



COUNTY OF RIVERSIDE

STATE OF CALIFORNIA

FISCAL YEAR 2013/14 MIDYEAR BUDGET REPORT



PREPARED BY
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County Executive Officer

3-6



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February 11, 2014

Honorable Board of Supervisors
County of Riverside
Robert T. Andersen Administrative Center
4080 Lemon Street, 5th Floor
Riverside, CA 92501-3651

4/5th Vote

SUBJECT: FY 13/14 Midyear Budget Report

Board members:

In January, Gov. Brown released a balanced budget proposal that is optimistic regarding trends in current and future state revenues. The governor prudently advocates applying short-term revenue gains toward reducing state debt and restraining spending at sustainable levels. The state's improved fiscal condition opens opportunities for the county to renew discussions with them regarding inadequately compensated public safety realignment costs shifted to the county level in recent years, and long-deferred revenues for state mandates and payment in-lieu of taxes.

Unfortunately, the projected increases in state revenue, in part due to capital gains, do not translate to comparable revenue increases locally. Although the local unemployment rate has decreased to 9.1 percent, foreclosure activity is abating and the real estate market appears to be stabilizing, new permit activity remains flat and the inflation factor used to adjust next year's assessed value will only increase by 0.454 percent. Factoring out one-time receipts from solar projects and other anomalies, next year's projected sales and use tax revenue is also flat. Consequently, my office has tempered our revenue projections for the next four years.

Escalating labor costs and other financial challenges will continue to outpace this modest revenue growth. Human Resources calculates the total cost of labor increases to be borne by departments will exceed \$77 million. The Riverside County Regional Medical Center continues working toward closing its structural operating deficit of \$55 million and cash flow shortfall of \$64.8 million as of this writing. In addition, the Sheriff reports a projected current year budget shortfall of \$35 million, which my office continues to monitor closely. Planning continues for construction and operation of new jail facilities, which will add considerably to ongoing operations costs in the near future.

Consequently, the Executive Office recommends setting aside all one-time resources to

build reserves and guard against unsustainable spending. Included in this report are recommendations to reserve for budget stabilization \$8.8 million from liquidated redevelopment assets; \$4.2 million in unbudgeted FY 12/13 year-end fund balance; \$8 million from reprogrammed capital projects; and \$8.5 million from Waste Management rental payments. The Executive Office recommends only two adjustments to general fund contingency in this report totaling \$397,600.

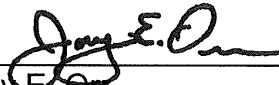
In addition, non-public safety departments are being directed to absorb current and future labor cost increases. Efficiencies must continue to be pursued and costs of providing internal services must be reduced to lessen the overhead burden on these departments.

Attachment F and Attachment G to this report contain the FY 14/15 budget guidelines and budget schedule, respectively, for your approval. Budget kickoff meetings have already been held and departments are already beginning preliminary work preparing next year's budget. Their budget submittals are due to my office in mid-March, and a budget impact workshop is tentatively scheduled for April 2-3, if needed. I will bring forward my recommended budget to the Board for approval at budget hearings beginning on Monday, June 16. Adoption of the final budget is tentatively scheduled for Tuesday, September 9.

Included in the budget guidelines contained in Attachment F is a new budget policy I am recommending that requires all discretionary spending initiatives proposed throughout a fiscal year be deferred to the next annual budget process so all budgetary issues are considered and prioritized together within the framework of the Board's long-term strategic financial objectives.

IT IS RECOMMENDED that the Board of Supervisors: 1) receive and file this report and all its attachments; 2) approve the recommendations and associated budget adjustments contained in Attachment A; and 3) approve Resolution No. 440-8961 amending Ordinance No. 440 contained in Attachment B.

Respectfully,



Jay E. Orr
County Executive Officer

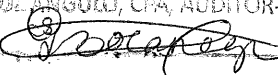
FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY  2/10/14

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A. EXECUTIVE SUMMARY

Riverside County's unemployment rate edged down to 9.1 percent, but lags state and national levels. Local employment gains remain highest in the lower wage retail trade and leisure and hospitality sectors, while losses continue in higher wage professional and government jobs. Local foreclosure-related activity continues to subside, but still influences the real estate market, although median home prices are increasing.

The inflation factor used to adjust California assessed values will only increase by 0.454 percent, not the 2 percent maximum allowed under Prop. 13, meaning property tax revenue growth next fiscal year is likely to remain modest. Factoring out one-time infusions from solar projects, core sales and use tax revenue also remains relatively flat.

Gov. Brown has proposed a balanced state budget that leverages momentum in the growth in state income to buy down state debt and holds the line on most state spending. The federal budget process currently appears less volatile than it was last fall, and active appropriations bills are being closely watched.

The most immediate concern is the financial condition of the Riverside County Regional Medical Center (RCRMC). RCRMC ended FY 12/13 with a negative cash balance of \$27 million, and projects negative cash flow of \$57 million in FY 13/14, for a cumulative negative cash position of \$84 million by June 2014. As of February 4, 2014, the negative cash balance of the medical center was \$64.8 million. In addition, RCRMC's budgeted expenditures exceed estimated revenue by over \$55 million. The new management team and Huron consultants engaged to implement Huron Consulting's recommendations are working quickly to implement revenue recovery and cost-saving measures.

Escalating labor costs and other financial challenges will likely continue to outpace modest revenue growth. Human Resources calculates the total cost of labor increases to be borne by departments will exceed \$77 million. Since all foreseeable discretionary revenue growth over the next few years already is committed to public safety, non-public safety departments are expected to absorb these labor increases.

The Sheriff revised their projected year-end shortfall downward to \$35 million, which they indicate is primarily due to unfunded labor cost increases coupled with Board-approved hiring increases, inadequate state funding for court security, unanticipated retirements, and increased Coroner caseloads. The Executive Office continues monitoring this situation closely.

Toward achieving the Board's goals of structural balance and rebuilding reserves, the Executive Office recommends setting aside certain one-time resources realized to date, including: \$8.8 million from liquidated redevelopment assets; \$4.2 million in unbudgeted FY 12/13 year-end fund balance; \$8 million from reprogrammed capital projects; and \$8.5 million from Waste Management rental payments.

The Executive Office recommends only two adjustments to general fund contingency in this report: \$135,000 for personnel obligations related to an unanticipated retirement; and an additional \$262,600 required for a judicial settlement.

B. ECONOMIC OUTLOOK

GENERAL OUTLOOK

California Unemployment

The state's unemployment rate decreased to 8.3 percent in December, with a year-over-year drop of 1.5 percent. Across the state, unemployment ranged from a low of 4.2 percent in Marin County to a high of 22.5 percent in Imperial County. By contrast, the U.S. unemployment rate in December decreased to 6.7 percent. There were 504,558 people receiving regular unemployment insurance benefits in California in December, up from 496,500 in December 2012. New claims for unemployment insurance rose to 73,458 in December, up from 51,545 in December 2012.

California Employment Trends

The number of people in California holding jobs in December had increased by 291,000 over the year before to 17,036,000. The number of nonfarm jobs in California in December had increased by 235,700 over the previous year, up 1.6 percent. Ten sectors posted gains in jobs over the year, with construction posting the highest percentage growth at 4.8 percent. Government was the only category that posted a net loss of jobs over the year, down 18,400 jobs, a decrease of 0.8 percent.

California Real Estate Trends

Issuance of residential building permits was up 44.2 percent from December 2012, while nonresidential permits were up 83.3 percent. Statewide, the pace of home sales cooled in the second half of 2013, down 11.1 percent from October 2012. However, existing home prices also rose 25.3 percent on a year-over-year basis, and October was the 16th consecutive month in which home prices experienced double digit year-over-year increases.

LOCAL OUTLOOK

Unemployment

In December, Riverside County's unemployment rate decreased to 9.1 percent, gradually closing the gap with the statewide rate, but still higher than neighboring San Bernardino County's unemployment rate of 8.7 percent. The blended unemployment rate of the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA) was 8.9 percent.

Employment Trends

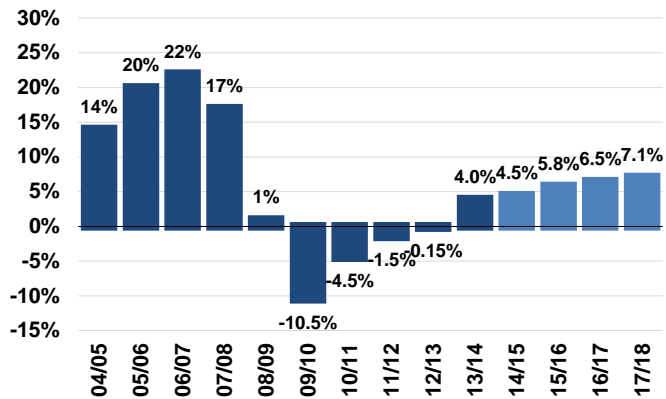
The trade, transportation and utilities sector once again added the most nonfarm job growth in the Riverside-San Bernardino-Ontario MSA on a year-over-year basis. The

sector added 9,100 jobs, 62 percent of which were in retail trade, which added 5,600 of those jobs; the balance were in transportation, warehousing, utilities and wholesale trade. The leisure and hospitality sector added 7,300 jobs, construction added 3,300 jobs, and education and health services continued reporting modest increases. However, government continued shedding jobs at all levels, again losing 2,800 from the previous year.

