

**FY2016-17 Recommended Budget
SIGNIFICANT ISSUES/CHANGES AND REQUESTS – DEPARTMENTAL
BUDGETS**

GENERAL FUND

Support for Road Maintenance

Board members have expressed a desire to significantly enhance the County's road overlay and repair program, including potentially using General Fund resources as part of this effort. No funding is included in the Recommended Budget for this purpose because resources are not available. However, staff is working on a Road Maintenance Funding Plan that will have as its goal bringing all County roads up to a Pavement Condition Index (PCI) of 70 over a 15 to 20-year period. The Plan will take into account a number of potential funding sources, including Measure B, various State legislative proposals and the General Fund. Our intent is to bring the Plan to the Board for consideration early in the 2016-17 fiscal year.

Assessor

The Recommended Budget for the Assessor's Office reflects a \$431,000 (2.6%) increase in appropriations, a \$925,000 (13.1%) increase in revenue and a \$494,000 (5%) reduction in Net County Cost. The increase in appropriations is due almost entirely to increased salary and benefit costs for existing employees and the increase in costs allocated to the Department from internal services departments. The Recommended Budget includes one Growth request: \$11,000 to reclassify one position. The projected increase in revenue is due primarily to an estimated increase in Supplemental Property Tax revenue and Property Tax Administration Fee revenue.

The Assessor's requested budget included 6 additional Growth requests totaling approximately \$380,000 in Net County Cost. These requests are summarized in the Program Information section for this Budget Unit, but the highest priority for the Department is the addition of an Assessment Technician position in the Property Transfer Section at a Net County Cost of \$77,000. This position would implement a program to apply penalties to legal entities that fail to notify the Board of Equalization of changes in organizational control.

No funding is recommended for these requests at this time because resources are not available.

District Attorney

The Recommended Budget for the District Attorney's Office reflects a \$3.6 million (4.4%) increase in appropriations, an \$850,000 (3%) increase in revenue and a \$2.8 million (5.2%) increase in Net County Cost. The primary reason for the increase in appropriations and Net County cost is increased salary and benefit costs for existing staff and the increase in allocated costs from internal services departments. The Recommended Budget also includes funding for two Growth requests:

- \$249,000 in appropriations offset by \$124,000 in reimbursements from the Community Development Department and \$124,000 in revenue from the City of Rancho Cordova that would fund a new Community Prosecutor position that would serve Rancho Cordova and the Sheriff's Department East Division.
- A \$310,000 transfer to the Sheriff's Department to fund two positions that will provide security in the District Attorney's Office lobby. This transfer will be funded by an equivalent reduction in the District Attorney's extra help budget. Currently, the District Attorney is using extra help staff to perform this function.

In addition to the recommended Growth requests discussed above, the District Attorney also requested the addition of a Criminal Investigator position and a vehicle to investigate digital evidence (\$230,000 in Net County Cost) and funding for two additional vehicles due to reduced availability of the existing fleet (\$87,000 in Net County Cost). No funding is recommended for these requests at this time because resources are not available.

Sheriff

The Recommended Budget for the Sheriff's Department reflects a \$22.4 million (5.2%) increase in appropriations, a \$6.3 million (2.8%) increase in revenue and a \$16 million (7.8%) increase in Net County Cost. The primary reason for the increase in appropriations and Net County Cost is increased salary and benefit costs for existing staff, including approximately \$4 million to cover the cost of the 32.5 additional positions approved by the Board during FY2015-16 and thus not included in the FY2015-16 Adopted Budget, and an increase in costs allocated to this department by internal services departments. The increase in estimated revenue is due primarily to the receipt of additional AB 109 Realignment and Proposition 172 revenue and additional revenue from the contract to provide police services to Rancho Cordova. The Recommended Budget also includes funding for four Growth requests:

ATTACHMENT 4

- The addition of one new Intelligence Manager, and seven new Intelligence Analyst positions, funded for half a year due to the length of time it will take to recruit and fill the positions. In addition to the 43 Deputy and other field positions already approved by the Board, the Sheriff's Intelligence Led Policing plan calls for the addition of 15 Analysts. The Analysts will gather and analyze intelligence and crime data which will be provided to command and field staff to most effectively target the use of law enforcement resources. The Sheriff is requesting eight of these positions in FY2016-17 and will request the remaining seven positions in FY2017-18. The full-year cost of the eight positions is approximately \$1 million and the half-year cost is approximately \$495,000. The net cost of these eight positions in the Recommended Budget is \$182,000 in Net County Cost because the Sheriff has agreed to partially offset the cost by deleting four vacant Community Service Officer positions.
- The addition of two Sergeant positions as part of an effort to create a Corrections Compliance Unit to help bring the two County jails into compliance with the Americans with Disabilities Act (ADA) and other regulations. The staff of the Corrections Compliance Unit will be responsible for creating and implementing an ADA transition plan, ensuring compliance with the Prison Rape Elimination Act and the Federal Immigration and Customs Enforcement Detainee Standards, coordinating facility audits and inspections, monitoring Title 15 and Title 24 compliance for dayroom and recreation goals and responding to grievances and requests related to medical services, food service and housing conditions. Based on an analysis of similar programs in other comparably sized jail systems, the Sheriff originally requested four positions (two Sergeants and two Deputies), however, since this is a new program and it is not clear exactly what staffing level is needed, the Sheriff has agreed to begin with two Sergeants and re-evaluate the need at the end of FY2016-17. The Recommended Budget includes \$320,000 in Net County Cost to fund the two Sergeant positions for nine months.
- The addition of one Deputy Sheriff position at a cost of \$251,000 to provide custody services to the 8-bed Restoration to Competency Program for Misdemeanor Inmates approved by the Board in April of 2016. Funding will come from the Health & Human Services Department.
- The addition of two Security Officer positions to provide security in the lobby of the District Attorney's Office. Currently, the District Attorney

is providing this security using extra help employees and is concerned that the true security needs of the Office are not being met. Funding will come from the District Attorney's Office.

