2001-02.

- **Potential Exposure On Several High-Profile Litigation Matters Is In The Millions Of Dollars:** The county's long-term liability reserve in the General Fund has been gradually reduced over the last few years to pay out settlement costs. Our potential exposure in the cases currently being litigated is much greater than our remaining reserve of only \$15.6 million. In addition, the General Fund reserves serve as cash-support for our accrual-based budgeting, which counts revenues that are earned before they are actually received.
- **Potential Additional Labor Costs:** At the time of preparation of the Fiscal Year 2003-04 Recommended Proposed Budget, the County still had not reached agreement with two bargaining groups (Deputy Sheriff's Association and the Law Enforcement Managers' Association). The Deputy Sheriff's Association has invoked its right to binding arbitration, which has been proceeding for the past several months. An arbitration settlement is possible which could be several million dollars more than anticipated in the budgeted departmental and centrally-funded labor costs.
- **Potential Second Primary Election In 2004:** Assembly Bill (AB) 1531 has been introduced to require a June Primary in 2004 following the March 2004 Presidential Primary for local and state offices. Although opposed by virtually every county and the California Association of Clerks and Election Officials, Governor Davis has informally indicated support. Our cost estimate for a second primary in Sacramento County is \$3.0 million (not yet budgeted), should this bill be passed by the Legislature and signed into law by the Governor.

#### VI. SUMMARY OF RECOMMENDED PROPOSED BUDGET FOR THE GENERAL FUND (BEFORE CONSIDERATION OF RECOMMENDED RESTORATIONS/ ADDITIONAL FUNDING REQUESTS)

The General Fund is by far the largest fund in the County Budget. General Fund departments provide a very broad range of public services. The county's general purpose financing is allocated to the General Fund to provide the local share of costs for both mandated and discretionary programs. The other funds in the county budget and operational structure are financed with earmarked or restricted revenues. The Board of Supervisors has more discretion over resource allocation and service levels in the General Fund, but the state and federal mandates on spending severely curtail the discretion and flexibility.

In balancing the General Fund, the net department requirement is compared to the available general purpose financing. The net department requirement (or allocation) is the departmental expenditures less departmental revenue and carryover savings from the prior year. It is the need for additional local resources. When the department requirement exceeds the general purpose financing, then there is a budget problem in the General Fund and the net requirement must be reduced, as there is virtually no ability to increase general purpose financing.



**General Fund by Broad Program Area**

The following table summarizes the Recommended Proposed Budget for the General Fund by broad program area:

**2003-04 Recommended Proposed General Fund**

	Appropriation	Revenue	Carry-Over	Allocation	Percent of Allocation
<b>LAW AND JUSTICE</b>					
Sheriff	\$249.8	\$144.0	\$3.0	\$102.8	23.9%
Court	43.8	7.9	(0.8)	36.7	8.5%
District Attorney	48.6	18.7	1.3	28.6	6.6%
Probation	71.8	38.4	2.3	31.1	7.2%
Medical -- Institutions	35.0	23.7	0.4	10.9	2.5%
Public & Conflict Defense	25.5	1.0	0.6	23.9	5.6%
Other Law & Justice	9.0	1.3	0.6	7.1	1.7%
Centrally Budgeted Labor	4.9			4.9	1.1%
<b>Subtotal</b>	<b>\$488.4</b>	<b>\$235.0</b>	<b>\$7.4</b>	<b>\$246.0</b>	<b>57.2%</b>
<b>HUMAN SERVICES</b>					
Human Assistance-Payments	\$366.7	\$308.5	\$0.0	\$58.2	13.5%
Human Assistance-Admin	227.3	201.9	0.6	24.8	5.8%
Health & Human Services	386.7	365.6	7.0	14.1	3.3%
IHSS Provider Payments	41.2	32.5	(0.6)	9.3	2.2%
Health Treatment Account	38.3	25.1	(3.2)	16.4	3.8%
Child Support	34.7	34.7	0.0	0.0	0.0%
<b>Subtotal</b>	<b>\$1,094.9</b>	<b>\$968.3</b>	<b>\$3.8</b>	<b>\$122.8</b>	<b>28.5%</b>
Community & Neighborhood	41.9	28.4	2.9	10.6	2.5%
General Government / CFO / Elected / Public Works	81.1	36.9	3.8	40.4	9.4%
Human Resources Agency	18.0	9.6	3.0	5.4	1.3%
Contingencies	5.0			5.0	1.2%
<b>Total Departmental</b>	<b>\$1,729.3</b>	<b>\$1,278.2</b>	<b>\$20.9</b>	<b>\$430.2</b>	<b>100.0%</b>

In the above table, the larger departments in the General Fund are listed separately and other departments are lumped together. The table gives net departmental appropriations, departmental revenues, carryover, the allocation of general purpose financing, and the allocation's percentage of the total available. The table summarizes the General Fund before the County Executive's recommended restorations. Charts of the recommended net allocations are attached (see Attachments VII and VIII).

Most spending in the General Fund is on law and justice services and human services. Some \$1.58 billion of the \$1.73 billion, or nearly 92.0 percent of the total in departmental appropriations, is in these two broad program areas. All other appropriations total \$146.0

million. And much of these appropriations are for the General Government, Human Resources, and Chief Financial Officer support of law and justice services and human services. For example, there is a shared systems budget unit in the General Fund with an allocation of \$14.2 million. This budget supports the Comprehensive Online Management Personnel and Accounting System for Sacramento County's (COMPASS) financial, payroll, and human resources system and the integrated criminal justice systems. Most of the financial and payroll transactions are in the law and justice and human services program areas. The integrated criminal justice systems are critical tools in the exchange of information among the law and justice county departments and other agencies.

Most local resources are also allocated to these two broad program areas. About 86.0 percent of the local general purpose financing is allocated to law and justice services and human services. Nearly 24.0 percent of the total allocation is to the Sheriff's Department, and over 13.0 percent is allocated for Human Assistance Aid Payments. The next largest allocation is for the Court notwithstanding the state's "assumption" of court costs under trial court funding.

There is, however, a significant difference between the overall pattern of spending and the allocation of local resources. Human services make up 63.0 percent of total spending but receive only 28.5 percent of the local resources. Eighty-eight percent of the spending for human resources in these programs is financed with state and federal revenues. Thus, the Governor and State Legislature make the significant budget decisions in determining how much funding will go to these county programs.

The law and justice services make up 28.0 percent of General Fund departmental spending yet receive an allocation of 57.0 percent of local resources. Just over 50.0 percent of spending on law and justice programs is supported with local resources. And a significant part of the departmental revenue, approximately \$85.0 million, is Proposition 172 which partially replaced property taxes lost to the Educational Revenue Augmentation Fund (ERAF) in 1992 and 1993.

This summary of the General Fund illustrates the difficulty in budget decision making. This is further illustrated in the following table which summarized the General Fund by the Board of Supervisors' adopted Obligations and Priorities for the 2003-04 Fiscal Year:

**2003-04 Recommended Proposed Budget  
General Fund by Obligation & Priority**

Obligation/Priority	Appropriation	Revenue	Carry-Over	Net Allocation	Positions
<b>Mandated Obligations</b>	<b>\$1,555.5</b>	<b>\$1,181.3</b>	<b>\$18.7</b>	<b>\$355.5</b>	<b>8,459.5</b>
Discretionary Law Enforcement	74.0	37.0	0.5	36.5	593.8
Safety Net	20.1	13.8	0.0	6.3	107.3
Quality of Life	21.0	12.9	0.6	7.5	188.4
General Government	17.5	4.6	1.1	11.8	164.2
Prevention / Intervention	41.2	28.6	0.0	12.6	73.5
<b>Subtotal Priorities</b>	<b>\$ 173.8</b>	<b>\$ 96.9</b>	<b>\$ 2.2</b>	<b>\$ 74.7</b>	<b>1,127.2</b>
<b>TOTAL</b>	<b>\$1,729.3</b>	<b>\$1,278.2</b>	<b>\$20.9</b>	<b>\$430.2</b>	<b>9,586.7</b>

The countywide, municipal, or financial obligations consume 83.0 percent of the allocation. Only 17.0 percent of the local financial resource are available for the Board’s priorities. Some 88.0 percent of the funded positions in the General Fund is assigned to mandated programs and functions. But a fundamental reality of the budget process is that your Board has limited discretion over spending.

This view of the budget also puts the budget reductions into perspective. The \$50.0 million budget problem does not represent only 2.9 percent of spending because what must be reduced is the use of local resources, and \$50.0 million is 11.6 percent of the local resources. Since much of the local resources are allocated to mandated programs, the \$50.0 million reduction included in the Recommended Proposed Budget is about 40.0 percent of the allocation needed to maintain programs where the Board has more discretion over spending and these are the programs where reductions are possible.

**General Purpose Financing**

General purpose financing is the source of the “allocation” to programs and departments. General purpose financing is that financing which is not necessarily linked to a particular program or function. The general purpose financing estimates for Fiscal Year 2002-03 (current year) and Fiscal Year 2003-04 (budget year) are discussed in Attachment IX of this report.

**Fiscal Year 2004-05 and Beyond: Use of Short Term Financing Measures**

We should expect to face another very difficult budget process in the 2004-05 Fiscal Year. The budget reductions do not close the gap between ongoing expenditure requirements and ongoing financing sources. One-time financing and cost reduction resulting from restructuring of long-term debt are included in the budget recommendations including:

Fixed Asset Fund Swap	\$ 11.4 million
Main Jail Refinance	<u>6.4 million</u>
Total	\$ 17.8 million

On the expenditure side, the Sheriff’s costs of Main Jail debt service will increase by \$6.4 million in the 2004-05 Fiscal Year. On the financing side, \$11.4 million of the anticipated fund balance at the start of Fiscal Year 2003-04 will not be available in Fiscal Year 2004-05. This means the first \$17.8 million in growth in general purpose financing brings the General Fund even, but unable to support cost increases in that year.

There is also another series of known budget challenges for Fiscal Year 2004-05 including:

- There will be significant labor cost increases in Fiscal Year 2004-05. Represented employees are guaranteed cost-of-living adjustments under long term contracts. The health insurance subsidies for most employees is indexed to the Kaiser Plan Family Rate. The Retirement System will be recognizing additional investment losses.
- The trends leading to higher costs in mandated human service programs are not abating. There will likely be significant cost increases for programs such as Foster Care, IHSS provider payments, and medical treatment payments.

- The Retirement System will not be able to fund a retiree medical benefit, and financing such a benefit may become the responsibility of the County, at a current cost of approximately \$15.0 million, if the benefit is continued.
- Lower anticipated fund balance due to the deletion of vacant positions. Departments are also being requested to fund portions of the terminal pay for retirees through holding positions vacant after retirements. The normal savings we expect from positions being vacant for a period of time while a replacement is selected and hired is already counted in the budget.
- The State has a structural imbalance in its General Fund. This poses a threat to local governments, and counties in particular.

There will also be some positive developments:

- There should be greater increases in local and statewide sales tax than have been the case in the past three years.
- There should be continuing strong growth in current property taxes, the largest source of general purpose financing.
- One one-time impact of Rancho Cordova Incorporation in the transition year will have run its course. This will result in an improvement of approximately \$6.0 million.

Our conclusion is that, in addition to services cut in the 2003-04 Fiscal Year budget process, it is highly likely that further large cost reductions will be necessary in the 2004-05 Fiscal Year.

**VII. RECOMMENDED TRANSIENT OCCUPANCY TAX (TOT) FUND TO GENERAL FUND**

On May 20, 2003, your Board conducted a workshop on funding options for programs/organizations traditionally funded by the TOT Fund. At that workshop, your Board declined to conceptually approve a \$3.5 million transfer during Fiscal Year 2003-04 to the General Fund from the TOT Fund, which would be an increase of \$1.0 million over the \$2.5 million transfer during Fiscal Year 2002-03. Instead, your Board directed the County Executive to develop recommendations on how to use the additional \$1.0 million transfer in the General Fund, if it was approved during the Proposed Budget hearings. As such, the Fiscal Year 2003-04 Recommended Proposed Budget includes an allocation of only a \$2.5 million transfer, as well as continued funding for General Fund departments/programs reliant upon TOT funding for their base budgets:

- \$90,000 for the Department of Economic Development.
- \$100,000 for the various Community Initiatives projects recently undertaken by the Board of Supervisors is necessary due to the budgetary shortfall in the General Fund.
- \$25,000 for the County Executive administrative costs.
- \$25,000 Department of Finance for revenue estimates/monitoring.
- \$10,000 to the Department of Finance for hotel audits

- \$25,000 to the Department of Finance for contract audits.
- \$400,000 for Sacramento Metropolitan Arts Commission pass-through funding from the City of Sacramento.
- \$66,000 for the H Street Theatre Project-Music Circus (long term, contractual commitment).
- Required pass-through budgeting for \$2.39 million in costs and revenues associated with the bond financing for Raley Field (fully offset by a reimbursement for anticipated lease payments from the River City Baseball partnership).

We continue to recommend that your Board approve a \$3.5 million transfer to the General Fund in order to fund high-priority discretionary programs. If your Board approves this recommendation, you will also need to determine the use of the additional \$1.0 million in General Fund financing that would be made available during the Proposed Budget Hearings. Otherwise, the Recommended Proposed Budget includes no allocation of the remaining \$3,270,874 in anticipated TOT funding. We recommend that your Board allocate all the remaining funds during the Proposed Budget Hearings, at the hearing scheduled for June 19, 2003. There would be no further action needed in the Final Budget Hearings except for technical changes to acknowledge actual year-end results. A schedule listing continuing/outstanding TOT funding requests is attached to this report (Attachment IV).

**VIII. IDENTIFICATION OF UNALLOCATED AVAILABLE TOBACCO LITIGATION SETTLEMENT (TLS) FUNDS**

Due to the very significant General Fund shortfall still remaining for the Proposed Budget, the County Executive recommends that your Board approve the use of certain TLS funds to finance certain high-priority program restorations. The recommended use of these TLS funds for high priority discretionary programs rather than for programs that have been traditionally financed by TLS funds is made in recognition of the Board's approved priorities. Following are the amounts and sources of TLS funds available:

• **TLS Funds Available for County-Operated Program Restorations - \$2,900,000**

The County has \$2.9 million in available TLS funds that can be utilized to restore county operated programs. These funds are comprised of \$654,000 of monies received prior to bond securitization and are therefore completely unrestricted as to use. The utilization of this remaining money will expend all remaining monies received prior to bond securitization. Additionally, \$2.3 million is available comprised of deallocated monies received in advance of the estimated endowment fund payout schedule. The amount of deallocated money is calculated by the county's bond counsel and is dependent upon actual payments received from the tobacco companies. It should be noted that the utilization of this money will shorten the 15-year life of the Tobacco Litigation Endowment Fund, since the monies were planned to be used in future years.

• **TLS Funds Available for Restoration to Community Based Organizations - \$2,900,000**

The County also has \$2.9 million in available TLS funds that can be utilized to fund programs operated by CBOs only. The first component (\$1.5 million) is comprised of unspent monies

awarded to CBOs during the first round of the current three-year contract awards. These monies will not be spent by the providers, as their contracts will end on December 31, 2003. The remaining amount of \$1.4 million represents a half-calendar year of the previously planned annual award to CBOs for the second round of funding (January - June 2004). The utilization of this money will eliminate the second round of funding for tobacco settlement funded community programs, or reduce the second round of funding from three years to two and a half years, based upon your Board's direction. The County Executive's Office recommends that, concurrent with the allocations of the CBO-restricted TLS funds as herein recommended, the County no longer engage in a competitive-award process for use of the CBO-restricted monies, but instead dedicate them indefinitely to the programs for which the Fiscal Year 2003-04 allocations are recommended.

The County Executive recommends the full use of these available TLS funds, totaling \$5,854,000.

**IX. RECOMMENDED APPROPRIATIONS AND RELATED REVENUE ADJUSTMENTS BASED UPON ASSUMED PENSION OBLIGATION BOND RESTRUCTURING**

A significant source of cost reductions included in the County Executive's budget restoration plan is the assumed Pension Obligation Bond (POB) restructuring given conceptual approval by the Board of Supervisors on May 13, 2003. Proceeding will lower the debt service payments on the county's POB in Fiscal Year 2003-04 and for several years thereafter. The POB restructuring changes neither the costs of the retirement benefits nor the county's contribution to the Sacramento County Employment Retirement System; rather, the debt service on bonds issued in 1995 will be reduced for a limited period.

The POB restructuring will result in a countywide cost reduction of approximately \$20.0 million. The impacts on the General Fund are summarized in the table below:

**Impacts of POB Restructuring on the General Fund**

Expenditure Reduction	\$ 15,014,530
Reimbursement Reduction	382,346
Revenue Reduction	5,906,908
<b>Net Cost Reduction</b>	<b>\$ 8,725,276</b>

The impacts on the various General Fund departments and budget units are detailed in Attachment I of this report. The \$8.7 million net cost reduction is a major source of the County Executive's recommended restoration funding.

**X. RECOMMENDED MISCELLANEOUS FINANCING/SAVINGS RELATED ADJUSTMENTS TO SCHEDULES IN COUNTY EXECUTIVE'S RECOMMENDED 2003-04 PROPOSED BUDGET**

Since the preparation of the Fiscal Year 2003-04 Proposed Budget document, the Office of Budget and Debt Management has worked with the departments to identify a handful of primarily one-time revenue sources/increases, expenditure savings and/or other financing adjustments that we are now prepared to recommend as modifications to the Fiscal Year 2003-04

Recommended Proposed Budget. One of these financing adjustments is related to a staffing increase for the Assessor's Office, which we also recommend your Board approve within these miscellaneous adjustments as a funded "additional" request, enabling the collection of additional property tax revenues during Fiscal Year 2003-04 that would not be generated/collected otherwise. The total net financing made available from these miscellaneous financing adjustments is \$5,610,700. The miscellaneous adjustments (including the additional funding for the Assessor's Office) is detailed on Attachment II to this report.

**XI. RECOMMENDED PROGRAM RESTORATIONS TO SCHEDULES IN COUNTY EXECUTIVE'S RECOMMENDED 2003-04 PROPOSED BUDGET UTILIZING SAVINGS FROM POB RESTRUCTURING, ADDITIONAL TOT TRANSFER, TLS AND OTHER FINANCING ADJUSTMENTS**

A summary of all unfunded base budget requests (according to the preliminary allocation plan approved by your Board at the midyear budget report) is attached to this report (Attachment III). The total additional financing made possible by the utilization of TLS revenues, POB restructuring savings, and miscellaneous revenues/financing adjustments is \$20.3 million, excluding the possible \$1.0 million additional TOT fund transfer to the General Fund. The County Executive recommends that the \$20.3 million in additional financing be utilized to fund several obligations, including certain mandated programs that would otherwise be unfunded, and certain high priority discretionary programs. Following is a summary of the recommended uses of the additional financing for obligations:

<b>Restoration Funds:</b>	<b>\$20,348,371</b>
Fund Employee COLA above initial budget (obligation, budget centrally)	-\$3,297,000
Fund Sheriff's mandated unfunded program	-2,731,916
Fund DHHS mandated unfunded (IHSS program)	-190,382
Fund DHHS mandated unfunded (Primary Care program)	-2,199,366
Fund Coroner mandated unfunded (communicable disease death response program)	-161,395
<b>Balance available for unfunded discretionary programs</b>	<b>\$11,768,312</b>

Due to your Board's prior adoption of ranked priorities for discretionary programs, and the limited amount of restoration funding available, we are compelled to recommend use of the remaining restoration financing to address primarily Priority 1 (Discretionary Law Enforcement) and Priority 2 (Safety Net) programs. Following is a summary of the recommended use of the remaining additional \$11,768,312 financing for high-priority discretionary programs:

Priority 1 (Discretionary Municipal and Countywide Law Enforcement)-60.0 percent	\$7,062,787
Priority 2 & 5 (Safety Net/Prevention Programs)-40.0 percent	4,705,525
Priority 3 (Quality of Life)	0
Priority 4 (General Government)	0
<b>Total</b>	<b>\$11,768,312</b>

**• Recommended Spread of Priority 1 (Discretionary Law Enforcement) Restoration Funding:**

In order to determine the recommended allocation of restoration funds within Priority 1 (primarily between the District Attorney, Probation and the Sheriff), we have relied upon analysis of systemwide workload in the county's criminal justice system. In the late 1990's, the

Criminal Justice Cabinet commissioned a systemwide impact study of the adult criminal and juvenile justice systems in order to determine the impact of incremental increases in arrests on the system. The study was conducted utilizing caseload and resource data from Fiscal Year 1995-96 and was released in October of 2000. The systemwide impact study was commissioned by the Cabinet in response to the additional Sheriff's deputies that were being hired through a series of grants in the 1990's. This discussion began while Sheriff Craig was still in office and the focus of the study was to look at the impact on the entire criminal justice system from an incremental increase in arrests. The results of the study were presented to the Cabinet in December 2000. Their minutes reflect consensus that, "It will be useful to take results (of the study) to the legislature to indicate the estimated impact of proposed legislation as well as useful for developing front-end pilot programs in which the impact can be predicted should the (grant) programs be expanded."

The 2000 study is currently in the process of being updated. However, it is important to note that at several stages within the system, the annual case processing workflow trends have remained relatively constant<sup>1</sup>. Therefore, we believe that the study is an appropriate resource for a high-level analysis of the case flow and ratio of resource requirements at each stage of the criminal justice system.

Based on the results of the systemwide impact study, there is almost a one-to-one ratio between the workload caused by law enforcement arrests and the remainder of the system. Approximately 90.0 percent of all arrests (felony and misdemeanor) impact the remainder of the system. Thus, the study indicates an approximate one-to-one ratio when analyzing the impact of arrests on the remainder of the system.

Arrests are made by several law enforcement agencies within Sacramento County. The Sheriff's Department accounts for 42.1 percent of all arrests made. Thus, the Sheriff's Department makes 42.1 out of every 100 arrests made. However, essentially 100 out of the 100 arrests made equate to a workload in the remainder of the system. Thus, the total workload for the County is 142.1 out of 200 for the entire system, including city police departments. The workload ratio can be expressed as follows:

Total Workload Unit	Arrests & Dispositions	County Workload Equivalent	Share of Workload by Agency
100 arrests	Arrests: Sheriff = 42.1 Other = 57.9 Total = 100	42.1 out of 100	Sheriff 29.6 percent (42.1 divided by 142.1)
100 (virtually all arrests are processed through the system)	District Attorney & Probation = 100	100 out of 100	District Attorney & Probation 70.4 percent (100.0 divided by 142.1)
		<b>142.1 Total County Workload</b>	

<sup>1</sup> Stages include countywide and Sheriff's Department number of arrests; jail bookings and ratio of felony/misdemeanor offenders incarcerated; felony court filings; and sentencing/sanctions



Depending on what point in the system you apply Probation's workload to the model, the model indicates that Probation's involvement represents 45.0 percent of all adult arrests that the District Attorney prosecutes, or 55.0 percent of all defendants that receive a Court disposition and sentence. Because the model is not a precise indicator of relative workload between the District Attorney and Probation Department, we are recommending an equal split between the District Attorney (35.0 percent) and Probation Department (35.0 percent) for an easy and understandable way of distributing the 70.0 percent of county costs between these two agencies. The difference in the fiscal impact between 45.0 percent and 55.0 percent breakdown of Probation workload translates to only about \$200,000 in funding between the percentage distribution.

By utilizing the analysis done in the systemwide impact study, the workload ratio for processing arrests through the system (excluding incarceration) is as follows:

Sheriff	30.0 percent
District Attorney	35.0 percent
Probation	35.0 percent

As such, we have recommended that the Priority 1 restoration funds be split between the Sheriff, District Attorney and Probation Departments based upon these relative percentages. Attachment X details the specific programs and amounts targeted for restoration within Priority 1.

- **Recommended Spread of Priority 2 (Safety Net) and Priority 5 (Prevention Programs) Restoration/Additional Request Funding**

The available funding for restoration/additional requests for Priorities 2 and 5 totals \$4.709 million. It is comprised of \$1.808 million from the miscellaneous/pension bond restructure adjustments and \$2.9 million from TLS Endowment funds. The miscellaneous/pension bond restructure adjustment-related funds are not restricted as to use and can be utilized to restore county operated programs. The \$2.9 million in TLS Endowment funds are restricted and can only be utilized by CBOs due to federal tax-law limitations.

We are recommending areas of emphasis for utilization of these funds to retain effective safety net programs such as: Adult Protective Services and In-Home Supportive Services. These programs protect vulnerable citizens of this community from fraud and abuse and assist these individuals in maintaining their independence. In addition to enhancing the continuum of services needed by homeless families in Sacramento County and maintaining safety net services for the homeless, restoration monies were focused on shelter and transitional housing beds. Additional funds were also identified to provide the operational funds for Mather Transitional Housing and to retain emergency shelter beds in both the Adult Protective Services system and the Child Protective Services system. The funds identified for Mather will fund the start-up of this program for one year and the ongoing operation of this program will be funded through housing choice vouchers and tenant rents. We are also recommending an additional request to establish the Office of Health Insurance Portability and Accountability (HIPPA) to be responsible for the county's compliance with the HIPPA Act mandated by the federal government.

In the area of prevention programs, the emphasis was on retention of effective programs such as the "Birth and Beyond" program and Drug Court (both Adult and Dependency). The Birth &

Beyond program provides essential supportive services to new mothers and their families to assist them in accessing healthcare, reducing isolation and providing these families with a link to the critical healthcare and social services available.

Drug Court provides treatment services to adults who have had interaction with law enforcement. This program is a combined effort through DHHS, Probation and the Courts which provides a program mix of alcohol and drug treatment services with the enforcement arm of both Probation and the Courts. Participants are given the option of attending treatment and complying with a recovery plan in exchange for a reduction in their sentence and/or probation. Non-compliance is monitored by Probation and is enforced by the Courts. This model has been extremely effective with individuals whose criminal offenses were primarily related to their substance abuse and has been successful in eliminating repeat offenses. Due to this success, the model was extended to Dependency Drug Court. This program works with participants whose children were brought into child protective custody primarily due to the parent's substance abuse. This model has also experienced a high level of success and has brought many parents into recovery and brought children back home from foster care placement.

Attachment X also details the specific programs and amounts targeted for restoration/additional funding within Priorities 2 and 5.

## **XII. BIELENSON HEARINGS REGARDING PROPOSED REDUCTIONS TO INDIGENT MEDICAL SERVICES**

In accordance with the Health and Safety Code requirements, the County has conducted Bielenso Hearings regarding proposed reductions to indigent medical services. Following those hearings, the County Executive is recommending that your Board make reductions to the health programs listed on Attachment V. In addition, under state law, the County must designate an agency to provide a 24-hour information service that can give eligible people immediate information on the available services and access to them as well as an agency to receive and respond to complaints from people eligible for indigent medical services. In order to comply with this requirement, DHHS has been designated as the agency that will be responsible for providing the 24-hour information service.

## **XIII. MOST ADDITIONAL REQUESTS IN GENERAL FUND DEFERRED UNTIL FINAL BUDGET PROCESS**

Due to the widespread knowledge and appreciation of the County's General Fund shortfall for Fiscal Year 2003-04, most departments have not submitted additional requests for Fiscal Year 2003-04. The following departments were the only departments to submit additional requests in the General Fund:

- Sheriff's Department: Request totals \$3,019,457, and includes 30.5 additional positions
- Department of Finance: Request totals \$200,809 and includes no additional positions.
- Assessor: Request totals \$464,978, and includes 9.0 additional positions.
- DHHS: Request totals \$500,000 and includes no additional positions.
- Office of Health Insurance Portability and Accountability (HIPPA): Request totals \$472,309 and includes no additional positions.

- Non-Departmental Revenues: \$3,297,000 in central labor costs and \$3,507,700 in additional revenues.

In addition to the General Fund additional requests, there are additional requests from non-General Fund departments from several of the Public Works Agency departments, including the Department of General Services' Internal Services. The non-General Fund requests total \$14,795,448 and involve 35.0 additional positions, and 12 vehicles.

We are recommending that most of the additional requests be deferred to the Final Budget process. The few additional requests recommended are listed either as adjustments to the Fiscal Year 2003-04 Recommended Proposed Budget in Attachment II or on the list of recommended program restorations/additional items (Attachment XI).

**XIV. CAPITAL CONSTRUCTION FUND (CCF)**

The Fiscal Year 2003-04 Recommended Proposed Budget provides for major construction projects, which are a part of the long-range Capital Improvement Program, as well as minor alterations, improvements, and major equipment replacement in countyowned facilities. As a result of the county's financial limitations and commitments to approved major projects now being planned and/or under construction, the recommendations for additional Capital Construction projects are limited to those required because of health, safety, security, or severe operational problems. Several large-scale projects are included in this budget only due to the successful securitization of TLS funds, State Board of Corrections grants, and borrowed financing.

The anticipated available financing within the CCF for Fiscal Year 2003-04 is \$45,861,871. The Recommended Fiscal Year 2003-04 Proposed Budget includes several high-priority projects in the county's Juvenile Justice facilities, the Primary Care Center as well as projects at other county facilities. Following is a summary of available financing and significant projects in CCF budget:

<b>SOURCE</b>	<b>AMOUNT</b>
Available Fund Balance of Appropriation	<b>\$ (811,402)</b>
County Facility Use Allowance Charges	9,004,189
Interest Income	75,000
Miscellaneous Revenues (1997 Public Building Facilities 9309000)	2,649,376
Miscellaneous Revenues (New Certificates of Participation)	23,700,000
Miscellaneous Revenues (LFLIP Grant for Coroner Crime Lab)	750,000
Miscellaneous Revenues (Sale of Surplus Herman Miller)	20,000
Miscellaneous Revenues (Revenue Leases)	194,248
Grant Revenues-State Board of Corrections	3,479,668
Courthouse Temporary Construction Fund Revenues	1,800,000
Criminal Justice Facility Temporary Construction Fund Revenues	1,800,000
City of Sacramento rent for Bank of America Building	900,792
Library Construction/SHRA Grants	2,300,000
<b>TOTAL</b>	<b>\$45,861,871</b>

Capital Construction activities in Fiscal Year 2003-04 face significant funding limitations. Only \$9.0 million (the annual Facility Use Allowance) of the \$45.0 million in available financing for new projects without restrictions. The balance of \$36.0 million is restricted through bond covenants or at Board direction for use on specific major construction projects.

The projects that make up the bulk of Capital Construction Fund activity (\$36.0 million) for Fiscal Year 2003-04 are:

- Juvenile Courthouse
- Juvenile Hall expansion
- Warren E Thornton expansion
- Carmichael Library
- Coroner Crime Lab Polymerase Chain Reaction (PCR) Expansion

Debt service for bond-financed projects will be paid by the occupying department or in the case of Juvenile Court, by the Courthouse Temporary Construction Fund.

Additionally, the funding levels identified for small miscellaneous projects differ from the funding budgeted as contingencies. The funds set aside as contingencies historically have been used to fund large construction or design projects at the direction of the Board of Supervisors or to fund large unexpected cost escalations or contractor claims on a project.

**XV. OTHER COUNTY FUNDS**

The General Fund is the largest of many funds included in the County Budget. Governmental funds are "balanced" on an annual basis and support basic county services. The net appropriations in the overall county budget are just under \$2.97 billion. Total budgeted recommended permanent positions number 14,876.5 (including the Courts). The General Fund amounts to \$1.86 billion.

The funding for these other funds, with the sole exception of the TOT Fund, comes from restricted revenues which only may be expended on single services or narrow ranges of services. For example, the gas tax accruing to the Road Fund may only be expended on transportation services, and the various revenues for the Community Services Fund may only be expended on human services programs.

The county's governmental funds are all balanced as required. The financing estimates are reasonable. The county's proprietary funds are not balanced in the same manner as governmental funds, but again, the financing estimates have been reviewed and are reasonable. Sufficient funding is available in the form of revenues, retained earnings, working capital, fund transfers, and reserve releases to support the budgeted expenditures.

Comments on some of the other funds follow:

**Economic Development Fund**

The Economic Development Department has been separated from reliance upon the General Fund and established as a special revenue fund. The primary programs of the Economic Development Department revolve around the reuse of the former Mather and McClellan Air



Force Bases. The Department also engages in more general economic development and job creation programs. The only General Fund support of economic development activities is the transfer of \$259,400. This is for countywide and unincorporated area specific activities which cannot be included in the Mather and McClellan reuse projects.

**Community Services Fund**

The Community Services Fund is a branch of the Department of Human Assistance. Funding sources include program revenues and transfers from the General Fund. Programs are impacted by reductions in state categorical funding.

**Golf Fund**

The Golf Fund includes the costs of operating, maintaining and improving the county’s three golf courses. The major sources of funding are greens fees and concession payments. There is no General Fund subsidy of the Golf Fund, and the Golf Fund fully reimburses the General Fund for overhead and support. The budget for the Golf Fund includes debt service for the Cherry Island and Mather golf courses.

**Tobacco Litigation Settlement (TLS) Fund**

The TLS Fund was established in the Fiscal Year 2000-01 budget process to serve as the funding source for health, tobacco, and youth programs. Funding was to come from an “endowment” created at the time of the sale of TLS bonds. The TLS bonds were sold early in the 2001-02 Fiscal Year. Funding for allocations from the fund prior to the bond sales came from current TLS revenue retained by the County in advance of the bond sale.

**XVI. PUBLIC WORKS AGENCY**

The Fiscal Year 2003-04 Recommended Proposed Budget for the Public Works Agency reflects no new positions beyond those approved midyear in Fiscal Year 2002-03. Overall, the Agency’s budgets (excluding Sanitation District budgets and General Services-Capital Construction Fund) reflect a net \$29.0 million reduction from the Fiscal Year 2002-03 Adopted Budget. This net reduction reflects primarily: (a) less projected overall activity in Fiscal Year 2003-04 for Transportation projects due to declining Road Fund revenue, i.e., elimination of Traffic Congestion Relief Funds, Gas Tax and Transportation Sales Tax pass-through funding, and the effects of incorporations, (b) reduced expenditures for the Waste Management and Recycling Capital Outlay Fund, i.e., clean air vehicles, as well as reduced expenditures and revenues associated with the City of Elk Grove’s decision to direct-bill for Refuse Services, (c) reduced south county development due to loss of the City of Elk Grove relative to Water Agency Zone 11A, and (d) a reduction to General Services-Support Services, relative to a change in the countywide cost plan methodology for COMPASS charges. These reductions are offset against increases for: (a) Water Agency, Zone 40 for various land purchases, i.e., Freeport Water Agency Project, and increased construction activity, (b) General Services-Real Estate, primarily for leased facility charges including DHA at 2700 Fulton Avenue, the Sheriff at 7000 65<sup>th</sup> Street, and Voter Registration at 7000 65<sup>th</sup> Street, (c) General Services-Fleet Services/Light, for automotive maintenance and fuel costs, and (d) various other, i.e., Infrastructure Financing

Section projects. Attachment XII details the year-to-year comparison of the Public Works Agency budget units.

**XVII. AIRPORT ENTERPRISE**

The Sacramento County Airport System (SCAS) operating budget for Fiscal Year 2003-04 reflects substantial new requirements for airport security and an increased emphasis on environmental resource management. Recognizing these increased requirements, discretionary expenses were reduced by approximately 5.0 percent, and significant cuts were made in areas other than security and environmental. For instance, in an effort to contain operating costs, annual savings of \$1.5 million have been included in the Salaries and Employee Benefits accounts in anticipation of salary savings due to hiring deferrals. In addition, maintenance and operation projects have been postponed or scaled back where possible. Unavoidable cost increases were then layered on top of this reduced baseline budget. Given the uncertain environment that will be faced in Fiscal Year 2003-04 a \$1.0 million “budget contingency” will be added for unforeseen requirements. Following is a summary of the Airport Enterprise Fund’s budget changes from Fiscal Year 2002-03 to Fiscal Year 2003-04:

SACRAMENTO COUNTY AIRPORT SYSTEM FUNDS 41 AND 45 OPERATING REVENUE AND EXPENSES FISCAL YEAR 2003-04 PROPOSED BUDGET				
	Adopted 2002-03	Recommended 2003-04	Variance	Percent Change
<b>REVENUES:</b>				
Charges For Services	\$ 79,241,195	\$ 84,923,669	\$ 5,682,474	7.2%
<b>Total</b>	<b>\$ 79,241,195</b>	<b>\$ 84,923,669</b>	<b>\$ 5,682,474</b>	<b>7.2%</b>
<b>EXPENSES:</b>				
Salaries/Benefits	\$ 24,485,822	\$ 26,662,038	\$ 2,176,216	8.9%
Services & Supplies	38,710,249	42,022,201	3,311,952	8.6%
Depreciation	16,223,768	16,971,909	748,141	4.6%
Other Charges	1,568,890	1,753,195	184,305	11.7%
Cost of Goods Sold	724,000	578,658	(145,342)	-20.1%
<b>Total Expenses</b>	<b>\$ 81,712,729</b>	<b>\$ 87,988,001</b>	<b>\$ 6,275,272</b>	<b>7.7%</b>

**Revenues:**

- Revenues are anticipated to increase by \$5.7 million. This projected increase is primarily due to parking revenues, \$2.3 million, and landing fees, \$5.2 million, partially offset by a decrease in into-plane fueling fees, \$1.4 million.
- Parking fees are increasing due to anticipated growth in enplaned passengers for Fiscal Year 2003-04.
- Landing fees are projected to grow as a result of increased landed weights, enplaned passengers and landing fee.

- Into-plane fees will be reduced due to the expected transfer of fueling responsibilities from the Airport System to the Airlines.

**Expenses:**

- Salaries and Benefits expenses increased by \$2.2 million due to step increases and approved Fiscal Year 2002-03 midyear reallocations (\$1.7 million), increased retirement costs (\$1.7 million), group and workers comp insurance (\$0.3 million), partially offset by estimated annual savings due to hiring delays (\$1.5 million).
- Services and Supplies increased \$3.3 million. The following is an itemization of the significant unavoidable increases in services and supplies:
  - Allocated costs have increased \$0.4 million. This is primarily attributable to an increase of \$0.2 million in property insurance and \$0.2 million in the countywide cost allocation.
  - Fiscal Year 2003-04 will see an \$0.8 million increase in environmental costs. This includes a “buffer lands” Management Plan for the countyowned property surrounding Sacramento International Airport. Tools and training for ongoing land management at the County Airport System facilities will also be developed in Fiscal Year 2003-04.
  - Parking lot and rental car shuttle bus costs have increased by \$1.3 million. This additional outlay will ultimately provide enhanced customer service and contribute to improved air quality.
  - The County Airport System is contributing \$1.0 million to the preliminary engineering and environmental studies associated with the Downtown-Natomas Light Rail/Rapid Transit corridor development.