Assessed Value

Significant reductions in foreclosure-related activity, increases in year-over-year median sales prices for residential property, and improvement within the commercial property market continue to function as stabilizing factors for the rebound of the local real estate market. In contrast, a substantial number of remaining prior-year commercial appeals continues to negatively affect the assessment roll. New construction reflects signs of recovery, although its' scope and longevity remain uncertain.

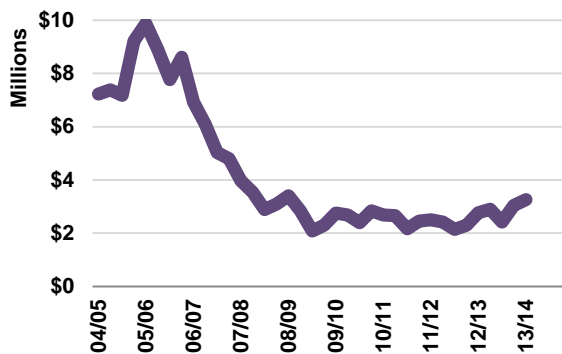
Annual Change in Assessed Value



Source of forward projections: California State University, Fullerton

Median sale prices of residential properties in Riverside County increased approximately 20 percent although sales volume has decreased 10 percent year-over-year for November (sources: AES, Dataquick and Corelogic). However, the annual California Consumer Price Index used to compute the Prop. 13 inflationary factor will only increase by 0.454 percent and not the maximum 2 percent increase allowed.

Documentary Transfer Tax (Quarterly)

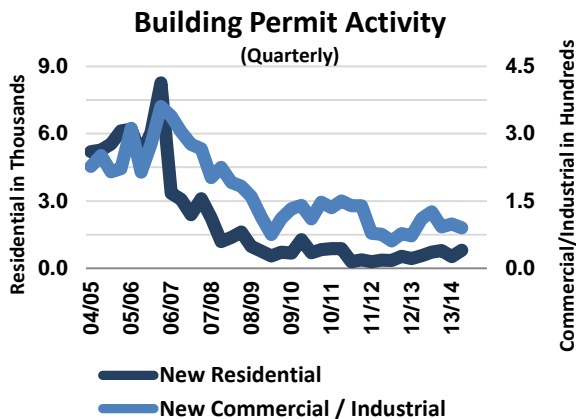


Recordation Activity

Document-recording activity through the first two quarters of this fiscal year is 13 percent lower compared to the same period last year. In spite of the decrease, the Assessor-expects County Clerk-Recorder documentary transfer tax revenue to be \$1 million higher than budgeted because of real estate activity that exceeded forecasts.

Building Permits

During the first two quarters of FY 13/14, Building and Safety accepted 5,773 new applications, up 20 percent from 4,817 for the same period last fiscal year. New applications brought \$4.8 million in receipts compared to \$3.8 million for the same period last fiscal year, a 26 percent increase. Flat-fee receipts have improved significantly from \$755,462 to \$926,988, a 23 percent increase.



Planning applications through the second quarter of FY 13/14 fell by seven cases to 336 compared to 343 for the same period last year, a 2 percent drop.

Customer counts at TLMA’s two regional offices increased by 11 percent through the first two quarters, from 10,282 in FY 12/13 to 11,396 in FY 13/14.

FEDERAL UPDATE

The Bipartisan Budget Act of 2013 approved by Congress in December 2013 provided parameters for the House and Senate appropriations committees to finally negotiate FY 2014 funding levels for federal agencies and programs. Discretionary spending for both FY 2014 and FY 2015 was set at \$1.012 trillion, a decrease from the estimated \$1.258 trillion in FY 2013. Anxious to avoid the fallout of another shutdown, both the House and Senate overwhelmingly supported the FY 2014 Consolidated Appropriations Act, which the President signed into law on January 17, 2014.

Since the Bipartisan Budget Act also addressed FY 2015 discretionary funding, the appropriations process should flow much more smoothly this year than in recent years. The Administration announced that the President will release his budget request on March 4, 2014, and the respective House and Senate appropriations committees will begin hearings shortly thereafter.

Housing and Community Development

Before work began on the FY 2014 Consolidated Appropriations Act, there were significant differences in proposals for a variety of housing and community development programs. The most egregious of these differences related to the community development block grants (CDBG), with the Senate proposing \$3.15 billion, while the House measure proposed slashing the program to \$1.64 billion. The final conference agreement provided \$3.03 billion for CDBG, a 1.6 percent decrease from FY 2013.

Other funding levels in the measure included: \$ 1 billion for the Housing and Urban Development HOME Investment Partnerships program, an increase from \$948 million; \$2.105 billion for homeless grants, up from \$1.92 billion; \$330 million for Housing for People with AIDS (HOPWA), a \$30 million increase; level funding of \$75 million for Housing and Urban Development/Veterans Affairs Supportive Housing Program (HUD-VASH), and \$384 million for elderly housing.

Health Care Funding

The Budget Act of 2013 included provisions that eliminate \$500 million in FY 2014 cuts in Medicaid disproportionate share hospital (DSH) funding, and delay \$600 million in FY 2015 DSH cuts for one year. In addition, the FY 2014 Consolidated Appropriations Act provided the following levels for programs of significance to the county: \$1.495 billion

for community health centers; \$1.8 billion for substance abuse prevention and treatment; \$655 million for Ryan White Part A; \$900 million for AIDS Drug Assistance program; \$928 million for the prevention and public health fund; \$846 million for the maternal and child health grant program; \$640 million for the public health emergency preparedness cooperative agreement; \$462 million for the mental health grants; \$588 million for Section 317 immunizations; \$286 million for family planning; \$255 million for hospital preparedness cooperative agreement grants; and \$135 million for tuberculosis control/prevention.

Public Safety Funding

Most significant differences in the House and Senate proposals for the Department of Justice state and local funding were also overcome. While the House did not initially include funding community-oriented policing services (COPS) grants, the final bill provides \$214 million, a slight increase over FY 2013. Other funding levels include: \$376 million for the Byrne memorial justice assistance grant (JAG); level funding of \$417 million for Violence Against Women Act programs; \$125 million for DNA and forensic-related programs; \$68 million for re-entry programs; \$40.5 million for drug courts; \$8.25 million for mental health courts; and \$4 million for veterans treatment courts.

The bill reduces funding for the state criminal alien assistance program (SCAAP) by \$62 million to \$180 million. Our lobbyist has been working with the California State Association of Counties (CSAC) and other stakeholders to urge California's congressional delegation to make SCAAP one of its highest priorities in the FY 2015 appropriations process.

Payment in Lieu of Taxes

The Emergency Economic Stabilization Act of 2008 extended by an additional year authorization for the Moving Ahead for Progress in the 21st Century Act (a consolidated surface transportation bill signed into law in 2012), and authorized full funding for the federal payment in lieu of taxes (PILT) program through FY 2012. However, last year Congress failed to act on an extension for federal PILT, and attempts to fully fund it within the appropriations act were unsuccessful because of the \$425 million price tag. Last year, Riverside County received \$3.1 million in federal PILT, and budgeted an estimated \$2 million for it this fiscal year.

The National Association of Counties (NACO), our lobbyist and other stakeholders urged conferees to include full funding for federal PILT for FY 2014. Last week, Senator Stabenow, chairwoman of the Agriculture Committee, included full funding within the farm bill, and on January 27, 2014, announced a bipartisan, bicameral agreement on a five-year bill. The House passed the bipartisan agreement on January 28, and the Senate passed it February 4. The bill passed with strong bipartisan support, and it is anticipated President Obama will sign it. It is clear the county will need to remain vigilant on this and other such revenues to ensure federal funding continues.

Rural Development

The county's lobbyist continues to advocate on behalf of the Board's support for the ex-

isting definition of “rural” for USDA Rural Development programs, enabling numerous communities within the county to remain eligible, including Coachella, Blythe, and Desert Hot Springs. Language was included within the appropriations act extending that definition through this fiscal year.

STATE UPDATE

The state’s economy continued with very strong economic returns in the first half of the fiscal year and all sectors of the economy continue to improve over the past year. The state’s economy continues to have significant momentum, and the outlook appears positive as growth is expected to continue for the second half of the year.