County Counsel

The Recommended Budget for County Counsel reflects a \$94,000 (1.8%) decrease in appropriations, a \$171,000 (5.6%) decrease in revenue and a \$76,000 (3.4%) increase in Net County Cost. The primary reason for the decrease in appropriations is an increase in reimbursements from General Fund departments receiving legal services (reimbursements are reflected as a negative expenditure), partially offset by cost increases in a number of areas, including salary and benefit costs for exiting employees and costs allocated to the Department by internal services departments. The projected reduction in revenue is due to an estimated reduction in the legal services that will be provided to non-General Fund departments. The Recommended Budget also includes funding for one Growth request: an additional \$77,500 to pay for training for attorneys and certain other costs. This is part of a plan by County Counsel to handle more of the County's litigation in-house rather than contracting for private counsel. This increased cost is funded by an increase in the rate charged to client-departments.

County Executive Cabinet

The Recommended Budget for the County Executive Cabinet reflects a \$700,000 (26.1%) increase in appropriations, a \$491,000 (18.5%) increase in revenue and a \$207,000 increase in Net County Cost. The primary reasons for the increase in appropriations include increased salary and benefit costs for existing employees, increased allocated costs from internal services departments and an additional \$228,000 in Net County Cost to cover the cost of the Director of Homeless Services position added by the Board during FY2015-16. The Recommended Budget also includes funding for one Growth request: \$126,000 to fund an additional Management Analyst position to assist in the formation of development-related financing districts and the issuance of Mello Roos bonds as demand for these services is increasing. Funding for this position will come from special district revenue.

Clerk of the Board

The Recommended Budget for the Clerk of the Board reflects a \$190,000 (11.7%) increase in appropriations, a \$24,000 (8.3%) decrease in revenue

and a \$214,000 (16%) increase in Net County Cost. The primary reasons for the increase in appropriations include increased salary and benefit costs for existing employees, increased allocated costs from internal services departments, the inclusion of \$20,000 to fund the upgrade of the Department's computer equipment that occurs every three to five years and funding for a \$65,430 Growth request to purchase a new tracking system for boards and commissions appointments. The projected decrease in revenue is due primarily to a reduced estimate of the number of assessment appeal applications received by the Department.

The recommended Growth Request will allow the Department to improve and streamline the process for tracking boards and commissions. The Department manages the nominations and appointments to 65 Boards and Commissions and the current process is cumbersome and lengthy. The database system is 15+ years old and subject to many failures and recent data loss.

In addition to the recommended Growth request, the Department submitted a Growth request for an additional \$9,000 in travel and training to attend the CSAC conference in Monterrey and provide enhanced training in laws and regulations. No funding is recommended for this request at this time because resources are not available.

Office of Labor Relations

The Recommended Budget for the Office of Labor Relations reflects a \$98,000 (20%) reduction in appropriations, a \$106,000 (37.5%) increase in revenue and a \$204,000 (100%) decrease in Net County Cost. In FY2015-16 the Allocated Cost charges to other departments for the internal services department inadvertently did not include the full cost of department operations and thus the FY2015-16 Adopted Budget for this internal services department included a one-time Net County Cost. In the Recommended Budget all costs for this Budget Unit are allocated out, partly as increased charges to General Fund departments, which are reflected as reimbursements to Labor Relations and thus a reduction in appropriations. The impact of this increase in reimbursements is partially offset by increased expenditures in a number of areas including salary and internal charges from other departments. The Recommended Budget also includes funding for one Growth request: an additional \$165,000 to hire consultants to assist in negotiating labor agreements. Many of the County's labor agreements will be coming to an end in FY2017-18. Funding will come from charges to client-departments.

Non-Departmental Costs

The Recommended Non-departmental Cost budget reflects a \$3.7 million (17.8%) decrease in appropriations, a \$490,000 decrease in revenue and a \$3.15 million (15.8%) decrease in Net County Cost. The primary reasons for the requested decrease in appropriations and Net County Cost is a \$4 million decrease in the Interfund Transfer repayment amount compared to the amount included in the FY2015-16 Adopted Budget (from approximately \$6 million to approximately \$2 million), a \$228,000 decrease in funding for consulting services that will offset the cost of the Homeless Services Director position added to the County Executive Cabinet during the 2015-15 fiscal year and reflected as a Net County Cost increase in that Budget Unit in the Recommended Budget, a \$200,000 reduction in funding for consulting services reflecting one-time funding included in the FY2015-16 Adopted Budget to cover costs for the Adult Correctional System Review and a \$500,000 reduction in the Raley Field/Regional Arts Facility contingent debt service appropriation due to the City's refinancing the Regional Arts Facility debt without County participation, thus relieving us of the need to budget a contingent debt service for that facility (the Raley Field contingent debt service remains at approximately \$2.37 million). These and other appropriation decreases are offset by a number of appropriation increases including a \$1.76 million increase in payments to the City of Sacramento under the auto sales tax revenue sharing agreement between the County and the City and a \$26,000 increase in Sacramento Area Council of Governments (SACOG) dues.