**XVIII. INTERNAL SERVICES FUNDS**

• **OFFICE OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (OCIT)**

OCIT provides countywide information technology and communication support. The following table summarizes the year-to-year changes in the budget for OCIT:

	Adopted 2002/03	Recommended 2003/04	Variance	Percent Variance
Salaries & Benefits	\$20,866,810	\$22,325,889	\$1,459,079	6.99%
Services & Supplies	28,584,051	25,955,386	(2,628,665)	-9.20%
Other Charges	13,454,346	10,068,474	(3,385,872)	-25.17%
Intrafund Charges	165,261	135,306	(29,955)	-18.13%
Intrafund Reimbursements	(165,261)	(135,306)	29,955	-18.13%
<b>Total Expenses</b>	<b>\$62,905,207</b>	<b>\$58,349,749</b>	<b>(\$4,555,458)</b>	<b>-7.24%</b>
Reimbursements/Revenues	62,378,207	57,926,074	(4,452,133)	-7.14%
<b>Net Income</b>	<b>(\$527,000)</b>	<b>(\$423,675)</b>	<b>\$103,325</b>	<b>-19.61%</b>

Overall, both expenditures and charges to county departments are lower in Fiscal Year 2003-04 than in the prior year. Salary costs increased due to the implementation of the enhanced retirement plan. There has been the elimination of two positions, which were transitioned to the Public Works Agency along with the work of supporting the FOCUS utility billing application. In the services and supplies category, there have been reductions in contract services and contract staff, reductions in telephone costs and radio systems services, and increases in countywide computer maintenance costs. The other charges have decreased due to repayment of debt in the prior year and assets that have become fully depreciated in the prior year.

• **Insurance Funds**

The County is basically self-insured for Workers’ Compensation, Liability and Property, and Dental Insurance. Coverage for claims and administrative costs comes from county resources; however, the County is able to purchase insurance above our self-insured retention levels. Another insurance fund is used to collect State Unemployment Insurance charges. All four insurance funds are financed with charges to county departments and retained earnings (fund balances). In recent years it has also been necessary to release reserves to pay unanticipated claims.

The Workers’ Compensation, Liability and Property, and Unemployment Insurance charges to county departments are determined on the basis of claims experiences and exposure. Charges for Dental Insurance are on a per-employee basis. The following table summarizes insurance fund charges for the current year and the 2003-04 Fiscal Year:

	Full-Year Estimate 2002-03	Fiscal Year Estimated Proposed 2003-04	Variance
Workers Compensation	\$ 21,081,170	\$ 29,193,636	\$8,112,466
Liability and Property	17,666,310	11,824,308	(5,842,002)
Unemployment	951,893	2,200,000	1,248,107
<b>Total</b>	<b>\$ 39,699,373</b>	<b>\$ 43,217,944</b>	<b>\$ 3,518,571</b>

Overall charges are higher for Fiscal Year 2003-04, reflecting recent trends in actual costs. The 2002-03 Workers’ Compensation and Unemployment Insurance programs required reserve releases to meet program costs, while the 2002-03 Liability and Property program costs were lower than anticipated.

Significant cost increases in the Workers’ Compensation Insurance program are attributable to state-mandated increases in Workers’ Compensation benefits, increased excess insurance costs, increased medical services utilization and costs, and extended entitlement periods for certain disability payments. These trends will result in continuing cost increases.

The decrease in cost for the Liability and Property Insurance program is due primarily to the use of \$4.0 million in retained earnings from Fiscal Year 2002-03 to partially fund Fiscal Year 2003-04 insurance costs, thereby resulting in lower charges to county departments.

Significant cost increases in the Unemployment Insurance program are attributable to state-mandated increases in Unemployment Insurance benefits and entitlement periods. In addition, costs have been increased in anticipation of possible layoffs, since laid-off county employees would be entitled to Unemployment Insurance benefits.

For Dental Insurance, the per-employee charge has increased from \$984 to \$1,080. This is an overall countywide cost increase of \$1.4 million. The increase is due to higher payments for dental treatment and increasing use of the dental benefit by county employees and their dependents.

**XIX. SPECIAL DISTRICTS**

All district budgets as requested are balanced.

- Sunrise Park District’s budget request is \$1,995,480 more than the Fiscal Year 2002-03 Adopted Final Budget, due primarily to anticipated Proposition 12 funding.
- Carmichael Park District’s fund balance estimate is \$142,005 lower than last year’s actual due to less spending variance from budget.
- Mission Oaks Park District’s fund balance estimate is \$106,878 lower than last year’s actual due to estimate year-end revenues coming in closer to budget compared to the previous year.
- Mission Oaks Maintenance and Improvement District’s fund balance estimate is \$385,169 lower than last year’s actual due to less spending variance from budget.
- Natomas Fire District will have a negative fund balance that will be offset by a reduction in expenditures in Fiscal Year 2003-04. This negative fund balance is due to undercollected property taxes from budgeted amounts in Fiscal Year 2002-03. Total appropriations for the District are \$41,213 less than budgeted in Fiscal Year 2002-03 due to the reduced fund balance.

All other special districts show no significant variances from their adopted Fiscal Year 2002-03 budgets. Please refer to Attachment XIII for a more detailed analysis.

**XX. CERTIFICATION BY DIRECTOR OF FINANCE**

Pursuant to Government Code Section 29062, the Director of Finance is responsible for reviewing the tabulation of the budget requests, and confirming that the requested budget transmitted to your Board by the County Executive is an accurate tabulation. The Director of Finance has reviewed and confirmed the tabulation. The certification of the tabulation by the Director of Finance is attached (Attachment XIV).

**XXI. SCHEDULE FOR FINAL BUDGET HEARINGS**

Because your Board has already held lengthy public budget workshops on each General Fund budget unit/department, we are recommending that the Proposed Budget hearings be limited to only those budget units with recommended restorations, additional requests, and/or those budget units for which the elected official/department head has formally “disagreed” with the County Executive’s final Proposed Budget recommendation. Furthermore, in keeping with the theme of having the budget organized according to the Board’s approved priorities for the General Fund, we are recommending the organization of the hearings be according to obligations (mandates) and discretionary priorities areas. As such, following is the planned schedule for the Proposed Budget hearings:

Day 1	Monday, June 16 <sup>th</sup>	9:30 a.m.	Budget Overview General Public Testimony Recommended Restorations, Additional Requests and/or Disagreed Budget Units regarding: “Obligations” (Mandates), Priority 1 (Discretionary Law Enforcement), and if time available, start Priority 2 (Safety Net)
Day 2	Tuesday, June 17 <sup>th</sup>	2:00 p.m.	Recommended Restorations, Additional Requests and/or Disagreed Budget Units regarding: Priority 2 (Safety Net), and if time available, start Priority 3 (Quality of Life), Priority 4 (General Government), and Priority 5 (Prevention Programs)
Day 3	Wednesday, June 18 <sup>th</sup>	2:00 p.m.	Continue Budget Hearing From Day 2 on Priorities 2, 3, 4 & 5
Day 4	Thursday, June 19 <sup>th</sup>	9:30 a.m.	Budget Hearing: TOT Fund Allocations
Day 5	Friday, June 20 <sup>th</sup>	9:30 a.m.	Budget Hearing: IHSS Authority; Final Deliberations

It is anticipated that at the conclusion of the Proposed Budget Hearings, your Board will adopt a Proposed Budget resolution that will implement the Proposed Budget decisions, effective July 1, 2003 (commencement of the new fiscal year). The resolution will also continue the budget hearings until Monday, August 25, 2003, for the commencement of our Fiscal Year 2003-04 Final Budget hearings. The Final Budget Hearings are anticipated to focus on nominal adjustments to the Proposed Budget based upon year-end results from Fiscal Year 2002-03, as well as potentially large adjustments that may be necessary if the state budget is adopted by late-August, and includes further significant impacts to our General Fund.

Respectfully submitted,

TERRY SCHUTTEN County Executive

GBD/RTF:js

ATTACHMENT I

Attachments:

- I. Recommended Budget Schedules Associated With A Pension Obligation Bond Restructuring
- II. Recommended Miscellaneous Financing/Savings-Related Adjustments to Budget Schedules
- III. Summary of Unfunded Programs within Recommended Proposed Budget (Before Restorations)
- IV. Transient Occupancy Tax Fund
- V. Recommended Reductions to Primary and Public Health Programs
- VI. Proposed Budget Resolution
- VII. General Fund Appropriation/Allocation Charts by Program Type
- VIII. General Fund Countywide Discretionary Priority Area Charts
- IX. General Purpose Financing Estimates
- X. Summary of Recommended Restorations/Additional Funding Requests
- XI. Summary of Additional Requests deferred to Final Budget Hearing
- XII. Public Works Agency Summary of Changes to Base Budget
- XIII. Special District Budget Summary
- XIV. Director of Finance Certification

- cc: Elected Officials  
 Agency Administrators  
 Department Heads  
 County Executive Cabinet Analysts  
 Department Administration/Fiscal Staff

Recommended Budget Schedules Associated With A POB Restructuring					
BU #	BU Title	Expenditure Reduction	Reimbursement Reduction	Revenue Reduction	Net Cost Reduction
3210000	AG COMM-SEALER OF WTS & MEA	41,290	0	0	41,290
3220000	ANIMAL CARE & REGULATION	47,839	0	0	47,839
3230000	DEPARTMENT OF FINANCE	246,334	0	246,334	0
3310000	COOPERATIVE EXTENSION	4,199	0	0	4,199
3610000	ASSESSOR	217,758	0	130,655	87,103
4010000	BOARD OF SUPERVISORS	52,520	0	0	52,520
4210000	CIVIL SERVICE COMMISSION	4,573	0	0	4,573
4410000	VOTER REG & ELECTIONS	43,861	0	10,965	32,895
4610000	CORONER	69,588	0	0	69,588
4810000	COUNTY COUNSEL	161,774	0	105,153	56,621
5510000	CONFLICT CRIMINAL DEFENDERS	6,171	0	0	6,171
5660000	GRAND JURY	1,224	0	0	1,224
5690000	ENVIRONMENTAL REVIEW	43,705	0	43,705	0
5700000	NON-DEPARTMENTAL REVENUES	145,000	0	0	145,000
5730000	COUNTY EXECUTIVE CABINET	65,887	0	25,386	40,501
5800000	DISTRICT ATTORNEY	797,924	0	53,259	744,665
5810000	CHILD SUPPORT SERVICES	508,442	0	508,442	(0)
5910000	COUNTY EXECUTIVE	39,799	0	0	39,799
5970000	LABOR RELATIONS	9,026	0	0	9,026
6010000	HUMAN RESOURCES	33,815	3,696	30,119	0
6020000	BENEFITS/RISK MGT	98,117	0	98,117	0
6030000	PERSONNEL SERVICES	89,764	0	1,688	88,076
6040000	ORGANIZATION DEVELOPMENT	23,646	0	0	23,646
6110000	DEPT OF REVENUE RECOVERY	115,309	0	115,309	0
6200000	ENVIRONMENTAL MGMT	134,342	0	134,342	0
6400000	PARKS AND RECREATION	112,442	0	25,000	87,442
6610000	PLANNING	139,912	0	69,956	69,956
6700000	PROBATION	1,379,937	0	303,221	1,076,716
6910000	PUBLIC DEFENDER	322,519	0	0	322,519
7090000	EMERGENCY OPERATIONS	5,455	0	0	5,455
7200000	HEALTH & HUMAN SERVICES	3,010,982	0	2,377,176	633,806
7400000	SHERIFF	4,499,923	378,650	832,792	3,288,481
7410000	CORRECTIONAL HEALTH SVCS	171,619	0	114,985	56,634
8100000	DEPT OF HUMAN ASSISTANCE	2,369,833	0	680,304	1,689,529
<b>Subtotal General Fund</b>		<b>15,014,530</b>	<b>382,346</b>	<b>5,906,908</b>	<b>8,725,276</b>

<b>Recommended Miscellaneous Financing/Savings Related Adjustments to Recommended Fiscal Year 2003-04 Proposed Budget Schedules (in Net General Fund Financing)</b>					
<b>BU #</b>	<b>BU Title</b>	<b>Appropriation Change</b>	<b>Revenue Increase</b>	<b>Net Cost Change</b>	<b>Description</b>
8100000	DHA Administration		800,000	(800,000)	Claiming of Probation expenses against TANF incentives
5700000	Non-Departmental Revenues		1,000,000	(1,000,000)	Teeter Plan Accounting Change
4410000	Voter Registration/Elections	(800,000)		(800,000)	Reduced Expenditures due to delay in replacing current voting system with Touch Screen Voting
3610000	Assessor	497,000		497,000	Assessor staffing increase (9.0 FTE) to bring in more property tax revenue from back-logged re-assessments
5700000	Non-Departmental Revenues		1,832,976	(1,832,976)	Additional General Fund property tax revenue resulting from Assessor staffing increase
5700000	Non-Departmental Revenues		1,712,397	(1,712,397)	Additional Vehicle License Fee Revenue (VLF) based upon latest collection trends (assumes back-fill continues or "trigger" is pulled to restore VLF rates to original levels)
5700000	Non-Departmental Revenues		174,724	(174,724)	Additional Franchise Fee revenues based upon latest collection trends (i.e. Cable television commission, PG&E, other utilities)
	<b>Total</b>	<b>(303,000)</b>	<b>5,520,097</b>	<b>(5,823,097)</b>	<b>Additional Available Financing (net) from Recommended Miscellaneous Adjustments</b>

ATTACHMENT II (Revised)

**Summary of Unfunded Programs  
within  
Fiscal Year 2003-04 Recommended Proposed Budget (Before Restorations)**

<i>Program Number and Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 0 Mandated Countywide/Municipal or Financial Obligations</b>								
Funded or Unfunded: <b>UNFUNDED - LOCAL</b>		Program Type: <b>MANDATED</b>						
001-B <i>Conflict Criminal Defenders</i>	5510000 Conflict Criminal Defenders	2,000,000	0	0	0	<b>2,000,000</b>	0.0	0
001-B <i>Coroner Services</i>	4610000 Coroner	582,396	0	0	0	<b>582,396</b>	5.0	0
001-B <i>Coroner Services</i>	4610000 Coroner	161,395	0	0	0	<b>161,395</b>	3.0	0
047-B <i>In-Home Supportive Services</i>	7200000 Health & Human Services	2,101,720	0	1,911,338	0	<b>190,382</b>	26.1	0
022-B <i>Primary Care Center</i>	7200000 Health & Human Services	2,199,366	0	0	0	<b>2,199,366</b>	12.1	0
301-C <i>UNFUNDED</i>	7400000 Sheriff	2,731,916	0	0	0	<b>2,731,916</b>	31.0	0
	<b>MANDATED Total:</b>	9,776,793	0	1,911,338	0	<b>7,865,455</b>	77.2	0
	<b>UNFUNDED - LOCAL TOTAL:</b>	9,776,793	0	1,911,338	0	<b>7,865,455</b>	77.2	0
Funded or Unfunded: <b>UNFUNDED - STATE</b>		Program Type: <b>MANDATED</b>						
001-B <i>CalWORKs &amp; Emp Svs.</i>	8100000 Human Assistance	32,185,100	0	2,552,437	0	<b>29,632,663</b>	262.1	43
005-C <i>Foster Care &amp; Adoption Assistance</i>	8100000 Human Assistance	523,574	0	344,623	0	<b>178,951</b>	3.9	0
003-B <i>Medi-Cal &amp; CMISP</i>	8100000 Human Assistance	3,090,770	0	1,445,565	0	<b>1,645,205</b>	18.1	3
	<b>MANDATED Total:</b>	35,799,444	0	4,342,625	0	<b>31,456,819</b>	284.1	46
	<b>UNFUNDED - STATE TOTAL:</b>	35,799,444	0	4,342,625	0	<b>31,456,819</b>	284.1	46
<b>Countywide Priority 0</b>	<b>Total:</b>	45,576,237	0	6,253,963	0	<b>39,322,274</b>	361.3	46



<i>Program Number and Title</i>		<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 1</b>		Discretionary Law Enforcement							
Funded or Unfunded: <b>UNFUNDED - LOCAL</b>		Program Type: <b>DISCRETIONARY</b>							
002	<i>Coroner Services</i>	4610000 Coroner	193,538	0	0	0	<b>193,538</b>	1.8	0
009	<i>Alternative Sentencing</i>	5020000 Court - Non-Trial Ct Funding	287,195	0	0	0	<b>287,195</b>	0.0	0
054-B	<i>Unidentified Reductions</i>	5800000 District Attorney	4,850,948	0	0	0	<b>4,850,948</b>	60.0	0
001-O	<i>Ranger Patrol (ARP_ Rangers)</i>	6400000 Parks, Recreatn & Open Space	63,960	0	0	0	<b>63,960</b>	1.0	0
014-B	<i>Adult Field</i>	6700000 Probation	6,136,536	0	0	0	<b>6,136,536</b>	66.0	19
016-B	<i>Justice Grant</i>	6700000 Probation	172,630	0	0	0	<b>172,630</b>	2.0	0
011-B	<i>Juvenile Hall</i>	6700000 Probation	55,569	0	0	0	<b>55,569</b>	1.0	0
034	<i>RCCC Youth Center</i>	6700000 Probation	5,169,681	0	106,355	0	<b>5,063,326</b>	53.0	1
301-D	<i>UNFUNDED</i>	7400000 Sheriff	13,143,196	0	0	0	<b>13,143,196</b>	147.0	0
<b>DISCRETIONARY Total:</b>			30,073,253	0	106,355	0	<b>29,966,898</b>	331.8	20
<b>UNFUNDED - LOCAL TOTAL:</b>			30,073,253	0	106,355	0	<b>29,966,898</b>	331.8	20
Funded or Unfunded: <b>UNFUNDED - TANF</b>		Program Type: <b>DISCRETIONARY</b>							
024	<i>Apartment Complex Program</i>	6700000 Probation	292,741	0	0	0	<b>292,741</b>	2.0	0
009-B	<i>Boys Ranch</i>	6700000 Probation	94,177	0	0	0	<b>94,177</b>	1.0	0
<b>DISCRETIONARY Total:</b>			386,918	0	0	0	<b>386,918</b>	3.0	0
<b>UNFUNDED - TANF TOTAL:</b>			386,918	0	0	0	<b>386,918</b>	3.0	0
<b>Countywide Priority 1</b>		<b>Total:</b>	30,460,171	0	106,355	0	<b>30,353,816</b>	334.8	20

Program Number and Title	Budget Unit and Title	Appropriations	Inter/Intrafund Reimbursements	Revenues	Carryover	Net Allocation	Position	Vehicles
<b>Countywide Priority 2 Safety Net</b>								
Funded or Unfunded: <b>UNFUNDED - LOCAL</b>		Program Type: <b>DISCRETIONARY</b>						
048-B	Adult Protective Services	7200000 Health & Human Services	2,022,443	132,578	1,576,566	0	313,299	16.8 0
020-B	Capital Health Clinic	7200000 Health & Human Services	107,852	0	0	0	107,852	0.6 0
068-B	Children's Health Disability Prevention (CHDP)	7200000 Health & Human Services	716,058	0	-58,777	0	774,835	10.0 0
025	Chronic Disease Clinic	7200000 Health & Human Services	143,422	0	0	0	143,422	2.0 0
026	Clinic - Family Planning Services	7200000 Health & Human Services	67,217	0	0	0	67,217	1.0 0
023-B	Clinic - X-Ray	7200000 Health & Human Services	65,832	0	0	0	65,832	0.5 0
013-B	Clinic Administration	7200000 Health & Human Services	2,995,714	0	0	0	2,995,714	2.0 0
058-B	CPS - Child Welfare Services	7200000 Health & Human Services	1,451,368	0	1,043,526	0	407,842	6.5 0
024-B	Dental Clinic	7200000 Health & Human Services	256,001	0	0	0	256,001	2.0 0
087	Health Officer - Ryan White Title I/II	7200000 Health & Human Services	205,820	0	205,820	0	0	0.0 0
050-B	IHSS Public Authority	7200000 Health & Human Services	164,811	0	139,198	0	25,613	2.0 0
039-B	Mental Health Adults - Long-Term Care	7200000 Health & Human Services	65,000	0	65,000	0	0	0.0 0
018-B	Northeast Clinic	7200000 Health & Human Services	170,641	0	0	0	170,641	1.0 0
021-B	Oak Park Clinic	7200000 Health & Human Services	278,983	0	0	0	278,983	3.0 0
006-B	Primary Health Svcs Division - Pharmacy & Support Services	7200000 Health & Human Services	1,615,228	1,615,228	0	0	0	0.0 0
049-B	Public Guardian / Conservator/ Administrator	7200000 Health & Human Services	1,718,860	0	150,000	0	1,568,860	20.0 0
066-B	Public Health Laboratory	7200000 Health & Human Services	103,272	0	0	0	103,272	1.0 0
075	Public Health Nurses - Integrated Children & Family Svcs. (ICFS)	7200000 Health & Human Services	190,067	190,067	0	0	0	2.5 0
011-B	Refugee Clinic	7200000 Health & Human Services	170,748	0	0	0	170,748	1.0 0
019-B	South City Clinic	7200000 Health & Human Services	242,007	0	0	0	242,007	1.9 0
027	Well Child Clinic	7200000 Health & Human Services	313,744	0	0	0	313,744	3.0 0
005-B	Women, Infants and Children (WIC)	7200000 Health & Human Services	2,790,556	0	2,611,768	0	178,788	46.0 0
005-B	Foster Care & Adoption Assistance	8100000 Human Assistance	168,574	0	0	0	168,574	1.2 0
002-C	GA & Emp Svcs.	8100000 Human Assistance	3,748,123	0	1,308,123	0	2,440,000	30.5 4
002-D	GA & Emp Svcs.	8100000 Human Assistance	2,520,455	0	872,082	0	1,648,373	9.5 0
002-E	GA & Emp Svcs.	8100000 Human Assistance	225,655	0	65,655	0	160,000	2.0 0
002-F	GA & Emp Svcs.	8100000 Human Assistance	607,181	0	177,510	0	429,671	5.8 0
004-C	Housing & Homeless	8100000 Human Assistance	22,128	0	0	0	22,128	0.0 0

<i>Program Number and Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 2 Safety Net</b>								
Funded or Unfunded: <b>UNFUNDED - LOCAL</b>		Program Type: <b>DISCRETIONARY</b>						
004-D <i>Housing &amp; Homeless</i>	8100000 Human Assistance	496,605	0	0	0	<b>496,605</b>	0.0	0
007-D <i>Safety Net Svs</i>	8100000 Human Assistance	29,841	0	27,355	0	<b>2,486</b>	0.2	0
007-E <i>Safety Net Svs</i>	8100000 Human Assistance	1,381,612	0	0	0	<b>1,381,612</b>	1.1	0
008-B <i>Senior Svs</i>	8100000 Human Assistance	323,154	0	0	0	<b>323,154</b>	0.0	0
001-B <i>Dept Overhead</i>	7230000 Juvenile Medical Services	17,400	0	0	0	<b>17,400</b>	0.0	0
<b>DISCRETIONARY Total:</b>		25,396,372	1,937,873	8,183,826	0	<b>15,274,673</b>	173.1	4
<b>UNFUNDED - LOCAL TOTAL:</b>		25,396,372	1,937,873	8,183,826	0	<b>15,274,673</b>	173.1	4
Funded or Unfunded: <b>UNFUNDED - TANF</b>		Program Type: <b>DISCRETIONARY</b>						
007-F <i>Safety Net Svs</i>	8100000 Human Assistance	10,413,037	0	0	0	<b>10,413,037</b>	0.0	0
<b>DISCRETIONARY Total:</b>		10,413,037	0	0	0	<b>10,413,037</b>	0.0	0
<b>UNFUNDED - TANF TOTAL:</b>		10,413,037	0	0	0	<b>10,413,037</b>	0.0	0
<b>Countywide Priority 2</b>	<b>Total:</b>	35,809,409	1,937,873	8,183,826	0	<b>25,687,710</b>	173.1	4

<i>Program Number and Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 3 Quality of Life</b>								
Funded or Unfunded: <b>UNFUNDED - LOCAL</b>		Program Type: <b>DISCRETIONARY</b>						
005-B <i>Pesticide Use Enforcement</i>	3210000 Ag Comm-Sealer of Wts & Mea	52,069	0	0	0	52,069	0.7	0
006-C <i>Quantity Control</i>	3210000 Ag Comm-Sealer of Wts & Mea	38,076	0	10,000	0	28,076	0.5	0
006 <i>Education Outreach</i>	4660000 Contribution to Human Rights Fair Housin	5,714	0	0	0	5,714	0.0	0
007 <i>Hate Crime Unit</i>	4660000 Contribution to Human Rights Fair Housin	6,000	0	0	0	6,000	0.0	0
005 <i>Tenant Landlord</i>	4660000 Contribution to Human Rights Fair Housin	5,713	0	0	0	5,713	0.0	0
010 <i>Jury Parking</i>	5020000 Court - Non-Trial Ct Funding	216,000	0	0	0	216,000	0.0	0
001-P <i>Cost of Collection -ARP (ARP-Rangers)</i>	6400000 Parks, Recreatn & Open Space	58,648	0	0	0	58,648	0.0	1
006-E <i>Deer Creek Hills</i>	6400000 Parks, Recreatn & Open Space	50,000	0	0	0	50,000	0.0	0
001-Q <i>Discovery Park (ARP - Maintenance)</i>	6400000 Parks, Recreatn & Open Space	33,992	0	0	0	33,992	0.0	0
016 <i>Leisure Services</i>	6400000 Parks, Recreatn & Open Space	124,916	0	47,537	0	77,379	0.0	0
010-C <i>Mather Park</i>	6400000 Parks, Recreatn & Open Space	9,822	0	0	0	9,822	0.0	0
001-T <i>Paradise, Howe, Cal Expo, Watt, Waterton, Gristmil</i>	6400000 Parks, Recreatn & Open Space	31,154	0	0	0	31,154	0.0	2
001-S <i>Pond/Goethe, El Manto, Lower Sunrise, Sacramento B</i>	6400000 Parks, Recreatn & Open Space	28,790	0	0	0	28,790	0.0	0
001-R <i>Ranger Dispatch (ARP-Rangers)</i>	6400000 Parks, Recreatn & Open Space	12,329	0	0	0	12,329	0.0	0
008-B <i>Vacancies for fiscal flexibility</i>	6610000 Planning & Community Devlp	150,000	0	0	0	150,000	2.0	0
<b>DISCRETIONARY Total:</b>		823,223	0	57,537	0	765,686	3.2	3
<b>UNFUNDED - LOCAL TOTAL:</b>		823,223	0	57,537	0	765,686	3.2	3
<b>Countywide Priority 3 Total:</b>		823,223	0	57,537	0	765,686	3.2	3

<i>Program Number and Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 4</b>	General Government							
Funded or Unfunded:	<b><u>UNFUNDED - LOCAL</u></b>	Program Type:	<b><u>MANDATED</u></b>					
<i>001-A- Board of Supervisors</i>	4010000 Board of Supervisors		14,872	0	0	0	14,872	0.1 0
	<b>MANDATED</b>	<b>Total:</b>	14,872	0	0	0	14,872	0.1 0

Program Number and Title	Budget Unit and Title	Appropriations	Inter/Intrafund Reimbursements	Revenues	Carryover	Net Allocation	Position	Vehicles
<b>Countywide Priority 4 General Government</b>								
Funded or Unfunded:	<b>UNFUNDED - LOCAL</b>	Program Type:	<b>DISCRETIONARY</b>					
001-B- Board of Supervisors	4010000 Board of Supervisors	61,879	0	0	0	61,879	1.0	0
002-A- Clerk of BOS	4010000 Board of Supervisors	136,401	0	0	0	136,401	2.2	0
001-B General Fund	4810000 County Counsel	123,196	0	0	0	123,196	1.0	0
001-I Countywide Admin & Budget	5910000 County Executive	103,570	0	0	0	103,570	1.0	0
004-B Countywide Admin & Budget	5910000 County Executive	158,596	0	0	0	158,596	1.0	0
067-B California Children's Services	7200000 Health & Human Services	79,171	0	0	0	79,171	0.0	0
004-B County Medical Indigent Services Program - Case Mgmt.	7200000 Health & Human Services	53,356	0	0	0	53,356	0.5	0
089-B Emergency Medical Services	7200000 Health & Human Services	5,041	0	5,041	0	0	0.0	0
062-B Health Education - Maternal Child & Adolescent Health	7200000 Health & Human Services	103,876	0	0	0	103,876	1.0	0
088 Health Officer - Disease Control and Epidemiology	7200000 Health & Human Services	342,348	0	0	0	342,348	0.0	0
029-B Mental Health Administration	7200000 Health & Human Services	12,803	0	12,803	0	0	0.0	0
045-B Mental Health Adults - Administration	7200000 Health & Human Services	23,833	0	23,833	0	0	0.0	0
031-B Mental Health Children	7200000 Health & Human Services	49,911	0	49,911	0	0	0.0	0
030-B Mental Health Treatment Center	7200000 Health & Human Services	91,392	0	91,392	0	0	0.0	0
001-B Office of Director - Dept Admin	7200000 Health & Human Services	1,330,105	1,330,105	0	0	0	12.0	0
003-B Primary Health Services - Division Administration	7200000 Health & Human Services	1,970	1,970	0	0	0	0.0	0
078 Public Health Nurses - Administration	7200000 Health & Human Services	184,327	0	184,327	0	0	2.0	0
046-B Senior & Adult Services - Administration	7200000 Health & Human Services	745,720	519,923	0	0	225,797	8.0	0
005-B Personnel Records & Special Services	6030000 Personnel Services Dept.	970	0	0	0	970	0.0	0
004-B Personnel/Payroll Training & Support	6030000 Personnel Services Dept.	1,419	0	0	0	1,419	0.0	0
002-C Selection & Classification	6030000 Personnel Services Dept.	347,767	0	0	0	347,767	2.0	0
002-D Selection & Classification	6030000 Personnel Services Dept.	76,339	0	0	0	76,339	1.0	0
021-B Unallocated Positions	6700000 Probation	0	0	0	0	0	16.0	0
	<b>DISCRETIONARY Total:</b>	<b>4,033,990</b>	<b>1,851,998</b>	<b>367,307</b>	<b>0</b>	<b>1,814,685</b>	<b>48.7</b>	<b>0</b>



<i>Program Number and Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>									
Countywide Priority 4	General Government																
	<b>UNFUNDED - LOCAL TOTAL:</b>	4,048,862	1,851,998	367,307	0	<b>1,829,557</b>	48.8	0									
<table border="1"> <tr> <td>Countywide Priority 4</td> <td><b>Total:</b></td> <td>4,048,862</td> <td>1,851,998</td> <td>367,307</td> <td>0</td> <td><b>1,829,557</b></td> <td>48.8</td> <td>0</td> </tr> </table>									Countywide Priority 4	<b>Total:</b>	4,048,862	1,851,998	367,307	0	<b>1,829,557</b>	48.8	0
Countywide Priority 4	<b>Total:</b>	4,048,862	1,851,998	367,307	0	<b>1,829,557</b>	48.8	0									

<i>Program Number and Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>		
<b>Countywide Priority 5 Prevention/Intervention Programs</b>										
Funded or Unfunded: <b>UNFUNDED - LOCAL</b>		Program Type: <b>DISCRETIONARY</b>								
001	<i>Criminal Justice Cabient</i>	5750000	Criminal Justice Cabinet	126,805	0	0	0	126,805	0.0	0
060-B	<i>Alcohol and Drug Services Division</i>	7200000	Health & Human Services	480,074	116,480	243,436	0	120,158	4.0	0
002-B	<i>Birth and Beyond</i>	7200000	Health & Human Services	22,530	22,530	0	0	0	0.0	0
063-B	<i>Health Education - Dental Education</i>	7200000	Health & Human Services	24,266	0	0	0	24,266	0.5	0
064-B	<i>Health Education - Immunization Assistance</i>	7200000	Health & Human Services	30,760	0	0	0	30,760	0.0	0
080-B	<i>Health Officer - AIDS Health Education</i>	7200000	Health & Human Services	121,219	0	0	0	121,219	0.9	0
086	<i>Health Officer - HIV Perinatal Prevention</i>	7200000	Health & Human Services	87,014	0	87,014	0	0	0.0	0
079-B	<i>Health Officer - Public Health Programs</i>	7200000	Health & Human Services	235,683	159,575	20,358	0	55,750	3.0	0
028-B	<i>Oak Park Multi-Service Center</i>	7200000	Health & Human Services	1,066,413	0	435,945	0	630,468	6.5	0
076	<i>Public Health Nurses - Birth and Beyond</i>	7200000	Health & Human Services	964,275	36,364	513,961	0	413,950	12.0	0
077	<i>Public Health Nurses - Perinatal Outreach</i>	7200000	Health & Human Services	646,964	0	411,053	0	235,911	9.0	0
023	<i>9-12 Project - Comm. Intervention</i>	6700000	Probation	95,927	0	0	0	95,927	1.0	0
013-A	<i>Drug Court</i>	6700000	Probation	1,085,245	316,875	45,000	0	723,370	6.0	2
<b>DISCRETIONARY Total:</b>				4,987,175	651,824	1,756,767	0	2,578,584	42.9	2
<b>UNFUNDED - LOCAL TOTAL:</b>				4,987,175	651,824	1,756,767	0	2,578,584	42.9	2
Funded or Unfunded: <b>UNFUNDED - STATE</b>		Program Type: <b>DISCRETIONARY</b>								
064-C	<i>Health Education - Immunization Assistance</i>	7200000	Health & Human Services	68,580	68,580	0	0	0	1.0	0
028-C	<i>Oak Park Multi-Service Center</i>	7200000	Health & Human Services	200,000	200,000	0	0	0	1.5	0
<b>DISCRETIONARY Total:</b>				268,580	268,580	0	0	0	2.5	0
<b>UNFUNDED - STATE TOTAL:</b>				268,580	268,580	0	0	0	2.5	0

<i>Program Number and Title</i>	<i>Budget Unit and Title</i>	<i>Appropriations</i>	<i>Inter/Intrafund Reimbursements</i>	<i>Revenues</i>	<i>Carryover</i>	<i>Net Allocation</i>	<i>Position</i>	<i>Vehicles</i>
<b>Countywide Priority 5 Prevention/Intervention Programs</b>								
Funded or Unfunded: <b>UNFUNDED - TANF</b>		Program Type: <b>DISCRETIONARY</b>						
002-C <i>Birth and Beyond</i>	7200000 Health & Human Services	197,348	197,348	0	0	0	2.0	0
059 <i>CPS - Child Safety/Family Violence Protection</i>	7200000 Health & Human Services	581,000	581,000	0	0	0	2.5	0
013-B <i>Drug Court</i>	6700000 Probation	270,934	0	0	0	<b>270,934</b>	2.0	0
	<b>DISCRETIONARY Total:</b>	1,049,282	778,348	0	0	<b>270,934</b>	6.5	0
	<b>UNFUNDED - TANF TOTAL:</b>	1,049,282	778,348	0	0	<b>270,934</b>	6.5	0
<b>Countywide Priority 5 Total:</b>		6,305,037	1,698,752	1,756,767	0	<b>2,849,518</b>	51.9	2
<b>Grand Total:</b>		123,022,939	5,488,623	16,725,755	0	<b>100,808,561</b>	973.1	75

ATTACHMENT IV

TRANSIENT OCCUPANCY TAX FUND - PROPOSED 2003-04

	Approved 2002-03	Estimated Ongoing 2003-04	Recom'd Proposed 2003-04
<b>Economic Development</b>			
Department of Economic Development	90,000	90,000	90,000
Federal Technology Center	25,000	0	0
Florin Road Improvement District	250,000	250,000	0
Fulton Avenue Improvement District	375,000	375,000	0
Northern California World Trade Center	45,000	45,000	0
Rancho Cordova Economic Dev.Corp.	36,000	0	0
Sacramento Area Commerce & Trade Organization	63,000	63,000	0
Sacramento Convention & Visitors Bureau	823,500	823,500	0
Sacramento Sports Commission	235,000	235,000	0
Stockton Boulevard Merchants/Property Owners Assoc.	175,000	175,000	0
<b>Subtotal Economic Development</b>	<b>2,117,500</b>	<b>2,056,500</b>	<b>90,000</b>
<b>County Parks</b>			
American River Parkway Plan Update (Final Yr 02/03)	85,000	0	0
Mather Community Outreach Coordinator	50,000	0	0
ARP Maintenance - Turf, irrigation, flood repairs	65,466	0	0
Regional Parks - Elk Grove Park maintenance	34,990	0	0
TRS - Leisure Buddy program	4,708	0	0
TRS - South Area Social Program	3,007	0	0
ARP Maintenance - Painting of picnic tables/restrooms	1,736	0	0
Regional Parks - Restore Gibson Ranch swimhole	37,864	0	0
EYNC	17,340	0	0
Parks Admin. - 1.0 Admin. Services Officer	7,000	0	0
<b>Subtotal Parks - One-Time</b>	<b>307,111</b>	<b>0</b>	<b>0</b>
<b>Other Park-Related</b>			
ARPF - In My Back Yard, ARP Cleanup, Adopt the Parkway	54,000	54,000	0
CA Youth Soccer Assoc.-Cherry Island Soccer Complex	40,500	0	0
<b>Subtotal Parks - Ongoing</b>	<b>94,500</b>	<b>54,000</b>	<b>0</b>
<b>Administrative</b>			
County Executive Administration	25,000	25,000	25,000
Dept. of Finance -- Hotel Audits	27,800	10,000	10,000
Dept. of Finance -- Contract Audits	25,000	25,000	25,000
Dept. of Finance -- Revenue Estimates/Monitoring	25,000	25,000	25,000
<b>Subtotal Other General Fund</b>	<b>102,800</b>	<b>85,000</b>	<b>85,000</b>
<b>Other General Fund</b>			
Community Initiatives	290,000	500,000	500,000
Library Authority Set Aside	172,111	0	0
Transfer to General Fund	2,500,000	2,500,000	2,500,000
<b>Subtotal Other General Fund</b>	<b>2,962,111</b>	<b>3,000,000</b>	<b>3,000,000</b>
<b>Jointly Funded with City of Sacramento</b>			
Sacramento Archives and Museum Collection Center			
Archives/Collections	144,684	144,684	0
Debt Service	31,500	31,500	0
Sacramento Metropolitan Arts Commission			
Operations	289,026	289,026	0
Stabilization Funding	71,250	71,250	0
Cultural Awards Program--County Contribution	380,000	380,000	0
Cultural Awards Program--City Pass-Through	400,000	400,000	400,000
Neighborhood Arts/Arts in Schools Programs	116,613	116,613	0
Metropolitan Arts Partnership	23,750	23,750	0
Sacramento Museum of History, Science and Technology (Discovery Museum)			
Operations	249,320	249,320	0
Sacramento Theatre Company/Music Circus	66,000	66,000	66,000
Sacramento Tree Foundation	90,000	90,000	0
<b>Subtotal Jointly Funded With City</b>	<b>1,862,143</b>	<b>1,862,143</b>	<b>466,000</b>