State Revenue

California ended the 2013 calendar year with steady growth in tax receipts. Overall, revenue beat estimates by 6.4 percent, or \$2.5 billion. Corporate receipts were ahead by 2.8 percent, personal income tax ahead by 6.1 percent, and retail sales surged the most by 9.2 percent.

State operational spending remains restrained. Disbursements were 0.3 percent below forecasts. Local assistance was modestly above expectations, with much of the divergence attributed to a delay in healthcare reimbursements.

Controller John Chiang said “revenues for the first half of the year are well ahead of estimates and reflect a surging economy fueled by a boom in technology, rising exports, improving consumer confidence and a new housing upswing.” He also reminds us that “our state’s history of boom and bust revenue cycles call for disciplined spending that emphasizes paying off debt accumulated throughout the Great Recession.”

Total revenues for December were \$10.6 billion, \$2.3 billion above budget estimates, or 27.7 percent. December sales tax receipts got a boost from the “Black Friday” weekend falling at the very end of November. As a result, \$400 million in retail activity that took place in November was not officially booked until the first days of December. Even with the anomaly, sales tax collections exceeded projections by more than \$700 million. Total sales tax for the month was \$1.1 billion above estimates (178.7 percent). Personal income taxes came in \$987.5 million above (16.5 percent) estimates. December corporate tax receipts were \$188.8 million above estimates (16.5 percent) for the month.

The Legislative Analyst’s Office (LAO) published a medium-term forecast of the state’s general fund condition. The LAO projects incoming revenue will exceed outgoing expenditures each year over the medium-term; by the end of the decade; the LAO expects surpluses to rise to nearly \$10 billion, assuming steady economic growth.

The report acknowledges the imprecision of estimates, and makes a second budget forecast assuming a moderate recession in 2015 or later. If California experiences a modest downturn, the LAO estimates the state might run deficits perhaps in FY 15/16 or later. The two scenarios demonstrate a \$17 billion swing in surplus figures. That swing over two years represents a roughly 5 percent reduction in available revenues.

Governor's FY 14/15 Proposed State Budget

The Governor released his proposed FY 14/15 state budget on January 10 with a focus on fiscal discipline. The proposal projects a modest surplus that allows for some additional investments in programs. It focuses heavily on repaying the state's existing liabilities, including eliminating school deferrals, making a deposit to the state's rainy day fund (the first deposit since 2007), paying off the economic recovery bonds early, and investments in the state's infrastructure. The budget highlights numerous risks to the state's delicate fiscal balance, including the volatility associated with increased capital gains revenue, a court-ordered prison population cap and continued litigation on dissolving redevelopment.

It projects \$108.7 billion in general fund resources, which includes \$2.5 billion in total reserves. The budget projects an overall revenue increase of \$6.3 billion from FY 12/13 through FY 14/15, from the projections in the FY 13/14 budget. The increases are greater due primarily to a higher forecast of personal income tax. Sales tax revenue is projected to decrease slightly relative to the FY 13/14 budget, while corporate tax revenue is projected to decrease by \$1.2 billion. The revenue forecast for FY 14/15 is the first to exceed the pre-recession revenue peak of \$102.6 billion achieved in FY 07/08. The plan is balanced, with no projected budget deficit.

The Governor noted three main priorities during his press conference: education, health, and public safety. The budget highlights investment in education, strengthening the safety net, strengthening infrastructure, addressing climate change, paying down debts and liabilities, and setting aside reserves.

The Governor proposes to continue reducing the state's debt, which totaled \$34.7 billion in 2011. The proposed budget reduces this debt by more than \$11 billion, and fully eliminates it by FY 17/19. This includes unpaid costs to local government for state mandates. The budget includes proposals to eliminate school deferrals, pay off economic recovery bonds, and make early loan payments.

The Governor's budget includes a number of proposals for the funding of environmental protection and natural resources programs. However, traditional funding sources to counties, such as the Williamson Act subvention payments, Fish and Wildlife payment in lieu of taxes (PILT), and funding for the state and county fairs network remain unfunded in this budget.

The budget proposes to expand the tax increment financing tool utilized by infrastructure financing districts (IFD). The proposal plans to expand the type of projects, allow cities and counties to meet benchmarks to create IFDs and issue related debt, allow new IFDs to overlap former project areas of redevelopment agencies, while still prohibiting the diversion of property tax revenues from K-14 schools.

The budget estimates counties will save \$300 million in the current year through the implementation of Medi-Cal expansion through a six month pro-rata redirection of each county's 1991 health realignment funding in the current year. For counties that choose the county savings formula, their share of the \$300 million will be analyzed through the

formula's true-up mechanism.

The budget also intends to redirect \$900 million it estimates counties will save in FY 14/15 by moving indigent adults from county programs to the state's expanded Medi-Cal program. The \$900 million projection will be updated in the Governor's May Revise.

In March 2014, CalWORKs will receive a 5 percent increase in grants totaling \$57.5 million from redirected county health realignment funds. In FY 14/15, the proposal provides \$6.3 million from the state general fund and \$160 million from redirected county savings to support the full-year costs of the 5 percent grant increase.

The budget projects Medi-Cal caseload will increase approximately 10 percent from the current fiscal year to next – growing from 9.2 million to 10.1 million beneficiaries, largely from implementation of federal health reform and the shift of children from Healthy Families to Medi-Cal.

The Governor's proposed budget includes \$2 billion for the In-Home Supportive Services Program in FY 14/15, a 6.4 percent increase from the current year. The U.S. Department of Labor also announced new regulations effective January 1, 2015, that require overtime pay for domestic workers. To control costs, the budget prohibits providers from working overtime.

The Highway User Tax Account replaced sales tax on gasoline with an annually adjusted gasoline excise tax. The budget estimates the excise tax rate will decrease in FY 14/15 by 3.1 cents from 39.5 to 36.4 cents per gallon. This is based on reduced consumption of fuel.

2011 Public Safety Realignment

The Governor's proposed budget includes estimated allocations of base and growth amounts for 2011 realignment through FY 14/15.

- Split sentences - The proposal requires any county jail felony sentence to be a split sentence, meaning offenders will be sentenced to a period of custody in jail followed by mandatory supervision in the community, unless the court decides otherwise.
- Additional local capacity investment - jail facilities. The proposal includes another \$500 million in state lease revenue bonds for local facility construction, modeled after the SB1022 (2012) construction program, and requires a 10 percent county match.
- Cap on long-term jail sentences – In response to concerns regarding lengthy AB109 jail sentences, the administration proposes a "bright line" maximum jail term for offenders sentenced to county jail under realignment. The administration proposes sentences over 10 years be served in state prison, rather than county jail. This change affects approximately 300 offenders per year.

- Reduced fire camp rate – The proposal reduces the rate that the California Department of Corrections and Rehabilitation charges in an effort to attract counties to fill vacancies in fire camps.
- AB109 Allocation – Although 2011 realignment is in its third year, the Governor recognizes that with limited evaluation to date it is premature to consider the permanent funding formula initially anticipated by FY 14/15. Instead, the Governor will consider funding annually until counties accumulate adequate recidivism data.
- A variety of funding formula factors are being considered by the Realignment Allocation Committee (RAC), nine county administrative and executive officers working with the California State Association of Counties to develop recommendations for the Department of Finance. The RAC is considering the impact of evidence based practices utilized by probation departments, the use of split sentences, and local alternatives to incarceration.
- Increased SB678 Funding – The Governor’s budget increases from \$42 million to \$128 million funding for probation departments that successfully reduced recidivism rates of probationers, particularly those considered at high risk for returning to jail. This funding was provided prior to realignment and continues to be important at the local level, since probationers subject to post-release community supervision and mandatory supervision that are probation’s responsibility following realignment are only approximately one-fourth of most counties caseloads.
- Community Corrections Partnership Grants – Realignment funding is allocated by the local Community Corrections Partnership Executive Committee (CCPEC). The Governor recommends continuing to provide planning allocations to CCPECs if evaluation of local efforts is part of each county’s strategy.

State Prison Population – Three Judge Panel

The administration built the budget assuming the court will grant a two-year extension to meet the population cap. If the extension is not granted, approximately \$315 million appropriated in legislation to reduce the state prison population will be used to meet the population cap through contracting for bed space.

C. MULTIYEAR BUDGET OUTLOOK

LONG-RANGE PLAN

An effective budget strategy keeps spending levels consistent with anticipated changes in ongoing resources. We estimate total discretionary revenue of \$625.1 million for the county this fiscal year. Our long-range projection for discretionary revenue anticipates modest growth, consistent with forecasts of slow economic recovery in the county.