The projected decrease in revenue is due to the fact that the FY2015-16 Adopted Budget included \$250,000 in AB109 revenue to cover part of the cost of consultant services for the Adult Correctional System Review. No revenue for this project is included in the Recommended Budget. With regard to the Adult Correctional System Review, substantial work has been done, but not all work will be completed, nor all consulting costs incurred in FY2015-17. The Recommended Budget does not include all necessary funding for the completion of this project, because when it was prepared it was not clear when the work would be completed. This will need to be addressed at Budget Adoption in September.

Agricultural Commissioner/Sealer of Weights and Measures

The Recommended Budget for the Agricultural Commissioner/Sealer of Weights and Measures reflects a \$112,000 (2.6%) increase, revenue is projected to increase by \$733 and Net County Cost is projected to increase by approximately \$111,000. The primary reason for the increase in appropriations and Net County Cost is increased salary and benefit costs

for existing employees and an increase in allocated costs from internal services departments.

The Agricultural Commissioner submitted one Growth request for an additional \$145,000 in Net County Cost to add a Chief Deputy Agricultural Commissioner/Sealer of Weights and Measures position. No funding is recommended for this request at this time because resources are not available.

Coroner

The Recommended Budget for the Coroner reflects a \$372,000 (5%) increase in appropriations, a \$161,000 (13.5%) increase in revenue and a \$211,000 (3.4%) increase in Net County Cost. The primary reasons for the increase in appropriations and Net County Cost are increased salary and benefit costs for existing employees, an increase in allocated costs from internal services departments, an increase in contract costs for forensic pathologists and increased costs due to rate increases for toxicology and histology services. The primary reason for the projected increase in revenue is increased payments for work being performed for other agencies and from the lease of space to UC Davis.

The Coroner submitted a Growth request for \$167,000 in Net County Cost to add an Assistant Coroner position to provide additional coordination due to the work being performed under contract to other jurisdictions, mass casualty planning and to manage the reorganized Investigative and Morgue Operations units. No funding is recommended for this request at this time because resources are not available.

Voter Registration & Elections

The Recommended Budget for the Voter Registration and Elections Department reflects a \$523,000 (5.3%) increase in appropriations, revenue is projected to increase by approximately \$967,000 (82.5%) and Net County Cost is requested to decrease by approximately \$443,000 (5.1%). The primary reasons for the increase in appropriations is increased salary and benefit costs for existing positions and additional extra-help, printing and other costs associated with the 2016 presidential General election. The requested increase in revenue reflects a normal General Election revenue upswing, due largely to the number of jurisdictions that have consolidated their contests with the November General Election.

The Recommended Budget also includes an \$85,500 increase in Net County Cost to fund one Growth request: hiring consultants to conduct training

designed to implement changes recommended in the recent operational review of the Department and assist in the development of a strategic plan.

The Voter Registration and Elections Department requested two other Growth requests: an additional \$200,000 in Net County Cost to replace modular furniture and \$20,000 to conduct a class and pay study of positions in the Department. No funding is recommended for these requests at this time because resources are not available.

It should also be noted that the Department is developing a plan to replace voting equipment in the next two years. The cost for the development and purchase of that equipment could be as much as \$8 million. Payment will either come from State funding for elections (which is not included in the Governor's FY2016-17 Revised Budget) or Net County Cost. We will return to the Board by this fall with a plan to address this impending need.

Health and Human Services

The Recommended Budget for the Health & Human Services Department reflects a \$23.6 million (4.5%) increase in appropriations, a \$17.1 million (3.4%) increase in revenue and a \$6.5 million (41%) increase in Net County Cost. The primary reasons for the increase in appropriations include increased salary and benefit costs for existing employees, an increase in County Counsel costs, a \$9.6 million increase in costs to provide a full year of funding for additional beds in Psychiatric Health Facilities (PHFs), Crisis Residential Facilities and the misdemeanor psychiatric program at the Rio Consumes Correctional Center (RCCC) that were approved during the 2015-16 fiscal year, partially offset by an estimated \$2 million decrease in private hospital costs, and the cost of a 2% cost-of-living adjustment for contract mental health service providers. These and other cost increases are partially offset by cost decreases in a number of areas, including a one-time \$1.9 million reduction in lease payments on the Grantland Johnson Building due to a lease re-negotiation.

The Recommended Budget also includes funding for \$3.9 million in Growth requests, including:

- \$108,000 for a clinical position to support the Mobile Crisis Support Team (MCST). Working with the Sacramento Police and Sheriff's departments, this team provides timely crisis intervention when an individual experiencing a mental health crisis comes to the attention of law enforcement. There are currently two grant-funded teams serving downtown Sacramento and South Sacramento and the goal is to expand services into other areas. Funding will come from the Mental Health

ATTACHMENT 4

Services Act (MHSA). The Department has also submitted a grant request to fund additional start-up costs.

- \$89,000 to add an additional position to support the Avatar Electronic Health Record System. Funding will come from the MHSA.
- \$959,000 to fund 12 additional positions in the In Home Supportive Services (IHSS) program to deal with increasing caseloads. Funding will come from the federal and State revenue.
- \$87,000 to add a clerical position in the HIV/STD Surveillance Program. This position will enter data from laboratories and healthcare providers into State data bases to address a data entry backlog and allow Communicable Disease Investigators to focus on surveillance and control rather than data entry.
- \$350,000 to fund additional contracted psychiatrist services to provide second opinions and reviews of psychotropic medicine prescriptions for children on Medi-Cal who are juvenile dependents and wards. This is in response to judicial requests for additional information in order for judges to make a decision to authorize the prescriptions. Funding will come from the MHSA.
- \$82,000 to fund an additional clerical position in Vital Records to address workload needs. Funding will come from additional fee revenue.
- \$2.25 million to provide medically necessary mental health specialty services to all Medi-Cal eligible children, as opposed to a subset of those children, based on new direction from the State. Half the funding will come from Medi-Cal revenue and half from Mental Health Realignment revenue.