ATTACHMENT IV

TRANSIENT OCCUPANCY TAX FUND - PROPOSED 2003-04

	Approved 2002-03	Estimated Ongoing 2003-04	Recom'd Proposed 2003-04
<b>Other Discretionary Programs</b>			
Bella Vista Bronco Athletic Booster Club (2nd yr)	150,000	0	0
Board of Supervisor--Neighborhood Programs	100,000	100,000	100,000
Boys and Girls Club of Greater Sacramento - (2nd yr)	100,000	0	0
Crocker Art Museum - (2nd yr)	125,000	0	0
Fair Oaks Theatre Fest.-Vet Mem. Amphitheatre-2nd yr	100,000	0	0
Sacramento Asian Sports Foundation - (2nd yr)	125,000	0	0
Sacramento Zoological Society - (2nd yr)	100,000	0	0
<b>Subtotal Other Discretionary Programs</b>	<b>800,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Loan Financing</b>			
Raley Field Bond Financing	2,388,696	2,388,696	2,388,696
<b>Subtotal Loan Financing</b>	<b>2,388,696</b>	<b>2,388,696</b>	<b>2,388,696</b>
<b>Reserves and Contingencies</b>			
Raley Field Reserve Buildup	200,000	0	0
Contingencies	110,000	0	0
<b>Subtotal Reserves and Contingencies</b>	<b>310,000</b>	<b>0</b>	<b>0</b>
Unallocated Funds	0	0	3,270,874
<b>TOTAL ALLOCATION</b>	<b>10,944,861</b>	<b>9,546,339</b>	<b>9,400,570</b>
<b>FINANCING</b>			
Prior Year Fund Balance	-287,053	-90,747	-90,747
City Pass-Through	400,000	400,000	400,000
Raley Field Bond Financing	2,388,696	2,388,696	2,388,696
Reserve Releases	5,650	894,477	894,477
Other Revenues	4,167	4,163	4,163
<b>Subtotal One-Time/Earmarked</b>	<b>2,511,460</b>	<b>3,596,589</b>	<b>3,596,589</b>
Tax Collections	8,253,401	5,733,981	5,733,981
Interest Income	180,000	70,000	70,000
<b>Subtotal Ongoing/Discretionary</b>	<b>8,433,401</b>	<b>5,803,981</b>	<b>5,803,981</b>
<b>TOTAL AVAILABLE FINANCING</b>	<b>10,944,861</b>	<b>9,400,570</b>	<b>9,400,570</b>
<b>ESTIMATED FINANCING SHORTFALL</b>	<b>0</b>	<b>-145,769</b>	<b>0</b>

ATTACHMENT V

Summary Recommended Reductions to Primary and Public Health Programs FISCAL YEAR 2003-2004					
Budget Unit Title	Program Number	Program Title	Program Description	Net Cost (Savings)	FTE's No.
Clinics	11-B	Refugee Clinic	Refugee Screening Services. Eliminates approximately 225 primary care and 2,465 public health visits annually.	170,748	1.0
Clinics	13-B	Clinic Admin	Administrative & pharmacy. Reduce pharmaceuticals (prescriptions) and administrative support associated with clinic reductions.	2,995,714	2.0
Clinics	18-B	Northeast Health Center	Cut primary medical care services. Eliminates approximately 6,466 primary care visits annually.	170,279	1.0
Clinics	19-B	South City Health Center	Cut public health medical services. Eliminates approximately 4,203 primary care visits annually.	242,007	1.9
Clinics	20-B	Capital Health Center	Cut primary medical care services. Eliminates approximately 9,099 primary care visits annually.	107,852	0.6
Clinics	21-B	Oak Park Health Center	Cut primary medical care services. Eliminates approximately 3,255 primary care visits annually.	278,983	3.0
Clinics	23-B	X-Ray Unit at PCC	Radiological Exams. Reduce x-ray exams by approximately 2,440.	65,832	0.5
Clinics	25	Be Smart	Chronic Disease support; eliminate program. Reduction of approximately 3,654 patient visits annually.	143,422	2.0
Clinics	26	Teen Smart	Family Planning Services; eliminate program. Eliminates reproductive counseling, advocacy and referrals for teens.	67,217	1.0
Clinics	27	Well Child Clinics	Well child exams, immunizations, assessments at various sites; eliminates program. Eliminates approximately 3,870 patient visits.	313,744	3.0
			<b>Total Reductions - Clinics</b>	<b>4,555,798</b>	<b>16.0</b>
Public Health Laboratory	66-B	Public Health Laboratory	Provides communicable disease testing for Public Health Investigations, Bioterrorism threats and County primary care/refugee clinics and consultation to the medical community.	103,272	1.0
CHDP	68-B	Children's Health Disability Prevention (CHDP)	Provides well child exam administration, medical case management, and outreach/education services for 188,000 children and over 900 medical examiners. Cuts will reduce the ability to provide medical case mgmt to 10,000 children with medical conditions. 50% children eligible for CHDP low income and CHDP Medi-Cal exams would lose outreach services.	774,835	10.0
Public Health Nurses	75	Integrated Children and Family Services (ICFS)	PHNs provide health assessments & consultation for clients of CPS. Reduction of reimbursements from CPS.	0	2.5

Summary Recommended Reductions to Primary and Public Health Programs FISCAL YEAR 2003-2004					
Budget Unit Title	Program Number	Program Title	Program Description	Net Cost (Savings)	FTE's No.
Public Health Nurses	76	Field Services- Birth and Beyond	Community-based social home visitation model targeting over-burdened families. PHNs provide health assessments & consultation. Linkages to resources and health assessments will take longer than 30 days.	413,950	12.0
Public Health Nurses	77	Field Services- Perinatal Outreach	PHNs provide care coordination & outreach to 465 at-risk low-income/medi-cal-eligible pregnant & parenting women & their children.	235,911	9.0
Health Officer	79-B	Health Education Childhood Illness & Injury Prevention Chronic Disease Prevention and Adolescent Health	Provides administration for education programs, to prevent HIV and STD infections, tobacco use, teen pregnancy, and childhood injury. Provides health education to seniors and disaster response and services to 26,400 clients.	55,750	3.0
Health Officer	80-B	AIDS Health Education	Provides administration of HIV and hepatitis C outreach, education, prevention, and testing services throughout the County. Supports 9 subcontracted community based organizations.	121,219	0.9
			<b>Total Reductions Non-Clinics</b>	<b>1,704,937</b>	<b>38.4</b>
			<b>Total Reductions</b>	<b>6,260,735</b>	<b>54.4</b>

ATTACHMENT VI

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE BOARD OF SUPERVISORS,  
COUNTY OF SACRAMENTO APPROVING THE  
PROPOSED BUDGET FOR  
FISCAL YEAR 2003-04**

**WHEREAS**, County offices, departments and agencies have submitted estimates of budget requirements for Fiscal Year 2003-04 and those estimates have been reviewed by the County Executive Officer; and

**WHEREAS**, the County Executive Officer has submitted the tabulations of said estimates together with proposed revisions to the Board of Supervisors; and

**WHEREAS**, the Board of Supervisors has reviewed and considered the proposed budget for Fiscal Year 2003-04; and

**BE IT RESOLVED AND ORDERED** that the proposed budget for Fiscal Year 2003-04, as submitted by the County Executive Officer and as revised by the Board of Supervisors is a proper financial program for the budget period and constitutes the proposed budget for 2003-04; and

**BE IT FURTHER RESOLVED AND ORDERED** that the proposed budget for 2003-04 as hereby approved shall constitute authorization for County expenditures until adoption of a final budget for said fiscal year; and

**BE IT FURTHER RESOLVED AND ORDERED** that hearings to consider the final budget for Fiscal Year 2003-04 shall commence on August 25, 2003, at 9:30 a.m., or as soon thereafter as is practicable in the Chambers of the Board of Supervisors at 700 H Street, Sacramento, California, and the Clerk of the Board of Supervisors is directed to cause the posting and publication of such notice as is required for said hearing; and

**BE IT FURTHER RESOLVED AND ORDERED** that pursuant to Government Code section 29081, hearings on the final budget shall not exceed a total of fourteen calendar days unless a written request to continue the hearings beyond that date is filed with the Clerk to the Board of Supervisors.

On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento this \_\_\_\_ day of \_\_\_\_\_, 2003, by the following vote, to wit:

AYES: Supervisors,

NOES: Supervisors,

ABSENT: Supervisors,

\_\_\_\_\_  
Chair of the Board of Supervisors  
of Sacramento County, California

(SEAL)

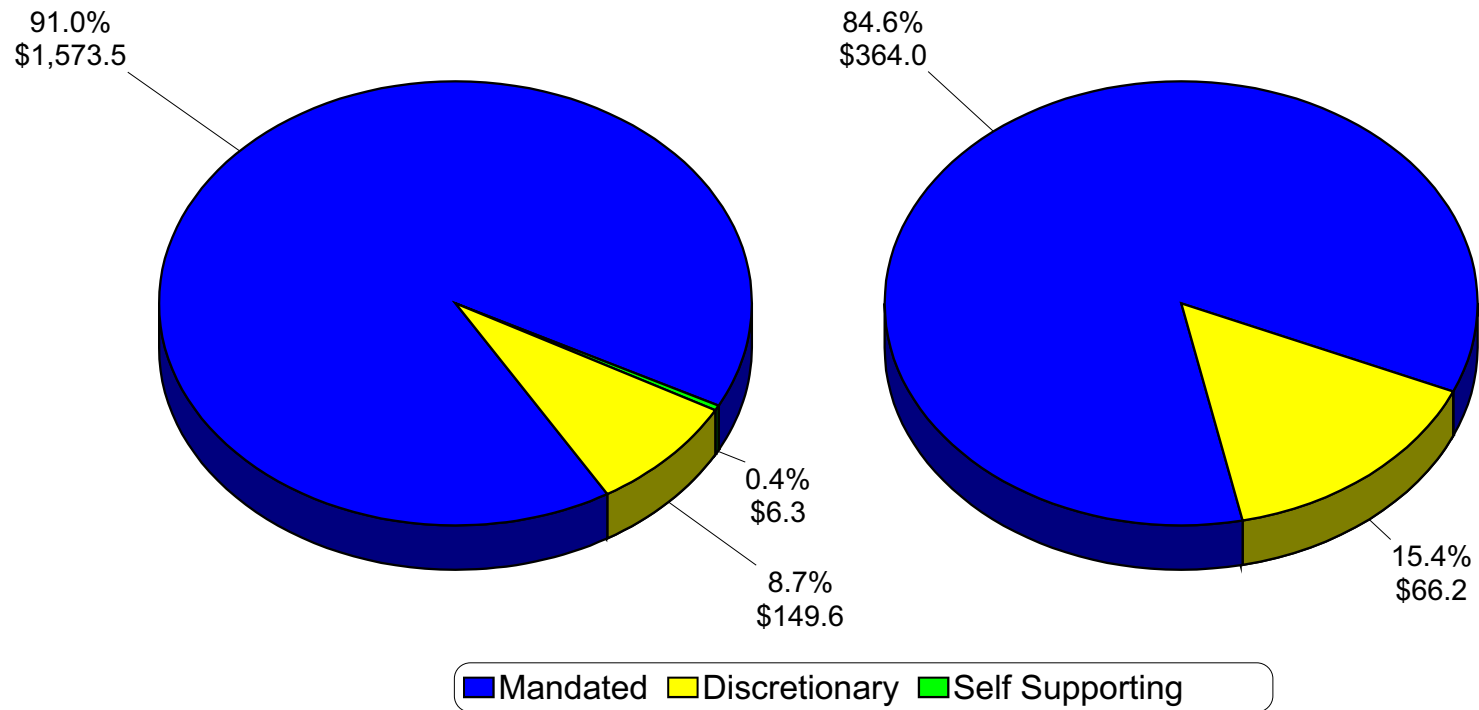
ATTEST: \_\_\_\_\_  
Clerk of the Board of Supervisors



**VIEW OF GENERAL FUND  
APPROPRIATIONS & ALLOCATIONS  
BY  
PROGRAM TYPE  
(in millions)**

**APPROPRIATIONS BY PROGRAM TYPE**

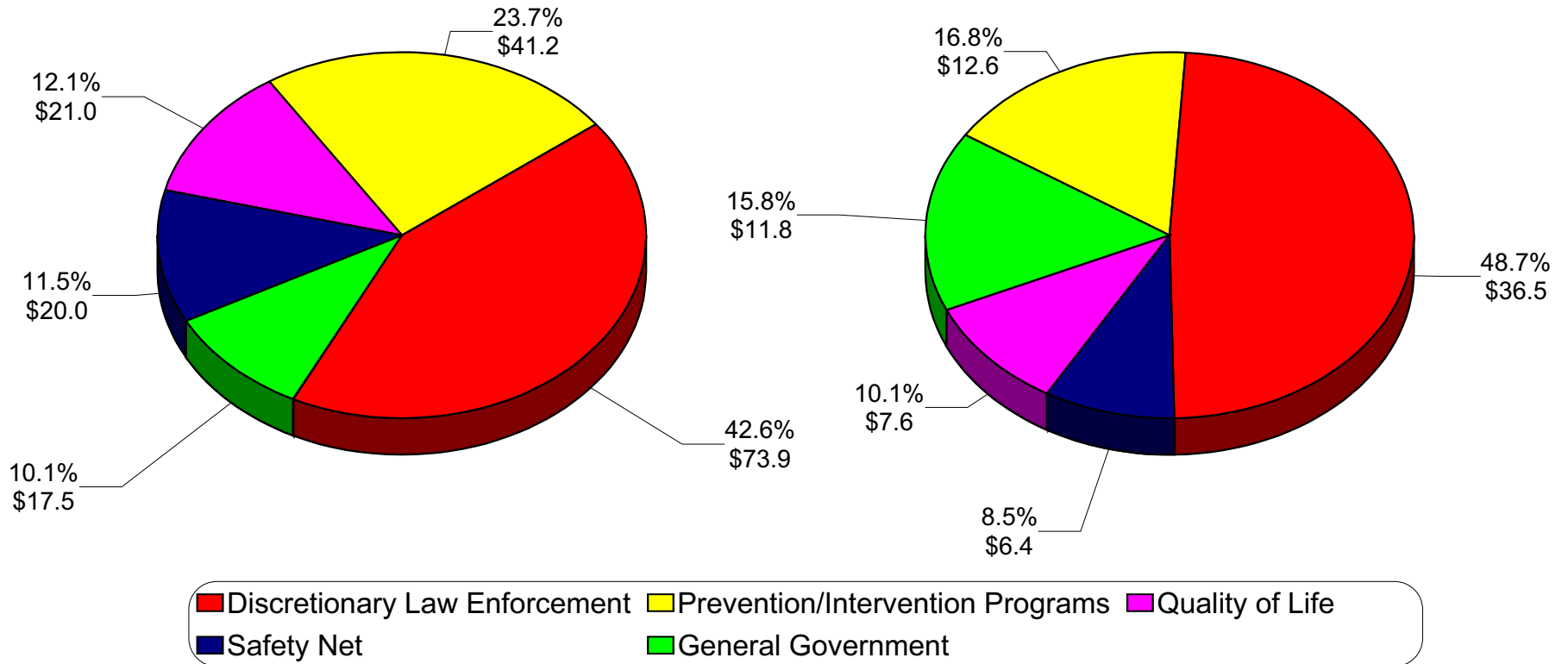
**ALLOCATIONS BY PROGRAM TYPE**



**VIEW OF GENERAL FUND  
APPROPRIATIONS & ALLOCATIONS  
BY  
COUNTYWIDE DISCRETIONARY PRIORITY AREA  
(in millions)**

**APPROPRIATIONS BY COUNTYWIDE PRIORITY**

**ALLOCATIONS BY COUNTYWIDE PRIORITY**



**ATTACHMENT IX**

**GENERAL PURPOSE FINANCING ESTIMATES**

General purpose financing is the source of the “allocations” to General Fund departments and programs. The general purpose financing is made up of those funding sources which are not dedicated or linked to specific programs or functions. The general purpose financing may literally be spent on any general purpose of the County. The general purpose financing consists of:

- Tax revenue – property taxes, Bradley-Burns sales tax and utility taxes.
- Intergovernmental revenues – the Vehicle License Fees (VLF, a state tax reallocated to counties and cities), Williamson Act subventions, revenue neutrality payments from cities, and transition reimbursements from cities.
- Transfers into the General Fund from other county funds – the cost allocation plan overhead recoveries from non-General Fund departments and transfers from the Clerk Recorder Fund, the Transient Occupancy Tax Fund, and the Tobacco Litigation Settlement Fund.
- Other revenues – fines, interest earnings, franchise fees, general assistance aid payment recoveries, and other miscellaneous revenues.
- Fund balance and reserve changes – that portion of the available fund balance at the start of the fiscal year which is not credited to departments as carryover and any changes to General Fund Reserves.
- Costs of collection – netted against the revenues and transfers-in from other funds are certain costs associated with the collection of general purpose financing, such as interest on the cash flow notes, property tax administration fees, and revenue collection compliance audits.

The general purpose financing sources are of both a countywide and a municipal nature. The property taxes and VLF are the major countywide general revenues. The municipal revenues are the sales tax, the utility tax, and franchise fees.

The general purpose financing is budgeted in the Non-Departmental Revenues budget unit (BU 5700000, Program 1).

There is limited growth in general purpose financing for Fiscal Year 2003-04 from the prior year as illustrated in the following table:

FINANCING SOURCE	2002-03 Final Budget	2003-04 Estimates	2003-04 Forecast	Change From Estimates	Change From Budget
Property Taxes	\$162.4	\$167.3	\$174.1	\$6.8	\$11.7
Sales Tax	83.2	82.2	77.8	(4.4)	(\$5.4)
Vehicle License Fees	85.4	86.5	92.3	5.8	\$6.9
Utility Tax	16.0	17.0	14.6	(2.4)	(\$1.4)
Cost Plan Recovery	8.7	8.7	6.5	(2.2)	(\$2.2)
Fines	14.9	13.0	13.5	0.5	(\$1.4)
Revenue Neutrality	5.8	6.6	9.3	2.7	\$3.5
Other Revenues & Costs	23.5	32.7	15.8	(16.9)	(\$7.7)
<b>Subtotal</b>	<b>\$399.9</b>	<b>\$414.0</b>	<b>\$403.9</b>	<b>(\$10.1)</b>	<b>\$4.0</b>
Fund Balance Non-Departmental	\$11.1	\$11.1	\$26.3	\$15.2	\$15.2
Net Reserve Changes	12.0	12.0		(12.0)	(12.0)
<b>Subtotal</b>	<b>\$23.1</b>	<b>\$23.1</b>	<b>\$26.3</b>	<b>\$3.2</b>	<b>\$3.2</b>
<b>TOTAL GENERAL PURPOSE FINANCING</b>	<b>\$423.0</b>	<b>\$437.1</b>	<b>\$430.2</b>	<b>(\$6.9)</b>	<b>\$7.2</b>

The overall increase in general purpose financing from the Adjusted Final Budget for the current year (after the approval by the voters of the Utility Tax Measure) is only \$7.2 million, or 1.7 percent. There is a reduction of \$6.9 million from the estimates for 2002-03. The fundamental reasons for the very low levels of growth are the extensive use of one time financing measures in 2002-03, including the use of \$12.0 million in reserves, and the loss of revenue to the new City of Rancho Cordova as of July 1, 2003.

Most of the general purpose financing comes from three sources: property taxes, sales tax, and VLF. For the budget year these three total \$344.2 million, or 80 percent of the total. These three financing sources will grow in most years, but sales taxes have declined from year to year several times in the past 12 years due to both city incorporations and actual reductions in taxable sales in the Unincorporated Area.

**Comments on the Revenue Estimates**

Property Taxes

- The county’s budget problems would be much worse if not for the very strong growth in current property taxes in recent years. For the current year, secured roll growth was over 10.0 percent and growth of over 11.0 percent is anticipated in 2003-04. Unsecured roll growth of 5.0 percent is anticipated for the budget year.
- The county’s current property tax revenue stream derives from a pre-Proposition 13 countywide tax rate imposed on all parcels in the County. This rate has been modified by the Assembly Bill 8 implementation of Proposition 13 and the Educational Revenue Augmentation Fund (ERAF) tax shifts of 1992 and 1993. There is no municipal increment of property taxes coming from the Unincorporated Area. The property tax shares in the

Unincorporated Area corresponding to city property taxes are the shares allocated to special districts and the County Library Fund.

- There will be the loss of \$4.5 million in current property taxes to the new City of Rancho Cordova. This revenue is, in turn, the source of revenue neutrality payments back to the County.
- The County continues to benefit from participation in the Teeter Plan in spite of the very low level of delinquent property taxes. Having used the Teeter Plan of tax apportionment for over five years, the County stands to receive additional revenue from those properties whose delinquent taxes are finally paid after five years. The debt associated with “buying” the delinquent taxes has been paid, and the County receives the principal due, the 10.0 percent delinquent penalty, and 18.0 percent interest per year.
- We assume in the estimates that the local real estate market will slow in the coming year. This will result in lower collections of supplemental taxes and the property transfer tax even before transfers to Rancho Cordova.

#### Sales Tax

- The weak actual and projected growth in sales tax over a three-year period has been, and continues to be, a significant budget problem for the County.
- The growth estimate for local sales tax for the current year was very conservative with only 2.4 percent in cash collections being assumed. Year to date, actual collections have increased by only 0.5 percent from the prior-year actual collections. The collections are \$1.0 million below the estimates. Data are available only for taxable sales in the Unincorporated Area through mid-December 2002. Data for the first quarter of calendar year 2003 will not be available until the last week in June.
- For the 2003-04 Fiscal Year, the sales tax estimate is based on modest, but accelerating, growth and the beginning of a shift of revenue to the new City of Rancho Cordova. The forecast calls for 3.0 percent growth in the first half of the Fiscal Year and 4.0 percent growth in the second half.
- The shift of revenue to Rancho Cordova will begin in the fourth quarter of 2003, since the City Council will not be able to adopt its sales tax ordinance until after the start of the third quarter. The county’s loss of revenue is projected at \$7.4 million.
- For the past several quarters’ growth in Unincorporated Area sales tax has been less than the growth for the County as a whole and for the State. There is little potential for the creation of new sales tax generators in the Unincorporated Area, particularly after the incorporation of the three cities. The estimates for 2003-04 assume this trend will continue.

#### Vehicle License Fees (VLF)

- The State collects VLF revenue and allocates it to counties and cities on the basis of population and property values. It is ironic that the VLF is under such serious threats of loss of backfill and that repeal by initiative as it is one of the strongest performing general revenues in recent years.

- Since VLF rates were reduced several years ago, only 35.0 percent of the revenue derives from actual fees paid by vehicle owners; the remaining 65.0 percent is state backfill. The VLF rates may or may not be increased (“the trigger”), and the backfill may or may not be in place during a transition period between the start of the fiscal year and when the rates are increased. The budgetary estimates, however, assume either full backfill or a rate increase with full backfill during the transition period.
- The current year budget for VLF was based on 6.0 percent growth from prior-year actual collections. Collections to date are approximately 8.0 percent above the prior-year levels. The estimates given above and included in the main body of the budget documents have been revised.
- For 2003-04, 6.0 percent growth is being assumed. Collections in the current year have exceeded estimated levels. Maintaining the 6.0 percent growth assumption, but applying that growth to a higher base results in \$1.5 million in additional revenue for 2003-04. This has been included in the County Executive’s recommendations for “restoration funding.”
- The Rancho Cordova Incorporation will not impact the VLF revenue stream.

#### Utility Tax

- Utility tax collections for the current year should be \$17.0 million, approximately \$1.0 million above the adjusted budget level. The estimates of utility tax revenue were adjusted upward after the approval of Measure G in the November 2003 Election.
- For 2003-04, utility tax collections will decrease due to the transfer of revenue to the new City of Rancho Cordova. Approximately 14 percent, or \$2.4 million, of the revenue will accrue to Rancho Cordova, and the transfers will begin immediately after July 1, 2003.

#### Other Financing Sources

- Net interest earnings will not increase appreciably. The current low interest rate environment depress earnings from both the Treasury Pool and the TRANS borrowing and investment. The estimate is \$3.7 million with \$2.7 million coming from the TRANS spread and \$1.0 million from the county’s share of the Treasury Pool earnings.
- Transfers into the General Fund will total \$4.7 million, down \$11.0 million from current year levels. Several of the transfers in the current year were of a one-time nature.
- The costs of collection of general purpose financing total \$14.6 million including TRANS interest expense (\$9.3 million), property tax administration fees (\$3.0 million), and collections charges from the Sheriff and the Division of Revenue Recovery (\$1.1 million).
- There is an increase in the general portion of the fund balance from \$11.1 to \$26.3 million. In 2002-03, the current year, there was an additional one-time financing source of \$11.4 million from the refinancing of the Fixed Asset Program debt service. This appears in the other revenues for the current year and the fund balance for the budget year.
- No use of reserves is being assumed for 2003-04. The only reserve changes are technical changes in restricted reserves.

**Schedule of Recommended Restorations/Additional Requests**

**Restorations of Unfunded Mandates/Obligations**

**\$8,580,059**

<b><u>Dept</u></b>	<b><u>Prqm #</u></b>	<b><u>Restoration/Additional Funding Request</u></b>	<b><u>County \$ Amt</u></b>	<b><u># FTE</u></b>	<b><u>Funding Justification:</u></b>
Coroner	#001-B	Law Enforcement Response	\$73,052	1.0	Coronor will be able to retain current response times to Fire/Police.
Coroner	#001-B	Communicable Disease Response	\$88,343	2.0	Coroner will be able to retain current autopsy timeframes in order to protect public from communicable disease
DHHS	#047-B	In Home Supportive Services	\$190,382	26.1	DHHS will be able to retain current service delivery for eligibility determination and assessment for elderly clients.
DHHS	#022-B	Primary Care Center	\$2,199,366	12.1	DHHS will be able to retain three clinical teams which provides 15,000 primary health visits annually.
Sheriff	301-C	Unspecified Unfunded Mandated	\$2,731,916	31.0	Provide for necessary level of staffing in institutions to provide for safety of inmates and staff, and avoid liability.
5701	Add'l Request	Central Labor Costs-Program 3	\$3,297,000	0	Provide Funding for employee COLA's at contractually obligated levels
<b>Total:</b>			<b><u>\$8,580,059</u></b>	<b><u>72.2</u></b>	

**Restorations of Unfunded Priority 1 (Discretionary Law Enforcement) County-Operated Programs**

**\$7,062,787**

<b><u>Dept</u></b>	<b><u>Prqm #</u></b>	<b><u>Restoration</u></b>	<b><u>County \$ Amt</u></b>	<b><u># FTE</u></b>	<b><u>Funding Justification:</u></b>
District Attorney	54-B	Unspecified Reductions to Unfunded Discretionary Programs	\$2,471,975	30.5	District Attorney will be able to retain portions of the Misdemeanor prosecutor programs, at her discretion to utilize.
Sheriff	301-D	Unspecified Reductions to Unfunded Discretionary Programs	\$2,118,837	23.6	Sheriff will be able to retain portions of Patrol & Investigative services program at his discretion to utilize.
Probation	013-A	Adult Field	\$2,471,975	26.0	Probation will retain effective program which assists non-violent offenders off drugs and prevent subseqent interactions with criminal justice system.
<b>Total:</b>			<b><u>\$7,062,787</u></b>	<b><u>80.1</u></b>	

**Restorations & Add'l Funding of Unfunded Priority 2 & 5 County-Operated Programs**

**\$1,808,525**

<b><u>Dept</u></b>	<b><u>Prqm #</u></b>	<b><u>Restoration</u></b>	<b><u>County \$ Amt</u></b>	<b><u># FTE</u></b>	<b><u>Funding Justification:</u></b>
DHHS	#048-B	Adult Protective Services - Includes contracts APS Emergency Beds Salvation Army \$78,000; Gold Home \$15,200 Dr. Elderly Board and Care \$15,200; Laguna Star Home \$30,000	\$313,299	16.8	DHHS will be able to retain after hours assessment and response. Also will retain current emergency shelter beds for adults.

ATTACHMENT X

**Schedule of Recommended Restorations/Additional Requests**

DHHS	Add'l Request	Office of HIPAA	\$472,309	0.0	HIPAA is a new mandate with significant financial exposure to the County for non-compliance. This will provide funding for that effort.
Probation	#013-A/0-13B	Drug Court	\$994,304	8.0	Probation will retain effective program which assists non-violent offenders off drugs and prevent subsequent interactions with criminal justice system.
DHHS	#050-B	IHSS Public Authority	\$25,613	2.0	Public Authority can retain current service delivery to IHSS clients through registry services.
<b>Total:</b>			<b>\$1,805,525</b>	<b>26.8</b>	

**Restorations & Add'l Funding of Unfunded Community Based Organizations with Tobacco Litigation** **\$2.9 million**

**Monies**

<b><u>Dept</u></b>	<b><u>Prgm #</u></b>	<b><u>Restoration</u></b>	<b><u>County \$ Amt</u></b>	<b><u># FTE</u></b>	<b><u>Funding Justification:</u></b>
DHHS	Add'l Request	Mather Transition Housing Set-Aside - Pending BOS approval of operations  funding plan	\$800,000		Dept will utilize this money to fund 1st year of operations of Mather Transitional Housing. All subsequent years will be paid with housing choice vouchers and fees.
DHA	#007-F	Diogenes Youth Services - Emergency shelter beds for children	\$56,285		Dept will utilize this money to retain emergency shelter beds for children.
DHHS	#060-B	Youth Treatment Services	\$178,000		Funds will be utilized to retain youth treatment services provided by community based organizations.
DHHS/ Probation	Add'l Request	Dependency Drug Court - Enhance detox/residential svcs for DDC families	\$500,000		Funds will be utilized to expand/enhance dependency drug court services
DHA	#007-F	Birth and Beyond - To provide partial restoration for Home Visitation program (39% restoration)	\$1,365,715		Funds will be utilized to retain home visitation services at nine locations throughout the County.
<b>Total:</b>			<b>\$2,900,000</b>		

ADDITIONAL REQUESTS SUMMARY

Budget Unit Title		Appropriations	Reimb	Revenues	Carryover	Net Alloc	FTE	Vehicles
<b>County Fund: GENERAL FUND</b>								
<b>Funding Type: Ongoing Cost</b>								
<b>Program Type: <i>Discretionary</i></b>								
3230000	Department of Finance	200,809	0	200,809	0	0	0.0	0
7200000	Health & Human Services	500,000	0	0	0	500,000	0.0	0
	<i>Discretionary</i> Total	700,809	0	200,809	0	500,000	0.0	0
<b>Program Type: <i>Mandated</i></b>								
3610000	Assessor	464,798	0	21,117	0	443,681	9.0	0
5700000	Non-Dept Revenues/GF	3,297,000	0	3,507,700	0	-210,700	0.0	0
5740000	Office of HIPAA	472,309	0	0	0	472,309	0.0	0
7400000	Sheriff	1,814,692	0	0	0	1,814,692	17.5	0
	<i>Mandated</i> Total	6,048,799	0	3,528,817	0	2,519,982	26.5	0
<b>Funding Type Total</b>		6,749,608	0	3,729,626	0	3,019,982	26.5	0
<b>Funding Type: Self Funded</b>								
<b>Program Type: <i>Discretionary</i></b>								
7400000	Sheriff	153,048	0	153,048	0	0	2.0	0
	<i>Discretionary</i> Total	153,048	0	153,048	0	0	2.0	0
<b>Program Type: <i>Mandated</i></b>								
7400000	Sheriff	1,051,717	0	1,051,717	0	0	11.0	0
	<i>Mandated</i> Total	1,051,717	0	1,051,717	0	0	11.0	0
<b>Funding Type Total</b>		1,204,765	0	1,204,765	0	0	13.0	0
<b>GENERAL FUND TOTAL</b>		7,954,373	0	4,934,391	0	3,019,982	39.5	0



Budget Unit Title		Appropriations	Reimb	Revenues	Carryover	Net Alloc	FTE	Vehicles
<b>County Fund: NON-GENERAL FUNDS</b>								
<b>Funding Type: Ongoing Cost</b>								
Program Type: <i>Discretionary</i>								
7000000	General Services	1,174,137	103,394	1,070,743	0	0	16.0	0
<i>Discretionary</i> Total		1,174,137	103,394	1,070,743	0	0	16.0	0
<b>Funding Type Total</b>		1,174,137	103,394	1,070,743	0	0	16.0	0
<b>Funding Type: One Time</b>								
Program Type: <i>Discretionary</i>								
8600000	Community Services	800,000	0	0	0	800,000	0.0	0
<i>Discretionary</i> Total		800,000	0	0	0	800,000	0.0	0
<b>Funding Type Total</b>		800,000	0	0	0	800,000	0.0	0
<b>Funding Type: Self Funded</b>								
Program Type: <i>Mandated</i>								
3006000	County Sanitation District No. 1	10,000,000	0	10,000,000	0	0	0.0	0
2420000	Public Works-Architectural Svcs	3,768	0	3,768	0	0	0.0	1
2300000	Public Works-Construction Mgmt	14,304	0	14,304	0	0	0.0	2
2550000	Public Works-Water Quality	21,300	0	21,300	0	0	0.0	7
2560000	Public Works-Water Quality-SRWTP	1,168,281	0	1,168,281	0	0	16.0	0
2510000	Public Works-Water Resources	3,320	0	3,320	0	0	0.0	2
2200000	Refuse Operations/Landfill Closure Trust	394,338	0	394,338	0	0	3.0	0
3050000	Water Resources - Zone 40	430,000	0	430,000	0	0	0.0	0
3055000	Water Resources - Zone 41	786,000	0	786,000	0	0	0.0	0
<i>Mandated</i> Total		12,821,311	0	12,821,311	0	0	19.0	12
<b>Funding Type Total</b>		12,821,311	0	12,821,311	0	0	19.0	12
<b>NON-GENERAL FUNDS TOTAL</b>		14,795,448	103,394	13,892,054	0	800,000	35.0	12
<b>GRAND TOTAL</b>		22,749,821	103,394	18,826,445	0	3,819,982	74.5	12

ADDITIONAL REQUESTS BY BUDGET UNIT - GENERAL FUND

		Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	3610000 <b>Assessor</b>	<i>Agency: Elected Officials</i>						
<b>Program Title:</b>	Real Property	299,180	0	21,117	0	<b>278,063</b>	6.0	0
<b>ProgramDescription:</b>	Appraisal of Real Property							
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	0	Mandated Countywide/Municipal or Financial Obligations						
<b>Agency Priority:</b>	01	Assessor Locate all taxable property within Sacto County						
<b>Anticipated Results:</b>	Provide revenue for the County of Sacramento and local government. Complete 80% of valid appraisal transactions by the June 30 statutory deadline.							
<b>Program Title:</b>	Personal property	165,618	0	0	0	<b>165,618</b>	3.0	0
<b>ProgramDescription:</b>	Appraisal of Real Property							
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	0	Mandated Countywide/Municipal or Financial Obligations						
<b>Agency Priority:</b>	02	Assessor Establish the assessed value of all taxable property						
<b>Anticipated Results:</b>	Provide revenue for the County of Sacramento and local government. Complete 96% of valid appraisal transactions by the June 30 statutory deadline.							
<b>Budget Unit Total:</b>		464,798	0	21,117	0	<b>443,681</b>	9.0	0

		Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	3230000 <b>Department of Finance</b>	<i>Agency: Chief Financial Officer</i>						
<b>Program Title:</b>	Payroll Services	17,208	0	17,208	0	0	0.0	0
<b>ProgramDescription:</b>	Payroll services for the County and for Special Districts							
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Discretionary						
<b>Countywide Priority:</b>	4 General Government							
<b>Agency Priority:</b>	03 G Gov't	Provide support to achieve maximum generation of revenues, maintenance of debt service and other financial obligations						
<b>Anticipated Results:</b>	Payroll tax accounts will be reconciled and remitted within the required time and the subpoenas will be processed within legally mandated timeframes.							
<b>Program Title:</b>	Tax Accounting	34,416	0	34,416	0	0	0.0	0
<b>ProgramDescription:</b>	Provides revenue collection data & budget support of taxing entities							
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Discretionary						
<b>Countywide Priority:</b>	4 General Government							
<b>Agency Priority:</b>	03 G Gov't	Provide support to achieve maximum generation of revenues, maintenance of debt service and other financial obligations						
<b>Anticipated Results:</b>	Sort and distribute reports, reconciling assessment levy amounts with collections, maintain direct levy district listings, researching and responding to inquiries for Special Assessments Districts and Direct Levies in a timely manner.							
<b>Program Title:</b>	Audit Services	17,208	0	17,208	0	0	0.0	0
<b>ProgramDescription:</b>	Audit services for County and Special Districts							
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Discretionary						
<b>Countywide Priority:</b>	4 General Government							
<b>Agency Priority:</b>	03 G Gov't	Provide support to achieve maximum generation of revenues, maintenance of debt service and other financial obligations						
<b>Anticipated Results:</b>	The Sr. Student Intern position in Audits would allow staff the ability to catch up on delayed assignments, and help keep regularly scheduled assignments current for the fiscal year.							

			Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	3230000	<b>Department of Finance</b>	<i>Agency: Chief Financial Officer</i>						
<b>Program Title:</b>	Systems Control & Reconciliations		17,208	0	17,208	0	0	0.0	0
<b>ProgramDescription:</b>	Maintains effective accounting system								
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b>	Discretionary						
<b>Countywide Priority:</b>	4	General Government							
<b>Agency Priority:</b>	03	G Gov't	Provide support to achieve maximum generation of revenues, maintenance of debt service and other financial obligations						
<b>Anticipated Results:</b>	Assist with countywide reconciliation of payables and receivables, and clear the backlog countywide open item transactions.								
<b>Program Title:</b>	Accounting Reporting Control		17,208	0	17,208	0	0	0.0	0
<b>ProgramDescription:</b>	Audits and prepares financial statements								
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b>	Discretionary						
<b>Countywide Priority:</b>	4	General Government							
<b>Agency Priority:</b>	03	G Gov't	Provide support to achieve maximum generation of revenues, maintenance of debt service and other financial obligations						
<b>Anticipated Results:</b>	Completion of projects within mandated deadlines that affect COMPASS, Countywide Cost Plan, and the CAFR.								
<b>Program Title:</b>	Tax Collection		16,169	0	16,169	0	0	0.0	0
<b>ProgramDescription:</b>	Administration/collection of secured taxes								
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b>	Discretionary						
<b>Countywide Priority:</b>	4	General Government							
<b>Agency Priority:</b>	03	G Gov't	Provide support to achieve maximum generation of revenues, maintenance of debt service and other financial obligations						
<b>Anticipated Results:</b>	Monthly reconciliation of the tax program accounts and research of tax payment and refund errors.								
<b>Program Title:</b>	Recording		18,616	0	18,616	0	0	0.0	0
<b>ProgramDescription:</b>	Examine, index & microfilm recorded documents								
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b>	Discretionary						
<b>Countywide Priority:</b>	4	General Government							
<b>Agency Priority:</b>	03	G Gov't	Provide support to achieve maximum generation of revenues, maintenance of debt service and other financial obligations						
<b>Anticipated Results:</b>	Notifying other government agencies and the public of existing services and/or changes to existing services as a result of operational needs or legislative actions. The increased notification would decrease the requests for information up to 5%.								

			Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	3230000	<b>Department of Finance</b>	<i>Agency: Chief Financial Officer</i>						
<b>Program Title:</b>	Management Information Systems		45,568	0	45,568	0	0	0.0	0
<b>ProgramDescription:</b>	Central computer supprt for the department.								
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b>	Discretionary						
<b>Countywide Priority:</b>	4	General Government							
<b>Agency Priority:</b>	03	G Gov't	Provide support to achieve maximum generation of revenues, maintenance of debt service and other financial obligations						
<b>Anticipated Results:</b>	N/A The costs are allocated to all department programs.								
<b>Program Title:</b>	Payment Services		17,208	0	17,208	0	0	0.0	0
<b>ProgramDescription:</b>	Verification of all documents processed for payment								
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b>	Discretionary						
<b>Countywide Priority:</b>	4	General Government							
<b>Agency Priority:</b>	03	G Gov't	Provide support to achieve maximum generation of revenues, maintenance of debt service and other financial obligations						
<b>Anticipated Results:</b>	Increase number of imaged documents available to departments and outside entities, efficient and accurate monitoring of contract terms and documentation requirements, and the establishment of more organized and accurate processes enabling county employees								
<b>Budget Unit Total:</b>			200,809	0	200,809	0	0	0.0	0
<b>Budget Unit Title:</b>	7200000	<b>Health &amp; Human Services</b>	<i>Agency: Public Protection</i>						
<b>Program Title:</b>	Dependency Drug Court		500,000	0	0	0	500,000	0.0	0
<b>ProgramDescription:</b>	Provide necessary funds to expand detox/residential services for DDC families								
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b>	Discretionary						
<b>Countywide Priority:</b>	5	Prevention/Intervention Programs							
<b>Agency Priority:</b>	01	PPA	Protect the poor and destitute through basic financial and medical care						
<b>Anticipated Results:</b>	Provide necessary funds to expand detox/residential servcies for DDC families								
<b>Budget Unit Total:</b>			500,000	0	0	0	500,000	0.0	0

		Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	5700000 <b>Non-Dept Revenues/GF</b>	<i>Agency: Chief Financial Officer</i>						
<b>Program Title:</b>	Additional Property Tax Revenue	0	0	1,832,976	0	-1,832,976	0.0	0
<b>Program Description:</b>	Additional property tax revenue anticipated from staff increase to Assessor's Office							
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	0	Mandated Countywide/Municipal or Financial Obligations						
<b>Agency Priority:</b>	01	G Gov't Provide support to achieve compliance with federal, state and local laws and regulations						
<b>Anticipated Results:</b>	Addition property tax revenue from staff increase in Assessor's Office							
<b>Program Title:</b>	Additional General Revenues	0	0	1,674,724	0	-1,674,724	0.0	0
<b>Program Description:</b>	Additional VLF and franchise fee revenues not initially included in Recommended Proposed Budget							
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	0	Mandated Countywide/Municipal or Financial Obligations						
<b>Agency Priority:</b>	01	G Gov't Provide support to achieve compliance with federal, state and local laws and regulations						
<b>Anticipated Results:</b>	Fund County Executive's budget restorations							
<b>Program Title:</b>	Additional Central Labor	3,297,000	0	0	0	3,297,000	0.0	0
<b>Program Description:</b>	Additional labor costs not initially included in Recommended Proposed Budget							
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	0	Mandated Countywide/Municipal or Financial Obligations						
<b>Agency Priority:</b>	01	G Gov't Provide support to achieve compliance with federal, state and local laws and regulations						
<b>Anticipated Results:</b>	Meet contractual obligations							
<b>Budget Unit Total:</b>		3,297,000	0	3,507,700	0	-210,700	0.0	0

		Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	5740000 <b>Office of HIPAA</b>	<i>Agency: Public Protection</i>						
<b>Program Title:</b>	Office of HIPAA	472,309	0	0	0	<b>472,309</b>	0.0	0
<b>Program Description:</b>	To establish a separate department responsible for the administration and compliance with HIPAA							
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	5 Prevention/Intervention Programs							
<b>Agency Priority:</b>	01 PPA	Protect the poor and destitute through basic financial and medical care						
<b>Anticipated Results:</b>	To establish separate department responsible for the administration and compliance with HIPAA							
<b>Budget Unit Total:</b>		472,309	0	0	0	<b>472,309</b>	0.0	0



			Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	7400000	<b>Sheriff</b>	<i>Agency: Elected Officials</i>						
<b>Program Title:</b>	Main Jail Division		31,261	0	0	0	<b>31,261</b>	0.5	0
<b>ProgramDescription:</b>	Inmate Admin Support								
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b>	Mandated						
<b>Countywide Priority:</b>	0	Mandated Countywide/Municipal or Financial Obligations							
<b>Agency Priority:</b>	S2	Sheriff	Provide safe and secure facilities to house inmates and to maintain their health and welfare						
<b>Anticipated Results:</b>	Enhance officer and inmate security								
<b>Program Title:</b>	RCCC Division		82,481	0	0	0	<b>82,481</b>	1.0	0
<b>ProgramDescription:</b>	Inmate Admin Support								
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b>	Mandated						
<b>Countywide Priority:</b>	0	Mandated Countywide/Municipal or Financial Obligations							
<b>Agency Priority:</b>	S2	Sheriff	Provide safe and secure facilities to house inmates and to maintain their health and welfare						
<b>Anticipated Results:</b>	Enhance officer and inmate security								
<b>Program Title:</b>	RCCC Division		53,570	0	0	0	<b>53,570</b>	1.0	0
<b>ProgramDescription:</b>	Jail Librarian								
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b>	Mandated						
<b>Countywide Priority:</b>	0	Mandated Countywide/Municipal or Financial Obligations							
<b>Agency Priority:</b>	S2	Sheriff	Provide safe and secure facilities to house inmates and to maintain their health and welfare						
<b>Anticipated Results:</b>	Enhance officer and inmate security								
<b>Program Title:</b>	Main Jail Division		98,635	0	0	0	<b>98,635</b>	0.0	0
<b>ProgramDescription:</b>	Digital Video Conversion								
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b>	Mandated						
<b>Countywide Priority:</b>	0	Mandated Countywide/Municipal or Financial Obligations							
<b>Agency Priority:</b>	S2	Sheriff	Provide safe and secure facilities to house inmates and to maintain their health and welfare						
<b>Anticipated Results:</b>	Enhance officer and inmate security								

		Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	7400000 Sheriff	<i>Agency: Elected Officials</i>						
<b>Program Title:</b>	RCCC Division	134,040	0	0	0	134,040	0.0	0
<b>Program Description:</b>	Division							
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	0 Mandated Countywide/Municipal or Financial Obligations							
<b>Agency Priority:</b>	S2 Sheriff Provide safe and secure facilities to house inmates and to maintain their health and welfare							
<b>Anticipated Results:</b>	Enhance officer and inmate security							
<b>Program Title:</b>	RCCC Division	1,414,705	0	0	0	1,414,705	15.0	0
<b>Program Description:</b>	J & K Barracks							
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	0 Mandated Countywide/Municipal or Financial Obligations							
<b>Agency Priority:</b>	S2 Sheriff Provide safe and secure facilities to house inmates and to maintain their health and welfare							
<b>Anticipated Results:</b>	Enhance officer and inmate security							
<b>Program Title:</b>	RCCC Division	1,051,717	0	1,051,717	0	0	11.0	0
<b>Program Description:</b>	Sandra Larson Facility							
<b>Funding Type:</b>	Self Funded	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	0 Mandated Countywide/Municipal or Financial Obligations							
<b>Agency Priority:</b>	S2 Sheriff Provide safe and secure facilities to house inmates and to maintain their health and welfare							
<b>Anticipated Results:</b>	Enhance officer and inmate security							
<b>Program Title:</b>	Work Release	153,048	0	153,048	0	0	2.0	0
<b>Program Description:</b>	Revenue Collection Unit							
<b>Funding Type:</b>	Self Funded	<b>Program Type:</b> Discretionary						
<b>Countywide Priority:</b>	1 Discretionary Law Enforcement							
<b>Agency Priority:</b>	S2 Sheriff Provide safe and secure facilities to house inmates and to maintain their health and welfare							
<b>Anticipated Results:</b>	Enhance collections							
<b>Budget Unit Total:</b>		3,019,457	0	1,204,765	0	1,814,692	30.5	0

	Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>General Fund Total:</b>	7,954,373	0	4,934,391	0	<b>3,019,982</b>	39.5	0

ADDITIONAL REQUESTS BY BUDGET UNIT -- NON-GENERAL FUNDS

		Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	8600000 <b>Community Services</b>	<i>Agency: Public Protection</i>						
<b>Program Title:</b>	Mather Transitional Housing	800,000	0	0	0	<b>800,000</b>	0.0	0
<b>Funding Type:</b>	One Time <b>Program Type:</b> Discretionary							
<b>Countywide Priority:</b>	5 Prevention/Intervention Programs							
<b>ProgramDescription:</b>	Provides supportive services for residents in transitional housing							
<b>Anticipated Results:</b>	Will provide supportive services to stabilize residents in transitional housing and assist them in moving into independent unsubsidized living circumstances							
<b>Budget Unit Total:</b>		800,000	0	0	0	<b>800,000</b>	0.0	0
<b>Budget Unit Title:</b>	3006000 <b>County Sanitation District No. 1</b>	<i>Agency: Public Works</i>						
<b>Program Title:</b>	Trunk Improvement	10,000,000	0	10,000,000	0	<b>0</b>	0.0	0
<b>Funding Type:</b>	Self Funded <b>Program Type:</b> Mandated							
<b>Countywide Priority:</b>	1 Discretionary Law Enforcement							
<b>ProgramDescription:</b>	Trunk sewer construction							
<b>Anticipated Results:</b>	Provide for developer reimbursements for infrastructure projects that benefit future growth in CSD 1 meeting the district's construction standards.							
<b>Budget Unit Total:</b>		10,000,000	0	10,000,000	0	<b>0</b>	0.0	0

		Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	7000000 <b>General Services</b>	<i>Agency: Public Works</i>						
<b>Program Title:</b>	Mid Year Additions for Primary Care Center	177,979	53,394	124,585	0	0	3.0	0
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Discretionary						
<b>Countywide Priority:</b>	4 General Government							
<b>ProgramDescription:</b>	Create and fund a Carpenter, a Plumber and a limited-term Electrician position.							
<b>Anticipated Results:</b>	Maintenance calls will be answered within one hour of call.							
<b>Program Title:</b>	Mid-year Addition IT Tech II	29,543	0	29,543	0	0	1.0	0
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Discretionary						
<b>Countywide Priority:</b>	4 General Government							
<b>ProgramDescription:</b>	Create a Information Technology Technician II position.							
<b>Anticipated Results:</b>	The Good Neighbor Policy website will be updated on a weekly basis.							
<b>Program Title:</b>	Mid-year Additions for Heavy Fleet	246,141	0	246,141	0	0	4.0	0
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Discretionary						
<b>Countywide Priority:</b>	4 General Government							
<b>ProgramDescription:</b>	Create a Storekeeper II position, 2 Equipment Mechanic positions, and an Equipment Service Worker position							
<b>Anticipated Results:</b>	The positions will handle an increased workload due to new equipment.							
<b>Program Title:</b>	Mid Year Additions of Electricians	354,375	0	354,375	0	0	4.0	0
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Discretionary						
<b>Countywide Priority:</b>	4 General Government							
<b>ProgramDescription:</b>	Create 4 Electrician positions.							
<b>Anticipated Results:</b>	The positions will handle increased maintenance requirements.							
<b>Program Title:</b>	Mid-year Addition of a Carpnter	75,175	0	75,175	0	0	1.0	0
<b>Funding Type:</b>	Ongoing Cost	<b>Program Type:</b> Discretionary						
<b>Countywide Priority:</b>	4 General Government							
<b>ProgramDescription:</b>	Create a Carpenter position.							
<b>Anticipated Results:</b>	The position will handle increased facilities maintenance at the airport.							

		Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Program Title:</b>	Mid-year Real Estate Agents	240,924	0	240,924	0	0	3.0	0
<b>Funding Type:</b>	Ongoing Cost							
	<b>Program Type:</b> Discretionary							
<b>Countywide Priority:</b>	4 General Government							
<b>ProgramDescription:</b>	Create 3 Associate Real Estate Agent Positions							
<b>Anticipated Results:</b>	The positions will handle the growing workload in acquisitions/appraisals.							
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<b>Program Title:</b>	Procurement Oportunities Program	50,000	50,000	0	0	0	0.0	0
<b>Funding Type:</b>	Ongoing Cost							
	<b>Program Type:</b> Discretionary							
<b>Countywide Priority:</b>	2 Safety Net							
<b>ProgramDescription:</b>	Small business program							
<b>Anticipated Results:</b>	25% of County expenditures will go to small businesses.							
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<b>Budget Unit Total:</b>		1,174,137	103,394	1,070,743	0	0	16.0	0
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<b>Budget Unit Title:</b>	2420000 <b>Public Works-Architectural Svcs</b>	<i>Agency: Public Works</i>						
<b>Program Title:</b>	Architectural & engineering design services for County construction, alterations & improvements	3,768	0	3,768	0	0	0.0	1
<b>Funding Type:</b>	Self Funded							
	<b>Program Type:</b> Mandated							
<b>Countywide Priority:</b>	3 Quality of Life							
<b>ProgramDescription:</b>	Architectural & engineering design services for County construction, alterations & improvements							
<b>Anticipated Results:</b>	Quality architectural and engineering services that translate community needs into functional, economical and aesthetically pleasing facilities with 70% of the projects within 15% of the overall average cost estimates.							
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<b>Budget Unit Total:</b>		3,768	0	3,768	0	0	0.0	1

		Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	2300000 <b>Public Works-Construction Mgmt</b>	<i>Agency: Public Works</i>						
<b>Program Title:</b>	Construction Inspection	14,304	0	14,304	0	0	0.0	2
<b>Funding Type:</b>	Self Funded	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	3 Quality of Life							
<b>ProgramDescription:</b>	Administers and inspects construction projects							
<b>Anticipated Results:</b>	Public Works infrastructure projects are constructed per plans and specifications and 100% of these projects function as intended. Ensure the County receives no storm water pollution fines during construction - 100% fine free.							
<b>Budget Unit Total:</b>		14,304	0	14,304	0	0	0.0	2
<b>Budget Unit Title:</b>	2550000 <b>Public Works-Water Quality</b>	<i>Agency: Public Works</i>						
<b>Program Title:</b>	Collection Systems	21,300	0	21,300	0	0	0.0	7
<b>Funding Type:</b>	Self Funded	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	1 Discretionary Law Enforcement							
<b>ProgramDescription:</b>	Regulatory compliance & asset management							
<b>Anticipated Results:</b>	Provide state and federal regulatory compliance as well as asset management for the maintenance & regular replacement of assets to ensure SRCSD & CSD 1 continue to provide high levels of service to their ratepayers. Recover 100% of section costs.							
<b>Budget Unit Total:</b>		21,300	0	21,300	0	0	0.0	7
<b>Budget Unit Title:</b>	2560000 <b>Public Works-Water Quality-SRWTP</b>	<i>Agency: Public Works</i>						
<b>Program Title:</b>	Treatment Plant Operations	1,168,281	0	1,168,281	0	0	16.0	0
<b>Funding Type:</b>	Self Funded	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	1 Discretionary Law Enforcement							
<b>ProgramDescription:</b>	Plant O&M, engineering, lab & administration							
<b>Anticipated Results:</b>	Provide staff to operate & maintain the Sacramento Regional Wastewater Treatment Plant which provides safe & efficient wastewater treatment & disposal. Recovering 100% of division costs.							
<b>Budget Unit Total:</b>		1,168,281	0	1,168,281	0	0	16.0	0



		Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	2510000 <b>Public Works-Water Resources</b>	<i>Agency: Public Works</i>						
<b>Program Title:</b>	Water Resources Supply and Drainage	3,320	0	3,320	0	0	0.0	2
<b>Funding Type:</b>	Self Funded <b>Program Type:</b> Mandated							
<b>Countywide Priority:</b>	1 Discretionary Law Enforcement							
<b>ProgramDescription:</b>	Provides water supply & drainage maintenance for Sacramento County							
<b>Anticipated Results:</b>	Provide adequate and reliable regional water supply. Minimize flood and drainage safety hazards. Serve 31,000 water connections. Deliver 30,000 acre feet of water. Maintain FEMA Class 5 rating for drainage operation and floodplain management program.							
<b>Budget Unit Total:</b>		3,320	0	3,320	0	0	0.0	2
<b>Budget Unit Title:</b>	2200000 <b>Refuse Operations/Landfill Closure Trust</b>	<i>Agency: Public Works</i>						
<b>Program Title:</b>	Collection Services	394,338	0	394,338	0	0	3.0	0
<b>Funding Type:</b>	Self Funded <b>Program Type:</b> Mandated							
<b>Countywide Priority:</b>	0 Mandated Countywide/Municipal or Financial Obligations							
<b>ProgramDescription:</b>	Residential collection of garbage, green waste and recyclables							
<b>Anticipated Results:</b>	Provide refuse collection and diversion services to residents in an environmentally safe manner and achieve a 50% diversion rate.							
<b>Budget Unit Total:</b>		394,338	0	394,338	0	0	3.0	0
<b>Budget Unit Title:</b>	3050000 <b>Water Resources - Zone 40</b>	<i>Agency: Public Works</i>						
<b>Program Title:</b>	Water Agency Zone 40	430,000	0	430,000	0	0	0.0	0
<b>Funding Type:</b>	Self Funded <b>Program Type:</b> Mandated							
<b>Countywide Priority:</b>	1 Discretionary Law Enforcement							
<b>ProgramDescription:</b>	Design & construct safe & reliable water supply facilities							
<b>Anticipated Results:</b>	Design and construct capital facilities to provide adequate and reliable regional water supply delivering 30,000 acre feet of water.							
<b>Budget Unit Total:</b>		430,000	0	430,000	0	0	0.0	0

		Appropriations	Reimbursements	Revenues	Carryover	Net Cost	FTE	Vehicles
<b>Budget Unit Title:</b>	3055000 <b>Water Resources - Zone 41</b>	<i>Agency: Public Works</i>						
<b>Program Title:</b>	Water Agency Zone 41	786,000	0	786,000	0	0	0.0	0
<b>Funding Type:</b>	Self Funded	<b>Program Type:</b> Mandated						
<b>Countywide Priority:</b>	1 Discretionary Law Enforcement							
<b>Program Description:</b>	Operate and maintain existing water supply facilities							
<b>Anticipated Results:</b>	Operate & maintain the water supply system to provide adequate and reliable regional water services to 31,000 connections.							
<b>Budget Unit Total:</b>		786,000	0	786,000	0	0	0.0	0
<b>Non-General Funds Total:</b>		14,795,448	103,394	13,892,054	0	800,000	35.0	12

PUBLIC WORKS AGENCY  
DEPARTMENT OF COUNTY ENGINEERING AND ADMINISTRATION

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
2420000	Architectural Services Division	7,125,734	7,106,635	-19,099	<p>Net increase of \$345,336 in Salaries and Benefits due to annual step increases and increased costs for Retirement, Group Insurance and Workers Compensation.</p> <p>Net decrease of \$233,383 in Services and Supplies primarily due to a reduction in Engineering services, data processing supplies, Contract Management costs and Purchasing services.</p> <p>Net decrease of \$88,936 in Other Charges due to Countywide allocated cost reduction.</p> <p>Net increase of \$248,895 in Intrafund Charges due to increases in allocated costs and direct charging practices.</p> <p>Net increase of \$291,011 in Intrafund Reimbursements due to an increase in services being provided to Agency clientele.</p>
215000	Building Inspection Division	18,554,724	16,529,872	-2,024,852	<p>Net increase of \$729,051 in Salaries and Benefits reflects primarily: annual step increases, various mid-year position reallocations, increases to Extra Help and Overtime, and net miscellaneous other.</p> <p>Net reduction of \$770,884 in Services and Supplies reflects primarily elimination of various costs associated with services previously provided to the City of Elk Grove, and reduced allocated costs; i.e., light equipment, offset against various cost increases for Systems Services and Supplies, Lease Facility costs, and miscellaneous other.</p> <p>Net reduction of \$1,249,121 in Other Charges reflects primarily elimination of remittance of permit fees to the City of Elk Grove and reduced Countywide Allocated Costs.</p> <p>Reduction in Reserve Provision of \$733,898</p>

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
2300000	Construction Management Division	18,317,872	18,982,909	665,037	<p>Net increase of \$1,344,866 in Salaries and Benefits primarily due to reduced vacancies, annual step increases and increased costs for Retirement, Group Insurance and Workers Compensation.</p> <p>Net decrease of \$660,436 in Services and Supplies primarily due to reductions in consultant use, COMPASS costs, vehicle costs and discontinued radio services.</p> <p>Net decrease of \$248,244 in Other Charges and Fixed Assets reflects reductions in Countywide allocated cost and fixed assets.</p> <p>Net increase of \$228,851 in Intrafund Charges and Reimbursements primarily due to an increase in Department overhead and a reduction in Intrafund Reimbursements.</p>
2400000	Agency Administration	3,512,724	3,258,159	-254,565	Minor changes to existing program support
2700000	Administrative Services	16,427,577	17,030,899	603,322	Approved salary enhancements and step increases for current staff and midyear addition of 5 transferred positions.
2450000	Development & Surveyor Services Division	8,344,572	9,307,307	962,735	<p>Net increase of \$302,201 in Salaries and Benefits due to annual step increases and increased costs for Premium Pay, Retirement, Group Insurance and Workers Compensation.</p> <p>Net increase of \$731,821 in Services and Supplies primarily due to increased cost for postage/freight, Systems Development Services and additional services provided by other Public Works entities.</p> <p>Net decrease of \$145,772 in Other Charges and Equipment due to a reduction in the Countywide allocated cost and the elimination of fixed asset depreciation.</p> <p>Net increase of \$74,485 in Intrafund Charges and offsetting Reimbursements is due to an increase in allocated cost and direct charging practices.</p>

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
3070000	Antelope Public Facilities Financing Plan	9,650,996	4,985,282	-4,665,714	Net decrease of \$6.01 million in Services and Supplies due to delays in the construction project schedule. Net increase of \$1.46 million in Other Charges due to reimbursement agreement payments to developers being higher than anticipated. Net decrease of \$0.11 million in Interfund Charges due to no charges for construction services and supplies. Generally, budget variances reflect capital project(s) timing.
3081000	Bradshaw/US 50	1,071,098	736,476	-334,622	Net decrease of \$334,622 in Services and Supplies primarily due to a reduction in construction costs.
2410000	Contract Costs/ Governmental Agency			0	Paratransit Alternative Fuel Initiative Program: This program is inactive for FY 2003-04.
4650000	Contribution to Paratransit	66,600	66,600	0	No change.
2540000	County Service Area No. 5	133,788	120,231	-13,557	Decrease of \$18,593 in Provision for Reserves. Net increase of \$5,036 in Services and Supplies due to Engineering Services.
2856000	County Service Area No. 7	5,863	3,500	-2,363	Decrease of \$2,363 in Provision for Reserves.
2840000	Elk Grove/West Vineyard PFFP	17,726,290	31,383,796	13,657,506	Decrease of \$4.4 million in Provision for Reserves. Net decrease of \$10.1 million in Services and Supplies primarily due to construction, engineering and consultant contracts and labor costs as a result of project timing. Net increase of \$24.9 million for reimbursement agreement payments to developers for construction projects and also due to negotiations with the City of Elk Grove. Decrease of \$3.25 million for Interfund Reimbursements from Department of Transportation due to anticipated decrease in project activity.

ATTACHMENT XII-A

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
2870000	Laguna Creek Ranch/Elliott Ranch CFD No. 1	2,482,074	5,678,970	3,196,896	<p>Increase of \$13,460 in Provision for Reserves.</p> <p>Net increase of \$56,050 in Services and Supplies primarily due to increased services performed by the Department of Transportation and overall district administration.</p> <p>Net increase of \$3,351,386 in Other Charges resulting from developer reimbursement payments due to project timing.</p> <p>Decrease of \$224,000 in Interfund Charges due to the completion of Interfund reimbursement payments.</p>
3090000	Laguna Community Facilities District	17,389,830	22,738,957	5,349,127	<p>Decrease of \$1.65 million in Provision for Reserves.</p> <p>Net decrease of \$6.42 million in Services &amp; Supplies due to reduction in construction costs as a result of project timing.</p> <p>Net increase of \$15.9 million in Other Charges for Reimbursement Payments to developers for completed construction projects.</p> <p>Net decrease of \$2.5 million in Interfund Charges since reimbursement to Department of Transportation is no longer necessary. This project is within the City of Elk Grove.</p>
2820000	Public Works – Countywide General Fund	18,500	20,100	1,600	Net increase of \$1,600 due to an increase in lease cost for the Veterans' Service Meeting Hall on Stockton Boulevard.
1310000	Park Meadows CFD	131,962	119,909	-12,053	Net decrease of \$12,053 in Services and Supplies due to a reduction in operating expenses.
1282848	East Elk Grove PFFP	6,527,438	10,944,935	4,417,497	<p>Decrease of \$1,870,915 in Provision for Reserves.</p> <p>Net increase of \$5,190 in Services and Supplies due to increased labor costs.</p> <p>Increase of \$7,479,377 in Other Charges for developer reimbursement agreements as a result of increased activity and completed construction projects.</p> <p>Decrease of \$1,196,155 in Interfund Charges for reimbursement to the Department of Transportation since the project now resides in the City of Elk Grove.</p>

ATTACHMENT XII-A

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
1300000	Laguna Stonelake CFD	1,724,507	374,465	-1,350,042	Decrease of \$23,596 in Services and Supplies due to reduced District administration costs. Decrease of \$1,326,446 in Other Charges due to fewer reimbursement agreements as construction projects near completion.
1301000	Laguna Stonelake Developer Fees	513,242	552,112	38,870	Net decrease of \$51,503 in Services and Supplies primarily due to a reduction in operating expenses for supplies. Net increase of \$90,373 in Other Charges due to reimbursement agreement payments for roadway projects.
1320000	Mather Landscape Maintenance CFD	147,291	130,702	-16,589	Increase of \$42,436 in Provision for Reserves. Net decrease of \$59,025 in Services and Supplies primarily due to a reduction in services being provided by the Parks Department.
1360000	Mather PFFP	3,730,768	3,018,094	-712,674	Net increase of \$153,102 in Services and Supplies due to an increase in labor costs. Decrease of \$865,776 in Other Charges due to reductions in reimbursement agreement payments and contributions to other agencies.



PUBLIC WORKS AGENCY  
DEPARTMENT OF COUNTY GENERAL SERVICES

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
7007440	Airport District	5,999,431	6,134,061	134,630	The increase is a net of salary and benefit increases offset by service and supply reductions.
7007420	Bradshaw District	13,522,893	13,780,934	258,041	The increase is a net of allocated cost, salary and benefit increases offset by service level and line item reductions to assist in reducing the financial impact to the General Fund.
3100000	Capital Construction	38,271,531	45,861,871	7,590,340	The increase is due to various projects funded through grants for construction of new facilities and health and safety improvements to various facilities.
2070000	Capital Outlay	2,831,121	2,226,234	-604,887	This reduction is due to a planned equipment purchase reduction for county heavy equipment fleet needs.
9281000	Construction-RCCC	0	0	0	This fund was created for the building of the RCCC 448 bed facility. The construction is complete and this fund will be discontinued.
7007430	Downtown District	10,738,643	10,407,117	-331,526	This reduction is a net of allocated cost and salary increases offset by service level reductions including deletion of positions and streamlining of accounts.
7007046	Energy Management	6,444,366	6,626,559	182,193	The increase is due to higher utility costs for facilities. The increases have been offset by implementing additional energy saving measures.
7007600	Fleet Services - Heavy Fleet	19,096,637	19,178,132	81,495	The increase reflects primarily a net of salary and benefit increases, increased depreciation expense, and increased intrafund charges and intrafund cost recovery offset by reductions in service and supplies, operating transfers out, and net other. Generally, for FY 03-04 this program will reflect the replacement of nine pieces of heavy equipment, addition of four pieces of heavy equipment, and various fixed asset purchases.

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
7007500	Fleet Services - Light Fleet	19,177,709	20,703,419	1,525,710	The increase reflects primarily increased automotive maintenance and fuel costs and to a lesser extent net miscellaneous Salary and Benefit costs, as well as, net various other costs. In FY 03-04 the replacement of 300 vehicles, the addition of 10 new vehicles, and various fixed asset purchases will be offset against service level reductions that are reflected in this program.
7110000	Office of the Director	1,037,897	1,011,674	-26,223	This reduction is a net of base budget increases offset by budget and position reductions.
7990000	Parking Enterprise	2,639,028	2,582,920	-56,108	This reduction is due to decreased allocated costs, termination of the lease for parking at the former Bureau of Family Support, and service and supply reductions.
7970000	Parking Capital	0	0	0	No anticipated need for capital expenditures
7007063	Purchasing/Contract Services	2,927,614	3,002,941	75,327	The increase is primarily due to salary and benefit increases. The increase has been offset by the reduction of an Administrative Services Officer II position.
7007030	Real Estate	44,469,274	49,384,424	4,915,150	The increase is due primarily to an increase in leased facility charges. The increases have been slightly offset by reductions in tenant improvements and leasing personnel.
7450000	Security	1,796,699	2,279,339	482,640	The increase reflects a net of positions added mid-year plus salary and benefit increases. The increases are slightly offset by service and supply reductions.
7700000	Support Services	12,044,020	10,986,294	-1,057,726	The reduction is due to a change in the countywide cost plan methodology specific to COMPASS related charges.

PUBLIC WORKS AGENCY  
DEPARTMENT OF TRANSPORTATION

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
2600000	Transportation Division	46,478,203	43,893,478	-2,584,725	<p>One Associate Civil Engineer position was transferred to Construction Management Division at midyear. The total net increase in salaries and benefits (\$1,021,286) results from enhanced retirement costs and increases in worker's compensation costs. No new positions are being recommended for Fiscal Year 2003-04.</p> <p>Services &amp; supplies decreased by \$3,000,564 reflecting reduced levels of services caused by the reductions of road fund revenues. Decreases in allocated costs, land improvement maintenance supplies, office equipment maintenance service, information technology spending, painting supplies, office equipment, and heavy/light equipment rentals all contribute to the reductions.</p> <p>Countywide cost allocation decreased by \$569,215 and contributions to other funds decreased by \$90,500. No new heavy equipment purchases are planned for Fiscal Year 2003-04.</p> <p>Intrafund charges decreased by \$870,501 primarily due to reductions in division overhead allocation.</p>
2900000	Road Fund	54,937,126	39,888,642	-15,048,484	<p>Road Fund activity reduced due to declining revenues. Services and supplies decreased by \$26,448,595. This is primarily due to the fewer number of road maintenance AC overlay projects that will be undertaken (-\$19.4 million). However, it also reflects a decrease in engineering and consultant contract costs (-\$2.7 million) and a lower liability insurance allocation (-\$1.2 million).</p> <p>The amount being contributed to another fund increased by \$1,000,000. In Fiscal Year 2003-04, the Road Fund will provide financing to County Service Area #1 to underwrite cost of assessment election ballot study. These costs are offset by reductions to lease obligations and rights of way acquisitions.</p>

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
2900000 (Cont.)	Road Fund				Contributions from other funds for projects managed by the Road Fund decreased by \$11,690,449. Given that this is an expenditure abatement, the interfund cost recovery decrease causes the overall budget to increase by that amount. The projects include: Franklin Bridge at Mokelumne River, Florin enhancements, and Fulton Ave Water Main Extension Projects.
2910000	Roadways Fund	15,027,785	10,182,335	-4,845,450	<p>A net reduction of \$4,782,609 in the services and supplies accounts is mostly due to the reduced funding needed for the Hazel Avenue-Oak Avenue to County Line project in District 3. Additional decreases in funding for Public Works force account labor.</p> <p>Interfund charges increased by \$2,943,534 due to the contributions that will be made to the Road Fund for various projects being managed by that entity.</p> <p>The Reserve Provision decreased by \$3,166,075 and the Reserve Releases increased by \$3,294,914. The Fiscal Year 2002-03 fund balance is expected to be significantly lower than last year's actual fund balance.</p>
2140000	Transportation Sales Tax Fund	83,552,987	63,023,473	-20,529,514	<p>The recommended budget for services and supplies has been increased by a net of \$964,541. Construction contract and public works labor have increased, offset by a reduction in engineering and consultant contract costs.</p> <p>The 30 object accounts were decreased as a result of reductions in contributions to other funds. This decrease was partially offset by an increase in right-of-way funding.</p> <p>Interfund Charges decreased by \$12,715,941. The Road Fund will receive less pass-through funding for projects from the Transportation Sales Tax Fund than it did in Fiscal Year 2002-03.</p> <p>Interfund Reimbursements increased by \$2,937,534 due to additional project contributions from the Roadways Fund.</p>

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
2915000	Citrus Heights Road Maintenance & Operations Fund	418,680	1,072,543	653,863	The City of Citrus Heights and the County of Sacramento entered into a new five-year agreement. Consequently, the Fiscal Year 2003-04 budget reflects a full year of services versus the interim three month contract last year. Services and supplies increased by a net of \$653,863, reflecting a refund of reserves to the City not required in the new contract.
2530000	County Service Area #1	3,701,972	3,431,190	-270,782	The increase in services and supplies (\$714,280) is due to an election consultant, offset by a Road fund contribution (\$1,000,000) to fund the rate election costs.
3300000	Landscape Maintenance District	887,376	854,947	-32,429	The services and supplies accounts decreased by \$293,366 due to a \$70,000 postponed special project and decreases in maintenance contract services due to a prior year contract encumbrance balance.  The rate stabilization reserves in Zone 4 and Zone 5 is being increased by \$262,281 to mitigate future rate increases.

PUBLIC WORKS AGENCY  
DEPARTMENT OF WASTE MANAGEMENT AND RECYCLING

FUND		ADOPTED	RECOMMENDED	NET	REASON FOR CHANGE
2200000	Refuse Enterprise-Operations	72,204,621	64,811,440	-7,393,181	<p>\$1,464,059 net increase in Salary &amp; Benefit costs includes primarily increases for: Retirement, Group Insurance, Workers Compensation Insurance, Extra Help, Overtime, annual step increases for existing staff, and net other payroll costs.</p> <p>\$736,075 net increase in Services &amp; Supplies includes primarily increases for: Fuel and Lubricants (0.7 million), Recycling Services (0.7 million), Construction Equipment Maintenance (0.7 million), and Liability Insurance (\$0.4 million) that are offset against reductions in: Engineering Services and Consultant Contracts (\$0.7 million), Rents/Leases Equipment (0.5 million), Public Works Services (0.2 million), and net various other Services and Supply costs of (0.4 million).</p> <p>\$7,940,867 net reduction in Other Charges includes primarily reductions for: Contributions to Other Agencies, i.e., Elk Grove direct contracting with Central Valley Waste Services (5.9 million), Depreciation (\$0.8 million), Debt Service (\$0.4 million), Judgements and Damages for litigation settlement costs (\$0.3 million), Countywide Cost Allocation (0.4 million), and net other cost reductions of (\$0.1).</p> <p>\$57,025 increase in Interfund Charges; I.e., Landfill Closure.</p> <p>\$179,611 reduction in Interfund Reimbursements.</p> <p>\$1,529,862 reduction in the reserve provision.</p> <p>REVENUE: \$4,541,969 reduction in operating revenues due primarily to reduced Refuse Billings (6.2 million) resulting from Elk Grove direct billing, interest income (0.5 million) offset against increased residential collection revenues (1.0 million) attributable to community growth, Electricity Resales (0.6 million) due to rate increase, and net increased revenue from miscellaneous other revenue sources (0.6 million).</p>

FUND		ADOPTED	RECOMMENDED	NET	REASON FOR CHANGE
2250000	Refuse Enterprise - Capital Outlay	16,562,754	1,613,227	-14,949,527	<p>\$7,100 increase for Loss on Asset Disposition.</p> <p>\$1,146,786 increase for land purchases, I.e., for Kiefer ground water remediation and wetlands mitigation; and also, the Green Waste Program.</p> <p>\$5,647,615 reduction in Improvements reflects lower project cost requirements for FY 2003-04.</p> <p>\$8,107,381 reduction in Equipment reflects reduced purchases of clean air vehicles financed from Tobacco Settlement funding in FY 2003-04.</p> <p>\$2,404,243 reduction in Interfund Cost Recovery reflects lower reimbursement of Tobacco Litigation Settlement funds for clean air vehicles.</p> <p>\$4,752,660 reduction to reserve provision.</p> <p>REVENUE: \$4,067,395 reduction primarily due to decreased State Aid Other (2.7 million); i.e., grant denied, lower revenue from the sale of fixed assets (0.8 million), lower Interest Income (0.5 million), and lower State Aid Other (\$0.1 million).</p>
2260000	Citrus Heights-Refuse Services	5,472,811	5,080,852	-391,959	<p>\$49,674 net increase in Salaries &amp; Benefits resulting from increased miscellaneous salary and benefit costs.</p> <p>\$177,998 net reduction in Service &amp; Supplies primarily due to lower costs of Construction Equipment Maintenance Service (0.2 million), Recycling Services (0.1 million), offset against higher costs for fuel and rents/leases of equipment (0.1 million).</p> <p>\$1,959 net increase in Other Charges reflects primarily increased costs for debt service (\$37,886), Bad Debt Expense (\$18,800), and net other (\$14,400) that are offset against a reduction in the Contributions to Other Agency Account of (\$69,127).</p> <p>\$122,586 increase in Interfund Charges reflects more transfer station activity.</p> <p>\$388,180 reduction in reserve provision for FY 2003-04.</p> <p>REVENUE: \$258,735 net reduction due primarily to overestimation of refuse collection residential revenue in prior year.</p>

PUBLIC WORKS AGENCY  
DEPARTMENT OF WATER QUALITY

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
2550000	Water Quality Division	49,364,350	48,395,233	(969,117)	<p>Salaries and benefits increased by \$3,801,289 as a result of increases for salaries, benefits, step increases, and a lower vacancy rate.</p> <p>Services and Supplies decreased by \$3,504,253 as a result of lower allocated costs for COMPASS and PW Stores. A change in budgeting methodology and a concerted effort to identify items that could be more appropriately budgeted in SRCSD and CSD 1 account for the balance of the decrease. These items include but are not limited to Land Improvement Maintenance Services &amp; Supplies, Mechanical Systems Maintenance Support, Plumbing Maintenance Systems, and Construction Contracts.</p> <p>Other Charges decreased by \$1,306,892 as a result of a lower County Wide Cost Allocation and no appropriation for support services. The lease obligation retire allocation for debt service for the North County Corporation Yard has been budgeted in the CSD 1 Operations budget for FY 03/04.</p> <p>Intrafund charges increased \$1,515,471 as a result of increases to Department Overhead, Agency Overhead and charges for other services for various Public Works services.</p> <p>Intrafund cost recovery increased by \$1,474,732 to offset the increase in Intrafund Charges for Department and Agency Overhead.</p>
2560000	W.Q. -SRWTP	26,492,180	27,422,567	930,387	<p>Salaries and benefits increased by \$1,597,279 as a result of increases for salaries, benefits, step increases, and a lower vacancy rate.</p> <p>Services and supplies decreased \$3,684 due to decreases for safety program services and other operating expenses.</p> <p>Countywide cost allocation decreased \$766,839 due to decreases for the County Wide Cost Allocation and support services.</p> <p>Intrafund charges increased \$103,631 as a result of increases to Department Overhead.</p>

ATTACHMENT XII-E



PUBLIC WORKS AGENCY  
DEPARTMENT OF WATER RESOURCES

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
2510000	Water Resources (includes WR and SAFCA)	14,670,502	15,199,418	528,916	\$916,803 increase due to the addition of two midyear positions, one position reallocation, and staffing costs. \$353,407 reduction primarily due to a reduction in hardware and software costs and reallocation of some service costs to the districts. \$198,492 net reduction primarily due to a reduction in Countywide Allocated costs. \$164,012 increase in intrafund charges.
2360000	Stormwater Utility	37,246,728	60,485,057	23,238,329	\$865,879 reduction due to reduced construction contract costs, reduced Public Works and General Services labor costs offset by an increase in Engineering contract costs (mainly for a digital flood insurance rate map contract) and minor increases and decreases in various expenditure accounts. \$465,539 increase in other charges. \$1,300,000 increase Interfund Reimbursements for drainage infrastructure projects in Zones 11A, 11B and 11C. \$24,938,669 increase in provision for reserve, offset by a \$23,934,252 reserve release.
2815000	Water Agency Zone 11A	24,480,150	8,958,658	(15,521,492)	\$290,487 net increase in PW labor costs. \$16,032,200 net reduction primarily due to a reduction in reimbursement/credit agreements anticipated in south county development, largely due to the loss of Elk Grove. \$820,000 reduction in land acquisition due to fewer detention basin sites than in previous years. \$100,000 increase in Interfund Charges due to a transfer of funds to Stormwater Utility. \$940,221 increase in provision for reserve.