On September 23, 2013, the Executive Office held a workshop and presented the five-year public safety plan and the increased cost of debt service. As the table below re-

flects, the plan outlines the cumulative fiscal effect of Board-approved initiatives over the next five years weighed against projected revenue growth. As indicated in the workshop, the Executive Office updates this information quarterly.

Five-Year Public Safety Master Plan

(cumulative amounts – dollars in millions)

	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
PROJECTED REVENUES					
Discretionary Revenues	-	\$22.1	\$46.5	\$81.4	\$121.1
Prop 172 Offset	-	19.3	29.0	36.0	50.0
Waste Management Lease	-	4.0	4.0	4.0	4.0
ACES Apportionment	-	-	-	11.8	11.8
TOTAL PROJECTED REVENUES	\$0.0	\$45.4	\$79.5	\$133.2	\$186.9

BOARD COMMITMENTS

Operational Costs

Sheriff

	Pos	Amt	Pos	Amt	Pos	Amt	Pos	Amt	Pos	Amt
Patrol	-	64	\$8.8	92	\$13.0	120	\$17.2	148	\$21.4	
Corrections										
Sheriff	-	207	19.3	406	37.9	406	37.9	406	37.9	
Detention Health	-	-	-	52	6.4	52	6.4	52	6.4	
Mental Health	-	-	-	39	3.2	39	6.4	39	6.4	
Equipment	-	-	-	-	-	-	3.5	-	-	
ECDC Contingency	-	-	-	-	-	-	-	-	-	15.0
Sheriff Salaries & Benefits	-	-	9.9	-	20.4	-	(1)36.5	-	-	(1)59.3

Fire Salaries & Benefits

Probation

Van Horn Youth Treatment	0	-	76	2.2	76	3.7	86	4.0	86	4.4
Prison Rape Elimination Act	0	-	0	-	0	-	82	2.8	82	3.0
Total Labor Costs	0	-	347	\$41.4	665	\$87.1	785	\$114.9	813	\$158.8

Capital Costs

ECDC	-	-	-	-	-	-	17.5	-	-	17.5
Fire Equipment Lease	-	-	0.3	-	1.5	-	2.0	-	-	2.6
Debt Service	-	-	4.5	-	6.2	-	9.7	-	-	9.7
Total Capital Costs	-	-	4.8	-	7.7	-	29.2	-	-	29.7
TOTAL COMMITMENTS	-	-	\$46.2	-	\$94.8	-	\$144.1	-	-	\$188.5
BALANCE/(DEFICIT)	-	-	(\$0.8)	-	(\$15.3)	-	\$(10.9)	-	-	\$(1.6)

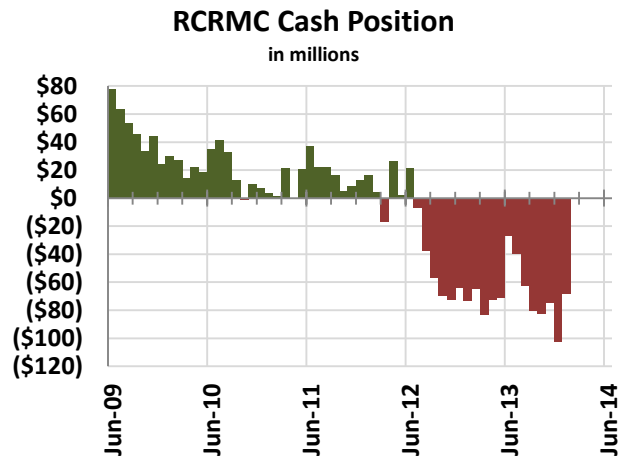
- (1) Includes pension increases due to change in actuarial assumptions.
- (2) Reflects department absorbing salary and benefit increases.
- (3) The FY 13/14 budget includes use of \$30 million in fund balance to balance the general fund. To maintain positive credit ratings, the Executive Office recommends ramping down over five years the use of fund balance to cover ongoing operations.

FUTURE RISKS TO A STRUCTURALLY BALANCED BUDGET

While the county is anticipating future fiscal impacts, some associated costs cannot yet be accurately quantified. In addressing these challenges, we must identify ongoing funding sources or offsetting cost reductions. Major issues are discussed in more detail below.

Riverside County Regional Medical Center

As reported in the first quarter report, the Riverside County Regional Medical Center (RCRMC) ended FY 12/13 with a negative cash balance of nearly \$27 million. The medical center projected an additional cash shortage of \$57 million occurring in FY 13/14, predicting a year-end negative cash position of \$84 million at the end of June 2014. As of January 31, the negative cash position was \$68.3 million. In addition, the medical center’s budgeted expenditures exceed estimated revenue by over \$55 million. As detailed elsewhere in this report, in late 2013 the Board took significant actions to address these critical financial issues. The Executive Office continues monitoring these issues closely.



Labor and Pension Cost Increases

In preparation for the FY 14/15 budget, Human Resources calculated the projected cost of labor increases based on current labor contracts and staffing levels as of November 2013, shown in Attachment E. Current labor contracts returned cost of living adjustments and merit increases in exchange for staff paying into CALPERS. Human Resources estimates the impact of the total labor increases on county departments will exceed \$77 million at the assumed staffing levels. In the attached budget policies discussed below in more detail, the Executive Office recommends departments absorb these increased salary and benefit costs.

FY 14/15 BUDGET POLICY AND SCHEDULE

The annual budget policies and schedule for FY 14/15 were distributed to department managers during budget kickoff meetings in late January and early February. Departments were provided with net county cost (NCC) targets that remained mostly unchanged from current levels. These targets reflect the expectation that labor cost increases be absorbed by departments without additional general fund support, as outlined in the budget policies in Attachment F. However, as outlined above in the five-year public safety master plan, additional general fund support will be provided to public safety departments. The Executive Office recommends the Board approve the following three new key budget policies, included in Attachment F:

- **Reserving One-time Resources:** One-time resources derived from unexpected or excess revenue or cost savings shall be set aside to build reserves, not to backfill ongoing operations. This will bolster reserves while also guarding against building ongoing operations on unsustainable revenue streams.
- **Absorbing Labor Costs:** Labor cost increases shall be absorbed by departments. The majority of the county's departmental funding is from state and federal revenue, and the county should fully recover labor costs from those programs to the greatest extent allowable. When departmental revenue will not cover the gap, attrition and efficiencies should be used to offset labor cost increases.
- **Limiting Interim Appropriations:** Interim appropriations increases outside the budget process should be limited so competing priorities are considered together at once within the context of the overall budget process.

The budget schedule outlined in Attachment G shows that departments' FY 14/15 budget submittals are due to the Executive Office on Thursday, March 13. Budget workshops are tentatively scheduled for early April, at which department heads will have the opportunity to describe how the cost increases affected their budget submittals. On May 6, the Executive Office plans to present the third quarter budget report, which will also include presentation of the county's economic forecasts.

The Executive Office then plans to return on Monday, June 16, with the FY 14/15 recommended budget for Board approval. Recommended budgets provide core spending authority for the new fiscal year, and by law must be approved by the Board on or before June 30 to have appropriations in place on July 1. After the Board approves the recommended budget, budget hearings can immediately commence. After considering testimony during these hearings, the Board may provide further policy direction for the final budget. The Executive Office prepares any necessary adjustments based on that Board direction and year-end financial results. The FY 14/15 final budget is scheduled for Board adoption Tuesday, September 9.

D. SECOND QUARTER ACTIVITY

DISCRETIONARY REVENUE

Property Taxes

Property tax revenue was budgeted at \$269.6 million based on a forecasted 4 percent increase in assessed values. The Auditor-Controller projects property tax revenue will remain relatively unchanged from the original forecast. The Executive Office continues monitoring revenue closely and will make additional recommendations when more data are available.

Redevelopment Dissolution Related Revenue

In 2011, the governor signed ABX1 26, dissolving redevelopment agencies throughout the state, and the courts upheld the law. Consequently, redevelopment agencies

statewide were dissolved February 1, 2012. Under ABX1 26, redevelopment agencies' assets not essential to meet enforceable obligations must be liquidated and distributed to taxing entities, such as the county. Year to date, a total of \$8.8 million in residual assets was allocated to the county general fund by the Auditor-Controller's Office. The Executive Office recommends setting aside this one-time revenue in the budget stabilization account.