In addition to the recommended Growth requests, the Health and Human Services Department asked for an additional \$15 million (\$12 million Net County Cost) to fund approximately 30 additional Growth requests. These requests are summarized in the Program Information section of this Budget Unit, but, among the Department's highest priorities, two of the most significant are:

- \$805,000 (\$690,000 Net County Cost) to expand the Early Intervention Family Drug Court (EIFDC). Staff is anticipating new requirements for these types of services and revised foster care payment rates as part of the foster care continuum of care reform. By September, staff will

assess these changes and determine whether reduced EIFDC will save enough in foster care costs to pay for the cost of the program.

- \$1,035,000 (\$500,000 Net County Cost) to provide residential alcohol and drug treatment services.
- Part of DHHS's Title IV-E Waiver strategy to reduce foster care costs and improve outcomes for children includes \$1.8 million in Waiver funding to the Child Abuse Prevention Center (CAPC). This funding has enabled CAPC to expand the Birth and Beyond Program to serve families with children over the age of five. CAPC is unable to meet the full demand of Child Protective Service referrals for these families and draw down federal Medicaid dollars that require a non-federal match. CAPC is requesting \$500,000 in additional County funding to cover this shortfall.

No funding is recommended for any of these additional Growth requests at this time because resources are not available.

Probation

The Recommended Budget for the Probation Department reflects a \$4.6 million (3.3%) increase in appropriations, a \$6.9 million (9%) increase in revenue and a \$2.3 million reduction in Net County Cost. The primary reason for the recommended increase in appropriations is increased salary and benefit costs for existing employees and an increase in allocated charges from internal services departments. The primary reason for the projected increase in revenue is the receipt of an additional \$2.5 million in COPS Realignment revenue, \$1.5 million in Youthful Offender Block Grant Realignment revenue and \$2 million in AB 109 Realignment revenue.

The Probation Department submitted four Growth requests totaling \$8.4 million in Net County Cost. These requests included (in priority order):

- \$917,000 to add three positions – an IT Manager, IT Division Chief and an Administrative Services Officer - and three contractors to address workload and development needs in the Department's Information Technology Division.
- \$5.7 million (\$1.5 million capital; \$4.2 million operating, including 21 new positions) as part of a multi-year initiative to renovate the Morgan Alternative Center (MAC) Warren E. Thornton (WET) Youth Center and operate (1) a Neighborhood Alternative Center (NAC) with 30 beds to

temporarily house youth who have committed low-level offenses and who would otherwise be housed in the Youth Detention Facility; (2) a 30 bed residential facility for youth, ages 14 to 17, where higher degree of intervention is required due to alcohol/drug or mental health issues; and (3) a 21-bed licensed residential group home to serve girls, ages 13 to 17, who have been exposed to trauma, abuse or neglect, many as a result of commercial sexual exploitation.

- \$1.7 million to fund 4 new positions in the Adult Field Division to provide active supervision of more felons on probation who are at high risk of recidivism.
- \$125,000 to add a position in the Administrative – Fiscal Services Division to deal with increasing workloads related to contracts administration.

No funding is recommended for these requests at this time because resources are not available. With regard to the request for additional information technology support, Probation and the Department of Technology are collaborating to find efficiencies in IT operations to create cost savings and meet the department's needs. With regard to the requests related to the conversion of the MAC and WET Center, Probation will be presenting an implementation plan to the Board in July and funding questions can be re-examined at September Budget Hearings. With regard to the request for funding to augment adult supervision, this issue will be looked at as part of the Adult Correctional System review that is currently in progress.

IHSS Provider Payments

The Recommended Budget for IHSS Provider Payments reflects a \$9.3 million (11.9%) increase in appropriations, a \$9.7 million (13.2%) increase in revenue and a \$450,000 (11.1%) decrease in Net County Cost. The recommended increase in appropriations is due to the annual 3.5% increase in the County's Maintenance of Effort (MOE) requirement and increased provider health insurance costs. The County pays 80 cents per hour toward provider health insurance, and the number of provider hours worked is estimated to increase by approximately 16%. The projected increase in revenue – and related reduction in Net County Cost - is due primarily to the allocation of additional Social Services Realignment revenue to this budget unit to cover the local share of cost.

Human Assistance – Administration

The Recommended Budget for Human Assistance Administration reflects an \$8.2 million (2.7%) increase in appropriations, a \$5.4 million (1.9%) increase in revenue and a \$2.8 million (25.8%) increase in Net County Cost. The primary reasons for the increase in appropriations are increased salary and benefit costs for existing staff, an increase in allocated costs from internal services departments and an additional \$1 million in Net County Cost associated with homeless initiatives approved by the Board during the 2015-16 fiscal year. The primary reason for the increase in revenue is the receipt of additional CalWORKS-related revenue.

The Recommended Budget includes \$115,000 to provide one-time funding to Serna Village for its permanent supportive housing program, which is losing federal funding starting on January 1, 2017. This represents half a year of funding. This funding will be offset by an equivalent reduction in funding for the Rapid Rehousing initiative, which is not expected to need the full \$1 million of its funding, so no additional appropriations are required.