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
2816000	Water Agency Zone 11B	1,612,711	2,375,538	762,827	<p>\$59,172 net reduction due to a decrease in engineering services offset by minor increases and decreases in other service accounts.</p> <p>\$100,000 reduction due to an anticipated reduction in reimbursement payments.</p> <p>\$500,000 reduction due to fewer anticipated detention basin site purchases.</p> <p>\$1,100,000 increase due to a transfer of funds to Stormwater Utility.</p> <p>\$321,999 increase in provision for reserve.</p>
2817000	Water Agency Zone 11C	1,603,296	2,444,778	841,482	<p>\$31,061 increase due to an increase in Public Works labor as well as minor increases and decreases in other service accounts.</p> <p>\$41,139 reduction due to a decrease in contributions to other agencies offset by an increase in reimbursement payments.</p> <p>\$500,000 reduction due to fewer detention basin site purchases.</p> <p>\$100,000 increase due to transfer of funds to Stormwater Utility.</p> <p>\$1,251,560 increase in provisions for reserve.</p>
3066000	Water Agency Zone 12	5,668,275	5,384,218	(284,057)	<p>\$30,000 increase due to increased costs for assessment/ collection services.</p> <p>\$384 reduction in COMPASS costs.</p> <p>\$313,673 reduction due to a decrease in tax revenues transferred to the Stormwater Utility District.</p>
3044000	Water Agency Zone 13	3,190,824	2,898,820	(292,004)	<p>\$177,902 net reduction due to reduced costs for Engineering, Environmental, Public Outreach and other professional services and Public Works labor, offset by increased costs in Assessment and Legal Services along with minor increases and decreases in various expenditure accounts.</p> <p>\$130,000 reduction in contributions to other agencies.</p> <p>\$15,898 increase in Provision for Reserves.</p>

FUND CENTER	DESCRIPTION	ADOPTED FY 2002-03	RECOMMENDED FY 2003-04	NET CHANGE	REASON FOR CHANGE
3050000	Water Agency Zone 40	39,910,562	41,783,601	1,873,039	<p>4,932,486 net increase due to an increase in construction contracts and Public Works labor, offset by decrease in engineering contracts and minor increases and decreases in various expenditure accounts.</p> <p>\$407,505 increase due to increased contributions to other agencies and funds, offset by an anticipated decrease in reimbursement payments and credits given to developers.</p> <p>\$2,390,000 increase due to anticipated land purchases for well and water treatment plant sites, including the Sacramento Water Agency Treatment Plant as part of the Freeport Water Agency Project.</p> <p>\$5,856,952 reduction in Provisions for Reserve.</p>
3055000	SCWA Zone 41	11,204,220	11,223,471	19,251	<p>\$358,418 net increase in services and supplies primarily due to increased PWA labor and electricity costs, offset by a reduction in other equipment Maintenance Supplies and minor increases and decreases in various expenditure accounts.</p> <p>\$475,560 reduction due to a decrease in Contribution to Other Agencies (as the Mather Water Storage Tank project is completed) and a reduction in heavy vehicle purchases, along with minor increases and decreases in various expenditure accounts.</p> <p>\$200,000 reduction in fixed assets due to prior year's purchase of backup generators for water well sites to be used for emergency power during power shortages.</p> <p>\$336,393 increase in provision for reserve.</p>

**Special District Budget Summaries**

	Appropriations			Revenues			Fund Balance		
	Adopted	Recom'd 2003/04	Variance	Adopted	Recom'd	Variance	Adopted	Recom'd	Variance
	2002/03			2002/03	2003/04				
<b>CSAs</b>									
4B (Wilton-Cosumnes)	121,934	114,785	(7,149)	10,820	9,725	(1,095)	111,114	105,060	(6,054)
4C (Delta)	66,916	72,125	5,209	67,995	70,986	2,991	(1,079)	1,139	2,218
4D (Herald)	27,542	11,828	(15,714)	11,388	10,232	(1,156)	16,154	1,596	(14,558)
<b>Park Districts</b>			-			-			-
Mission Oaks	2,438,143	2,356,980	(81,163)	2,080,229	2,105,944	25,715	357,914	251,036	(106,878)
Carmichael	3,396,340	3,206,146	(190,194)	3,151,101	3,102,912	(48,189)	245,239	103,234	(142,005)
Sunrise	10,640,937	9,972,608	(668,329)	8,976,370	8,595,112	(381,258)	1,664,567	1,377,496	(287,071)
<b>Other Districts</b>			-			-			-
Del Norte Oaks Park Maintenance	4,380	4,872	492	2,346	3,143	797	2,034	1,729	(305)
Mission Oaks Maintenance & Improvement	1,382,683	1,054,612	(328,071)	916,083	973,181	57,098	466,600	81,431	(385,169)
Natomas Fire	1,319,498	1,278,285	(41,213)	1,269,600	1,304,400	34,800	49,898	(26,115)	(76,013)

**CSA 4D**– This district’s fund balance estimate is \$14,558 less than last year’s actual due to the completion of the Herald Playground equipment project in 2002-03.

**Sunrise Park District** – This district’s proposed budget reflects a \$668,329 reduction in expenditures due to a decrease in Proposition 12 funding, offset by increased fees and property tax revenue.

**Mission Oaks Park District** – This district’s fund balance estimate is \$106,878 lower than last year’s actual due to estimate year-end revenues coming in closer to budget compared to the previous year.

**Mission Oaks Maintenance and Improvement District** – This district’s fund balance estimate is \$385,169 lower than last year’s actual due to less spending variance from budget.

**Carmichael Park District** – This district’s fund balance estimate is \$142,005 lower than last year’s actual due to less spending variance from budget.

**Natomas Fire District** – This district will have a negative fund balance that will be offset by a reduction in expenditures in Fiscal Year 2003-04. This negative fund balance is due to undercollected property taxes from budgeted amounts in Fiscal Year 2002-03. Total appropriations for the District are \$41,213 less than budgeted in Fiscal Year 2002-03 due to the reduced fund balance.

All other special districts show no significant variances from their adopted 2002-03 budgets.

**ATTACHMENT XIII**

## ATTACHMENT XIV

**COUNTY OF SACRAMENTO  
DEPARTMENT OF FINANCE**

700 H Street, Room 2720, Sacramento, California 95814  
Telephone: (916) 874-6744 Facsimile: (916) 874-8904

**MARK NORRIS**  
Director of Finance  
Auditor-Controller  
Clerk-Recorder  
Treasurer  
Tax Collector

May 24, 2003

**JULIE A. VALVERDE**  
Assistant Auditor-Controller

Members, Board of Supervisors  
County of Sacramento  
700 H Street, Suite 2450  
Sacramento, CA 95814

**DAVE P. IRISH, CPA**  
Assistant Treasurer

**LINDA S. PITTMAN**  
Assistant Tax Collector

Subject: **2003-2004 BUDGET TABULATION**

**CRAIG A. KRAMER**  
Assistant County Clerk

Dear Board Members:

**MARI LYNN SHIMAMOTO**  
Chief Investment Officer

**JAMES E. PERSON**  
Information Technology  
Manager

Pursuant to Government Code section 29602, the Department of Finance submits the 2003-2004 budget tabulation. The tabulation reflects each department's requested budget for the 2003-2004 fiscal year. The format of the tabulation is in accordance with Government Code sections 29005, 29006, 29007 and 29008.

**ROBERT D. HAAGENSON**  
Chief Administrative Officer

Sincerely,

A handwritten signature in cursive script that reads "Mark Norris".

**Mark Norris**  
Director of Finance

# 2002-03 MIDYEAR BUDGET REPORT

COUNTY OF SACRAMENTO  
CALIFORNIA

For the Agenda of:  
February 4, 2003  
Timed: 2:15 PM

To: Board of Supervisors  
From: Office of Budget & Debt Management  
Subject: Midyear Budget Report; Preliminary Outlook For Fiscal Year 2003-04;  
Results/Resources-Based Budget Process And Timetable; Approval of  
Appropriation Adjustment Requests No. 23-051 and No. 23-053

## **RECOMMENDATIONS:**

1. Receive and file the following report assessing the status of the implementation of the Fiscal Year 2002-03 General Fund budget, and providing a preliminary outlook for the Fiscal Year 2003-04 budget that contemplates large-scale reductions in General Fund programs/services.
2. Approve a revised budget process for Fiscal Year 2003-04 focusing on "results" in connection with a resources-based budget plan. Defer consideration of all additional (growth) requests until the Fiscal Year 2003-04 Final Budget hearings, scheduled for August/September 2003.
3. Approve in concept the attached statements of countywide General Fund budget priorities, and individual budget priorities for each county Agency/Elected Official department, to be used as a guide for resources allocation development for the Fiscal Year 2003-04 budget (Attachment "I).
4. Approve preliminary budget allocations of our anticipated Fiscal Year 2003-04 General Fund resources for agencies and Elected Official departments (Attachment II), based upon the final (adjusted) allocations for Fiscal Year 2002-03 less a pro-rata reduction in allocation due to our projected year-to-year decline in General Fund financing sources. Also approve new budget policies outlined in this report.
5. Direct the county's Agency Administrators to work with their Agency's department heads to prioritize their programs within each agency based upon how the results anticipated will follow the countywide General Fund priorities, and determine departmental allocations. Direct departments to prepare their budgets for Fiscal Year 2003-04 according to their agency's preliminary allocation plan, in conjunction with required documentation to be distributed by the County Executive's Office on February 7, 2003, that will focus on "results" to be accomplished within the available resources.
6. Direct the county's Elected Officials/Departments to prioritize their programs within their departments based upon how the results anticipated will follow their department's priorities and interface with countywide General Fund priorities. Direct the county's Elected Official departments to prepare their budgets for Fiscal Year 2003-04 according to their departments' preliminary allocation, in conjunction with required documentation to be distributed by the County Executive's Office on February 7, 2003, that will focus on "results" to be accomplished within the available resources.
7. Approved the attached joint report from the Office of Communications and Information Technology and Department of Finance, and Appropriation Adjustment Request (AAR) No. 23-051 (Attachment III), allocating \$200,000 of the General Fund contingency to finance the creation of a secondary COMPASS module that will allow entry of emergency financial claims and their payment during the period of the COMPASS conversion downtime anticipated in late March 2003. This will leave a balance of \$4,625,399 from the original contingencies appropriation of \$4,825,399.
8. Direct the Office of Budget and Debt Management (OBDM) to report back to your Board prior to the Proposed Budget hearings regarding any substantial shortfall in collection of general purpose revenues during the current fiscal year.
9. Approve the attached AAR No. 23-053 (Attachment IV) allocating the Transient Occupancy Tax (TOT) contingency of \$200,000 to write-down (the shortfall in) budgeted revenues from TOT during Fiscal Year 2002-03, thereby completely exhausting the TOT contingencies for Fiscal Year 2002-03.
10. Approve the attached report from the Department of Finance (Attachment V) regarding the restriction on departmental "empowerment" first imposed in Fiscal Year 2001-02, including a recommendation that this restriction continue in Fiscal Year 2002-03 and beyond due to our serious budget circumstances, and the need to save as much unspent appropriations and possible for use in financing the following fiscal year.
11. Approve the attached report from the Department of Parks, Recreation & Open Space (Attachment VI) regarding recommended budgetary policies on the use of donations received for restricted purposes and other specialized revenues received by the departments.
12. Receive and file the attached joint report from the Public Protection Agency (PPA) and the Community Development and Neighborhood Assistance Agency (CDNAA) (Attachment VII) concerning the nature of existing local ordinances that created, in effect, local mandates for consideration in the upcoming budget decisions, as well as the estimated potential savings in costs and staffing that would be associated with repealing them.
13. Receive and file the attached report from the Public Protection Agency (Attachment VIII) concerning unreimbursed Senate Bill (SB) 90 claims for mandate reimbursement and the inadvisability of discontinuing providing the services required by the related mandates.
14. Approve the engagement of the investment banking firm of Morgan Stanley Dean Witter to investigate the possibilities of refinancing (refunding) and restructuring the county's existing pension obligation bonds, and direct OBDM to report back to your Board as soon as is practically possible on the feasibility of such a debt issuance, which may provide the County with significant short-term budgetary relief.

## **BACKGROUND:**

Following Final Budget hearings in September 2002, your Board adopted a Final Budget resolution on September 24, 2002, which implemented appropriations and staffing for Sacramento County government for Fiscal Year 2002-03. It is customary for OBDM to provide

your Board with a midyear budget report by mid-February of each year, to provide your Board with the following information:

- ✓ A status report on how current-year expenditures and revenues are being realized compared to the budget adopted for the year.
- ✓ An assessment of the Governor's Proposed Budget for the State of California, and its impacts on the county's budget/operations.
- ✓ An initial outlook on the coming year's budget, including known/assumed significant changes to the current year's budget.
- ✓ Recommendations concerning urgent midyear needs that require action before the next budget cycle.
- ✓ A recommended budget process/schedule for the coming year's budget, based upon the initial outlook.

#### SUMMARY OF THE FISCAL YEAR 2002-03 ADOPTED BUDGET

With the 2002-03 Adopted Final Budget, Sacramento County has been forced to reduce services and staffing levels in order to have a balanced General Fund. Overall there was a \$44.0 million funding gap between ongoing resources. This gap was closed with \$17.0 million in base budget reductions and \$27.0 million in one-time measures. The fundamental reason for the large funding gap was the county's relationship to the local economy. As economic conditions worsen, revenue growth slows or revenues actually decline and human services costs increase with higher levels of unemployment. There were four primary reasons for the funding gap.

- The fund balance declined by \$15.0 million.
- The net cost of the Sheriff's Department increased by \$9.0 million due to higher labor costs and a decline in Proposition 172 Public Safety sales tax revenue from a statewide pool.
- The local share of human assistance (welfare) aid payments increased by \$13.7 million.
- Labor costs grew at a rate greater than the growth in general purpose financing.

The public discussions during the formulation of the 2002-03 County Budget revolved around cost reduction alternatives and the extent to which the budget gap would be closed with one-time financing sources or base budget spending reductions.

The public budget process began early when it became apparent that local and statewide sales tax was in decline rather than the modest growth anticipated in the budget and that human assistance aid payments were increasing beyond budgeted levels.

- In December 2001, the County Executive recommended, and the Board of Supervisors approved, a hiring freeze and the use of the \$4.5 million contingency appropriation to write down local and statewide sales tax. The hiring freeze was limited in that public safety positions and positions fully funded with restricted financing sources were exempt.

- At the budget forecast in February 2002, it appeared that the General Fund base budget funding gap was increasing. The Governor's recommended state budget included significant funding reductions for both human services and public safety programs. The use of reserves and other one-time financing measures to reduce the need to cut services was included in the budget forecast.
- In May 2002, the County Executive recommended both a more restrictive hiring freeze and a conceptual cost reduction plan for county departments. The hiring freeze was extended to some public safety functions and was applied to all non-specialist positions in enterprise funds.
- At Proposed Budget Hearings in June 2002, it appeared that there was a \$39.0 million funding shortfall in the General Fund after review of departmental budget requests. The funding gap was closed with the allocation of \$25.0 million in budget reductions to county departments and the application of \$14.0 million in one-time financing, including a \$10.0 million release from the General Reserve. The departmental budget reductions were expressed as negative appropriations (on an interim basis) until the Final Budget hearings, when specific cost reduction and staffing reduction plans were to be presented to the Board of Supervisors. In addition, concern over the county's ability to take on new obligations was expressed.
- Over the course of the summer, a series of budget workshops and hearings were held before the Board of Supervisors so that county departments could address the specific impacts of budget reductions. The Board requested reports on specific issues but took no other actions.
- At the start of the Final Budget Hearings, the \$39.0 million base funding problem increased by \$5.4 million to \$44.4 million (before use of one-time sources of financing). The County Executive recommended that this additional funding gap be closed through the application of additional one-time financing sources (Tobacco Settlement revenues and reduced transition funding).
- During the Final Budget Hearings the Board of Supervisors approved budget restorations of approximately \$7.8 million. The budget restorations were funded with an additional \$2.2 million release from the General Reserve, transfers from other funds of \$5.4 million, and a reduction in the contingency appropriation of \$0.2 million. The Board approved \$17.0 million in cost reductions, including the deletion of approximately 100 positions. No layoffs resulted from the budgeted staffing level reduction.
- Included in the Adopted Final Budget were contingent budget reductions of \$9.0 million which would have been implemented if the county's utility user tax was eliminated by the voters in the November 5, 2002 election. Those reductions would have resulted in the reduction approximately 90 positions. However, due to the successful voter approval of Measure G in the November 2002 election, your Board restored the \$9.0 million in net appropriations (and related utility tax revenues) on November 19, 2002, and the 90 positions were not deleted.

After the Board's adoption of the Final Budget and the Legislature's adoption of a State Budget, the Governor exercised his line item veto powers. This resulted in the reduction of \$8.0 million

for county human services programs. The Board of Supervisors approved the necessary budget reductions in a midyear budget adjustment on October 8, 2002.

### **STATE BUDGET PROPOSALS BY GOVERNOR FOR FISCAL YEAR 2003-04; IMPACT ON COUNTY**

In the Governor's State of the State address on January 7, 2003, he acknowledged a state budget shortfall of \$34.1 billion, and indicated that it would be resolved through a combination of expenditure reductions and revenue (tax) increases. Since the Governor released his detailed Fiscal Year 2003-04 proposed budget on January 10, 2003, interest groups and legislative staff have had an opportunity to examine the documents and try to determine what the impacts might be. The staff of the County Executive's Office has also worked with the fiscal staff of our departments to determine what the impacts on Sacramento County would be specifically. The Legislature's own staff will take a number of weeks to analyze the proposals in preparation for budget subcommittee hearings. However, both the Senate and Assembly Budget subcommittees plan hearings on the Governor's December proposals sometime in late January. Specific times have not been announced. There has been considerable discussion about the Governor's plan to shift about \$8.2 billion in current state responsibilities to counties along with a similar amount of new revenue being labeled "Realignment II". While some county officials may be interested in discussing realignment ideas, the reaction to the Governor's proposal from most counties thus far has been of great concern, due to the State's history of failing to honor its obligations to counties over the long-term, and other factors.

#### **Proposals with General Fund Net Impact**

Undoubtedly, the most disturbing proposal in the Governor's plan is to stop the payments effective February 1, 2003, to cities and counties for the Vehicle License Fee (VLF) backfill. The Governor wants to save \$1.26 billion in the current year and \$2.93 billion in the budget year by withholding the backfill. (This applies to the discretionary revenue portion only, not the Realignment I funds.) It seems disingenuous at the least for the State Administration to claim that its Realignment II proposal is fully funded in light of the VLF issue and the initial concerns listed above. We estimate that the Governor's VLF proposals would reduce Sacramento County revenues by \$27.5 million in the current fiscal year and \$58.5 million in Fiscal Year 2003-04. Reductions of this magnitude in our discretionary financing, particularly in combination with our pre-existing local budget shortfall described elsewhere in this report, would cause the Sacramento County General Fund to be so far out of balance that your Board's ability to balance the budget would be questionable (when combined with our own local shortfall, over \$120.0 million in annualized reductions would be necessary for Fiscal Year 2003-04).

Secondly, the Governor proposes to increase taxes by about \$8.3 billion to fund the new fiscal responsibilities that will be transferred to counties in a proposal being labeled "Realignment II". By imposing these additional taxes and dedicating the proceeds to a special local realignment fund as was done in 1991, the new revenues would purportedly not be subject to Proposition 98. That section of the State Constitution dedicates a substantial portion of all General Fund revenue to schools. Therefore, in the absence of this suggested diversion, taxes would have to be raised even higher to accommodate the schools' share. However, schools are likely to object to this plan.

As part of the proposed solution to the state's budget shortfall, the Governor plans to increase the sales tax by one cent, which would generate about \$4.6 billion. He would also re-impose the 10.0 and 11.0 percent income tax brackets (\$2.6 billion). Finally he would increase the cigarette tax by \$1.10 per pack (\$1.2 billion). The sales tax has a volatility that tracks with the economy, usually in an inverse relationship to county human services expenditures. As we have seen in the last year, when the economy is faltering consumers' confidence erodes and their spending drops, depressing sales tax revenues. The recent volatility of the income tax, particularly with high-end taxpayers, is the biggest part of our current revenue problem. Finally, the cigarette tax is a declining revenue, which is a good thing from a health perspective, but a definite negative for budget planning purposes.

The programs that the Governor proposes to transfer also raise some serious questions. The three biggest ticket items – 15.0 percent county share of Medi-Cal benefits cost, Medi-Cal long-term care, and full responsibility for funding In-Home Supportive Services - are items that are likely to increase in cost considerably in the future. First of all, Medi-Cal caseloads overall increase when the economy (and tax revenues) are declining. Secondly, as the Center on Budget and Policy Priorities points out, recent increases in Medicaid (Medi-Cal in California) are symptomatic of demographic changes (such as increases in the number of Americans who are aged or disabled) and spiraling health costs that affect the private as well as public sector. If counties are to become interested in taking on additional responsibility, we believe any realignment proposal should have a better match between the revenue sources and future program growth. The Governor claims that "Realignment II" is cost-neutral to counties. However, there has been no specific language prepared that details the county-by-county allocation of these funds, so even if we accept the Governor's claim of cost-neutral on a statewide basis, we cannot assure your Board that there will be a neutral fiscal impact on Sacramento County.

Finally, the Governor has also proposed several other county-related state budget cuts, including the elimination of the Williamson Act subsidies (\$0.5 million for Sacramento County), imposing the federal Child Support Automation sanctions on counties (\$2.0 million for Sacramento County), and redirecting many fees and fine revenues that currently are collected by counties to instead fund the courts (unknown impact, estimated at least \$1.0 million based upon \$31.0 million statewide estimate).

#### **Categorical Budget Proposals With No General Fund Net Impact Unless Back-Filled**

The Governor also made numerous proposals to reduce state funding for health and welfare expenditures. The safety net would be dramatically reduced for the State's poorest citizens if the Governor's proposals are adopted. Specific concerns follow:

- Department of Human Assistance (DHA) Programs/Services:

Stage 3 California's Work Opportunity and Responsibilities to Kids (CalWORKs) Child Care Proposal. There are three stages to child care payments for recipients of CalWORKs. Stage One is administered by the State Department of Social Services and is intended to pay for child care as the client begins their self-sufficiency plan. Stages Two and Three are administered by the State Department of Education. Stage Two pays for child care for recipients whose self-sufficiency efforts have stabilized in work or training. Stage Three is the larger world of



subsidized child care which is available to all low-income wage earners. The expectation is that as clients achieve self-sufficiency, they move onto Stage Three child care. Consequently, a reduction in Stage Three directly impacts the long-term ability of clients to continue self sufficiency, as they usually work at jobs not paying enough to have income available for child care.

There are 1,514 Stage Three families (3,045 children) being served in Sacramento County. Each month from January to December 2003 between 148 and 232 families, a total of 2,209 families, will time out of Stage Two - and have no child care subsidy to support their work activity. This is because clients are only guaranteed payment of child care for two years after they leave public assistance.

With no child care subsidy, a number of these families will return to CalWORKs. It is unknown how many of the affected families will return, but we have made the following estimate. The average income of the families in Stage Three is \$2,117.15. Of the 1,514 families on Stage Three 591 (39.0 percent) are under 50.0 percent of the State Median Income. We believe this is the group most likely to return. In these 591 families there are 644 children under the age of 7; 420 aged 7 to 10; and 166 with children over age 10. Based on these assumptions we can expect, that without child care subsidy, about 500 of these families will return to CalWORKs. If these numbers hold true, then 732 families who will time out in 2003 will also be returning to CalWORKs.

The impact on the County is that these families will draw down some of the CalWORKs allocation, and will add to the administrative cost of administering the program. There may be other impacts on the required work participation rates for the caseload which will make it more difficult to achieve the Federal targets on work participation.

Child Action, Inc. has a contract for \$20,896,439 with the Department of Education for Stage 3 child care. The elimination of Stage 3 will result in the loss of 10 to 15 positions at Child Action, Inc. The other impacts to consider are the loss of income to the child care provider community, and the loss of jobs resulting from children being removed from care.

Medi-Cal Proposals. There is little more to add to the material already provided regarding the Medi-Cal proposals. The proposals increase the administrative burden on clients and staff, and make low-income working adults with children ineligible for zero cost Medi-Cal. Processing Quarterly Status Reports would be a significant workload increase. Since there is no funding increase for staffing, it will greatly increase the delay in processing Medi-Cal applications. Not having to make a determination for fully employed two-parent households would decrease the workload slightly but would potentially impact county funded County Medically Indigent Services Program (CMISP) as those individuals may be eligible for medical services through that program. In general, the proposals reduce medical coverage for low-income Californians, and increase the number of uninsured adults.

- Department of Health and Human Services (DHHS) Programs/Services:

Medi-Cal Proposals: Our Mental Health programs are not directly affected by the Medi-Cal Proposals. However, if families are no longer eligible for Medi-Cal, then the department would no longer be able to serve them unless they met the target population. At this point, department

staff has indicated that they have no way of estimating who or how many of those families affected would in turn affect Mental Health.

Mental Health Managed Care Proposal: The Governor's midyear reduction proposals included a 10.0 percent cut in managed care allocations to counties for managing Medi-Cal mental health programs. The Governor's document described this as a 10.0 percent cut to Medi-Cal providers; in reality, we believe this is a cut to counties. The County Mental Health Directors Association estimates that counties will lose \$5.0 million in Fiscal Year 2002-03 and \$22.0 million in Fiscal Year 2003-04. Furthermore, this reduction is not consistent with the other Medi-Cal provider rate cut proposed by the State Administration because it includes inpatient services, not just outpatient services. The State has not determined the exact methodology for determining the reduction; however, DHHS estimates that the County's Mental Health Managed Care allotment will be reduced by 10.0 percent for the last quarter of Fiscal Year 2002-03 and 10.0 percent for the full year in Fiscal Year 2003-04. For Fiscal Year 2002-03, the department's managed care allotment was budgeted at \$16,081,749. In mid-November, after the budget was finalized, the department received a growth allocation of \$1,483,870 increasing the total allocation to \$17,565,619.

At this time, our assumption is that the 10.0 percent reduction for Fiscal Year 2002-03 would be applied only to the base allocation of \$16,081,749 and not to the growth allocation \$1,483,870. Therefore, this 10.0 percent reduction for Fiscal Year 2002-03 is estimated at \$402,000. Because the growth allocation letter came in after the final budget was adopted, the department did not include the growth amount in their Fiscal Year 2002-03 budget. Therefore, even if this reduction is applied to Fiscal Year 2002-03, the department is still ahead by \$1,081,827 from the budget amount (\$1,483,870 unbudgeted growth less \$402,043 reduction). The reduction for Fiscal Year 2003-04 would be applied to the Fiscal Year 2002-03 allocation balance after the 10.0 percent reduction. The 10.0 percent reduction for Fiscal Year 2003-04 would be about \$1,716,358 (see calculation below):

16,081,749	= Initial allotment for Fiscal Year 2002-03 (budgeted amount)
<u>1,483,870</u>	= Growth (per allocation letter received November 11, 2002)
17,565,619	
<u>(402,043)</u>	= Reduction of 10.0 percent for last quarter (16,081,749/4 quarters multiplied by 10.0 percent)
17,163,576	= New total for Fiscal Year 2003-04
<u>(1,716,358)</u>	= 10.0 percent reduction
15,447,218	= Revised amount for Fiscal Year 2003-04

The 10.0 percent reduction in Managed Care is the Mental Health portion of the Medi-Cal reduction. The California State Association of Counties (CSAC) also has identified an inconsistency between inpatient services and the Governor's outpatient rate reduction proposal. DHHS' Managed Care allotment includes both inpatient and outpatient services, which are no longer handled as separate categories by the State Department of Mental Health. Until further clarification, DHHS is assuming that the reduction referred to in the Governor's midyear proposal reflects the total allotment, and does not differentiate inpatient from outpatient for Mental Health.

**PRELIMINARY GENERAL FUND FORECAST FOR FISCAL YEAR 2003-04**

We project that the county’s General Fund will face a very serious funding gap for Fiscal Year 2003-04 even before State Budget impacts are factored-in. The basic reason for this “local” funding gap is that expenditures appear to be increasing at a greater level than the financing available to support those expenditures. The County is facing a three-pronged budget challenge:

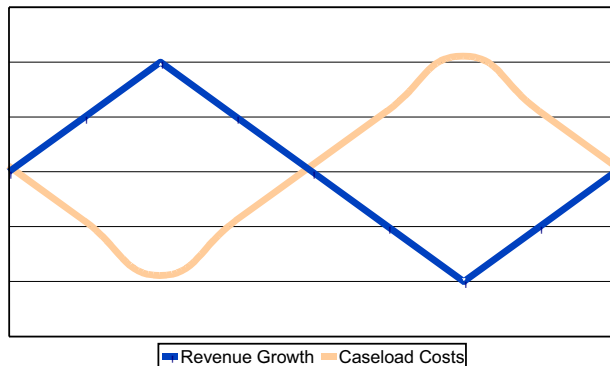
- A local budget problem in the context of the local and state economy where the costs of maintaining service levels are growing faster than financing;
- New costs for employee retirement and health insurance benefits; and
- Impacts from the state’s severe budget problems.

These three issues will all combine to form an extraordinarily difficult budget cycle for the County in the 2003-04 Fiscal Year, perhaps our most difficult General Fund challenge ever.

**• The Budget and the Economy**

It is the links between the status of the budget and the economy that primarily determine the status of the County Budget. The fundamental reality of the county budget is that there is an inverse or counter-cyclical relationship between revenue growth and caseload driven costs. This is illustrated in the following graph.

**County Budget Dilemma**



Mandated, caseload-driven service costs tend to increase when there is weak revenue growth or even revenue reductions. The county budget situation improves rapidly when revenues grow and caseload-driven costs decline. When the economy is strong we can expect to have the ability to augment services and increase employee compensation. When the economy is weak we can expect difficulty in maintaining service levels.

The ups and downs of the County’s budget, and ability to maintain or augment services, are primarily due to the state of the local and statewide economy. The county’s revenues are generated, directly or indirectly, by economic activity. The major general revenues and statewide pool revenues (property taxes, sales tax, and vehicle license fees) measure are literally shares of economic activity and market values of property and vehicles. As taxable sales increase, market values of real estate increase, new construction increases, auto prices escalate, and the number of registered vehicles increase, then these revenues grow. Conversely, as these forms of economic activity are stagnant or decline, then county revenues suffer. Our state and federal revenues are dependent on income and corporate taxes and state sales taxes.

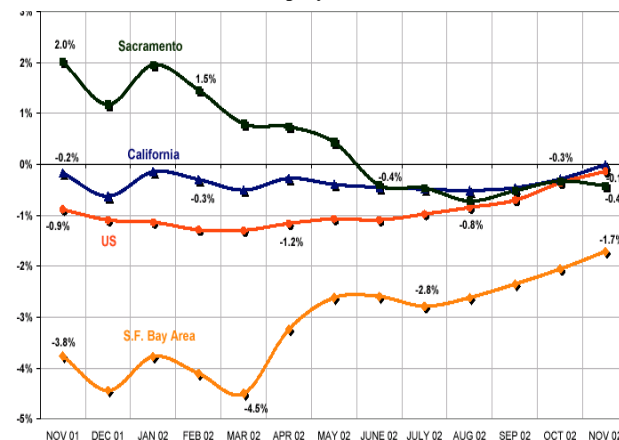
In the General Fund the vast bulk of program expenditures and net costs are for public safety services and human services. Service needs and mandated service costs also follow the economy. As local economic activity slows, unemployment tends to increase and the numbers of people in the County eligible for county human services increases. And when the economy slows the demands for other county services do not slacken; rather, service demands increase.

**• The Local and State Economy**

At the local, state, and national levels, economic conditions have been sluggish for the past year or more. The national stock market indices have fallen for three consecutive years, the first time this has occurred since the 1930’s depression. There has been net declines in employment in California and the Sacramento region, the numbers of unemployed have increased, and taxable sales have declined. In almost every measure except real estate transaction and prices, the state and the local economy have slipped into recession.

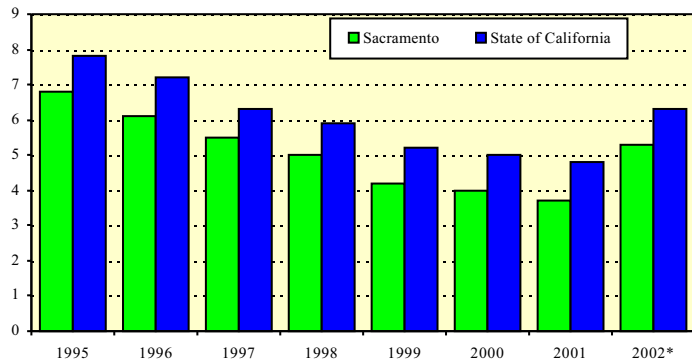
The following table shows the recent history of employment growth in the nation, the state, and the Sacramento Region , (the data are from the California Institute for County Government, a partnership of California State University, Sacramento and CSAC):

**Employment Growth Rates**



The following table illustrates the impact of slowing employment growth and population growth – increases in the local and statewide unemployment rates:

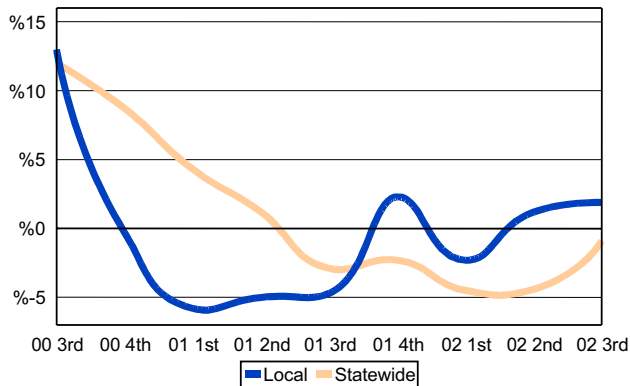
**Local and State Unemployment Rates**



For the Sacramento Region, year-to-year job loss only began in the summer of 2002, well after the State and the Nation. The loss of jobs leads to increases in the numbers of unemployed and pressure on human services programs. The job losses have not been of the magnitude of the early 1990s, but the trend of job losses has been sustained. We cannot expect sales tax growth rates to increase and human services caseloads to stabilize or decrease until there is real job growth.

This trend is mirrored by the performance of local and statewide sales tax. Sacramento County is very dependent on sales tax revenues, receiving approximately \$275.0 million overall in sales tax revenue. The following table gives quarterly growth rates for both local and statewide sales tax collections for the past two years.

**Local & Statewide Sales Tax Quarterly Growth Rates**



The County receives its local sales tax from sales taking place in the Unincorporated Area. Proposition 172 Public Safety Revenue and Realignment Revenue (human services funding) both derive from statewide sales tax pools. Both locally and statewide there was very strong growth in 1999 and most of 2000, but in the fourth quarter of 2000 the growth rates began to decline.

For the local sales tax the decline was accelerated by the incorporation of Elk Grove and the transfer of sales tax to the new city. However, there has been an overall decline over the past two years, even after adjusting for the impact of the incorporation. Further losses of sales tax are expected to occur in Fiscal Year 2003-04 due to the incorporation of the City of Rancho Cordova.

The decline in statewide sales tax growth began later, but statewide sales tax collections have been in decline, compared to the prior year, for four calendar quarters before growing by 0.9 percent in the third quarter of 2002.

For both local and statewide sales taxes, the results for the very important fourth quarter of 2002 will not be available until the end of March 2003. We are very much concerned over the impact of the state budget crisis on consumer behavior in Sacramento. The State of California is the largest employer in the region. State employees have already been laid off. The latest CSUS economic forecast cites the state’s problems in employment projections stating that the state’s problems will delay a turnaround in local unemployment.

The declines in sales tax revenue have been very significant for the county budget because the costs funded with the sales tax have been increasing at rates far greater than the revenue. In addition, there had been very strong growth in sales tax over several years, with the greatest growth coming from the statewide pools for public safety and human services programs.

• **The Fiscal Year 2003-04 Budget Forecast**

The budget forecast is based on a model of the General Fund and not upon actual departmental budget requests (which are due to be submitted to the County Executive on March 14, 2003). This model of the General Fund is based on the Adopted Fiscal Year 2002-03 Final Budget, and is constructed by applying known and estimated changes in expenditures, revenues, and fund balance/carryover, to determine the overall status of the General Fund. Some of the detail for the model may be found in Attachment II of this report.

**The Budget Forecast for Fiscal Year 2003-04 indicates that there is a \$69.5 million funding gap in the General Fund before consideration of impacts of the State Budget and before application of any one-time financing to reduce the extraordinarily budget problem.**

The following table summarizes the Fiscal Year 2003-04 Budget Forecast:

	Final 2002-03	Forecast 2003-04	Change
Departmental Expenditures	1,884.8	1,989.2	104.4
Departmental Revenues	1,430.7	1,488.2	57.5
Net Cost	454.1	501.0	46.9
Carryover	31.2	18.0	(13.2)
Net Department Requirement	422.9	483.0	60.1
General Revenues	399.8	403.5	3.7
Fund Balance	11.1	10.0	(1.1)
Financing Reserves	12.0		(12.0)
General Purpose Financing	422.9	413.5	(9.4)
<b>Budget Balance/(Deficit)</b>	<b>0.0</b>	<b>(69.5)</b>	<b>(69.5)</b>

There are four primary reasons for this large local budget problem, which is independent of the potential impacts of the Governor’s budget proposals:

- The impacts of the slowing local and statewide economy.
- The expiration of extensive one-time financing sources to balance the budget in Fiscal Year 2002-03.
- The increasing costs of employee benefits from the anticipated implementation of the enhanced retirement benefits, investment losses in the retirement system’s portfolio, and health insurance plan costs.
- The transition year impacts of Rancho Cordova incorporation.