Recommendation 1: *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing revenue and unassigned fund balance for budget stabilization by \$8,828,698, as follows:*

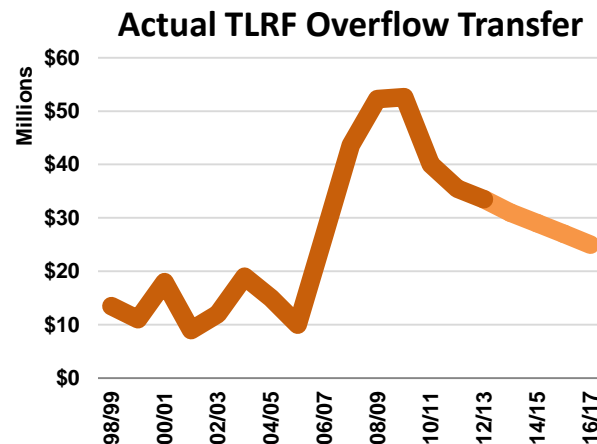
Increase estimated revenue:		
10000-1300100000-715070	Redevelopment residual assets	\$8,828,698

Increase unassigned fund balance:		
10000-1000100000-370106	Unassigned fund balance – budget stabilization	8,828,698

Teeter Tax Losses Reserve Fund (TLRF) Overflow

Under the California Teeter plan, the county advances participating local agencies their property tax revenues based on enrolled assessed valuation. In return, the county collects and retains taxes due, including any penalties and interest on delinquent taxes. The tax losses reserve fund manages revenues and expenditures associated with the program. Revenue exceeding financing costs and necessary tax loss reserve is discretionary revenue that is released to the general fund.

Rising valuations and a spike in property tax delinquency rates significantly increased Teeter plan overflow for several years, peaking at more than \$52 million in FY 09/10. As delinquency rates continue to decline, the associated overflow projection of \$31 million remains unchanged for this fiscal year. As the real estate market stabilizes over the next several years, this revenue will continue to erode, as projected in the chart at left.



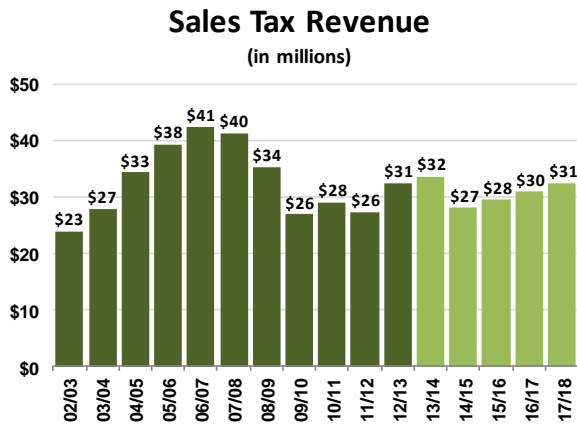
Sales and Use Taxes

Total sales and use tax receipts from the most recent quarter rose 3.5 percent from the same quarter a year ago for all jurisdictions in the county, according to Hinderliter de Llamas & Associates (HdL), Riverside County's sales tax consultant. This increase is consistent with receipts reported among other counties in the region, and the state as a whole. The state's overall growth rate was 3.5 percent over the same quarter a year ago.

Adjusted for one-time allocations and corrections, the county’s modest year-over-year growth in sales and use tax was only 1.8 percent last quarter, driven by continued strength in consumer goods sales at the factory outlet stores in Cabazon, and service stations, which are seeing a decline in taxable sales as fuel consumption drops and gasoline prices remain relatively stable. Other leading sectors in the unincorporated county include construction materials, quick service restaurants, and wineries, which are gradually emerging as a revenue contributor.

Sales and use tax revenue from the energy and utilities sector accounts for \$3.93 million of current-year sales tax to date. Riverside County’s increased share of sales tax generated by all jurisdictions in the county has temporarily increased both Riverside County’s share of the pooled use tax allocated within the county and the county’s Prop. 172 allocation factor. While significant in size, construction-related sales and use tax

receipts from solar projects are short-lived, and are beginning to decline on projects currently under way. While this sector may pick up again as other renewable energy projects get started, the amounts that might be generated and the timing of when that may occur cannot be forecast at this time. Consequently, HdL’s budget forecasts do not include speculative assumptions regarding the energy and utilities sector.



Source: HdL Companies

The county’s FY 13/14 budgeted estimate for sales and use tax revenue is \$29.3 million, which assumes some continued receipts from solar projects this fiscal year as well as growth in other sales sources. The significant expansion of the factory outlets in Cabazon is expected to substantially increase sales tax revenue. However, it is not certain when that will occur, and the Board’s recent decision to set aside a portion of the revenue from that growth will dampen the effect, whenever it occurs.

HdL’s original projection for FY 13/14, net of renewable energy projects, was \$28.2 million. HdL recently revised its current-year estimate upwards to \$32.4 million to account for one-time renewable energy receipts received to date. It also includes a higher-than-anticipated Triple Flip backfill driven by one-time allocations and retroactive corrections in the energy and utilities sector last fiscal year.

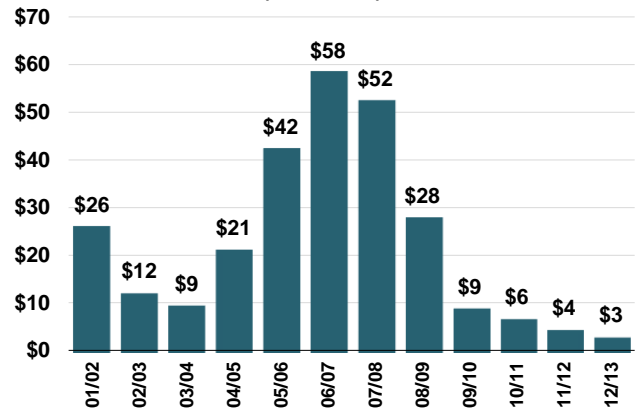
The Triple Flip is a revenue-swapping procedure related to Prop. 57 implemented a decade ago to enable the state to retain one quarter percent from local sales tax back-filled by property tax. This arrangement enabled the state to issue the Fiscal Recovery Bonds, and will terminate when those bonds are fully repaid, which is anticipated to occur within the next two years. If current-year trends continue, HdL expects the Board of Equalization will reduce the Triple Flip backfill next fiscal year to correct for and true up the resulting overstatement this fiscal year.

Factoring these corrections into the Triple Flip and other one-time allocations, and prudently assuming no sales and use tax revenue from renewable energy projects, HdL currently estimates base sales and use tax in FY 14/15 will be \$26.7 million. Additional economic detail from HdL is contained in Attachment C.

Interest Earnings

The Treasurer’s estimate for general fund interest earnings continues to reflect the low level of interest rates and remains unchanged at \$2.6 million. While short-term federal funds and discount rates are likely to remain unchanged for the foreseeable future, in January the Federal Open Market Committee commenced tapering open bond market purchases. Although this is a move in the right direction for fixed income investors, the latest projections suggest the Federal Reserve may not raise short-term rates until 2015, after the taper is complete.

General Fund Interest Earnings
(in millions)



With the recent confirmation of Janet Yellen as chair of the Federal Reserve, the county Treasurer anticipates a continuation of current Federal Reserve policies focused on achieving soft economic landing. Updates will be forthcoming if there are any material changes to estimated interest earnings.

**General Fund
Projected Discretionary Revenue**
(in millions)

	Budgeted Estimate	Midyear Estimate	Variance
Property Taxes	\$269.6	\$271.9	\$2.3
RDA Residual Assets	2.0	9.6	7.6
Motor Vehicle In Lieu	193.6	193.6	0.0
Tax Loss Reserve	31.0	31.0	0.0
Fines and Penalties	24.0	24.2	0.2
Sales & Use Taxes *	29.3	32.4	3.1
Tobacco Tax	10.0	10.0	0.0
Documentary Transfer	11.5	12.5	1.0
Franchise Fees	5.0	5.0	0.0
Interest Earnings	2.6	2.6	0.0
Misc. Federal and State	4.9	14.3	9.4
Other (Prior Year & Misc.)	7.3	18.0	10.7
Total	\$590.8	\$625.1	\$34.3

* Does not include public safety sales tax revenue

Revenue Summary

To date, the county has received un-budgeted one-time revenue totaling \$8.8 million in residual redevelopment assets, which the Executive Office recommends should be transferred to the general fund budget stabilization account. If current-year trends continue, sales and use tax revenue is projected to be \$3.1 million higher than budgeted, due to unbudgeted receipts from renewable energy projects. The chart at left summarizes the county’s currently projected discretionary revenues.

FUND BALANCE

The FY 13/14 general fund beginning fund balance assumed was an estimated \$30 million. This amount reflected anticipated departmental savings, additional discretionary revenue, and untapped contingency remaining at the end of last fiscal year. Based on the FY 12/13 final audited financial information, the actual unassigned fund balance

available carried over into FY 13/14 was \$34.15 million. The Executive Office recommends transferring the difference of \$4.15 million to the budget stabilization account.