The Recommended Budget also includes funding for one Growth request: \$101,000 (\$2,200 Net County Cost) to cover the cost of an additional Personnel Services Technician in the Department of Personnel Services (DPS). This position will help the Human Assistance Department deal with an increasing personnel services workload.

In addition to the recommended Growth request, the Human Assistance Department submitted four additional Growth requests totaling approximately \$7.8 million (\$1.3 million Net County Cost). The Department's top two priorities are:

- \$135,000 in Net County Cost to enhance security and safety by replacing analog security cameras with digital security cameras at the Department's 28th Street facility.
- \$7.5 million (\$1.13 million Net County Cost) to add 48 new positions to provide better services to clients.

No funding is recommended for any of these additional Growth requests at this time because resources are not available.

Human Assistance – Aid Payments

The Recommended Budget for Human Assistance – Aid Payments reflects a \$20.1 million (5.2%) reduction in appropriations, a \$10.1 million (2.9%) reduction in revenue and \$10 million (33.6%) reduction in Net County Cost. The primary reason for the reduction in appropriations is an \$11 million projected reduction in CalWORKS costs due to caseload decreases and a \$9 million projected reduction in Foster Care costs compared to the FY2015-16 Adopted Budget level. In the case of Foster Care, actual costs are not projected to decline significantly compared to FY2015-16 estimated actual costs or FY2014-15 actual costs, but the FY2015-16 Adopted Budget assumed that caseloads would continue to increase at recent rates. In fact, caseload growth has flattened out.

The primary reason for the decrease in revenue is a projected decrease in CalWORKS revenue associated with the projected decrease in CalWORKS costs.

The FY2015-16 Adopted Budget included \$1.9 million to purchase monthly transit passes for General Assistance recipients. The cost of these passes is \$25 a month – a reduced rate negotiated in an agreement with Regional Transit – and that amount is deducted from the monthly cash assistance payment made to General Assistance recipients. Regional Transit recently notified the County that when the current agreement expires on June 30, 2016, they will no longer provide the transit passes at the current discounted rate; instead they will charge a higher discounted rate of \$44 per month. That would mean the Cost to the County would increase by approximately \$970,000 a year. To address this issue, the Department is proposing to discontinue providing bus passes to all General Assistance recipients and increase their cash grant by \$25. Based on this change, the total General Assistance Cost is essentially the same in the Recommended Budget as in the FY2015-16 Adopted Budget.

The Department of Human Assistance submitted one Growth Request for this Budget Unit: \$702,000 (\$409,000 Net County Cost) to implement a new requirement that will go into effect January 1, 2017, to provide payment to foster care providers who have not yet been approved for funding but who have agreed to take custody of the child. No funding is recommended for this Growth request at this time because we are still awaiting State decisions regarding a number of issues – including a new group home rate structure – that could significantly increase or decrease the cost of this request. Once those issues are resolved, it will be necessary to adjust the budget.

Animal Care and Regulation

The Recommended Budget for Animal Care and Regulation reflects a \$115,000 (1.2%) increase in appropriations, a \$244,000 (14.5%) increase in revenue and a \$129,000 (1.7%) decrease in Net County Cost. The Recommended increase in appropriations is the net result of increases and decreases in a number of areas, including: (1) increased salary and benefit costs for existing staff; (2) an increase in allocated costs from internal services departments; (3) an \$82,000 increase in lab services, supplies and certain other costs funded by donations; (4) \$100,000 increase in contracts for sterilization services that were previously paid directly out of a trust fund; (5) a \$125,000 reduction in funding for sterilization services reflecting the fact that the Department received that as one-time funding in FY2015-16, partially offset by a recommended \$50,000 in additional funding for this purpose; and (6) a \$191,000 reduction in funding for the purchase of new vehicles that was also one-time funding in FY2015-16.

The projected increase in revenue is due primarily to the receipt of the additional trust fund and donations revenue mentioned above, and the projected receipt of approximately \$20,000 in additional adoptions revenue and \$50,000 in city contract revenue.

As noted, the FY2015-16 Adopted Budget included \$125,000 in one-time Net County Cost to fund Spay Neuter Services which is not included in the Recommended Budget, but the Recommended Budget includes an additional \$50,000 in Net County Cost for spay neuter services to partially offset the impact of that reduction (for a net reduction of \$75,000). The Animal Care and Regulation Department also submitted 13 Growth requests totaling \$1.15 million (\$950,000 Net County Cost). The Department's two highest priorities are:

- \$195,000 (\$165,000 Net County Cost) to add an Assistant Director of Animal Care and Regulation position.
- \$171,000 (\$125,000 Net County Cost) to add a Chief of Shelter Medicine position.

No funding is recommended for any of the Department's Growth requests at this time because resources are not available.

Community Development

The Recommended Budget for Community Development reflects a \$1.2 million (2.9%) increase in appropriations, a \$622,000 (1.3%) increase in revenue

and a \$572,000 (8.8%) increase in Net County Cost. The primary reasons for the increase in appropriations include salary and benefit cost increases for existing employees and an increase in the costs allocated to the Department from internal services departments, offset by a \$700,000 reduction in the budgeted allowance for bad debt (since the Department is now only recording Code Enforcement fines and penalties when the revenue is received, not accruing the revenue when the fine is imposed) and the recommendation to fund 10 Growth requests totaling \$1.7 million (\$237,000 Net County Cost). The projected increase in revenue is the net result of a number of factors, including: (1) the additional revenue associated with the recommended Growth requests; (2) additional building permit and other fee revenue associated with higher costs for existing staff funded by fee revenue; (3) reduced revenue related to reduced contract costs that are funded by fee revenue; and (4) a \$1.1 million reduction in Code Enforcement fine and penalty revenue to more realistically reflect the amount of revenue generated annually by Code violation citations.