Overall, the net costs of maintaining services levels at new year costs would require a \$62.4 million increase in local general purpose financing, but the projected general purpose financing is down \$7.0 million, resulting in the funding gap of nearly \$70.0 million. The growth in ongoing financing sources falls far short in covering cost increases, new costs, and the use of one-time sources in the current year.

Departmental Expenditures

Departmental expenditures are projected to increase by over \$104.4 million:

- The increase in salaries and benefits is \$63.0 million and would be necessary to maintain budgeted staffing levels. This assumes implementation of the retirement enhancements, no Cost of Living Adjustments for employees, higher health insurance costs, and higher workers compensation costs.
- All other costs will increase by \$41.0 million with roughly half the increase for human assistance aid payments and the remaining amount for facilities, contracts, equipment, and supplies.

Departmental Revenues

Departmental revenues are projected to increase by \$57.5 million, a substantial growth, but \$47.0 million less than the increase in expenditures.

- Revenues from the statewide sales tax pools, 1991 Realignment and Proposition 172 Public Safety will grow by \$7.2 million, or 3.0 percent. This is consistent with the State Department of Finance estimates.
- State and Federal support for human assistance aid payments will increase by \$21.0 million, about \$5.0 million less than in the increase in expenditures.
- All other revenues will increase by approximately \$40.0 million. Growth in revenues due to higher salaries and benefits is \$19.0 million, or 30.0 percent of the cost increase.
- All other operations will generate an additional \$10.0 million from state and federal support of human services programs, grants, charges to contract cities, other service charges, and fees.

Departmental Carryover

A projected decline in carryover of \$13.0 million is a significant element in the budget forecast. Carryover is that portion of the overall fund balance which is credited to generating departments in Sacramento County’s budget practice. About \$12.0 million of the carryover for the current year was from one-time sources and accruals. All other carryover is projected to decline by only \$1.0 million. This is a very optimistic budget assumption.

General Purpose Financing

The changes in departmental expenditures, revenues, and carryover result in a need for an increase of \$60.0 million to support ongoing budgeted program levels and absorb new costs. Rather than growing, however, we expect that there will be a year-to-year reduction in the general purpose financing of \$9.4 million from \$422.9 million to \$413.5 million. The general purpose financing is the source of net program costs in the General Fund. This decline is before consideration of any lack of full backfill of the VLF. This is due to the extensive use of one-time or short-term financing measures, such as reserve releases, in the past two years and the transfers of revenue to the newly incorporated City of Rancho Cordova.

The basic general purpose financing estimates are before any state budget impacts such as elimination of the VLF backfill or the Williamson Act payment or use of any one-time measures such as reserve releases. The general purpose financing consists of ongoing revenues and transfers from other funds, the general portion of the fund balance, and reserve changes. The overall reduction of \$7.0 million is due to an increase of \$6.0 million in revenue and fund transfers being less than \$13.0 million less in fund balance and use of reserves.

Some 84.0 percent of the projected general purpose financing comes from one of three sources: property taxes, local sales tax, and the VLF, including backfill. The remaining 16.0 percent consists of the utility tax, overhead recoveries, interest earnings, franchise fees, and other sources. The fundamental assumptions are:

- Overall property tax revenue will be \$177.0 million and will increase by \$14.6 million, or 9.0 percent. Virtually all the growth is from the residential market. Secured values should increase by over 10.0 percent for the second consecutive year.
- Sales tax will be \$80.0 million and will decrease by \$3.2 million, or 3.8 percent due to the transfer of revenue to the City of Rancho Cordova being greater than the growth in the remaining Unincorporated Area. The transfer just under \$6.0 million will be effective for three quarters of the fiscal year beginning sales in October 2003. This transfer is greater than the projected growth of \$2.4 million (3.0 percent).
- VLF revenue, including the backfill, will be \$90.0 million, and the VLF is projected to grow by \$5.1 million, or 6.0 percent, with full backfill.
- The utility user tax will be \$14.5 million and will decrease by \$1.5 million. There will be a \$2.0 million transfer to the City of Rancho Cordova and overall growth of \$0.5 million.
- All other revenues will be \$50.5 million, a decrease by \$7.0 million due to the use of one-time fund transfers in the current year and the transfer of franchise fees to the City of Rancho Cordova.
- The fund balance of \$10.0 million will be \$1.0 million less than the current year's. This is a very optimistic assumption given the performance of general revenues and human assistance aid payments.
- The budget forecast does not include the use of reserves as financing. Over \$12.0 million in reserves were used as financing in the current year. Our remaining discretionary reserves balance must be retained for cash-flow support.

#### • What Could Get Better or Worse

There are several unpredictable factors that, depending upon year-end results, could result in the budget situation either improving or deteriorating. It is important to note that the budget status does not always improve from the time of the initial forecast through the Proposed Budget and on to the Final Budget. This was the case for the current year. In the worst years of the recession's impact in the early 1990s (1992 and 1993) the budget situation continued to deteriorate during the year and the reductions actually made at Final Budget were much greater than initially identified. The major variables that could change the budget status include:

- Fund Balance/Carryover – The overall level of departmental carryover and the General Fund balance could change significantly from the early estimates, with the most likely change being downward. The estimates of fund balance in the budget forecast are rather optimistic.
- Revenue Growth – The assumptions for revenue growth for the remainder of the current year and into the budget year are modest assuming neither very large reductions nor a dramatic upturn. The sales tax, including the Realignment and Proposition 172 revenues from statewide pools, is critical.

- Public Assistance and Other Caseloads – The budget forecast assumes a moderate increase in the local cost of aid payments. With the increases in unemployment, increases are anticipated. The actual combination of caseloads and case costs changes monthly. Actual costs could be less than the forecast; if local unemployment increases, however, and caseloads increase, then the local share of costs could increase.
- State Budget Actions – The outcome of the state budget process is often very different from the Governor's initial proposals. The net impact on the County could be greater or less than has been proposed. Recent history suggests the Legislature will not act according to the statutory deadline so the County must be prepared for budgetary surprises towards the end of the state's process.
- Retirement Enhancements – We have assumed that the retirement enhancements will be effective for the entire 2003-04 Fiscal Year. Only the increase in employer retirement costs have been included in the budget forecast. The potential impacts of the retirement of a significant number of longer-term county employees have not been included in the budget forecast.

#### SERIOUSNESS OF BUDGET SITUATION REQUIRES ACCELERATED TIMETABLE AND NEW APPROACH TO BUDGET PROCESS

The size of our projected General Fund shortfall in the budget outlook for Fiscal Year 2003-04 is very significant. Even if the projection is tempered by the possible use of yet to be identified one-time funding sources, it is virtually certain that large program/service reductions will be necessary. Although it may be many months until we know the outcome of the state budget deliberations at the Legislature, regardless, we clearly have a serious local problem that demands immediate attention. As such, for the Fiscal Year 2003-04 budget process, we are recommending a different approach for our budget process and an accelerated schedule, to result in major budget reduction decisions within the Proposed Budget hearings during June 2003. We also recommend that with the track record of major revisions to the Governor's budget proposals following the May Revise each year for the past several years, that we wait to address state budget impacts until the Final Budget hearings in August/September 2003. It is simply too uncertain an environment (regarding the state budget) for us to base difficult budget decisions upon conjecture.

#### Resource/Results-Based Budget Approach for Fiscal Year 2003-04

For the past several years, we have directed departments to prepare their base budgets within unavoidable cost increase guidelines, aggregated the budgets together and compared their net cost to available general purpose financing to determine the basic budget shortfall/surplus, and then directed departments to cut their base budget requests when the size of the shortfall was verified. During the Fiscal Year 2002-03 budget hearings, each department was assigned across-the-board reductions for their share of the state, local and utility-tax-related portions of the budget shortfall. This incremental reduction approach to the budget shortfall (after budgets were submitted) resulted in a focus entirely on the reductions, rather than a focus on what the County would still accomplish with its resources largely intact. Priorities were established within each department, and a countywide priority was given to public safety and public health programs, which received lesser across-the-board reductions than other departments.



With the size of the Fiscal Year 2003-04 anticipated General Fund shortfall as large as \$69.4 million before state budget impacts, a new approach to developing budgets is needed:

1. In order to guide the development of the departments' Fiscal Year 2003-04 base budgets, we have prepared recommended priority statements for each agency (including treating Elected Official's departments as agencies) for your Board's consideration (Attachment I). Upon approval of these priority statements, they will be used by the agencies to guide the development of the base budgets for Fiscal Year 2003-04.
2. Rather than have each department develop its base budget in a vacuum without regard to the large shortfall expected, we are recommending approval of preliminary resource allocations of general purpose financing to each agency (including treating Elected Official's departments as agencies). These preliminary resource allocations (Attachment II) allocate the anticipated \$413.5 million in general purpose financing anticipated to be available for Fiscal Year 2003-04. The allocations are based upon the Fiscal Year 2002-03 Approved Final Budget, as modified by the smaller revenue based expected for Fiscal Year 2003-04, and recognizing certain unavoidable funding requirements (new voting system, jail medical staffing transfer/increase, etc.). **Under our recommended preliminary allocation plan, although there is expected to be 2.25 percent less financing available for Fiscal Year 2003-04 than there was available in Fiscal Year 2002-03, most agencies will receive approximately 11.0 percent less allocation than the previous year, due to the need to fund the new unavoidable funding requirements.** For the non-elected official departments within agencies that are organizationally under an agency administrator, we recommend that the allocations on a department-by-department basis be determined by the Agency Administrator following your approval of the agency's overall allocation, using the approved countywide and agency priority statements as a guide. **This resource-based approach may help reduce the projected budget shortfall by having the departments forgoing year-to-year budget increases in line items wherever possible and through encouraging re-examination of the way the departments operate their programs in order to find efficiencies through restructuring and/or elimination of redundant procedural layers.** In addition to having the departments prepare their Base budget predicated upon projected available resources, we recommend that your Board direct departments to prepare program performance result statements for each of their programs, and to reflect which countywide and agency priority area that the program relates.
3. In order to have the General Fund balanced (as far as the local shortfall is concerned) prior to commencement of the new fiscal year, we are recommending an accelerated budget timetable for Fiscal Year 2003-04 (Attachment IX). The schedule directs that departments submit their base budget requests by March 14, 2003, and their priorities/results statements on March 28, 2003. Following review of the budget requests by the County Executive's Office, a series of Proposed Budget workshops will be held in mid-April through mid-May where your Board would scrutinize the proposed funded programs for each department and determine how those programs fit within the approved countywide priorities and priorities of the involved agency. The County Executive's Recommended Fiscal Year 2003-04 Proposed Budget would be released on June 6, 2003, including recommended final resource allocations to each department. Proposed Budget Hearings would be held during the weeks of June 16<sup>th</sup> and June 23<sup>rd</sup>, allowing for implementation of the budget decisions in time for the commencement of the new fiscal year on July 1, 2003. Following the presumed adoption of

a state budget during June-August, we would repeat the process in order to make further budget reductions (if necessary) as a result of the impacts of the state budget during Final Budget Hearings to be held during the weeks of August 25<sup>th</sup> and September 5<sup>th</sup>.

**APPROVAL OF AAR No. 23-051 TO APPROPRIATE \$200,000 FROM GENERAL FUND CONTINGENCIES TO FUND CREATION OF INTERIM COMPASS MODULE TO PROVIDE FOR PAYMENT OF EMERGENCY CLAIMS DURING COMPASS CONVERSION PERIOD**

OBDM recommends approval of a funding request from the Office of Communications and Information Technology (OCIT) related to the hardware, software, and staffing necessary to accomplish the cut-over from the existing COMPASS SAP version 4.0B to the new COMPASS SAP version 4.6C. The cut-over phase of the Upgrade Project is currently estimated to occur between March 27, 2003 and April 2, 2003. During this timeframe (7 calendar days and 5 business days), neither the existing (version 4.0B) or the new (version 4.6C) COMPASS systems will be available to the users. In addition, in the absence of the proposed cut-over strategy, the business owner departments, including Finance, Human Resources, and General Services, would not have access to either the existing or new COMPASS systems.

This strategy involves creation of an interim COMPASS mini-system that will allow the Department of Finance to continue to process critical transactions in the areas of cash management during the cut-over period when the main COMPASS system is not available, to include cash deposits and withdrawals and the processing of investment transactions; warrant accounting, to include the payment of county warrants presented to our bank and the cancellation and stop payment of outstanding warrants; and to perform other critical business processes such as producing financial reports from COMPASS and performing the daily reconciliation of the county's bank account to the Treasurer's accountability.

The estimated cost of the interim system is \$200,000. This cost was not anticipated during the Fiscal Year 2002-03 budget process. In order to provide financing for this project, we recommend approval of the attached AAR No. 23-051 (Attachment III) transferring \$200,000 from the General Fund contingency appropriation to departmental accounts. The remaining balance in the General Fund contingencies will be \$4,625,399.

**DIRECT THE OFFICE OF BUDGET AND DEBT MANAGEMENT TO REPORT BACK BEFORE PROPOSED BUDGET HEARINGS ON ANY SUBSTANTIAL UNDER-COLLECTION OF GENERAL PURPOSE REVENUES DURING CURRENT FISCAL YEAR**

We recommended that your Board direct OBDM to report back before the Proposed Budget Hearings on the status of general revenue and other major revenue collections. Last fiscal year, we recognized a significant under-collection of revenues at our midyear hearing, and cancelled our contingency appropriation to write-down the initially budgeted revenues midyear. Though the major revenues are generally performing close to budgetary expectations so far this year, we are concerned over two major factors:

- Weak taxable sales in the fourth quarter of 2002 both locally and statewide.
- The impacts of a prolonged state budget process on consumer behavior in Sacramento.

The actual collection of general purpose revenues is tracking close to budgetary expectations. Some revenues, such as property taxes and VLF, are above the estimates while others, such as sales tax and fines, are under estimates.

Our concerns about revenue collections for the remainder of the current fiscal year focus on local and statewide sales tax. The estimates for local sales tax revenue, Proposition 172 Public Safety revenue, and Realignment revenue were based on very modest growth assumptions, 2.4 percent for local sales tax and 3.0 percent for statewide sales tax. Year-to-date local sales tax collections are only \$66,000 under budget.

Halfway through the current fiscal year the Proposition 172 revenue is approximately \$300,000 under budget, out of a total budgeted amount of over \$43.0 million.

- The allocation of Realignment revenue is more complex and less straightforward making early tracking less certain. For the 2001-02 Fiscal Year departments accrued up to \$150.0 million and we have received \$147.3 million (98.0 percent of budget). We have not yet received any of the VLF growth for Fiscal Year 2001-02. Per the State Controller's Office, distribution of the VLF growth funds will likely be made before the end of January 2003. For the 2002-03 Fiscal Year, we have received a total of \$54.7 million (35.0 percent of the budgeted amount of \$155.4 million). During the same time period last year, we had only received \$44.7 million (30.0 percent of the budget amount of \$150.2 million). These figures are obviously inconsistent. The next meaningful data will be available in mid-February.

At this point in the year we are not recommending that the contingency appropriation be used to write down statewide or local sales tax revenues; however we are recommending that the contingency be "fenced-off" until the results of the fourth quarter for local sales tax are known at the end of March 2003.

There have been many media accounts of a very weak holiday shopping season. Sales tax quarters actually close on the 15<sup>th</sup> of the final month in a calendar quarter with the results being known three months later. Data on the two weeks before Christmas will not be available until late June. We are very much concerned over sales tax growth in the last half of the fiscal year. The state budget crisis will have a dampening effect in the Sacramento Metropolitan Area and the state as a whole. The Nation may soon be at war. Equity market recovery is very weak. Unemployment is increasing.

If directed by your Board as we recommend, OBDM will report back on revenue trends and use of the contingency prior to the Proposed Budget Hearings.

#### **APPROVAL OF AAR No. 23-053 TO LIQUIDATE \$200,000 CONTINGENCY TO WRITE-DOWN (SHORTFALL IN) BUDGETED TOT FUND REVENUES FOR FISCAL YEAR 2002-03**

The estimates for TOT revenues appear to be too high for the current fiscal year. We recommend that estimated revenue be reduced by \$200,000 with the budgetary offset being an elimination of the \$200,000 contingency appropriation in the fund. The revenue estimates were based on moderate growth assumptions after a 3.0 percent reduction in revenue in the 2001-02 Fiscal Year. Actual growth has been less than estimated, and it appears that the revenue shortfall

at the end of the current fiscal year will be in excess of the \$200,000 contingency appropriation. It is clear that there will not be actual revenue collections high enough to fully fund the allocations approved by the Board of Supervisors during Final Budget Hearings and to fund the contingency. We are not recommending reduction of any specific allocation approved during the budget process. It may well be, however, that there will be a negative fund balance at the end of the current fiscal year as was the case last fiscal year. This will reduce the amount available for allocation during the Fiscal Year 2003-04 budget cycle.

In addition to the weak revenue growth in the current fiscal year, the County is facing a significant loss in TOT revenue in the Fiscal Year 2003-04 due to the incorporation of the City of Rancho Cordova. Though the proposed boundaries of the new city were adjusted to reduce the sales tax and TOT revenue transfers from the County to the City of Rancho Cordova, several hotels are located within the city boundaries, and the revenue generated by these hotels will accrue to the City of Rancho Cordova rather than to Sacramento County at the start of the upcoming fiscal year.

#### **DHA UNLIKELY TO SUSTAIN IN FISCAL YEAR 2003-04 ALL PROGRAMS PREVIOUSLY FUNDED FROM TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) INCENTIVE REVENUES**

DHA has earned Federal TANF incentive funds for reducing its CalWORKs caseload since 1996. To date, DHA has received \$67.6 million in TANF incentives over the past six years. These funds have been used to finance a number of services and programs that serve a wide range of people throughout the County (i.e. school districts, other departments, Community Based Organizations, other nonprofits, etc.). In addition, for the past two years, the TANF incentives funds have been used to cover our core CalWORKs program/services because the State has underfunded our CalWORKs program.

For Fiscal Year 2002-03, DHA anticipated having \$22.1 million in TANF incentives available to spend. At this time, DHA projects using \$15.0 million to \$19.0 million in TANF incentives in Fiscal Year 2002-03, leaving about \$3.2 million to \$7.0 million available for Fiscal Year 2003-04. Initially, DHA projected that we would have far less TANF incentives left over for Fiscal Year 2003-04. However, DHA now expects to have significantly more unspent TANF incentives because:

- DHHS is returning some TANF incentives because they have identified another funding source.
- Due to vacancies, DHA will be under-spending on staff salaries.
- The State plans to provide additional CalWORKs funds to counties in Fiscal Year 2002-03 compared to what was originally budgeted.

#### Impact in Fiscal Year 2003-04

We are not sure whether the state budget will allow DHA to carry-forward any balance in TANF incentives into Fiscal Year 2003-04. Although the State has not yet made plans to take the unspent TANF incentives, it is widely felt that there is a good chance the State will take them. If

the State takes our balance of TANF incentives – and assuming no increase in state funding for CalWORKs – we will be short at least \$22.0 million in Fiscal Year 2003-04. Such a shortage will result in severe cutbacks to staff/programs that serve CalWORKs clients and other poor, needy families throughout the County. It will also cause a ripple effect, since other county departments receive Intrafund Reimbursements from DHA, and rely on these funds to pay for their staff and programs. DHA is currently assessing what impact the Governor's proposed budget will have on CalWORKs. They will identify potential reductions to contracts and DHA staffing and operations to offset the loss of TANF incentives and reduction in state revenue for CalWORKs, and report back on their analysis during the Proposed Budget workshop in early May. Given the circumstances, it's highly likely that most of the TANF funded contracts will be eliminated in Fiscal Year 2003-04. This potential \$22.0 million impact is entirely in addition to the issue of the General Fund shortfall.

#### **REPORT FROM DEPARTMENT OF FINANCE REGARDING RECOMMENDATION TO CONTINUE RESTRICTION ON DEPARTMENTAL EMPOWERMENT POLICY**

We recommend approval of the attached report from the Department of Finance (Attachment V) which recommends continuation of a temporary restriction on our "departmental empowerment" policy. On December 11, 2001, your Board was provided with a report on early midyear indications of revenue shortfalls in the General Fund and TOT Fund during Fiscal Year 2001-02, and the related budget challenges for the coming year. At that meeting, your Board took actions to mitigate those future budget challenges. One of the measures that your Board approved immediately was to restrict departmental empowerment to disallow administrative processing of Appropriation Adjustment Requests (AARs) that transfer salary savings to be used for nonsalary/benefit-related expenditures, including expenditures for temporary agency employees. This restriction contained a sunset clause, lasting only through the end of Fiscal Year 2001-02.

An analysis of AARs that transferred salary savings for Fiscal Years 2000-01 and 2001-02 reveals that approximately \$12.0 million less in salary savings was transferred during Fiscal Year 2001-02 than in Fiscal Year 2000-01. The \$11,909,395 less in appropriations that were transferred in 2001-02 compared to 2000-01, reflects General Fund salary savings of \$12,771,162 in appropriations and an increase in the Non-General Fund appropriations of \$861,767.

Due to the seriousness of the county's budget circumstances for the coming year and beyond, we recommend continuation of this restriction indefinitely in order to maximize the opportunities for year-end carryover and General Fund balance. A significant component of our general purpose financing is the unspent carryover from the prior year. This component often makes-up 10.0 to 15.0 percent of our overall general purpose financing each year. Anything we can do to increase this component of our general purpose financing will provide mitigation to the size of our projected budget shortfall.

#### **RECOMMENDED NEW BUDGET POLICIES IN CONJUNCTION WITH RESOURCES/RESULTS-BASED BUDGET APPROACH**

While we recommend a continuation of the restriction on "departmental empowerment" by restricting the use transfer of salary savings to fund other expenditures, we do recommend granting departments additional flexibility in achieving the maximum results within their

Recommended Preliminary Budget Allocation for Fiscal Year 2003-04. In previous years, when the approach was to give departments budget reduction (cut) targets instead of preliminary allocations, any improvement in each department's bottom line between the Proposed and Final Budgets was swept to the overall good of the General Fund rather than attributing to the good of the specific department involved. For example, if the Sheriff's Department was able to generate additional revenues from federal prisoner reimbursements, the reduction in net cost for the Sheriff's Department reduced the County's overall problem rather than reducing the Sheriff's Departments' budget reduction target. This de facto policy gave departments little incentive to try to maximize their savings, to identify improved efficiencies within their organization, and/or generate additional revenues until late in the budget process when their individual budget reduction targets had been approved by your Board.

With the recommended resource/results-based approach for the Fiscal Year 2003-04 budget process, we recommend the following budget policies be established for this year's budget process:

Each agency can maximize their potential results (while continuing to receive their predetermined preliminary allocation) by:

- increasing departmental revenues.
- consolidating functions.
- changing methods of service delivery.
- eliminating inefficiencies.
- increasing their year-end carryover to improve departmental financing for the following year.
- organizational restructuring.

We believe that by "guaranteeing" the recommended preliminary budget allocation will remain unchanged despite any departmental improvements due to the above potential methods of reducing costs, departments will be "incentivized" to find the means to live within their preliminary budget allocations early in the budget process, and thereby hopefully have the County substantially avoid the projected \$69.5 million shortfall in the General Fund.

#### **REPORT BACK FROM PARKS, RECREATION AND OPEN SPACE ON BUDGET POLICY RECOMMENDATIONS CONCERNING DONATIONS FOR RESTRICTED PURPOSES AND OTHER SPECIAL REVENUES**

During the Fiscal Year 2002-03 Final Budget hearings, the existence of a large Parks, Recreation and Open Space Department (Parks) trust fund balance consisting of donations for restricted purposes and other special revenues became known. Parks has numerous revenue sources including fees, concession charges, lease payments, donations, and fundraisers. During the discussion of these trust fund monies and their availability to offset reductions in the Parks General Fund allocation, it became apparent that the practices of depositing these monies into the department's budget as an offset to General Fund cost, vs. deposit into the trust fund for funding a specific program/project have been sometimes inconsistent with standard accounting practices. Also, because sometimes the judgment call on how to utilize the funds falls into a gray area, it was determined that it would be highly desirable for policy direction to be received from your Board to govern how these revenues are utilized.



We recommend that your Board approve the attached report back from the Department of Parks, Recreation & Open Space (Attachment VI) regarding the utilization of such revenues, including their policy recommendations on the utilization of various types of revenues.

**JOINT REPORT BACK FROM PPA AND CDNAA REGARDING NATURE OF LOCAL MANDATES CREATED BY ORDINANCES FOR CONSIDERATION DURING UPCOMING BUDGET DECISIONS**

During the Fiscal Year 2002-03 Final Budget hearings, your Board directed a report back from the County Executive's Office before the Fiscal Year 2003-04 budget hearings identifying the local mandates created by ordinances adopted by the Board of Supervisors, and estimating the approximate staffing and net funding required to accomplish these local mandates. This information was considered to be useful in expanding the universe of potential budget reductions that could be considered in the future, since repeal of the local ordinance would remove the local mandate. PPA and CDNAA have coordinated with the County Counsel's Office to identify local mandates created by our adopted ordinances, and prepared the attached report responding to your Board's direction (Attachment VII). The report identifies potential savings from the discontinuance of the locally mandated services and programs to be \$2,035,630, which is comprised of potentially freeing-up \$1,114,639 in TOT Funds and \$920,991 in General Fund revenues. In addition, 38.7 full-time equivalent positions would be impacted by the discontinuance of these activities.

**REPORT BACK FROM PPA CONCERNING INADVISABILITY OF DISCONTINUING PROVIDING SERVICES ASSOCIATED WITH UNREIMBURSED SB 90 CLAIMS**

Effective Fiscal Year 2002-03, the State of California suspended reimbursement for State-mandated functions, SB 90 claims, indefinitely. During the Fiscal Year 2002-03 Final Budget hearings, your Board requested a report back from the County Executive's Office on the practicality of suspending the functions required by the mandates since the State was no longer going to reimburse the County for the costs of the mandated services. The attached report (Attachment VIII) from the PPA (whose departments provide the services involved for virtually all of the related mandates) summarizes the impact to the budgets of the Sheriff, District Attorney, and departments of the PPA from the lost reimbursement. However, the report concludes that the nature of the mandated services is generally such that we would not recommend to your Board suspending the services involved. Practically speaking, the County would most likely provide these services whether they were mandated by the State or not, due to the needs of our constituents and/or cost avoidance reasons.

**ENGAGEMENT OF MORGAN STANLEY/DEAN WITTER REGARDING INVESTIGATION OF POSSIBILITY OF REFINANCING/RESTRUCTURING OF EXISTING PENSION OBLIGATION BONDS FOR BUDGET RELIEF**

The extreme budget circumstances faced by the County justify consideration of extreme measures to avoid reductions in high priority services to our constituents. With the help of investment banking firm Morgan Stanley/Dean Witter, we have identified an opportunity to create significant short-term budget savings through a restructuring/extension of our existing Pension Obligation Bond (POB) indebtedness.

In July 1995, the County issued \$538.0 million in POB's to fund an existing "unfunded accrued actuarial liability" (UAAL) owed to the Sacramento County Employees Retirement System (SCERS). This UAAL had been created over many previous years, when the County/SCERS had assumed high investment return rates (exceeding 9.0 percent) on the retirement system portfolio but frequently failed to achieve the return rate during a several-year-period in the late 1980's and early 1990's. The County originally was paying off the UAAL through a 30-year payment plan to SCERS at an 8.0 percent interest-rate (the reduced assumed rate of return for the retirement system portfolio). Relatively low interest rates during 1995 allowed the County an opportunity to sell bonds to retire the UAAL at interest rates in the aggregate of approximately 6.0 percent. The bonds were issued for a 27-year term, and as of today, there are still 20-years remaining on the term of the bonds. The aggregate principal amount of the bonds still owed is \$504.7 million.

Much like an individual who has paid on a 30-year existing mortgage for a period of several years, and then, due to lower interest rates, has the opportunity to refinance the mortgage through a new 30-year mortgage at a lower interest rate, the County has the opportunity to refinance our existing POB debt for a new (longer) term, and at attractive, lower interest rates currently available (below 6.0 percent). Although there would be lower interest rates and smaller payments in the near-term, the fact that we would extend the bond payments an additional several years means that over the entire length of the new bond issue, we will pay more (in total) than we would have paid otherwise. However, the budgetary savings in the short-term could be significant, particularly if the County structured the refunding POB's so as to maximize the savings during the near-term. We estimate that budgetary savings of \$30.0 million to \$35.0 million annually (all funds), and \$15.0 million to \$17.0 million annually (General Fund) may be possible for Fiscal Years 2003-04 and 2004-05, if we act quickly to restructure the existing POB debt.

The 1995 POB's were originally underwritten by the investment banking firm of Morgan Stanley/Dean Witter. We have kept a close business relationship with them during the succeeding years after the bonds were issued, and have held discussions with them during the past several months about the opportunities/mechanisms to refinance ("refund"). They have experience refunding POB's with two other California municipalities, and are currently retained by the California State Association of Counties to investigate the possibilities of placing a "pooled" POB restructuring debt for a group of small counties. We believe that, based upon their experience with POB's generally, and their intimate familiarity with our POB issue, they are uniquely qualified to serve as the investment banking firm for a restructuring of our existing issue.

In order to maximize the budgetary savings possible for Fiscal Year 2003-04 from a POB restructuring, we must close the new POB issue by early August 2003. Confirmation of the engagement of Morgan Stanley/Dean Witter is necessary at this time to ensure that the staff of OBDM can work on a timely basis with the Morgan Stanley/Dean Witter investment banking team to consummate the POB restructuring in time for the early August 2003 deadline.

**SUMMARY**

Due to our local economic circumstances, as well as the potential pass-through of significant funding and/or programs reductions from the State due to their massive budget shortfall, we find ourselves in undoubtedly the most precarious fiscal times we have ever faced in our General Fund. The possibility of further terrorism and our Nation entering into a military conflict in Iraq will undoubtedly have chilling consequences on the State, as will the state budget reductions have directly on the Sacramento County economy. However, the politically-charged nature of the budget debate makes economic uncertainty a relatively minor aspect of this year's budget outcome, with politics rather than economics likely being the deciding factor in the budget outcome at the state level. Our legislative advocacy during the state budget season ahead will play a major role in this year's outcome. We will all need to be involved on a personal level in protecting the county's interests.

These extreme circumstances require us to respond with urgency and preparedness for what will likely be a very difficult year for the County, its employees and our constituents. We believe that the revised budget process, timetable and increased emphasis on priorities and results will best serve the County in first dealing with our local shortfall, as we await the results of the political debate at the state level.

Respectfully submitted,

GEOFFREY B. DAVEY  
Chief Financial Officer  
Office of Budget and Debt Management

GBD/RTF:js

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

Attachments:

Attachment I	Countywide General Fund Priorities
Attachment II	Allocation of General Purpose Financing Summary
Attachment III	Report from OCIT and DOF regarding COMPASS
Attachment IV	AAR for TOT
Attachment V	Report from Department of Finance regarding Empowerment Policies
Attachment VI	Report from Parks Department regarding Special Fund Depository
Attachment VII	Report from PPA and CDNAA regarding Local Mandates (Ordinances)
Attachment VIII	Report from PPA regarding SB 90 Claims
Attachment IX	2003-04 Budget Process/Hearing Schedule

APPROVAL RECOMMENDED:

TERRY SCHUTTEN  
County Executive

**ATTACHMENT I**

**COUNTYWIDE GENERAL FUND  
FISCAL YEAR 2003-04  
PRIORITIES**

The County General Fund Budget Plan for Fiscal Year 2003-04 shall enact the following priorities, in ranked order:

1. Provide essential countywide public safety, health and welfare services to citizens. For example: the county must provide for jails, health care for the poor, and welfare payments to eligible clients; non-essential services will be of a lesser priority.
2. Maintain the public trust through collection of monies that fund county services and payment of our financial obligations. We will examine ways to create new funding opportunities to replace lost revenues.
3. Provide the highest level of municipal services possible within the available county budget, such as Sheriff's patrol/investigations and Animal Control.
4. Provide the safety net for those disadvantaged citizens, such as the homeless, mentally ill, and others who receive no services from other government agencies.
5. General government functions shall continue at a level sufficient to support the direct services to citizens.
6. Provide for the highest possible quality of life for our constituents within available remaining resources (i.e. neighborhood programs, reinvestment in communities, etc.)
7. Continue prevention/intervention programs that can demonstrate that they save the county money over the long-term, such as alcohol and drug programs.

**COMMUNITY DEVELOPMENT AND NEIGHBORHOOD ASSISTANCE AGENCY  
FISCAL YEAR 2003-04  
PRIORITIES**

1. Provide the highest level of countywide health and safety services possible through:
  - Consumer Protection.
  - Law enforcement on the American River Parkway and in County parks.
  - Environmental Health and Hazardous Material Response.
  - Agricultural development and protection.
  - Emphasizing safe rental housing.
2. Maximize economic growth and quality of life in unincorporated communities through:
  - Innovative planning and environmental protection.
  - Revitalizing core economic areas and promoting new economic development opportunities.
  - Emphasizing blight control in neighborhoods.
3. Provide the highest level of municipal and neighborhood services possible by:
  - Providing the community with quality park and recreation facilities.
  - Focusing on community and neighborhood interaction and service delivery.
  - Implementing innovative ways to promote the quality of life in unincorporated communities.

**CHIEF FINANCIAL OFFICER AGENCY/GENERAL GOVERNMENT  
FISCAL YEAR 2003-04  
PRIORITIES**

Provide support for direct services at the highest level possible to achieve:

1. Compliance with federal, state and local laws and regulations.
2. Support for the County, its officers, departments, agencies and commissions which conform to Board established, county-wide priorities.
3. Maximum generation of revenues, maintenance of debt service and other financial obligations.
4. Protection of the County's treasury.

**HUMAN RESOURCES AGENCY  
FISCAL YEAR 2003-04  
PRIORITIES**

1. Ensure the County is positioned to attract and retain the highest caliber of employees.
  - Ensure the department has the right people with the right skills in the right jobs:
    - ✓ Assist departments with their classification and organizational design needs
    - ✓ Develop recruitment strategies that are tailored to meet the needs of the department
    - ✓ Provide a variety of Training and Development opportunities to continuously improve the effectiveness and productivity of our employees
  - Ensure the County has the information required to enable it to offer competitive salaries and benefits
2. Ensure the County is in compliance with all legal requirements
  - Employment laws (e.g. Discrimination, ADA, etc.)
  - Worker's Compensation
3. Protect the County from unexpected loss and minimize the County's exposure to risk.
4. Ensure the County COMPASS 4.6 system and personnel/payroll processes are in compliance with legal mandates and the upgrade is completed on time.
5. Research, develop and recommend strategies for improving the County's competitive position.

**OFFICE OF COMMUNICATIONS & INFORMATION TECHNOLOGY  
FISCAL YEAR 2003-04  
PRIORITIES**

- Maintain and support mission critical countywide systems and applications. Examples include the following:
  - Enterprise data network (WAN).
  - Telephone and voice processing systems.
  - Core mobile data terminal system (Sheriff and Metro Fire).
  - Core regional radio communication system (Sheriff, County Local Government, Metro Fire, City of Sacramento, City of West Sacramento, City of Folsom, and Sacramento Regional Transit).
  - Data Center operations at 799 G Street (mainframe and servers).
  - Integrated Criminal Justice Information System (CJIS/IJIS/CLETS).
  - Financial, Payroll, and Human Resources System (COMPASS, Retirement, and Special District Payroll).
  - Utility Billing and Customer Care System (FOCUS).
  - Secured and Unsecured Property Tax Systems.
  - Local Government emergency dispatch and communications center operations.
  - County building security and door alarm systems (C-CURE).
  - Enterprise public safety paging system.
- 2. Maintain and support other countywide systems and applications. Examples include the following:
  - Sacramento County Agenda Reporting and Processing system (SCARPA).
  - Assessor's Property Data Base system (PDB).
  - Shared e-mail and calendaring system.
  - Internet portal and department website hosting and support
  - Intranet portal and department website hosting and support
  - E-government applications such as internet search engine and online employee directory.
  - Enterprise Content Management systems.
- 3. Provide COMPASS training to county employees.
- 4. Provide computer (PC) desktop support services for OCIT and other departments.
- 5. Provide computer help desk operations for countywide systems and applications.
- 6. Provide computer application development services for OCIT and other departments.
- 7. Provide other technical computer application training to county employees (Word, Access, Excel, Power Point, Front Page, etc.).
- 8. Provide centralized project management services for OCIT and other departments.
- 9. Provide research and development services for OCIT and other departments.

**PUBLIC PROTECTION AGENCY  
FISCAL YEAR 2003-04  
PRIORITIES**

1. Protect the poor and destitute through:
  - Basic financial and medical care
2. Protect the Public's Health through:
  - Communicable Disease Control
3. Protect Vulnerable Residents (children, disabled adults, frail seniors) from:
  - Physical Abuse
  - Emotional Abuse
4. Protect the Public from Crime through:
  - Safe and Secure Institutions of Detention and Commitment
  - Investigations for the Court
  - Monitoring and Tracking of Dangerous Felons
5. Provide self-sufficiency classes:
  - Housing Assistance
  - Employment Services
  - Rehabilitation Services
  - Treatment Services

**PUBLIC WORKS AGENCY  
(for General Fund)  
FISCAL YEAR 2003-04  
PRIORITIES**

1. Provide subsidies for Paratransit and veteran's facilities, as determined by the Board of Supervisors.

**ASSESSOR'S OFFICE  
FISCAL YEAR 2003-2004  
PRIORITIES**

1. Locate all taxable property within Sacramento County.
2. Establish the assessed value of all taxable property in accordance with the California Constitution and the Revenue and Taxation Code.
3. Identify the owner(s) of all taxable property.
4. Prepare and publish the secured assessment rolls, both annual and supplemental, including the following categories:
  - Land
  - Structures
  - Personal Property
  - Fixtures
  - Veteran's Exemptions
  - Church/Welfare Exemptions
  - Homeowner's Exemptions
5. Prepare and publish the unsecured assessment roll, including the following categories:
  - Land
  - Improvements on Leased Land
  - Trade Fixtures
  - Personal Property
  - Veteran's Exemptions
  - Church/Welfare Exemptions
  - Homeowner's Exemptions
6. Defend assessments before the Assessment Appeals Board
7. Provide information to taxpayer's regarding their assessments.
8. Provide information to external customers (including other County departments) regarding ownership, addresses, assessed values, exemptions, exclusions, classification of property, property tax law, etc.
9. Prepare the County of Sacramento application or Williamson Act Subventions to the State of California.