Recommendation 2: That the Board approve and direct the Auditor-Controller to make budget adjustments to unassigned fund balance by \$4,150,000, as follows:

Decrease unassigned fund balance:		
10000-1000100000-370100	Unassigned fund balance	\$4,150,000
Increase unassigned fund balance:		
10000-1000100000-370106	Unassigned fund balance – budget stabilization	4,150,000

General Fund Commitments and Designations

The county maintains a number of Board-established general fund commitments and fund balance designations. The following table lists these commitments and designations, taking into account the recommendations in this report. Those recommendations include the addition this quarter of \$7.5 million in state funds to increase the DPSS Realignment Growth fund, and \$8 million from reprogrammed capital project funding, \$8.8 million in residual redevelopment assets, and \$4.15 million in beginning fund balance to increase the budget stabilization account. The Board’s previously established objective is to achieve and maintain unrestricted general fund reserves of at least \$250 million.

General Fund Commitments and Designations

(in millions)

	FY 12/13 Ending Balances	Adjustments for Budget Use	FY 13/14 Beginning Balances	Adjustments through Midyear	Balance Upon Approval
Economic uncertainty	\$124.7	\$0.0	\$124.7	\$0.0	\$124.7
Budget stabilization	34.1	(13.7)	20.4	33.5	53.9
Disaster relief	15.0	0.0	15.0	0.0	15.0
SB90 deferral	1.4	0.0	1.4	0.0	1.4
Historic courthouse remodel	0.5	0.0	0.5	0.0	0.5
CAC remodel	0.5	0.0	0.5	0.0	0.5
Community improvement	0.0	2.3	2.3	0.0	2.3
ACO internal audits unit	0.1	0.0	0.1	0.0	0.1
DPSS realignment growth	4.3	(2.0)	2.3	7.5	9.8
Legal liabilities	3.7	0.0	3.7	0.0	3.7
TOTAL	\$190.4	(\$19.5)	\$170.9	\$41.0	\$211.9

During the current fiscal year, the state provided the county with \$7.5 million to assist with social services caseload growth funded by the county general fund during fiscal years 2011 through 2013. These funds should be committed toward offsetting expected growth in social service programs.

Recommendation 3: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing estimated revenue and committed fund balance for DPSS programs by \$7,504,936, as follows:

Increase estimated revenue:
 10000- 5100300000-755440 CA-Local government financial assistance \$7,504,936

Increase committed fund balance:
 10000-5100300000-330129 Committed fund balance – DPSS realign. growth 7,504,936

APPROPRIATIONS FOR CONTINGENCY

Appropriations for contingency are intended to cover urgent, unforeseeable events such as discretionary revenue shortfalls, unanticipated expenditures, uncorrectable departmental budget overruns and other mission-critical issues at the Board’s discretion. Currently, the Board-approved contingency target is \$24.1 million or approximately 4.1 percent of ongoing discretionary revenue.

Use of General Fund Appropriations for Contingency

	Cost Adjustment	Revenue Adjustment	Total Adjustment	Balance Available
Beginning Balance:				\$24,060,882
Adjustments to date:				
No Adjustments to date	-	-	-	
Actions recommended in this report:				
Clerk of the Board	(135,000)		(135,000)	
PTAF Settlement	(262,600)		(262,600)	
	(397,600)	-	(397,600)	

Contingency balance upon approval of this report = **\$23,663,282**

E. DEPARTMENTAL STATUS

INTERDEPARTMENTAL AND CAPITAL PROJECTS

Capital Improvement Program (CIP)

In order to meet the Board’s objectives to rebuild adequate general fund reserves, the Executive Office recommends reprogramming \$8 million in capital project funding previously reserved to match the SB1022 grant for the Smith Correctional Expansion #4. The capital improvement program continues to monitor projects under way for potential savings.

Recommendation 4: *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of fund balance in the capital improvement fund and increasing estimated revenue and unassigned fund balance for budget stabilization in the general fund by \$8 million, as follows.*

Increase appropriations:		
30120-1105100000-551100	Contributions to other funds	\$8,000,000
Use assigned fund balance:		
30121-1105100000-350203	Assigned fund balance – capital project sub-funds	8,000,000
Increase estimated revenue:		
10000-1101000000-790600	Contributions from county funds	8,000,000
Increase unassigned fund balance:		
10000-1000100000-370106	Unassigned fund balance – budget stabilization	8,000,000

Public Safety Enterprise Communication System (PSEC)

Implementation of the public safety enterprise communication system (PSEC) was initiated during the second quarter. Although the Sheriff’s Department implementation took place on January 5, 2014, the Macom 800 MHz radio system will remain operational through February 2014, as the Sheriff’s motorcycle units and voice-only vehicles make the transition to PSEC. Implementation of the non-public safety departments occurred in October 2013.

As a result of significant overtime required to prepare the system for implementation, as well as additional, anticipated system stabilization costs, the department currently projects a year-end budget deficit of \$499,000. The department will carefully monitor this shortfall and will work with the Executive Office to close or reduce it. An update will be provided during the third quarter budget report.

GENERAL GOVERNMENT

Executive Office

AB2766 Air Quality Program

Each year the county must complete a Rule 2202 registration packet to comply with state law that identifies the amount of mobile source emission reduction credits generated by a decrease in vehicle trips and to comply with preset emission reduction targets. The targets are set each year by the South Coast Air Quality Management District. Under state and federal guidelines, the targets increase each year.

The county’s Rideshare program is the primary source of credit generation for the targets, but is supplemented by video teleconferencing credits and work-related trip reductions. The county was unable to meet last year’s targets because the growth in the rideshare program and other credit sources did not match the percentage increase in the target criteria. Failure to meet the targets necessitates purchase of mobile source emission reduction credits to mitigate the deficiency. The AB2766 Air Quality program requests a budget adjustment at this time to purchase FY 13/14 credits in the amount of \$110,876.

Recommendation 5: *That the Board of Supervisors approve and direct the Auditor-*

Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the purchase of FY 13/14 mobile source emission reduction credits by \$110,876, as follows:

Increase appropriations:		
22300-7300700000-523220	Licenses and permits	\$110,876
Use restricted fund balance:		
22300-7300700000-321101	Restricted program money	110,876

Clerk of the Board

The economic downturn over the past few years has reduced projected revenue from pipeline and franchise fees. Consequently, the Clerk of the Board is exploring different avenues to recover costs for services rendered. They will continue to monitor their budget closely and request adjustments in the third quarter report, if necessary. The Clerk of the Board requests a budget adjustment of \$135,000 at this time to cover personnel obligations related to the unanticipated retirement of an employee.

Recommendation 6: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Clerk of the Board and decreasing appropriations for contingency by \$135,000 as follows:

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$135,000
Increase appropriations:		
10000-1000100000-510200	Payoff permanent-seasonal	135,000

County Counsel

County Counsel projects ending the year within budgeted appropriations and on target.

Assessor-County Clerk-Recorder

The Assessor-County Clerk-Recorder anticipates meeting its net county cost target for FY 13/14.

Auditor-Controller

Due to various cost-saving measures, the Auditor-Controller anticipates meeting his net county cost target for FY 13/14 with a net surplus of \$230,000.

Following Board approval for transfer of \$1.1 million in unclaimed property tax payments to the general fund, the Auditor-Controller determined the total transferred included \$4,211 legally mandated to remain in the original prior-year supplemental property tax account. That money must be returned to that account.

Recommendation 7: That the Board approve and direct the Auditor-Controller to make reversing entries in the amount of \$4,211 for unclaimed property tax overpayments transferred to the general fund in error.

In 2006, the California county auditors association developed guidelines for calculating the property tax administration fee (PTAF). Disputes developed between cities and county auditors over the calculation, and 47 cities sued Los Angeles County to have excess PTAF charges refunded. After years of litigation and appeals, the California Supreme Court ruled in favor of the cities. The Riverside County Auditor-Controller's Office was among many that adopted the association's guidelines for calculating PTAF. The Auditor-Controller estimated \$7.2 million in past PTAF charges that should be refunded to cities within Riverside County as a result of the court's ruling.

On March 26, 2013, the Board approved Agenda Number 3-4 approving and authorizing the Auditor-Controller to refund the sums due to cities in three installments, over three years, with the first installment due April 1, 2013. In FY 13/14, the estimated installment of \$2.4 million was included in the budget. Additional repayment agreements were finalized after the FY 13/14 budget was adopted, and an additional \$263,000 is needed for the second installment.

Recommendation 8: *That the Board approve and direct the Auditor-Controller to make budget adjustments decreasing appropriations for Contingency and increasing appropriations for judicial settlement by \$262,563, as follows:*

Decrease appropriations:		
10000-1109000000-581000	Appropriations for contingency	\$262,600
Increase appropriations:		
10000-1101000000-534530	PTAF settlements	262,600

Treasurer-Tax Collector

Due to various cost-saving measures, the Treasure-Tax Collector anticipates meeting his net county cost target for FY 13/14 with a net surplus of \$330,000.