The Growth requests recommended for funding include:

- \$62,000 in Net County Cost to complete the work of the Property Based Improvement District (PBID) Academy created to assist the business community in forming PBIDs. There are still a number of districts that are in the process of being formed and this funding will allow the completion of this work. This is the last year funding will be requested for this program.
- \$125,000 in Net County Cost to cover half of the cost of Community Prosecutor position in the District Attorney's Office. The other half would be funded by the City of Rancho Cordova.
- \$50,000 in Net County Cost that will be transferred to the Roads Fund to cover the cost of the Residential Parking Permit program. Previously this program was funded by Gas Tax revenue, but a recent audit determined that this was not an allowable Gas Tax expenditure.
- \$313,000 in Special Districts to fund two positions – a Civil Engineer and Associate Civil Engineer - to assist in the formation of Community Facility districts to help finance development costs. There is an increasing workload in this area. Funding will come from Special District revenue.
- \$663,000 to fund six positions in Building Inspection – four Building Inspectors and 2 administrative support staff – due to increased building permit activity. Funding will come from building permit fee revenue.

- \$23,000 to fund additional student intern hours in Site Improvement and Permits (SIPS) to assist with workload issues and help in identifying qualified candidates for regular positions that become available (SIPS typically hires new regular employees out of its intern pool). Funding will come from fee revenue.
- \$117,000 to add a two Senior Engineering Technician and one Engineering Technician in the SIPS program to assist with the workload due to increased development permit activity. The cost of these positions will be partially offset by the elimination of an Associate Civil Engineer position, with the net remaining cost of \$117,000 funded by fee revenue.
- \$77,000 to add a Planning Technician position in the Planning & Environmental Review Division to assist in dealing with an increased building permit workload. Funding will come from fee revenue.
- \$150,000 to add a Code Enforcement Officer to support the Illegal Dumping Program. Funding will come from SWA revenue provided by the Department of Waste Management and Recycling.

Regional Parks

The Recommended Budget for Regional Parks reflects a \$663,000 (5.4%) reduction in appropriations, a \$4,000 increase in revenue and a \$668,000 (10%) reduction in Net County Cost. The primary reason for the recommended reduction in appropriations and Net County Cost is the completion of work on a number of one-time projects that were included in the FY2015-16 Adopted Budget, including \$399,000 for Gibson Ranch deferred maintenance, \$120,000 to add automatic pay stations to the American River Parkway, funding for storm damage tree needs and for the purchase of vehicles. These and other cost reductions are partially offset by cost increases due to higher salary and benefit costs for existing staff and increased allocated costs from internal services departments.

The Recommended Budget includes funding for one Growth request: \$13,000 for additional staff in the Therapeutic Recreation Services program to allow the program to offer additional programs to participants. Therapeutic Recreation Services provides programs to people with disabilities and special needs that teach independent living skills, such as money management, using public transportation and cooking, health and fitness programs and socialization programs. Funding will come from program revenues.

In addition to the recommended Growth request, the Regional Parks Department submitted 11 additional Growth requests totaling approximately \$2.2 million in Net County Cost. The two highest priorities for the Department are:

- \$295,000 to facilitate the relocation of the Department offices to leased space to provide a more appropriately sized facility for both current staff and future growth.
- \$88,000 to add an Administrative Services Officer position to cover new duties Regional Parks is taking on related to managing the budgets and board agenda items for the dependent park districts as well as providing a higher level of monitoring of the Regional Parks budget.

No funding is recommended for any of the Department's additional Growth requests at this time because resources are not available.

Personnel Services

The Recommended Budget for the Department of Personnel Services (DPS) reflects a \$266,000 (2.2%) increase in appropriations and revenue. The Department does not have a Net County Cost because all costs are covered by charges allocated to other County departments. The main reason for the recommended increase in appropriations is increased salary and benefit costs for existing employees and an increase in allocated costs from other internal services departments, partially offset by increased reimbursements from charges for service to other General Fund departments (reimbursements are reflected as a negative expenditure). In addition, the Recommended Budget includes funding for four Growth requests at a total net cost of approximately \$160,000. These include:

- The addition of one Office Assistant position to the Workers Compensation Program to address workload issues in that Program. The cost of this position is \$59,000 and will be funded by the Workers Compensation Fund.
- The addition of one Personnel Technician to assist with the increasing workload associated with the Department of Human Assistance (DHA). The cost of this position is \$101,000 and will be funded by DHA.
- The addition of three positions – one Senior Personnel Analyst, one Personnel Analyst and one Personnel Technician – to provide focused recruitment activities to support the needs of operational departments.

The cost of these positions is approximately \$306,000 and will be funded by estimated additional salary savings. No increase in appropriations is required in FY2016-17, however additional appropriations may be required in future years.

The addition of one Personnel Technician will assist the human resource information systems function by allowing us to automate processes across the department to enhance efficiencies and customer service to the operating departments. The cost of the position is approximately \$91,000 and funding will come from the reallocation of various positions. No increase in appropriations is required.