**BOARD OF SUPERVISORS/CLERK OF THE BOARD  
FISCAL YEAR 2003-04  
PRIORITIES**

1. Assure compliance with state and local requirements (Government Code, Brown Act, local ordinances) relative to proper noticing and posting of public meeting agendas and legal notices for all hearing bodies under this office's oversight, including:
  - Board of Supervisors
  - Project Planning Commission
  - Policy Planning Commission
  - Assessment Appeals Boards
  - Sacramento First Five Commission
  - Sacramento Transportation Authority
  - Sacramento Solid Waste Authority
  - Freeport Regional Water Authority
  - Tobacco JPA
2. Compile, distribute, maintain and preserve records of matters heard before and actions taken by all of the above hearing bodies in all available formats (paper, electronic documents, audio/digital recordings) as specified by law.
3. Respond to Public Records Act requests.
4. Provide administrative, clerical and legislative support to the elected officials (Board of Supervisors) including:
  - a. Keeping of calendars
  - b. Information and assistance to constituents
  - c. Coordination with external customers, other public entities and county departments
  - d. Office management including technology developments, web accessibility, disability compliance, personnel
  - e. Fiscal oversight
5. Provide clerical and staff support the Project and Policy Planning Commissions and Assessment Appeals Boards, including:
  - a. Agenda Preparation
  - b. Meeting material distribution
  - c. Acting as clerk at meetings recording actions taken
  - d. Accepting and assisting the filing the assessment appeals applications
  - e. Records Management
  - f. Coordination with key county departments including the Assessor, Planning & Community Development, Dept. of Environmental Review and Assessment and Public Works
6. Act as filing office for and assure compliance with filing requirements and deadlines for:
  - a. Public Agency filings with the Secretary of State
  - b. Annual financial disclosure statements for designated staff, Board Members and members of board-appointed committees and commissions
  - c. Claims

**DISTRICT ATTORNEY  
FISCAL YEAR 2003-04  
PRIORITIES**

- Seek, serve and do justice by maintaining our commitment to holding criminal offenders accountable. [JU]
  - Emphasis on seeking protection and safety for the public by prosecuting violent adult and juvenile offenders
  - Maintain and enhance efforts to lessen the trauma experienced by victims of crime by offering continued support services and providing timely and accurate information during the pendency of criminal and juvenile proceedings
  - Maintain the highest ethical standards
- Provide for enforcement of misdemeanor offenses that affect the safety of the community, the quality of neighborhoods, and serve as a breeding ground for more serious criminal activity. [MI]
- Provide nuisance enforcement by working in partnership with law enforcement agencies, government agencies, and the community to develop long-term strategies and solutions to myriad issues of blight, narcotics offenses, and public nuisance activities that reduce the quality of life for our communities. [CP]
- Provide educational programs to the community with the goal and aim of increasing public awareness and public access to the criminal justice system (GIFT [Gun Violence Information for Teens] program and the District Attorney's Citizen Academy). [ED]
- Provide outreach and training to law enforcement, public agencies, and the community on issues pertaining to public safety and quality of life issues. [OT]
- Provide for consumer protection by investigating consumer complaints, obtaining civil injunctions to stop unlawful practices or seeking civil or criminal penalties, and working with state and local regulatory agencies to enforce consumer protection laws. [CF]
- Provide the highest level of environmental enforcement possible with available resources by investigating allegations of environmental violations, seeking civil injunctions to halt such violations, and seeking civil and criminal penalties where appropriate. [EE]
- Provide quality forensic laboratory services to our office, Sacramento County law enforcement agencies and the Sacramento County Coroner's Office by conducting timely evaluations and analyses of physical evidence and assisting the prosecution of such cases by presenting our findings in court. Within budget constraints, there will be: [FS]
  - Emphasis on developing DNA profiles on sexual assault and homicide suspects to solve old and current unsolved cases

**DISTRICT ATTORNEY (continued)**

- Emphasis on examining firearms-related evidence from homicides to assist the police in the timely investigation of the case
- Emphasis on analyzing drug cases and clandestine laboratory cases
- Emphasis on analyzing samples in DUI and Coroner toxicology cases
- Maintain ASCLD accreditation of the Laboratory of Forensic Sciences. [CL]
- Provide investigative trial preparation support for the prosecution of criminal offenders and investigation and enforcement of consumer and environmental violations. [IV]
- Provide for immediate investigative response to peace officer involved shootings that occur within Sacramento County. [PO]
- Provide for the protection of victims, witnesses, and employees of the department when necessary. [PR]
- Provide opportunities to insure that attorneys, criminal investigators, criminalists, and victim advocates receive the training required by statutes, professional associations, and grants to carry out their assigned duties and responsibilities. [TR]
- Provide for the collection on non-sufficient fund checks and return those collections to the victims. [NS]
- Provide the highest level of service possible in support of the investigative and prosecutorial activities of the office by budget preparation and analysis; fiscal monitoring, reporting and general accounting, ensuring compliance with county, state and federal fiscal policies, procedures and regulations; and identifying and maximizing external revenue sources. [BU]
- Seek funding from local, state, and federal sources for specialized prosecutorial efforts. [RE]

**SHERIFF'S DEPARTMENT  
FISCAL YEAR 2003-04  
PRIORITIES**

- Protect life and property, preserve the public peace and enforce the laws.
- Provide safe and secure facilities to house inmates and to maintain their health and welfare through administration of housing, food, medical, educational, and vocational services.
- Provide a continuity of service by conducting specialized and innovative investigations that reach conclusions which meet the needs of our community.
- Provide professional and effective community-based law enforcement services, working to identify permanent solutions to the contemporary challenges facing our neighborhoods, and improve the quality of life throughout our various communities.
- Provide support and assistance for the department's law enforcement activities through information management, 911 call taking, criminal identification, documentation and preservation of evidence, training and recruitment, budget analysis, and revenue development.

**Allocation of General Purpose Financing Summary**

	<b>2002-03 Adjusted Final Budget</b>	<b>2003-04 Recommended Preliminary Allocations</b>	<b>Amount Variance</b>	<b>Percent Change</b>
Elected Officials				
Assessor	\$ 4,292,032	\$ 3,832,153	\$ (459,879)	-10.7%
Board of Supervisors	2,725,060	2,433,077	(291,983)	-10.7%
Correctional Health Services	4,032,689	5,532,689	1,500,000	37.2%
District Attorney	32,063,889	28,628,329	(3,435,560)	-10.7%
Sheriff	107,613,728	102,779,602	(4,834,126)	-4.5%
Community Development & Neighborhood Assistance Agency	11,538,555	10,601,126	(937,429)	-8.1%
General Government / Chief Financial Officer	35,798,246	35,409,111	(389,135)	-1.1%
Human Resources Agency	7,152,894	6,386,480	(766,414)	-10.7%
Public Protection Agency	217,746,893	217,814,486	67,593	0.0%
Public Works Agency	84,908	82,946	(1,962)	-2.3%
<b>Total Available Allocations</b>	<b>\$ 423,048,894</b>	<b>\$ 413,500,000</b>	<b>\$ (9,548,894)</b>	<b>-2.3%</b>



**COUNTY OF SACRAMENTO  
CALIFORNIA**

**ATTACHMENT III**

For the Agenda of:  
February 4, 2003  
Timed: 2:15 PM

To: Board of Supervisors

From: Office of Communications and Information Technology  
Department of Finance

Subject: Appropriation Adjustment Request No. 23-051 In The Amount Of \$200,000 For  
The COMPASS 4.6 Upgrade Project

Contact: Patrick Groff, 874-7825  
Mark Norris, 874-6705

**Overview**

The County is in the process of implementing a major upgrade to our Financial and Human Resources System (COMPASS). The go-live date for this Upgrade Project is scheduled for April 3, 2003. The required cut-over phase of the Upgrade Project is estimated to occur between March 27 and April 2, 2003. This Appropriation Adjustment Request (AAR), in the amount of \$200,000, is related to the hardware, software, and staffing necessary to provide limited access to the existing COMPASS System by the Department of Finance (DOF) during the cut-over period. This will allow the DOF to continue to process critical transactions in the areas of cash management, to include cash deposits and withdrawals and the processing of investment transactions; warrant accounting, to include the payment of county warrants presented to our bank and the cancellation and stop payment of outstanding warrants; and to perform other critical business processes such as producing financial reports from COMPASS and performing the daily reconciliation of the county's bank account to the Treasurer's accountability.

**Recommendation**

That your Board approve the attached AAR No. 23-051 transferring \$200,000 from Contingencies to Data Processing - Shared Systems for the COMPASS 4.6 Upgrade Project.

**Measures**

The outcomes resulting from this effort will be to allow DOF to continue to process critical transactions in the areas of cash management, warrant accounting, and performing the daily reconciliation of the county's bank account to the Treasurer's accountability. For example, on a daily average for the last six months of 2002, 7,764 warrants were paid amounting to approximately \$14 million and 102 deposit permits were processed with daily receipts of approximately \$42 million. Since the second installment of secured property taxes will be due on April 10, receipts for the cut-over week are expected to exceed \$50 million per day. It is, therefore, critical that these daily processes are uninterrupted.

**Fiscal Impact**

This project is funded through a reduction in the Contingency Appropriation in the General Fund. This will result in a lower fund balance available as financing at the start of the 2003-04 Fiscal Year.

**BACKGROUND:**

The County is in the process of implementing a major upgrade to our Financial and Human Resources System (COMPASS 4.6 Upgrade Project). The scheduled go-live date for the Upgrade Project is April 3, 2003. The required cut-over phase of the Upgrade Project, where we convert from the existing COMPASS System (SAP version 4.0B) to the new COMPASS System (SAP version 4.6C), is estimated to occur between March 27 and April 2, 2003. During this timeframe (7 calendar and 5 business days) neither the existing COMPASS System nor the new COMPASS System will be available to the departmental users. In the absence of the proposed cut-over strategy, the business owner departments, including the DOF, would not have access to either the existing or the new COMPASS Systems.

**DISCUSSION:**

The COMPASS Steering Committee has determined that denying access to the existing COMPASS system by the business owner departments, particularly DOF, during this 7-calendar day period is not a viable option for the County. The COMPASS Steering Committee, with the technical support of the entire COMPASS Support Team, has evaluated several options and is recommending a strategy that will provide limited access to the existing COMPASS system by DOF during the cut-over period. This will allow DOF to continue to process critical transactions in the areas of cash management, to include cash deposits and withdrawals and the processing of investment transactions; warrant accounting, to include the payment of county warrants presented to our bank and the cancellation and stop payment of outstanding warrants; and to perform other critical business processes such as producing financial reports from COMPASS and performing the daily reconciliation of the county's bank account to the Treasurer's accountability.

This AAR, in the amount of \$200,000, is related to the hardware, software and staffing necessary to accomplish the cut-over efforts. It should be noted that, even with the proposed cut-over effort, other departmental COMPASS users will not have access to the system during this period. We want to assure you that the COMPASS Steering Committee and the COMPASS Support Team are implementing a communication plan so that our COMPASS users are well informed regarding the workload impacts resulting from the unavailability of the COMPASS System during the cut-over period.

**CONCLUSION:**

The COMPASS 4.6 Upgrade Project is critical to the county's goal to fully realize the benefits of a comprehensive enterprise financial and human resources system. The COMPASS 4.6 Upgrade Project is an effort that has been underway for well over a year and includes the involvement of literally hundreds of employees and consultants. The COMPASS Steering Committee feels strongly that funding and implementing this recommended cut-over effort is necessary and prudent. Therefore, it is recommended that your Board approve the AAR No. 23-051 transferring \$200,000 from Contingencies to Data Processing - Shared Systems for the COMPASS 4.6 Upgrade Project.

Respectfully submitted,

PATRICK L. GROFF, Chief Information Officer  
Office of Communications and Information Technology

CONCUR:

MARK NORRIS, Director  
Department of Finance

Attachment

APPROVED:

TERRY SCHUTTEN  
County Executive

By GEOFFREY B. DAVEY  
Chief Financial Officer

COUNTY OF SACRAMENTO					1. REQUEST NUMBER <b>23-051</b>
<b>APPROPRIATION ADJUSTMENT REQUEST</b>					
Department Name <b>SHARED O.C.I.T. SYSTEMS</b>		Department Name (if applicable) <b>Appropriation for Contingency</b>		3. Date <b>JAN. 22, 2003</b>	
REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW					
	FUND#	INDEX#	ACCOUNT	ACCOUNT TITLE	AMOUNT
	001A	5780000	7770100	CONVINGENLY	200,000
SOURCE OF FINANCING					
USE OF FINANCING					
	001A	5715719	2029100	DP SERVICES	200,000
JUSTIFICATION (Attach Memo if Necessary)					
<p><i>Compass 4.6 upgrade project. Equipment and labor for maintaining critical Compass functions during cut-over to new version.</i></p>					
Department Head <i>Patrick L. Groff</i>			Department Head (if applicable)		
Date <i>1/22/03</i>			By _____ Date _____		
<b>ACTION</b>					
<input type="checkbox"/> Dept. Head Approval(s) only required			Auditor-Controller		
<input checked="" type="checkbox"/> Board Action Required			By <i>Shirley S. ...</i> Date <i>1/22/03</i>		
<input type="checkbox"/> Four-Fifths Vote Required			County Executive		
<b>APPROVAL</b>					
<input checked="" type="checkbox"/> Approve			By <i>Geoffrey B. Davey</i> Date <i>1/22/03</i>		
<input type="checkbox"/> Disapprove					
<b>RESOLUTION</b>					
On a motion by Supervisor _____, seconded by Supervisor _____					
the foregoing resolution was passed and adopted by the BOARD OF SUPERVISORS of the County of Sacramento, State of California, this _____ day of _____, 19____ by the following vote, to wit:					
<b>AYES: Supervisors,</b>					
<b>NOES: Supervisors,</b>					
<b>ABSENT: Supervisors,</b>					
Resolution Number _____					
(SEAL)			CHAIR OF THE BOARD OF SUPERVISORS OF SACRAMENTO COUNTY CALIFORNIA		
ATTEST:			CLERK OF THE BOARD OF SUPERVISORS		
<small>                 Distribution: White - Board of Supervisors; Blue - Department Approved Copy; Green - County Executive File Copy; Yellow - Auditor-Controller Approved Copy; Pink - Auditor-Controller Control Copy; Goldrod - Department Control Copy.             </small>					

ATTACHMENT IV

COUNTY OF SACRAMENTO

1. REQUEST NUMBER  
23-053

APPROPRIATION ADJUSTMENT REQUEST

Department Name County Executive Department Name (if applicable) \_\_\_\_\_ 3. Date 1/6/03

REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

	FUND#	INDEX#	ACCOUNT	ACCOUNT TITLE	AMOUNT
SOURCE OF FINANCING	<u>015A</u>	<u>406000</u>	<u>7979000</u>	<u>Contingency Appropriation</u>	<u>200,000</u>
USE OF FINANCING	<u>015A</u>	<u>406000</u>	<u>9191000</u>	<u>Transient-Occupancy Tax</u>	<u>200,000</u>

JUSTIFICATION (Attach Memo if Necessary)

*Eliminate Contingency to offset anticipated reduction in T.O. Tax revenues.*

Department Head John O'Farrell Department Head (if applicable) \_\_\_\_\_  
 Date 1/22/03 By \_\_\_\_\_ Date \_\_\_\_\_

**ACTION**  Dept. Head Approval(s) only required  Board Action Required  Four-Fifths Vote Required

Auditor-Controller By [Signature] Date 1-23-03

**APPROVAL**  Approve  Disapprove

County Executive By [Signature] Date 1-28-03

**RESOLUTION**  
 On a motion by Supervisor \_\_\_\_\_, seconded by Supervisor \_\_\_\_\_  
 the foregoing resolution was passed and adopted by the BOARD OF SUPERVISORS of the County of Sacramento, State of California, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ by the following vote, to wit:

**AYES: Supervisors,**  
**NOES: Supervisors,**  
**ABSENT: Supervisors,**

Resolution Number \_\_\_\_\_

CHAIR OF THE BOARD OF SUPERVISORS OF SACRAMENTO COUNTY CALIFORNIA

(SEAL)

ATTEST:

CLERK OF THE BOARD OF SUPERVISORS

Distribution: White - Board of Supervisors, Blue - Department Approved Copy, Green - County Executive File Copy, Yellow - Auditor-Controller Approved Copy, Pink - Auditor-Controller Control Copy, Goldendot - Department Control Copy

MAARS DATE REVISED 11/12/02

CENTRAL STORE # 7541-2055-9

ATTACHMENT V

COUNTY OF SACRAMENTO  
CALIFORNIA

For the Agenda of:  
February 4, 2003  
Timed: 2:15 PM

To: Board of Supervisors  
 From: Department of Finance  
 Subject: Continuation Of Restriction To Departmental Empowerment Policies  
 Contact: Mark Norris, Director of Finance, 874-6705

**Overview**  
 On December 11, 2001, your Board was provided with a report on early midyear indications of revenue shortfalls in the General Fund and Transient Occupancy Tax (TOT) Fund, and the related budget challenges for the coming year. At that meeting, your Board took actions to mitigate those future budget challenges. One of the measures that your Board approved immediately was to restrict departmental empowerment to disallow administrative processing of Appropriation Adjustment Requests (AARs) that transfer salary savings to be used for non-salary/benefit-related expenditures, including expenditures for temporary agency employees. This restriction contained a sunset clause in it through the end of Fiscal Year 2001-02.

An analysis of AARs that transferred salary savings for Fiscal Years 2000-01 and 2001-02 reveals that approximately \$12.0 million less in salary savings was transferred during Fiscal Year 2001-02 than in Fiscal Year 2000-01. The \$11,909,395 less in appropriations that were transferred in 2001-02 compared to 2000-01, reflects General Fund salary savings of \$12,771,162 in appropriations and an increase in the Non-General Fund appropriations of \$861,767.

In summary, during Fiscal Year 2000-01 departments administratively transferred 82.41 percent or \$19,844,507 of the total transfers of \$24,079,276 from salary savings expenditures to other expenditure categories that were General Fund appropriations. During Fiscal Year 2001-02, General Fund AARs represented 58.12 percent or \$7,073,345 of the total transfers of \$12,169,881 or \$2,074,150 of the subtotal of AARs of \$3,077,600 prior to December 11, 2001, and your Board transferred \$4,999,195 of the subtotal of AARs of \$9,092,281 after that date. Assuming that departmental administratively approved appropriation transfers would have been similar for 2001-02 compared to 2000-01, action to restrict empowerment saved approximately \$12.8 million in General Fund appropriations.

**Recommendation**  
 Approve the continuation of the restriction to limit departmental empowerment on AARs from salary savings, including expenditures for temporary agency employees, to other expenditure categories to require a 4/5ths vote of your Board until the budget situation improves.

**Fiscal Impact**  
 A comparison of Fiscal Years 2000-01 and 2001-02 reveals that approximately \$12.0 million less was transferred from salary savings during Fiscal Year 2001-02 than the previous fiscal year that impacted the General Fund. We anticipate that the continuation of this restriction will provide further savings for Fiscal Year 2002-03, which will help mitigate the anticipated large budget shortfall for Fiscal Year 2003-04.

**BACKGROUND:**

During 1992, your Board approved departmental empowerment policies that allowed departments to administratively transfer appropriations from one expenditure category to another. On December 11, 2001, your Board was provided with a report on early midyear indications of revenue shortfalls in the General Fund and Transient Occupancy Tax (TOT) Fund, and the related budget challenges for the coming year. Your Board approved recommendations to mitigate those future budget challenges. One of the measures that you approved immediately was to restrict departmental empowerment to disallow administrative processing of AARs that transfer salary savings to be used for non-salary/benefit-related expenditures, including expenditures for temporary agency employees. This restriction included a sunset clause in it through the end of Fiscal Year 2001-02. This report recommends that your Board approve the continuation of this restriction to AARs.

**DISCUSSION:**

The attached analysis of Fiscal Years 2000-01 and 2001-02 identifies AARs that departments administratively transferred from salary savings, sorted by departments, and further distinguishes General Fund appropriation adjustments versus non-General Fund appropriation adjustments. The analysis for Fiscal Year 2001-02 separates and summarizes the transfers from the beginning of the year to the date that your Board restricted the transfers on December 11, 2001, and those approved by your Board after that date. For Fiscal Year 2002-03 as of November 20, 2002, your Board has approved two AARs totaling \$3,062,748 of General Fund appropriations.

An analysis of AARs that transferred salary savings for Fiscal Years 2000-01 and 2001-02 reveals that approximately \$12.0 million less in salary savings was transferred during Fiscal Year 2001-02 than in Fiscal Year 2000-01. The \$11,909,395 less in appropriations that were transferred in 2001-02 compared to 2000-01, reflects General Fund salary savings of \$12,771,162 in appropriations and an increase in the Non-General Fund appropriations of \$861,767.

In summary, during Fiscal Year 2000-01 departments administratively transferred 82.41 percent or \$19,844,507 of the total transfers of \$24,079,276 from salary savings expenditures to other expenditure categories that were General Fund appropriations. During Fiscal Year 2001-02, General Fund AARs represented 58.12 percent or \$7,073,345 of the total transfers of \$12,169,881 or \$2,074,150 of the subtotal of AARs of \$3,077,600 prior to December 11, 2001, and your Board transferred \$4,999,195 of the subtotal of AARs of \$9,092,281 after that date. Assuming that departmental administratively approved appropriation transfers would have been similar for 2001-02 compared to 2000-01, action to restrict empowerment saved approximately \$12.8 million in General Fund appropriations.

**CONCLUSION:**

With the continuing budget challenges for Fiscal Year 2002-03 and to help mitigate the anticipated large budget shortfall for Fiscal Year 2003-04, it is recommended that AARs that transfer salary savings to be used for non-salary/benefit-related expenditures, including expenditures for temporary agency employees, continue to require a 4/5ths vote by your Board until the budget situation improves.

Respectfully submitted,

\_\_\_\_\_  
MARK NORRIS, Director  
Department of Finance

APPROVED:

\_\_\_\_\_  
TERRY SCHUTTEN  
County Executive

By: \_\_\_\_\_  
GEOFFREY B. DAVEY  
Chief Financial Officer  
Office of Budget and Debt Management

Attachments

cc: Agency Administrators  
Department Heads

Department Approved Appropriation Adjustments from Salary Savings  
Fiscal Year 2000-01

Date	AAR Number	Department	Amount
<b>General Fund</b>			
07/05/01	21-611	Animal Care & Regulation	\$ 151,000
06/30/01	21-629	Assessor	\$ 306,200
06/30/01	21-642	Assessor	40,000
			\$ 346,200
07/06/01	21-616	County Counsel	\$ 3,225
08/06/01	21-672	County Counsel	2,666
			\$ 5,891
08/02/01	21-670	District Attorney	\$ 80,000
08/08/01	21-673	Environmental Review & Assessment	\$ 1,486
07/06/01	21-634	Human Assistance	\$ 9,000,000
01/17/01	21-515	Human Resources	\$ 2,000
01/17/01	21-516	Human Resources	2,000
06/22/01	21-593	Human Resources	60,000
06/23/01	21-594	Human Resources	30,000
06/23/01	21-595	Human Resources	180,000
06/23/01	21-596	Human Resources	200,000
08/09/01	21-677	Human Resources	117,000
			\$ 591,000
07/06/01	21-640	Medical Systems	\$ 2,000,000
08/09/01	21-678	Medical Systems	200,000
			\$ 2,200,000
07/06/01	21-641	Probation	\$ 5,868,930
07/05/01	21-633	Sheriff	\$ 1,600,000
		<b>Subtotal General Fund:</b>	<b>\$ 19,844,507</b>

Department Approved Appropriation Adjustments from Salary Savings  
Fiscal Year 2000-01

Date	AAR Number	Department	Amount
<b>Non-General Fund</b>			
08/08/01	21-674	Carmichael Recreation & Park District	\$ 21,067
04/16/01	21-534	County Engineering & Administration	\$ 20,000
06/19/01	21-589	County Engineering & Administration	200,000
07/05/01	21-630	County Engineering & Administration	1,200,000
07/10/01	21-645	County Engineering & Administration	500,000
07/19/01	21-663	County Engineering & Administration	10,000
			\$ 1,930,000
07/17/01	21-650	General Services	\$ 101,531
07/17/01	21-653	General Services	344,269
07/17/01	21-654	General Services	237,922
07/17/01	21-657	General Services	11,855
07/17/01	21-660	General Services	28,234
07/17/01	21-661	General Services	109,595
07/17/01	21-662	General Services	65,296
			\$ 898,702
07/05/01	21-614	OCIT	\$ 820,000
03/07/01	21-530	Risk Management & Benefits	\$ 200,000
04/11/01	21-533	Risk Management & Benefits	130,000
			\$ 330,000
06/29/01	21-608	Transportation	\$ 60,000
01/23/01	21-518	Water Quality	\$ 105,000
06/27/01	21-604	Water Quality	30,000
06/27/01	21-605	Water Quality	27,000
			\$ 162,000
01/24/01	21-517	Water Resources	\$ 12,000
06/27/01	21-599	Water Resources	1,000
			\$ 13,000
		<b>Subtotal Non-General Fund:</b>	<b>\$ 4,234,769</b>
<b>Total</b>			<b>\$ 24,079,276</b>

**COUNTY OF SACRAMENTO  
CALIFORNIA**

**ATTACHMENT VI**

For the Agenda of:  
February 4, 2003  
Timed: 2:15 PM

TO: Board of Supervisors

FROM: Department of Regional Parks, Recreation and Open Space

SUBJECT: Report On Parks And Recreation Special Fund Depository

Contact: Michael Tateishi, Administrative Officer, 875-6023

**Overview**

The Department of Regional Parks, Recreation and Open Space Parks has reviewed its special funds depository in terms of the revenue sources and the funds' usage. The report proposes changes in departmental practices concerning depositing revenue into the fund and the use of funds in the depository accounts.

**Recommendations**

1. Accept the findings of this report.
2. Approve the recommendations contained within the body of the report regarding the disposition of various funds currently held in deposit in the special revenue account.
3. Direct the department to follow the changes to related practices as discussed in the report.

**Measures/Evaluation**

Non-applicable.

**Fiscal Impact**

The proposed action will not affect net county cost.

**BACKGROUND:**

The Department of Regional Parks, Recreation and Open Space (Parks) established a trust fund in 1983 by memorandum from Gary Cassady, Administrator - Administration and Finance Agency, to Nancy Wolford, Auditor-Controller. The fund was originally established to "serve as a depository for donations received for various programs and/or facilities." In June 1984, the trust account name was changed to "Miscellaneous Deposits – Parks & Recreation." In

addition, a second account was added to "receive and hold funds which are designated for expanding the Effie Yeaw Interpretive Center (now, Effie Yeaw Nature Center). Any future Fish and Game monies, other contributions, or grants which are designated for expanding Effie Yeaw may be deposited into this account and held until the appropriate time."

Since 1984, the depository has become a catchall for any revenue that the department deemed it would need to fund long-term projects (those covering a number of years) or for contingencies or special parks projects. Parks has deposited fees from concession contractors, lease payments, judgments against individuals, mitigation payments, and security deposits. Two issues arise from this practice:

1. Certain special revenues were deposited in the special fund depository and not as General Fund revenue to the program budget. This evolved over time with no guidelines as to when revenues should be deposited in the special fund or booked as departmental revenue for operations.
2. The funds in the depository are now a combination of restricted and unrestricted funds. Some of the funds are earmarked for specific purposes, thus, are considered "restricted funds." Others are not designated for any particular use and are considered "non-restricted funds."

Other than the limitations placed on the account for Effie Yeaw Nature Center, expenditure of trust fund revenue was restricted only as through the regular budget process. The department's practice has been to budget a specific amount of revenue from the special fund account (\$150,000) and to budget an expenditure line item (\$150,000). This was done to handle any transfers of funds from the special fund depository to the department for use. In most years, the full expenditures did not occur nor were funds transferred as revenue.

**DISCUSSION:**

Parks has numerous revenue sources including fees, concession charges, lease payments, donations, and fundraisers. In some instances, revenues are received that are explicitly designated by the revenue source for special use. Generally, the department receives revenue that is not designated for specific use. These revenues would normally be deposited into the General Fund as revenue to offset Parks' expenditures. Common practice has been for the department to decide when revenue would be booked as General Fund revenue or considered special revenue to be deposited into its special fund depository.

Some types of revenue, such as lease payments, were consistently deposited to the special fund. At other times, the decision is made case by case. An example of this is the donation from the annual Eppie's Great Race. This donation is budgeted as General Fund revenue within the department's Therapeutic Recreation Services budget to offset costs of the program. However, in some years either the donation or amounts in excess of budgeted revenue was not booked as revenue to the budget but deposited into the special fund depository.



Parks has reviewed the special funds it has set up in terms of the revenue sources and funds' usage. This includes:

- ♦ Whether a fund is restricted in its use or not.
- ♦ What revenue sources should be deposited into the General Fund account.
- ♦ Whether a fund should be more appropriately deposited into the Parks Construction Fund.

#### Restricted Funds

Parks has identified the following special funds as restricted, i.e., funds designated for a specific purpose. The department will continue to deposit revenue associated with these types of funds into the special fund depository and will expend the funds as designated. However, those special funds associated with the Golf Division will be deposited into the Golf fund.

*Cosumnes River Preserve* – These funds are designated for the development of the Cosumnes River Preserve, with expenditures approved by a consortium of stakeholders including Parks and the Bureau of Land Management. They include four agricultural leases – McFarland Ranch, Valensin, Garcia Ranch, and Flint. (**Note:** The McFarland Ranch lease restrict the use of funds to be used only for the 105 acres of McFarland land.)

#### *Gibson Ranch Concession Agreement* –

- ♦ The security deposit of \$10,000 is to be returned to the contract provider upon termination of the contract as provided by the contract.
- ♦ Fees based on 7.5 percent of the gross monthly income derived solely from boarding operations are deposited into the Gibson Ranch Maintenance Fund. These funds are restricted by contract and are to be used in completing major projects or repairs of the concession facilities.

#### *American River Parkway* –

- ♦ The Goethe fund is used “ . . . either to acquire additional lands as part of the said American River Parkway Plan along the American River in the County of Sacramento and for the improvement of such lands with riding, hiking and bicycle trails and the designation of same as the “Jedidiah Smith Memorial Trail; or to improve the existing lands owned by said County within said American River Parkway Plan for riding, hiking, and bicycle trails to be designated as the above-named trail; and that all of such improvements shall be dedicated as public recreational park areas open to all members of the public, to be maintained by the County, as public recreational park areas.”
- ♦ The Ancil Hoffman funds are “for use in the Ancil Hoffman Park, to be used as the Board of Supervisors of the County of Sacramento, State of California shall deem advisable.”

- ♦ Effie Yeaw Nature Center (EYNC)/ Martha Channel/La Verne donation – As stated previously, a special fund account was established in 1984 to “receive and hold funds which are designated for expanding the Effie Yeaw Interpretive Center (now, Effie Yeaw Nature Center). Any future Fish and Game monies, other contributions, or grants which are designated for expanding Effie Yeaw may be deposited into this account and held until the appropriate time.” This account is currently comprised completely by the Martha Channel/La Verne donation and is to be utilized for Effie Yeaw Nature Center at the discretion of the Director.
- ♦ American River Parkway (ARP) Opinion Poll – Funds from private sources and \$10,000 from special fund interest earnings are used to conduct polling to determine the needs as identified by the public and the public's willingness to support these identified needs on the Parkway.
- ♦ “In My Backyard Funds” – This is the balance remaining from an appropriation from the Board of Supervisors in support of the ARP Foundation's program. This was one-time funding, provided to the foundation for support of their programs. When the funds are depleted, this account will be closed.
- ♦ ARP Donations – Donations from collection boxes installed on the American River Parkway. Funds to be used for American River Parkway projects.

#### *Adaptive Leisure Services (Therapeutic Recreation Services)* –

- ♦ Camp Funds are to be used for designated camping activities.
- ♦ Special Olympics funds are designated for Special Olympics activities only.
- ♦ Adaptive scholarships are designated to assist client-in-need to participate in activities.
- ♦ Day in the Zone cleaning deposit is for an annual event. The deposit, excluding interest, will be returned to the user group upon request, provided there is no facility or property damage.

#### *Golf Division Special Funds* –

- ♦ Concession Security Deposits must remain in the trust and cannot be expended. Deposits are to be returned to the concessionaire upon termination of concession contract. These include: Mather Golf Partners performance bond, Blue Oak Restaurant, Cherry Island Golf Course (CIGC) security and performance bond, and Hoffman food service bond.
- ♦ Concession interest earned on the concession security deposits is to be used for concession golf promotion.
- ♦ Ancil Hoffman Golf Certificate Assumption Fee – a fee for service management contract was established with Empire Golf Inc. The prior service contract with WillHelp Inc. was terminated. WillHelp Inc. had a financial obligation for gift certificates issued over the prior years. Ancil Hoffman Golf Course assumed this obligation. Assembly Bill 1054

requires that funds be reserved for redemption of valid gift certificates. This fund reserve has been established to meet that financial obligation.

- Mather Golf Partners Prior Year Settlement – a settlement was reached with a concessionaire after a revenue dispute. In recognition of Assembly Bill 1054, this money was set in reserve to meet gift certificate redemption obligations.
- Tournament Deposits Accumulated Interest – the deposits are non-refundable tournament deposits and will be transferred to Green Fees upon completion of event or cancellation/no show. Currently, tournament deposits are handled in golf operations. The current balance represents accumulated interest from prior years.

*Other –*

- Hazelwood Bench Court Tree Mitigation is funds paid by Public Works (Water Resources Division) for oak tree planting mitigation. This was due to a storm drain project that removed existing oaks. The intended use is for planting an establishment of native trees at Mather Regional Park.
- Witter Ranch Programs are funds set aside to operate an educational program for school children, depicting farm life.
- Walt Ueda Memorial Fund is donated for tree planting at Ueda Park (formerly Gateway Park).
- Indian Stone Corral funds were donated for improvements to Indian Stone Corral Park.
- Water Resource encroachment fees paid by Public Works to be used for Mather Forest restoration. (This is in addition to the Hazelwood Bench Court mitigation.)

**Table 1: Restricted Funds**

<i>Fund Name</i>	<i>Current Balance</i>
McFarland Ranch	\$ 51,579
Valensin	0
Garcia	235,769
Flint	660
Gibson Ranch Security Deposit	10,000
Gibson Ranch Maintenance Fund	51,048
Ancil Hoffman Special Fund	26,138
EYNC – Martha Channel/La Verne	51,798
Goethe Trust	210,696
ARP Opinion Poll	10,350
In My Backyard	36,615
ARP Donations	26,005

Adaptive Camps	3,649
Adaptive Scholarships	98
Special Olympics	914
Day in Zone Deposits	999
Ancil Hoffman (AH) Proshop	15,334
AH Pro Shop Interest	2,522
AH Assumption Fee	26,578
AH Golf Certificates Interest	1,897
Mather Golf Partners (MGP)	10,222
MGP Concessions interest	3,214
MGP Performance Bond	25,556
MGP Performance Bond Interest	7,501
Blue Oak Restaurant	4,649
Blue Oak Restaurant Interest	1,899
CIGC Security & Performance Bond	25,556
CIGC Sec bond Interest	984
Hoffman Food Service	10,222
Hoffman Food Service Interest	1,909
Golf Tournament Deposits Interest	5,695
CF MGP Prior Year Settlement	14,581
CF MGP Prior Year Settlement Interest	377
Hazelwood/Bench Ct Tree Mitigation	11,761
Witter Ranch Program	17,740
Walt Ueda Memorial Fund	150
Indian Stone Corral	5,000
Water Resources Encroachment Fees	28,200
<b>Total</b>	<b>\$ 937,865</b>

Non-Restricted Funds

These funds are not restricted as to where or on what they can be used. Parks will continue to deposit funds into these accounts as appropriate. It will expend the funds through the budgetary process, either including an amount in the department’s annual budget or through an appropriation adjustment request (AAR). Parks will report annually to the Board the status of these accounts.

*Interest* – Generally, there are no specifications as to the use of interest accrued from other funds. In instances where interest should be included with the particular restricted fund, e.g., Cosumnes River Preserve, then interest is included in those accounts.

*Gibson Ranch* – This is interest earned on the security deposit, Maintenance Fund, previous Concession Fees, swim hole carryover and donations. There are no contractual specifications on the use of interest accrued on Equestrian Center concession fees and Maintenance Trust Fund fees. Miscellaneous donations are generally applied to Gibson ranch with no other restrictions.



*American River Parkway* – This includes donations, encroachment fees, one-time easements, special mitigations and special lease agreements.

- SMAQMD – In 1998-99 SMAQMD funds were temporarily placed into the special fund and were to be transferred to reimburse the ARP budget. Although work was done and costs incurred, the department failed to transfer the funds for reimbursement. Since the transfer did not occur, there is no restriction on fund usage.
- Roessler encroachment fee, Judge McBrien mitigation fee for cutting down native oaks in the Parkway, Northgate easement fee is a one-time charge (Northgate Irrigation), and Well #17 are one-time fees or charges for easement or encroachment on the Parkway
- So Cal Water Co lease is a special lease for well in the Parkway. So Cal paid the 40-year lease payment in a lump sum payment and improvements made by So Cal.

*Adaptive Leisure Services (Therapeutic Recreation Services)* –

- Adaptive program funds are used for general program expenditures.
- Day in the Zone donations are not specific as to purpose but are generally used in support of Adaptive Leisure Services.
- Interest earned on the above funds is not specified as to use. Usually these funds are applied to adaptive programming.

*Elk Grove Pavilion* –

- Maintenance Funds – This is the remaining balance of funds comprised of fees paid by the former concession contract to be used for major repairs of the concession facilities. The contract no longer exists, and the remaining funds are no longer obligated to pay for facilities maintenance.
- Elk Grove Fire Department – This is a one-time easement fee for access by Elk Grove Fire Department.
- Interest earned on the Pavilion special funds are not restricted, but historically have been used for concession management to promote park use, concession operations, and the Elk Grove Regional Park.

*Golf Fund* – The Sacramento County Credit Union maintains Automated Teller Machines (ATMs) at the county golf courses. Revenue for space and interest earned are not restricted. These will be deposited into the Golf fund as revenue.

*Other* – Funds include miscellaneous donations and a one-time encroachment fee at Mather and funds from the sale of a strip of parklands to Roseville.

**Table 2: Non-Restricted Funds**

<i>Fund Name</i>	<i>Current Balance</i>
Interest from other funds	\$ 72,971
Gibson Ranch Interest	41,673
Gibson Ranch Miscellaneous Donations	2,800
SMAQMD	10,427
ARP Encroachment- Roessler	4,800
ARP Judge McBrien	20,000
So Cal Water Co (lease)	116,439
Northgate Easement (lease)	20,465
Well #17 (lease)	60,708
Adaptive Programs	5,675
Day in the Zone	15,266
Adaptive Interest	20,850
Pavilion Reservations	32,982
Elk Grove Fire Department Easement	4,018
Pavilion Maintenance Fund	17,119
Elk Grove Pavilion Interest	13,440
Golf – Sac Co Credit Union ATMs at golf courses	34,231
Golf – Interest earned from ATMs	6557
Roseville Strip Purchase	9,704
Mather Encroachment Fee	11,000
Miscellaneous Donations	1,040
<b>Total</b>	<b>\$ 522,165</b>

General Fund Deposits

These are funds that have been deposited into various special fund accounts, but may have been more appropriately deposited into the General Fund as revenue to offset department expenditures. Retroactive to July 1, 2002, the department will deposit these revenues into the General Fund account. Because many of the agricultural leases are based on a percentage of gross receipts of particular crops, the department is unable to provide exact revenues figures.