Human Resources (HR)

The increased employee count countywide has increased demand for Human Resources services. Training and arbitration costs are the most notable cost increases which will exceed current year appropriations. Personnel services revenue is sufficient to fund the additional appropriation for training and arbitrations.

Recommendation 9: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Human Resources by \$400,000, as follows:*

Increase estimated revenue:		
10000-1130100000-777030	Personnel Services	\$400,000
Increase appropriations:		
10000-1130100000-525480	Arbitration Services	250,000
10000-1130100000-527860	Training-Materials	<u>150,000</u>
	Total	400,000

Registrar of Voters (ROV)

Through the end of the second quarter, the Registrar of Voters (ROV) was within its FY13/14 budget. However, due to unanticipated election expenses, the department expects to exceed its net county cost target by as much as \$590,000.

The increased expenditure results from Gov. Brown proclaiming a special primary election in March to fill a vacancy in Senate District 23. If a candidate does not win that primary with more than 50 percent of the vote, the law requires a runoff election in June. At a minimum, the ROV anticipates the cost for the March election will be \$415,000, with an estimated total cost of \$565,000 if a runoff election is necessary.

In addition, the Secretary of State ordered a 100 percent signature verification of Referendum 1598 related to education. The projected cost to conduct the signature verification process is about \$25,000, and is not reimbursable by the state. The ROV and the Executive Office will continue to monitor this budget carefully to mitigate the impact of these costs.

Economic Development Agency/Facilities Management (EDA/FM)

Economic Development Agency Administration

The Economic Development Agency (EDA) has a service level agreement with Riverside County Information Technology (RCIT) regarding the transition of staff and equipment that was completed in June 2013, after the recommended budget was approved. Consequently, EDA administration requests a budget adjustment of \$668,916 to cover increased charges for core RCIT services which will be reimbursed by allocation of the RCIT charges to other EDA budget units. Actual RCIT charges will be monitored closely for the remainder of this fiscal year.

Recommendation 10: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Economic Development Agency by \$668,916, as follows:*

Increase estimated revenues:		
21100-1900100000-778220	Interfund – office expense	\$668,916
Increase appropriations:		
21100-1900100000-520350	IT core services	668,916

Economic Development Program

For the second quarter, a budget adjustment of \$326,368 is requested for additional costs related to economic development activities and efforts to attract businesses. Economic development has become a priority for the Board and the Executive Office, with the goal of being the most business friendly county in the state, to create more jobs and to promote tourism.

Recommendation 11: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments increasing appropriations and estimated revenue for the*

Economic Development Program by \$326,368, as follows:

Increase appropriations:		
21100-1901000000-527780	Special program expense	\$326,368
21100-1901000000-572800	Intrafund transfer – miscellaneous	<u>(326,368)</u>
	Total	0

County Fair & National Date Festival

A budget adjustment of \$76,906 is requested to cover additional costs of \$36,906 to increase daily security for the fairgrounds to prevent theft, and \$40,000 in additional headliner entertainment at the annual fair. These additional costs will be offset by sponsorships, community improvement designation funds from the Board, and interfund salary revenue from the airport budget for a principal development specialist to spend additional time supervising the county airports.

Recommendation 12: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the County Fair by \$76,906, as follows:*

Decrease appropriations:		
10000-1000100000-536200	Contribution to non-county agency	10,000
Increase appropriations:		
10000-1000100000-551100	Contributions to other county funds	10,000
Increase estimated revenues:		
22200-1920100000-741160	Fair sponsorships	28,000
22200-1920100000-778150	Interfund – leases	1,000
22200-1920100000-778330	Interfund – salary reimbursement	37,906
22200-1920100000-790600	Contribution from other county funds	<u>10,000</u>
	Total	<u>76,906</u>
Increase appropriations:		
22200-1920100000-523270	Special events	40,000
22200-1920100000-525600	Security	<u>36,906</u>
	Total	76,906

PUBLIC PROTECTION

Fire

The Fire Department reports it will end the year within budget targets; however, potential additional costs resulting from the new Public Safety Enterprise Communications System (PSEC) becoming operational this fiscal year are not included in the department's FY 13/14 budget. As PSEC operations progress, the impact to Fire will become better known. The department will continue to work with the Executive Office and provide an update on actual operational impacts in the third quarter report.

For certain cities with whom the Fire Department contracts to provide fire services, the

department receives the cities' structural fire tax allocations directly and credits that revenue toward the cities' contractual payments. Since structural fire tax is a form of property tax, the recipients of structural fire tax also receive allocations of residual redevelopment assets as part of the dissolution of the redevelopment agencies. Consequently, along with contract cities' structural fire tax, the Fire Department also receives these cities' allocations of residual redevelopment assets, which need to be credited to the cities' contractual obligations. The department therefore requests a budget adjustment in the amount of \$3.4 million in unanticipated one-time residual redevelopment revenue in order to credit the city partners' contracts.

Recommendation 13: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Fire Department by \$3,396,449, as follows:*

Increase estimated revenue:		
21000-2700300000-715070	Redevelopment residual assets	\$3,396,449
Increase appropriations:		
21000-2700300000-536900	Interfund expense – fire services	3,396,449

Sheriff

At midyear, the Sheriff is revising the \$39 million shortfall projected at the end of the first quarter downward to \$35 million. The primary reasons for the significant budget gap are unfunded labor agreement increases across all divisions within the department. Other factors contributing to the deficit include Board-approved hiring to achieve the 1:1000 patrol ratio by the end of the fiscal year, inadequate state support to provide security at the superior court, unanticipated retirement payouts, and increased Coroner caseloads. The only division for which a possible year-end balance appears possible is Support, due to unfilled dispatch positions.

The Sheriff requested \$900,000 to support Court Services. Presently, the Trial Court budget is insufficient to cover this cost, so it would have to come from contingency. The Executive Office recommends making any such a transfer in the third quarter report, as was done last year when \$1,125,295 was needed to balance the Court Services budget.

The Cabazon station's K-9 Unit received a \$7,808 donation on September 16, 2013, and the department requests adding it to the patrol budget at this time.

Recommendation 14: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Sheriff by \$7,808, as follows:*

Increase estimated revenue:		
10000-2500300000-781220	Contributions & donations	\$7,808
Increase appropriations:		
10000-2500300000-527300	Canine expense	7,808

At its December 10, 2013, meeting, the Board authorized purchase of 400 Taser weapons (item 3.30), and the department now requests an appropriation adjustment to cover the cost of those weapons from asset forfeiture reserves.

Recommendation 15: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Sheriff by \$600,000, as follows:*

Increase appropriations:		
10000-2500300000-527460	Firearm equipment & supplies	\$600,000
Use restricted fund balance:		
11026-2500300000-321139	Restricted program money	600,000

On January 7, 2014, the Board authorized the purchasing agent to purchase a digital critical imaging system with extended warranty. The department now requests a budget adjustment to complete the transaction using asset forfeiture reserves.

Recommendation 16: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Sheriff by \$482,990, as follows:*

Increase appropriations:		
10000-2501000000-521480	Maintenance – morgue equipment	\$ 9,000
10000-2501000000-522310	Maintenance – building/improvement	11,750
10000-2501000000-546160	Equipment – other	<u>462,240</u>
	Total	482,990
Use restricted fund balance:		
11026-2500300000-321139	Restricted program money	482,990

District Attorney

At midyear the District Attorney (DA) is optimistic the office will end the year within its budget target. While salary and benefit expenses are trending somewhat lower than expected, the additional \$450,000 charge for the Public Safety Radio System (PSEC) was an unbudgeted expense. Although essential for the investigative unit to function, the amount was unknown when the budget was prepared.

During budget hearings, the DA committed to bringing in additional revenue to support programs and services. To date, additional revenue totals \$602,000: \$521,000 from the state Citizens Option for Public Safety (COPS) program and an \$81,000 grant from the Office of Traffic Safety for specific driving under the influence prosecutions.

Efforts also are under way to provide continuing support for the Tribal Gaming Prosecution Unit. Several tribes left the Special Distribution Fund over the past two years, which greatly reduced the DA’s funding for this special prosecutorial effort. The DA built strong partnerships with the county’s tribes, and hopes that in the next six months agreements can be reached that maintain, if not expand, the unit’s efforts.

Department of Child Support Services

The department reports it will end the year within budget. State and federal revenue from the California Support Enforcement Incentive and the Federal Family Support Reimbursement have only been for advance payments this fiscal year. During the fourth quarter there will be a true-up, with the expectation that all claims will be paid by June 30, 2014. The department receives no county support for its efforts, and its payments for county-owned office space in Indio lessen debt service for the county. The department consistently absorbs bargaining agreement increases, and two years ago accepted the loss of local support, continuing to focus on the mission of ensuring that parents receive adequate support to raise children affected by separation, divorce and desertion.