Finance Department

The Recommended Budget for the Finance Department reflects a \$67,000 reduction in appropriations, a \$69,000 reduction in revenue and a \$2,400 increase in Net County Cost. The recommended decrease in appropriations is the net result of a number of factors, including: (1) the FY2015-16 Adopted Budget included \$350,000 for the one-time purchase of equipment that has not been included in the Recommended Budget; (2) the Recommended Budget reflects a \$336,000 increase in reimbursements from other departments for services provided by the Finance Department (reimbursements are budgeted as reduction in appropriations); (3) increased charges allocated to the Finance Department by other internal services departments; and recommended funding of two Growth requests totaling \$206,000. Those requests include:

- \$58,000 to fund an Account Clerk position in the Payment Services Unit to deal with the new duties and responsibilities associated with the implementation of the EPayables program. EPayables offers County vendors a more streamlined payment process that expedites payments. This new program provides a new revenue stream for the Payment Services Unit that fully funds this position.
- \$149,000 to fund a Senior Accounting Manager position in the Treasury Division. This position is needed to deal with additional responsibilities placed on the Division related to the implementation of electronic payments, other departments' automation efforts and investment pool activities. Funding will come from the County's investment pool.

In FY2015-16 the Finance Department lost a significant amount of revenue due to the depletion of fund balance in the Clerk-Recorder Old Base Trust Fund. Historically, the County had transferred resources from this Trust Fund to the Finance Department to help cover certain operating costs. Loss of this

funding resulted in a \$2.5 million increase in Net County Cost to this Department in that fiscal year. Over this last fiscal year, the Finance Department has been analyzing expenditures to determine what can be charged out to other County departments and working on an appropriate cost allocation methodology. That work will be completed in FY2016-17 and the cost allocation methodology will be implemented as part of the FY2017-18 budget process.

Appropriation for Contingency

The Recommended Budget includes a \$1,850,000 Appropriation for Contingency. This is a \$150,000 decrease from the Appropriation for Contingency included in the FY2015-16 Adopted Budget. I am recommending this reduction in order to provide sufficient resources to fully fund departmental Base Budgets and the recommended Growth requests.

In addition, the Non-departmental costs budget includes a \$2,365,000 appropriation to cover the County's contingent debt service obligation for the Raley Field financing. This is a \$531,000 reduction from the contingent debt service appropriation included in the FY2015-16 Adopted Budget because in FY2015-16 the City of Sacramento refinanced the Regional Arts Facility debt without County participation, thus relieving us of the obligation to budget for contingent debt service on that facility. Historically, it has never been necessary to spend this contingent debt service obligation and, as the year progresses, increasing amounts of this appropriation can be made available for use as an effective General Fund Contingency.

Repayment of Interfund Transfers

The Recommended Non-departmental Costs budget unit includes a \$2,070,000 appropriation to repay part of the outstanding balance of monies borrowed from other funds during the Great Recession. This is a \$3.95 million reduction from the amount included for this purpose in the FY2015-16 Adopted Budget. I am recommending this reduction in order to provide sufficient resources to fully fund departmental Base Budgets and the recommended Growth requests. With this repayment, the outstanding balance at the end of FY2016-17 will stand at approximately \$42 million.

FY2016-17 will represent the 8th year since the General Fund first borrowed money from other funds and the fifth year since the last borrowing took place. The total amount borrowed was \$77.8 million and, although \$33.6 million of that amount has been repaid, it is a concern that there is still an outstanding balance of this magnitude and that we are not able to repay the other funds on a consistent schedule.

OTHER FUNDS

Capital Construction Fund

The Capital Construction Fund (CCF) provides for major construction projects as well as minor alterations, improvements, and major equipment replacement in County-owned facilities. In recent years, the CCF has also become a source of payment for various debt services obligations. The CCF Recommended Budget for Fiscal Year 2016-17 includes \$56.3 million in sources available for projects. The uses include \$48.4 million in capital project costs, \$4.4 million in debt service costs, \$0.5 million in vacant space costs, and, \$3.0 million in other required costs financed by the Use Allowance.

The CCF's Fiscal Year 2016-17 Recommended Budget appropriation is \$18 million greater than the Fiscal Year 2015-16 Adopted Budget. The increase is largely due to the \$88.9 million Rio Cosumnes Correctional Center (RCCC) – Campus Expansion and Infrastructure project transitioning to construction phase.

In addition to the RCCC Campus Expansion and Infrastructure project, major projects in the Recommended Budget include: the replacement of the roof at the Main Jail, replacing the security controls at the Chris Boone and Stuart Baird facilities at the RCCC, replacing the Main Jail cell noise monitoring system, upgrading the fire alarm system in the New Administration Building and repair of the cooling towers at the Central Plant.

Economic Development Fund

The Recommended Budget for the Economic Development Fund reflects a \$15.2 million (24.5%) decrease in appropriations, an \$11.5 million (22.8%) reduction in revenue and a \$3.6 million (31.7%) reduction in the use of fund balance. The primary reason for the recommended reduction in appropriations and revenue is a reduction in environmental clean-up activity at both the McClellan and Mather sites. There are currently six Environmental Cooperative Service Agreements (ESCAs) in place that deal with environmental clean-up at these sites and several are nearing completion.

Roads Fund

The Recommended Budget for the Roads Fund reflects a \$3.8 million (5.3%) reduction in appropriations, a \$3.9 million (7.5%) increase in revenue and a \$7.7 million (41.4%) reduction in the use of fund balance. The primary reason for the recommended decrease in appropriations is the shift in timelines for various capital and road maintenance projects. The projected reduction in

revenue is also due to project timelines as they relate to various State and federal funding sources.