- Gibson Ranch Concession Agreement – A fee equivalent to 7.5 percent of gross receipts or a minimum of \$12,000 annually is to be paid to Parks by the concessionaire.
- American River Parkway – Two leases, the California Conservation Corps lease and Breinke lease, both at Goethe Park. (**Note:** The department has already begun depositing the revenue from one lease agreement into the General Fund beginning July 1, 2002. The lease agreement is the ARP Radio Towers Lease.)
- American River Parkway – Sales of materials, e.g., maps, at the various kiosks were deposited into this account.

- Adaptive Leisure Services – Any revenue budgeted in Parks’ annual budget to include donations from special events and fees to reimburse activities.
- Elk Grove Pavilion – Reservation charges were erroneously deposited into this special account. A few years ago, the department corrected this and began depositing the charges into the General Fund revenue account.
- Other – This includes various lease agreements: Dry Creek Parkway agricultural leases, Andal-Sacramento Area Modelers, Inc., lease, Mabel Jean Ranch lease, ISC Rhodes lease and the Witter-Laupe lease.

Parks Construction Funds

Parks has received revenue to reimburse for construction costs or land acquisition. These funds will be transferred to the Parks Construction Fund.

- Chen Property Acquisition – Reimbursement from Sacramento Area Flood Control Agency and Sacramento Valley Open Space Conservancy for property acquisition by Parks.
- Elk Grove Pavilion – Verizon Cellular Services made a one-time payment to the department for Parks’ Planning Unit’s costs.
- Elderberry Land Acquisition – These funds were donated by various groups to be used for the use of lands containing beetle habitat within or adjacent to the ARP. Leanane Investments paid \$6,600 to be used for the use of lands containing beetle habitat within or adjacent to the American River Parkway. Weyerhaeuser paid \$7,500 as compensation to use the county-designated VELB preserve as a mitigation site for the elderberry replacement planting and paid \$5,000 for Elderberry maintenance. Essex Development Company made a down payment of \$4,000 as compensation for use of property within the American River Parkway as a designated VELB preserve.
- Nielsen Property – These funds were for the acquisition of the Nielsen property.
- Soccer Camp Construction and Hoffman Parking – These funds were donated for the construction projects that were completed in prior years. They should go to reimburse the Construction Fund.
- Strategic Planning and Historic Site are funds set aside for consultants for master plans for Dry Creek and McFarland.

**Table 3: Parks Construction Funds**

<i>Fund Name</i>	<i>Current Balance</i>
Chen Property Acquisition	\$ 104,550
Elk Grove Pavilion - Verizon	3,000

Elderberry Land Acquisition	23,100
Nielsen Property Acquisition	18,096
Soccer Camp Construction Reimbursement	2,000
Hoffman Parking Lot Reimbursement	900
Historic Site and Strategic Plan	101,959
<b>Total</b>	<b>\$ 253,605</b>

Other Issues

The deposit of revenue, which may have been more appropriately deposited in the General Fund, e.g., lease payments, has developed a large balance of funds in the special fund depository. These balances will not increase since Parks will deposit new revenues in appropriate revenue accounts. The department would prefer to continue carrying the remaining fund balances in the special fund depository as non-restricted funds. This will allow for the expenditure of funds through the annual budget or through an AAR. These funds will be included in the department’s annual report to the Board on the special fund depository. The following are accounts and the balances in question.

- Equestrian Center Concession Fees – The concessionaire at Gibson Ranch pays a concession fee based on 7.5 percent of the monthly gross receipts, or a minimum of \$12,000 per year. These funds will be deposited into the General Fund revenue account beginning July 1, 2002. However, existing balances and interest will remain in the non-restricted accounts.
- Radio Tower Lease – The current lease is with Disney Co. for lease of land and facilities on the ARP for radio towers. The lease payments have been deposited into the General Fund revenue account since July 1, 2002. However, the balance from prior years will remain in this account.
- Goethe-California Conservation Corps lease – Like the radio tower lease, lease payments will be deposited into the General Fund revenue account, retroactive to July 1, 2002. Prior-year balances will remain in this account.
- Goethe-Breinke lease – Another lease like Disney and the California Conservation Corps lease. Retroactive to July 1, 2002, lease payments will be made into the General Fund with prior-year balances remaining in this account.
- Eppie’s Great Race funds have been included as revenue in the programs annual budget. Parks will deposit Great Race funds into the General Fund revenue accounts whenever they are budgeted or in accordance with the wishes of the Eppie’s Great Race Committee. Prior-year revenue deposited into this special fund will remain.
- Elk Grove Pavilion reservations were mistakenly deposited into the special fund depository. Although no longer done, the current balance remains.

- ARP revenue for sales at the kiosks will no longer be deposited into the special fund account; however, the balance from prior years will remain.

**Table 4: Balances on Deposits – Now General Funds**

<i>Fund Name</i>	<i>Current Balance</i>
Balance on Equestrian Center Fees	59,675
Balance from Disney Radio Tower Lease	126,168
Balance from Goethe – Calif. Conservation Corps lease	69,022
Balance from Goethe – Breinke Lease	761
Eppie’s Great Race	39,997
Pavilion Reservations	5,835
ARP Kiosk	5,696
<b>Total</b>	<b>\$ 307,154</b>

For Parks’ 2002-03 budget, your Board approved the transfer of \$594,163 of non-restricted funds from the Parks’ special fund depository as a target reduction. The \$522,165 in the non-restricted funds accounts and \$307,154 in the above mentioned “Balances on Deposits – Now General Funds” will more than adequately cover this expenditure for 2002-03.

Parks received reimbursement for flood costs from the Federal Emergency Management Agency (FEMA). Since this was a reimbursement for costs associated with flooding, the revenue probably should have gone to whatever fund originally paid for those costs. The balance of \$149,276 currently sits in the special fund depository, and is unrestricted in the sense that the costs reimbursed have already occurred and the books closed on those fiscal years in which the costs appeared. In consultation with the Auditor-Controller, it was agreed that the department will book the balance of FEMA funds as revenue in Fiscal Year 2003-04.

**SUMMARY**

Parks has reviewed the special funds it has set up in terms of the revenue sources and funds’ usage. The department has determined which funds are restricted and which are not. In addition, the department has identified revenue sources which should more appropriately be deposited into the General Fund revenue accounts to offset Parks’ expenditures and will retroactively deposit those funds into the General Fund back to July 1, 2002. The department has also identified funds which should be included in its Parks Construction Fund. Following is a summary of Parks’ recommendations.

- Restricted Funds – Parks will continue to deposit revenue associated with these types of funds into the special fund depository and will expend the funds as designated. However, those special funds associated with the Golf Division will be deposited into the Golf fund.
- Non-restricted Funds – Parks will transfer \$594,163 from the total amount of non-restricted funds (found in Tables 2 & 4) to the department’s fund center (6400000) as

approved by your Board as a budget target reduction for 2002-03. The remaining balance will be booked as revenue in Fiscal Year 2003-04.

Non-restricted Fund balance (Table 2)	\$ 522,165
Balance on Deposits Now General Fund (Table 4)	<u>307,154</u>
Total	\$ 829,319
Transfer to General Fund 2002-03	<u>594,163</u>
Balance Deposited as Revenue in 2003-04	\$ 235,156

Golf Fund will book revenue from ATM charges as revenue.

- Parks Construction Fund – Parks will transfer \$253,605 from the special fund depository to the Parks Construction Fund (6570000).
- FEMA Funds – Parks will book the balance of FEMA funds, \$149,276, as revenue in Fiscal Year 2003-04.
- Parks will report to your Board, annually, the status of its special fund depository.

Respectfully Submitted,

RONALD D. SUTER, Director  
Regional Parks, Recreation and Open Space

Recommended approval:

TERRY SCHUTTEN  
County Executive

By: \_\_\_\_\_  
John O’Farrell, Administrator  
Community Development and  
Neighborhood Assistance Agency

**ATTACHMENT VI**

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
February 4, 2003  
Timed: 2:15 PM

To: Board of Supervisors

From: Public Protection Agency  
Community Development and Neighborhood Assistance Agency

Subject: Report Back On The Provision Of Services Under Board Approved Local Mandates (Ordinances) And The Potential Savings And Impact Of Discontinuance Of These Activities

Contact: AnnMarie Boylan, 874-4627; Paul Lake, 874-8537

**Overview**

During the Fiscal Year 2002-03 final budget hearings the Board requested a report summarizing the provision of services and programs under Board approved ordinances which create "local" mandates. The County Executive's Office committed to review these services and programs and report back to the Board on the extent of these activities and identify any potential savings from the discontinuance of these services and programs. County Counsel reviewed all existing ordinances and provided the County Executive's Office with a comprehensive list. The attached spreadsheet outlines activities in which the Board has directed the provision of services or programs through Board approved ordinances. The spreadsheet also identifies how these services are being provided, the estimated cost in General Fund or Transient Occupancy Tax and any positions that would be impacted by the discontinuance of these activities.

**Recommendation**

Receive and file the attached report summarizing the services and programs and potential savings available related to the provision of these services and programs under Board approved ordinances.

**Measures/Evaluation**

Not applicable.

**Fiscal Impact**

The attached spreadsheet identifies the potential savings from the discontinuance of these services and programs to be \$2,035,630 which is comprised of \$1,114,639 in Transient Occupancy Tax and \$920,991 in General Fund revenues. In addition, 38.69 full time equivalent positions would be impacted by the discontinuance of these activities.

**BACKGROUND:**

During the Fiscal Year 2002-03 final budget hearings the Board requested a report summarizing the provision of services and programs under Board approved ordinances. The County Executive's Office committed to review these services and programs and report back to the Board on the extent of these activities and identify any potential savings from the discontinuance of these services and programs. County Counsel reviewed all existing ordinances and provided the County Executive's Office with a comprehensive list. The attached spreadsheet outlines activities in which the Board has directed the provision of services or programs through Board approved ordinances. The spreadsheet also identifies how these services are being provided, the estimated cost in General Fund or Transient Occupancy Tax and any positions that would be impacted by the discontinuance of these activities.

**DISCUSSION:**

This analysis demonstrates that many of the mandated activities created by Board ordinance are being performed by pre-existing staff and resources, therefore, discontinuance of these activities does not generate savings across the board. Some of these activities generate revenue and in these cases the amount of revenue has been identified in the analysis. Overall, this analysis outlines the potential savings in both General Fund dollars and Transient Occupancy Tax dollars by the discontinuance of these activities and the impact on dedicated staff performing these duties.

**FINANCIAL ANALYSIS:**

The attached spreadsheet identifies the potential savings from the discontinuance of these services and programs to be \$2,035,630 which is comprised of \$1,114,639 in Transient Occupancy Tax and \$920,991 in General Fund revenues. In addition, 38.69 full time equivalent positions would be impacted by the discontinuance of these activities.

Respectfully submitted,

APPROVED

\_\_\_\_\_  
PENELOPE CLARKE, Administrator  
Public Protection Agency

\_\_\_\_\_  
TERRY SCHUTTEN  
County Executive

CONCUR:

\_\_\_\_\_  
JOHN O'FARRELL, Administrator  
Community Development and Neighborhood Assistance Agency

Attachment: Spreadsheet

**Discretionary Program Functions Imposed By County Ordinance  
Budget Year 2002-03**

<u>Department</u>	<u>Program Name</u>	<u>Program Description</u>	<u>Local Impact if Discontinued</u>	<u>Savings</u>	<u>Impacted</u>
Animal Care/Reg	Spay and Neuter	No services provided in excess of State law	None	0	0
Animal Care/Reg	Adoptions	No services provided in excess of State law	None	0	0
Animal Care/Reg	Animal Redemption	No services provided in excess of State law	None	0	0
Animal Care/Reg	Field Svcs	Respond to stray animals other than dogs. Respond to barking dog complaints. Respond to dangerous or vicious animals this includes impounds, investigations, prep of admin cases and hearings	Result in many constituent complaints Animals in traffic can pose safety problem Would impact Sheriff/Courts if they had to handle vicious dogs complaints.	\$150,000	3
Animal Care/Reg	Licensing	No services provided in excess of State law	None	0	0
Animal Care/Reg	Kennel Svcs	No services provided in excess of State law	None	0	0
Animal Care/Reg	Volunteer/Rescue Programs	No services provided in excess of State law	None	0	0
CDNA	Equine Events Mediation Cmtee	Mediate neighborhood complaints related to horse shows and related events	No current effort has occurred.	0	0
Regional Parks	Fire Advisory Board	Provide firebreaks in open space areas to curtail spread of fire to adj properties.	Liability to county increases with fires in open space areas.	\$16,000	0
CDNA	Sacramento Metropolitan Arts Commission	To foster and develop support for the fine and performing arts in Sac Metro Area. (Funded by TOT)	Local arts groups would lose their liaison between City and County	\$880,639	0
CDNA	Sacramento Sports Commission	Promotes sports and brings in major sporting events. (Funded by TOT)	Reduced economic benefits of large sporting events	\$234,000	0
CDNA	Sac Commission on History and Science	Designate sites of historic significance (Funded by TOT no current award)	Lose oversight of History/Science Division activities.	0	0
Child Support Svcs	Child Support Compliance Program	To ensure that contractors with County are current on child support	Cnty not ensuring that contractors comply with child support orders	0	0
Coroner	Cemetery Advisory Commission	Completing inventory of all cemeteries and their conditions for report to BOS	No report back on condition of historic cemeteries	0	0
DHA	Local Childcare Planning and Development Council	Forum for community on childcare, key advisory role to BOS/DHA	Loss of connection to community	0	0
DHHS/CEO	Adult and Aging Commission	Provide oversight and strategic planning for adult and senior svcs. Represent dependent adults to the BOS, provide advocacy and connection bet govt and community	Valuable oversight and planning	\$29,520	0
DHHS/CEO	Advisory Board on Alcohol/Drug Pgms	Advises the BOS and DHHS Alcohol and Drug division on policies and goals of County alcohol and drug programs.	The Division's ability to promote a healthy community and to reduce the harmful effects associated with alcohol and drug use would be impaired.	0	0
DHHS/CEO	Children's Coalition	Advised BOS on current issues related to the children in the county. CPS Oversight Cmtee is a subcomte of the Children's Coalition. It provides oversight of the CPS systems which has over #5,000 in foster care.	BOS would lose community feedback and critical oversight role	\$26,520	0

**Discretionary Program Functions Imposed By County Ordinance  
Budget Year 2002-03**

Department	Program Name	Program Description	Local Impact if Discontinued	Savings	Impacted
DHHS/CEO	Human Services Coordinating Council	Advises BOS on planning and policy issues. Review and makes recommendations on human svcs budget and policy issues. Serves as Emergency Medical Cmtee	Removal of important layer of independent analysis and recommendations to the Board on health and human services and emergency medical svcs program issues	\$117,800	0
DHHS/CEO	Public Health Advisory Board	Advises BOS on local public health planning and policy issues. Responsible for identifying public health needs and encouraging the development of appropriate public health svcs	Removal of important layer of independent analysis and recommendations to the Board on public health issues. Loss of coordination of several committees req by the State	0	0
DHHS/CEO	Sac County Youth Commission	Appointed by the BOS to advise on youth related issues.	Lack of analysis and recommendations on youth issues, Loss of advocacy	\$7,500	0.2
Environmental Mgmt	County's Right to Farm Ordinance	Responds to complaints of encroachment	Would reverse an important policy statement	0	0
Environmental Mgmt	Dutch Elm Disease Control	Provides process for controlling the spread of Dutch Elm disease in County.	Disease is here. State quarantine regulation has been suspended.	0	0
Environmental Mgmt	Tree Preservation and Protection	Protect & preserve existing native oaks within the urban areas of Sac County.	Loss of revenue from the purchase of tree permits (\$15,000 annually)	\$193,843	1.2
Environmental Mgmt	Fly and Rodent Abatement	Local ordinance doesn't exceed State mandate.	No impact	0	0
Finance	Treasury Oversight Committee	This cmtee was instituted after the financial collapse of Orange Co and provides oversight	No dollar savings as is revenue neutral	0	0
Human Resources	Equal Employment Opportunity Cmtee	Ensure compliance with current law and ensures the County maintains effective and viable EED program.	Loss of community input and advisory role to County	0	0
Human Resources	Human Relations Commission	Committee does not exist at this time.	Not applicable	0	0
Public Works	Physically Handicapped Appeals Board	This board review matters related to building construction	Jointly served by City and County. Loss of oversight	0	0
Planning	(2) Planning Commissions	Satisfy State Mandated Requirement for a Planning Cmsn.	Mandated by State law. Consolidation into 1 cmsn would slow process	\$3,500	0
Planning	Subdivision Review Committee	Implement State Requirements of the Subdivision Map Act.	Delay in development approvals. Inc workload for Plan Cmsn and BOS	0	0
Planning	Community Planning Advisory Councils	Neighbor and community review of planning applications and other county projects	Valuable local input on planning apps	\$35,200	3
Planning	(3) Assessment Appeals Boards	Instituted to act in place of BOS on property tax appeals	BOS would have to absorb responsibility on these issues	0	0
Planning	Building Board of Appeals	Advisory group to BOS on Building Code issues	BOS would have to absorb responsibility on these issues	0	0
Planning	Substandard Housing Code	Enforce provision of the State Housing Law on Substandard Housing	Non-compliance with State mandate. Deterioration of housing stock	\$175,700	10
Planning	Dangerous Building Code	Protect public health, life and safety from dangerous buildings	Potential health and safety impacts to the public from exposure to unsafe	\$31,850	0.5
Planning	Boarding of Vacant Structures	Board and secure vacant, open and accessible buildings	Neighborhood blight and deterioration resulting from trespassing and vandalism	\$31,850	0.5
Planning	County Hotel/Motel Compliance Assurance Program	Respond to complaints referred by EMD.	Lack of enforcement of health, zoning and related violations at certain older motels	\$15,925	0.25
Probation	Graffiti Abatement Program	In custody and out of custody juveniles sentenced to work project clean up graffiti	There are between #280 - 570 sites cleaned annually.	\$78,604	1

**Discretionary Program Functions Imposed By County Ordinance  
Budget Year 2002-03**

<u>Department</u>	<u>Program Name</u>	<u>Program Description</u>	<u>Local Impact if Discontinued</u>	<u>Savings</u>	<u>Impacted</u>
Probation/Juvenile Court	Delinquency Prevention Commission	Volunteer comsn inspects jails and group homes to ensure safety	Loss of community oversight	\$5,379	0
Public Works - GS	Sac County Disaster Commission	Meets infrequently. Primarily responsible for County disaster plan.	Lack of cooperation among jurisdictions	0	0
Public Works - SW	City/County Solid Waste Advisory Cmtee	15 member cmtee advised SWA, County BOS and City Councils on all matters related to integrated waste mgmt. Acts as the Local Task Force required by State Statute.	Result in lengthier SWA Board review, require more meetings by SWA Board and County BOS to accomplish these tasks	0	0
Recreation & Parks	Recreation and Park Commission	Serve in advisory role to BOS/Director of Parks and Open Space	Lose community input on regular ongoing basis	\$1,800	0
Recreation & Parks	American River Parkway Trails Adv Cmtee	This committee no longer exists	Not applicable	0	0
Recreation & Parks	City/County Bicycle Advisory Committee	This committee no longer exists	Not applicable	0	0
Sheriff	Handicap Parking Enforcement Program	Issue violations and insure Handicapped Parking spaces are prop designated	Increased abuse of this program Loss of \$1.5 million annually	0	19
Sheriff	Jail Industry Program	Vocational training to in custody inmates designed to help reduce recidivism.	Impact of loss of training provided to inmates	0	0
Sheriff	Correctional Industries Advisory Board	This program is inactive at this time.	Not applicable	0	0
Sheriff	Nuisance Abatement	No active program to enforce this code sect. Part of Problem Oriented Policing	Possible degradation in the quality of life in certain parts of the comnty	0	0
Sheriff	Seizure/Forfeiture of Nuisance Vehicles	No active program to enforce this code sect. Part of Problem Oriented Policing	Possible degradation in the quality of life in certain parts of the comnty	0	0
Sheriff	Pear Blight Ordinance	Assigned to County Horticultural Cmsnr	Not applicable	0	0
Sheriff	Enforcement of Open Container Laws Parking/Public Places	No active program to enforce this code sect. Used as enforcement tool as needed	Possible degradation in the quality of life in certain parts of the comnty	0	0
Sheriff	Enforcement of Sidewalk Recreation Laws - Skateboards	No active program to enforce this code sect. Used as enforcement tool as needed	Possible degradation in the quality of life in certain parts of the comnty	0	0
Sheriff	Enforcement of Medical Marijuana Law - Not Allowed Publicly	No active program to enforce this code sect. Used as enforcement tool as needed	Possible degradation in the quality of life in certain parts of the comnty	0	0
Sheriff	Enforcement - Desecration of cemetaries	No active program to enforce this code sect. Used as enforcement tool as needed	Possible degradation in the quality of life in certain parts of the comnty	0	0
Sheriff	Enforcement - Destruction of road signs	No active program to enforce this code sect. Used as enforcement tool as needed	Possible liability issue	0	0
Sheriff	Enforcement - Destroying monuments	No active program to enforce this code sect. Used as enforcement tool as needed	Possible liability issue	0	0
Sheriff	Enforcement - Impersonating County Officer	No active program to enforce this code sect. Used as enforcement tool as needed	Unknown	0	0
Sheriff	Enforcement - False reports	No active program to enforce this code sect. Rarely used for enforcement tool.	Unknown	0	0
Sheriff	Enforcement - Crime Comic Books	Code is outdated and not enforced.	Unknown	0	0
Sheriff	Enforcement - Bows and Arrows	No active program to enforce this code sect. Used as enforcement tool as needed.	Possible liability issue	0	0
Sheriff	Enforcement - Dangerous Weapons/Articles on Cnty Property	No active program to enforce this code sect.	Possible endangerment of personnel	0	0

**Discretionary Program Functions Imposed By County Ordinance  
Budget Year 2002-03**

<u>Department</u>	<u>Program Name</u>	<u>Program Description</u>	<u>Local Impact if Discontinued</u>	<u>Savings</u>	<u>Impacted</u>
Sheriff	Enforcement - Indecent Exposure	Used as enforcement tool as needed. No active program to enforce this code sect. Used as enforcement tool as needed.	and liability issue Possible degradation in the quality of life in certain parts of the cmnty	0	0
Sheriff	Enforcement - Topless Waitresses	No active program to enforce this code sect. Used as enforcement tool as needed.	Possible degradation in the quality of life in certain parts of the cmnty	0	0
Sheriff	Enforcement - Rail Transportation of Explosives	Not actively enforced	Unknown	0	0
Sheriff	Enforcement - Unauthorized Use of Shopping Carts	No active program to enforce this code sect. Used as enforcement tool as needed.	Possible degradation in the quality of life in certain parts of the cmnty	0	0
Sheriff	Enforcement - Human Waste Disposal	No active program to enforce this code sect. Used as enforcement tool as needed.	Possible degradation in the quality of life in certain parts of the cmnty	0	0
Sheriff	Enforcement - Prohibition of Picketing Directed at Residence	No active program to enforce this code sect. Rarely used as enforcement tool.	Unknown	0	0
Sheriff	Enforcement - Unauthorized Use of Towers	No active program to enforce this code sect. Used as enforcement tool as needed.	Possible liability issue	0	0
Sheriff	Enforcement - Display of Harmful Matter to Minors	No active program to enforce this code sect. Part of Problem Oriented Policing effort.	Possible degradation in the quality of life in certain parts of the cmnty	0	0
Sheriff	Enforcement - House Numbers on Curbs	No active program to enforce this code sect. Used as enforcement tool as needed.	Possible degradation in the quality of life in certain parts of the cmnty	0	0
<b>Total \$\$ Savings (GF and TOT):</b>				<b>\$2,035,630</b>	
<b>Total FTE savings (County FTEs only):</b>					<b>38.65</b>



## ATTACHMENT VIII

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
February 4, 2003  
Timed: 2:15 PM

To: Board of Supervisors  
From: Public Protection Agency  
Subject: Mandate Reimbursement (Senate Bill 90 Claims)  
Contact: Judy McGarry, Principal Administrative Analyst (874-5404)

**Overview**

Effective Fiscal Year 2002-03, the State of California suspended reimbursement for mandated functions (Senate Bill 90 Claims). During the final budget hearings, your Board requested a report on the practicality of suspending the functions that will no longer be reimbursed. This report summarizes the impact to the budgets of the Sheriff, District Attorney, and departments of the Public Protection Agency and the functions for which reimbursement has been suspended. The conclusion of this review is that despite the budget impact, the functions previously reimbursed through SB 90 should not be discontinued. Most, if not all of these functions are related to public safety, criminal justice processes, respond to the needs of constituents or are a cost avoidance.

**Recommendation**

Receive and file.

**Measures/Evaluation**

Not applicable.

**Fiscal Impact**

The State of California has "suspended" reimbursements to the County for mandated functions. The annual loss of revenue to the Sheriff, District Attorney and departments within the Public Protection Agency total approximately \$6.0 million annually. Since the functions will continue, this is a net loss of \$6.0 million in revenue to the General Fund until which time the State resumes reimbursement.

**BACKGROUND:**

For Fiscal Year 2002-03, the State of California budget was balanced partially by reducing funding for County programs which included the suspension of reimbursement for mandated functions (Senate Bill 90 claims). During last year's budget deliberations, your Board requested a report on the impact of this State action and the practicality of suspending the functions that will no longer be reimbursed.

**DISCUSSION:**

The Governor's Budget for Fiscal Year 2003-04, released on January 10, 2003, proposes to continue the deferral of payment for all non-Proposition 98 mandate obligations enacted in the Budget Act 2002. At the same time, it preserves the obligation of local governments to provide the mandated activities as well as the obligation of the State to reimburse those entities in the future, with interest.

Since the Fiscal Year 2002-03 budget hearings, staff of the Public Protection Agency has worked with the Sheriff, District Attorney and departments within the Agency to provide the information in the attached chart. The anticipated revenue loss to the County is an estimate. Due to the uncertainty of when county departments will actually receive the reimbursement, most departments do not even include this reimbursement in their budget. Over the years, reimbursement for SB90 mandated activities has become unpredictable, as to which programs will be reimbursed or when the revenue will be received.

Some of the major functions for which claims are submitted for reimbursement include:

- Sexually Violent Predators – civil commitment procedure for continued detention and treatment following completion of prison term for certain sex-related cases
- Child Abduction and Recovery -- costs associated with recovering and prosecuting individuals charged with child abduction
- SIDS – autopsy protocol and crime lab processing
- Mental Health – mandated level of service to severely emotionally disabled children
- Mentally Disordered Offenders – extended commitment for mentally disordered sex offenders who because of their defect, present a serious threat of substantial harm to others

It is clear from reviewing the functions for which claims are made, that they fall into the categories of public safety, criminal justice processes, constituent needs and/or cost avoidance. Many, if not all, of these activities would most likely have been performed regardless of reimbursement. Therefore, it is not recommended that your Board suspend these functions despite the loss of revenue from the State, but rather allow the departments to determine at what level they should be performed.

The State has suspended reimbursement for these activities indefinitely without lifting the mandate. The Governor's Budget for Fiscal Year 2003-04 continues this suspension, while requiring local governments to continue the activities. Most, if not all, of these activities are good public policy and would continued regardless of the reimbursement. The Governors

proposal also preserves the obligation of the State to provide reimbursement in the future with interest.

**FISCAL IMPACT:**

The estimated current fiscal impact is a loss in revenue to the County General Fund of \$6,003,184 and became effective with Fiscal Year 2002-03. The duration of the mandate reimbursement suspension by the State is unknown.

Respectfully submitted,

APPROVED:

\_\_\_\_\_  
 PENELOPE CLARKE, Administrator  
 Public Protection Agency

\_\_\_\_\_  
 TERRY SCHUTTEN  
 County Executive

Attachment

**S.B. 90 Mandated Activities**

DEPT	PROGRAM	PROGRAM DESCRIPTION	SB90 CLAIM	FTE	LOCAL IMPACT IF STOPPED
<b>CONFLICT CRIMINAL DEFENSE</b>					
	Sexually Violent Predators	If indigent, the county is required to provide assistance of counsel and experts necessary to prepare the defense	\$60,000		Defendant is constitutionally guaranteed right to representation whether or not the County is reimbursed for defense costs.
<b>CORONER</b>					
	SIDS: Autopsy Protocol	required by DHS to track all infant deaths age 0-12 months	\$28,000		None - research data will still be available vis our autopsy report - just not in the prescribed format.
<b>SUBTOTAL</b>			<b>\$88,000</b>		
<b>DISTRICT ATTORNEY</b>					
	Child Abduction & Recovery	recovering and prosecuting individuals charged with child abduction	\$1,290,590	8.5	Failure to aggressively pursue the minor and prosecute individuals charged with child abduction increases potential for subsequent kidnappings of our most vulnerable population.
	SIDS	crime lab processing SIDS cases	\$8,700		Reimbursement of processing SIDS cases. Data collected is invaluable when researching trends, demographics, developing educational tools, etc.
	Sexually Violent Predators	New civil commitment procedure for continued detention & treatment of SVP following completion of their prison term for certain sex-related offenses. County atty required to petition, trial conducted.	\$180,250	1.3	Failure to use this civil commitment "tool" would result in increased public risk; Sexually Violent Predators would be released back into our community after completing their prison term.
	Not Guilty by Reason of Insanity	Requires DA to bring petitions to extend commitments of individuals found NGI & sentenced to State institutions. Also requires DA to review all NGI cases before max term expires on whether a petition to extend commitment sb filed.	\$66,000	0.4	The DA will review all NGI cases prior to expiration of the inmate's prison term; failure to do so eliminates the opportunity for the DA to request a petition be filed to extend the commitment.
	Peace Officer Bill of Rights	Enacted to ensure stable employer-employee relations and effective law enforcement services. Reimbursement for internal affairs investigation of peace officers	\$10,500		Alleged wrong-doings involving an officer must be investigated. Internal investigations must continue, whether or not reimbursement is available.
	Search Warrants Aids	The District Attorney is required to notify all crime victims of their right to request a search warrant to test the blood (for HIV) of a person charged with a crime when there has been a transfer of	\$208,570		Failure to notify crime victims of their right to request that a petition be filed to test for HIV increases the victim's anxiety and delays any medical treatment unnecessarily.

S.B. 90 Mandated Activities

DEPT	PROGRAM	PROGRAM DESCRIPTION	SB90 CLAIM	FTE	LOCAL IMPACT IF STOPPED
	Mentally Disorder Offenders	Provides Atty General or DA will prosecute and a petition will be filed for extended commitment for mentally disordered sex offenders who because of their defect present a serious threat of substantial harm to the health and safety of others.	\$55,620	0.3	Failure to prosecute these MDO'S would significantly diminish public safety and present a serious harm to the health and safety of others.
		<b>SUBTOTAL</b>	<b>\$1,820,230</b>		
<b>HEALTH &amp; HUMAN SERVICES</b>					
	Mental Health	provide mandated level of svc to severely emotionally disabled (SED) children	\$2,500,000		Failure to provide mandated level of service will increase risk to "fragile", emotionally disabled children.
		<b>SUBTOTAL</b>	<b>\$2,500,000</b>		
<b>PROBATION</b>					
	Peace Officer Bill of Ri	Enacted to insure stable employer-employee relations and effective law enforcement services. Reimbursement for internal affairs investigation of peace officers.	\$2,718		Alleged wrong-doings involving an officer must be investigated. Internal investigations must continue, whether or not reimbursement is available.
	Domestic Violence Treatment Services	Probation verifies that Domestic Violence Batterers Treatment Programs meet the standards of the Penal Code.	\$114,737	0.5	Failure to oversee Batterer's Treatment programs, increases the risk of out-of-compliance programs as well as reduces the opportunity for offender to benefit from treatment.
	Mandate Process	Reimbursement process for preparing claims and cost of outside consultants.	\$699		SB 90 reimburses for the cost of preparing claims for all the other mandates. If we stopped this one, we would lose all SB 90 money.
		<b>SUBTOTAL</b>	<b>\$118,154</b>		
<b>PUBLIC DEFENDER</b>					
	Sexually Violent Predators	If indigent, county is required to provide assistance of counsel and experts necessary to prepare the defense.	\$260,000	2.5	Defendant is constitutionally guaranteed right to representation-whether or not the County is reimbursed for defense costs.
		<b>SUBTOTAL</b>	<b>\$260,000</b>		
<b>SHERIFF</b>					
	Stolen Vehicle Notification	Requires Sheriff to notify reporting party of the location and condition of the recovered vehicle within 48 hrs.	\$2,800	0.05	If vehicle owners are not notified in a timely manner of the location of their recovered vehicles, generally a storage lot, it will be more costly for the owner to retrieve the vehicle. This is not a time consuming task and will not save a position if the task is no longer performed.

S.B. 90 Mandated Activities

DEPT	PROGRAM	PROGRAM DESCRIPTION	SB90 CLAIM	FTE	LOCAL IMPACT IF STOPPED
	Rape Victim Counseling Ctr Notice	Requires Sheriff to: furnish victim w/ "Victims of Domestic Violence" card; with the victim's permission, contact rape victim counseling center; subject to victim approval & hospital request, verify that the local rape counseling center had been notified.	\$3,200	0.03	Policy has been developed and adopted. Mandate covers implementation consisting of distribution to victim of a pre-printed card listing shelter and hotline info and informing victim of rights. Stopping would have a very minor impact on County, but could have a major impact on victims.
	Mandate Process	Reimbursement process for preparing claims and cost of outside consultants.	\$40,000	0.13	SB 90 reimburses for the cost of preparing claims for all the other mandates. If we stopped this one, we would lose all SB 90 money.
	Prisoner Parental Rights	If prisoner requests to be present at court proceeding involving the child of a prisoner, the court will issue an order to produce. Sheriff must provide housing & transportation for state prison inmates awaiting 'parental rights' court process	\$170,000	1.13	SSD cannot refuse to house a State prisoner ordered by the Court to appear.
	Not Guilty By Reason of Insanity	Sheriff must provide housing & transportation for state prison inmates awaiting NGI court process	\$100,000	0.22	SSD cannot refuse to house a State prisoner ordered by the Court to appear.
	Sexually Violent Predators	Provide housing & transportation for state prison inmates awaiting SVP court process	\$200,000	0.68	SSD cannot refuse to house a State prisoner ordered by the Court to appear.
	Arrest & Release Procedure for Misdemeanor Offenses	Requires arresting agency to develop arrest and release procedures for misdemeanor offenses. Agency must provide, at time of booking or fingerprinting, a verification of booking or fingerprinting by making a notation on the citation or by providing the arrested person with a verification form established by the arresting agency and a written notice to appear in Court.	\$2,800	0.04	If SSD stopped using "arrest and release" procedures, the result would be a higher jail population, increased custody and medical costs.
	Domestic Viol Arrest Policies/Std	Required development, adoption and implementation of written arrest policies and standards for domestic violence offenders by 7/1/96. On-going implementation costs are to identify primary aggressor.	\$85,000	0.26	Policy has been developed and adopted. Mandate covers implementation consisting of distribution to victim of a pre-printed card listing shelter and hotline info and informing victim of rights. Stopping would have a very minor impact on County, but could have a major impact on victims.

**S.B. 90 Mandated Activities**

DEPT	PROGRAM	PROGRAM DESCRIPTION	SB90 CLAIM	FTE	LOCAL IMPACT IF STOPPED
Peace Officer Bill of Rights		Enacted to ensure stable employer-employee relations and effective law enforcement services. Reimbursement is for internal affairs investigation of peace officers.	\$400,000	3.0	Alleged wrong-doings involving an officer must be investigated. Internal investigations must continue, whether or not reimbursement is available.
Mentally Disordered Offender		Sheriff must provide housing & transportation for state prison inmates awaiting 'mentally disordered offender' court process	\$160,000	0.8	SSD cannot refuse to house a State prisoner ordered by the Court to appear.
Sex Crime Confidentiality		Requires law enforcement agency employee who receives report to inform victim that his/her name will become a matter of public record unless he/she request confidentiality. Officer must memorialize response in written report. If requested, information may not be disclosed except to specified persons.	\$14,000	0.13	Stopping would have a very minor impact on County, but could have a major impact on victims.
Megan's Law		Requires the registration of certain convicted sex offenders and public disclosure of their identity by local law enforcement agencies when a peace officer reasonably suspects it is necessary to protect the public.	\$39,000	0.44	Not registering sex offenders would remove an investigative tool from officers. Not making information available to the community would reduce the ability of community members to protect themselves.
<b>SUBTOTAL</b>			<b>\$1,216,800</b>		
<b>TOTAL</b>			<b>\$6,003,184</b>		

**2003-04 Budget Process/Hearings Schedule**

Event	Date	Time
Midyear Budget Report, Approval of Budget Reduction Targets for General Fund Departments	2/4/2003	
Information Sharing Session w/depts, Release of Budget Instructions	2/7/2003	
Base Budgets Due for General Fund Depts and Internal Services Funds	3/14/2003	
Budget Results Statements Due from General Fund Departments and Internal Services Funds	3/28/2003	
Base Budgets Due from Enterprise Funds & Other non-General/non-ISF funds	3/31/2003	
CDNA Proposed Budget Workshop	4/22/2003	2:15PM
CFO, HRA & General Gov't Proposed Budget Workshop	4/29/2003	2:15PM
Law & Justice Elected Officials Workshop: Begin Public Protection Agency Workshop	5/13/2003	2:15PM
Public Protection Agency Workshop (continued)	5/14/2003	2:00PM
TOT Proposed Budget Workshop	5/20/2003	10:00AM
Release of CEO's Recommended Proposed Budget	6/6/2003	
Start of Proposed Budget Hearings	6/16/2003	9:30 AM
Proposed Budget Hearings (continued)	6/17/2003	2:00 PM
Proposed Budget Hearings (continued)	6/18/2003	2:00 PM
Proposed Budget Hearings (continued) (1/2 day)	6/19/2003	9:30 AM
Conclude Proposed Budget Hearings (1/2 day)	6/20/2003	9:30 AM
Implement 2003-04 Adopted Proposed Budget including reductions	7/1/2003	
Year-End Close-determination of Fund Balance	7/25/2003	
CEO determines if additional reductions needed based upon year-end close & State Budget	8/1/2003	
Publish notice of Final Budget Hearings	8/8/2003	
CEO's Recommended Final Budget Released, including possible additional reduction recommendations	8/15/2003	
Start Final Budget Hearings	8/26/2003	2:00 PM
Final Budget Hearings (continued)	8/27/2003	2:00 PM
Final Budget Hearings (continued) (all day)	8/28/2003	9:30 AM
Final Budget Hearings (continued) (all day)	8/29/2003	9:30 AM
Final Budget Hearings (continued)	9/2/2003	2:00 PM
Final Budget Hearings (continued) (all day)	9/3/2003	9:30 AM
Final Budget Hearings (continued) (all day)	9/4/2003	9:30 AM
Conclude Final Budget Hearings (1/2 day)	9/5/2003	9:30 AM
Adopt Final Budget Resolution	9/30/2003	