Roadways Fund

The Recommended Budget for the Roadways Fund reflects a \$6.6 million (104.3%) increase in appropriations, a \$940,000 (16.4%) increase in revenue and a \$5.7 million (921.5%) increase in the use of fund balance. The primary reasons for the recommended increase in appropriations are due to the shift in project timelines, construction change orders and bid item increases.

Department of Transportation

The Recommended Budget for the Department of Transportation reflects a \$14,000 increase in appropriations, an \$886,000 (1.8%) increase in revenue and \$7.7 million (41.4%) decrease in the use of fund balance. The primary reasons for the increase in appropriations are changes in project timelines and costs.

The Recommended Budget also includes \$72,000 in funding for two Growth requests: \$22,000 to purchase a utility trailer to transport a thermos-plastic roadway striping applicator, and a \$50,000 General Fund contribution through the Community Development Department to fund the continued operation of the Residential Parking Permit program that had previously been funded with Gas Tax revenue. A recent audit determined that gas tax revenue could not be used for this purpose.

Department of Technology Fund

The Recommended Budget for the Department of Technology reflects a \$4.3 million (5.3%) increase in appropriations and revenue. The primary reasons for the recommended increase in appropriations include increased salary and benefit cost for existing employees and increased in contract costs for special projects, such as the Access Management Database, and support applications for the Airport and Public Defender Departments, as well maintenance contracts for Countywide Information Technology services, such as Microsoft licensees.

The Recommended Budget also includes funding for two Growth requests: \$28,000 to add a .2 FTE position to help develop, implement and maintain various software applications and \$170,000 to add a Neighborhood Services Area Manager position to oversee the 311 call system and coordinate responses to community livability issues in the unincorporated county, such as graffiti and code enforcement issues. The latter will be funded initially by

additional, estimated one-time salary savings identified after the budget for which the Department was already prepared, though there will be additional costs in future years. Budgeting for the Neighborhood Manager position in this Budget Unit is temporary. The plan is to move this position to another Budget Unit at a later date.

General Services

The Recommended Budget for the General Services Department reflects a \$2.6 million (1.5%) increase in appropriations, a \$2.6% (1.5%) increase in revenue and a \$64,000 (1.1%) increase in the use of fund balance. The primary reasons for the recommended increase in appropriations are increased salary and benefit costs for existing employees, an increase in allocated costs from other internal services departments and higher principal and interest payments related to the purchase of light fleet vehicles as more vehicles are meeting replacement conditions.

Recommended Growth requests include:

- \$196,000 to fund three additional Building Maintenance Worker positions to provide maintenance service to various buildings/facilities. Funding will come from charges to departments receiving services.
- \$230,000 to fund additional Electrician and Stationary Engineer positions to provide additional maintenance and operations services at the Airport Department. Funding will come from charges to that Department.
- \$448,000 to fund various needs related to the maintenance of the heavy equipment fleet, including replacing fuel island control units at fleet fuel stations, covering the cost of an embedded Information Technology Analyst from the Department of Technology to support various Fleet systems and training for fleet and fuel management systems' version upgrades. Funding will come from charges to heavy fleet user departments.
- \$16,000 to increase the number of security badging stations available.

Solid Waste Enterprise

The Recommended Budget for the Solid Waste Enterprise Fund reflects a \$12.2 million (13.7%) decrease in appropriations, a \$640,000 decrease in revenue and an \$11.6 million (79.3%) decrease in the use of fund balance. The primary reason for the recommended decrease in appropriations is the

fact that the FY2015-16 Adopted Budget included one-time costs associated with redemption of \$13.8 million in 2005 Certificates of Participation (COPs).

Four Growth requests totaling \$529,000 are also recommended for funding, including:

- \$239,000 to fund the addition of 2 Sanitation Worker and 2.5 FTE Intermittent Transfer Equipment Operator positions to (1) provide support for operation due to increase workload related to the new mattress program, the increased storm water awareness program and the focused removal of contaminants in "green waste;" (2) to address increased tonnage being delivered to the NARS facility; and (3) to backfill for regular Equipment Operators who are out due to injury, illness or vacation. Funding will come from reserves.
- \$108,000 to add three Intermittent Collections Equipment Operators to provide additional backup for regular employees who are unable to work due to injury, illness or vacation and to backfill daily open positions to ease employee workload. Funding will come from reserves.
- \$101,000 to fund the addition of one Senior Landfill Equipment Operator position, in part to provide more complete coverage for the weekend crew and deal with the increased workload associated with the new mattress program and increased storm water management. Funding will come from reserves.
- \$82,000 to fund the addition of a Safety Technician position to allow for a reorganization of duties between the Senior Safety Specialist and Safety Specialist positions. Funding will come from reserves.

Water Agency Enterprise Fund

The Recommended Budget for the Water Agency Enterprise Fund reflects a \$10.6 million (10.7%) decrease in appropriations, a \$6.2 million (8.8%) increase in revenue and a \$16.8 million (59%) decrease in the use of fund balance. The primary reason for the decrease in appropriations is changes in the timing of construction projects. The primary reason for the projected increase in revenue is anticipated increases in water use fees, water resale and Zone 40 development fee revenue.

Airport System

The Recommended Airport Systems Budget reflects a \$29.7 million (12%) increase in appropriations, a \$19.8 million (10.5%) increase in revenue and a \$9.7 million (17.2%) increase in the use of fund balance. The primary reasons for the increase in appropriations is an increase in the funding transferred out of this Fund to the Airport Capital Outlay Fund to cover the cost of capital projects. The projected increase in revenue is due in part to additional grant revenue to fund capital projects and in part to an increase in passengers arriving and departing at the airport.