Law Office of the Public Defender

The Law Office of the Public Defender continues to find ways to achieve efficiencies, and expects to end the year within budget. The office is creating a paperless environment, which is expected to generate savings in supplies and staff time. Renovation of the former District Attorney building on Main Street in Riverside for use by the Public Defender and Probation has begun, and is expected to be completed in fall 2014.

Alternate Public Defender

The Public Defender is in the process of dissolving the Alternate Public Defender/Capital Defender Office. The department transferred conflict administration in death penalty cases to the Executive Office as of December 2013. Staff and a proportionate amount of the budget will be absorbed into the Law Offices of the Public Defender. The department expects the Alternate Public Defender/Capital Defender's Office to remain within budget through the end of FY 13/14.

Indigent Defense

The Executive Office anticipates the indigent defense budget to remain within its budget target at the end of FY13/14, although adding conflict administration in death penalty cases may cause budget overages. This ultimately depends on the volume of cases the courts send to indigent defense counsel. The third quarter report will include any related budget recommendations.

Probation Department

Financial statements submitted by the department and compared to the information available from the Auditor-Controller's Office show the department is on target to return more than \$100,000 at year end in spite of serious revenue losses. The department continues to institutionalize cost-saving measures implemented in previous fiscal years.

As part of the continued restructuring of administration, the department identified further opportunities to develop in-house core training programs by adding one Office Assistant III. There is no additional net county cost due to sufficient ongoing salary savings within the administration budget.

Recommendation 17: *That the Board of Supervisors approve amending Ordinance No. 440 to add one (1) Office Assistant III position for the Probation Department.*

The Juvenile Justice Crime Prevention Act (JJCPA) created a funding source for local juvenile justice programs proven effective in curbing crime and delinquency among at-risk youth and young offenders (Government Code Section 30061 et seq.). Since JJCPA’s inception, Riverside County has supported school-based Youth Accountability Teams (YAT). The YAT focus is delinquency prevention through early intervention on middle and high school campuses from Blythe to Corona. Teams include probation and law enforcement officers, deputy district attorneys, and contract community-based paraprofessional counselors. The department requests purchase of two new vehicles for the JJCPA program.

Recommendation 18: *That the Board of Supervisors 1) approve and authorize the purchase of two (2) vehicles; and, 2) approve and direct the Auditor-Controller to make budget adjustments to appropriations for the Probation Department by \$50,000, as follows:*

Decrease appropriations:		
10000-2600200000-510040	Regular salaries	\$50,000
Increase appropriations:		
10000-2600200000-528920	Carpool expense	50,000

During the weeks of September 16 and 23 respectively, San Mateo and Sacramento counties participated in an administrative cost review of Title IV-E claims made on behalf of candidates for foster care youth under the supervision of California’s probation departments. The regional office of the Federal Administration for Children and Families (ACF) findings resulted in a “cease claiming until further notice” determination for all costs by all California probation departments associated with Title IV-E pre-placement candidacy. In Riverside County, if the cease claim determination is not reversed, the revenue loss for the quarter ending December 31, 2013, will be \$644,000.

The continuation of the cease claim and related revenue loss over the fiscal year would impact approximately 15 full-time equivalent positions and increase caseload sizes, reducing and delaying services. The California Department of Social Services (CDSS) and the Chief Probation Officers of California (CPOC) partnered to address the recommendations, and implemented a corrective action plan across the state to improve the candidacy program. The Probation Department will continue to work with CDSS and CPOC as well as to monitor the situation and communicate with the Executive Office about issues that may impact the department’s funding and programs.

Department of Animal Services

The department continues to await resolution of an ongoing personnel case being negotiated by Human Resources. A settlement could result in an expense up to \$325,000. While the department will make every effort to absorb the expense, it may require additional general fund support.

Agricultural Commissioner

Although the Agricultural Commissioner projects receiving \$158,597 less in unclaimed gas tax revenue than originally estimated, or 3.4 percent of his departmental revenue, he anticipates ending the year within budget and on target through continued spending restraint for services and supplies.

PUBLIC WAYS AND FACILITIES

Geographic Information Systems (GIS)

The Geographic Information Systems division requests a budget adjustment to enable use of fund balance for unanticipated software maintenance costs.

Recommendation 19: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for Riverside County Geographical Information Systems by \$350,000, as follows:*

Increase appropriations:		
22570-7400900000-521640	Maintenance – software	\$350,000
Use restricted fund balance:		
22570-7400900000-321101	Restricted program money	350,000

HEALTH AND SANITATION

Department of Public Health

The department requests a budget adjustment to reflect additional funding from state and federal sources and a shift in the flow of state funds. As a result of the increased funding, the department requests authorization to add two positions, an Accountant II and a Supervising Office Assistant II.

Recommendation 20: *That the Board of Supervisors 1) approve amending Ordinance 440 to add one (1) Accountant II position and one (1) Supervising Office Assistant II position for Public Health, as indicated in Attachment B; and 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Public Health by \$151,655, as follows:*

Increase estimated revenue:		
10000-4200100000-751680	CA – grant revenue	\$33,636
10000-4200100000-754000	CA – tobacco tax Prop. 10	92,140
10000-4200100000-762040	Federal – health grants	<u>25,879</u>
	Total	151,655
Increase appropriations:		
10000-4200100000-572200	Intrafund – grant	(120,000)
Increase appropriations:		
10000-4200100000-510040	Regular salaries	118,172

10000-4200100000-518100	Budgeted benefits	53,364
10000-4200100000-520250	Communications equipment – installation	2,106
10000-4200100000-520350	IT core charges	1,109
10000-4200100000-520705	Food	2,000
10000-4200100000-520820	Janitorial services	2,500
10000-4200100000-520930	Insurance – liability	1,501
10000-4200100000-521380	Maintenance – copier machines	2,550
10000-4200100000-521640	Maintenance – software	3,840
10000-4200100000-522310	Maintenance – building improvement	3,840
10000-4200100000-523620	Books & publications	4,000
10000-4200100000-523680	Office equipment – non fixed asset	2,127
10000-4200100000-523760	Postage – mailing	300
10000-4200100000-523800	Printing & binding	4,000
10000-4200100000-524500	Administrative support direct	11,865
10000-4200100000-525140	Personnel services	8,054
10000-4200100000-525440	Professional services	29,780
10000-4200100000-527780	Special program expense	9,006
10000-4200100000-527840	Training – education/tuition	500
10000-4200100000-528140	Conference/registration fees	1,520
10000-4200100000-528920	Car pool expense	600
10000-4200100000-529040	Private mileage reimbursement	5,121
10000-4200100000-529540	Utilities	<u>3,800</u>
	Total	271,655

California Children’s Services

The California Children’s Services program requests a budget adjustment to appropriate additional state funding and authorization to add one Occupational Therapist Assistant position with that funding.

Recommendation 21: *That the Board of Supervisors 1) approve amending Ordinance 440 to add one (1) Occupational Therapist Assistant position for the California Children’s Services program, as indicated in Attachment B; and 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for California Children’s Services by \$40,503, as follows:*

Increase estimated revenue:		
10000-4200200000-751680	CA – realignment	\$40,503
Increase appropriations:		
10000-4200200000-510040	Regular salaries	28,650
10000-4200200000-518100	Budgeted benefits	<u>11,853</u>
	Total	40,503

Department of Environmental Health

The Department of Environmental Health is currently within its FY 13/14 budget target and expects to remain within target throughout the fiscal year. However, the department requests a budget adjustment to replace two faulty gas-monitoring instruments discovered during recent routine calibration. Additional, unexpected revenue received in the Local Enforcement Agency Tipping Fee fund due to increased solid waste dis-

posal from county landfills will offset the instrument costs.

Recommendation 22: *That the Board of Supervisors 1) authorize the acquisition of two (2) gas monitoring instruments; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Department of Environmental Health by \$25,000 as follows:*

Increase estimated revenue:		
10000-4200400000-774680	LEA – tipping fee	\$25,000
Increase appropriations:		
10000-4200400000-546160	Equipment – other	25,000

Riverside County Regional Medical Center General Fund Programs

Ambulatory Care – Family Care Clinics

Although AB85 authorized reductions to health realignment funding the county receives from the state, the department expects salary savings to offset this shortfall. The department does not anticipate the need for general fund support.

Medically Indigent Services Program (MISP)

The Medically Indigent Services Program (MISP) anticipates ending the year within its FY 13/14 budget target.

Detention Health

The department continues to make progress in filling vacant positions to meet the needs of inmates in county correctional facilities. The department does not anticipate a budget surplus at year-end.

Department of Mental Health

Mental Health Treatment

The Department of Mental Health requests authorization to purchase five vehicles to support the Mental Health treatment program's clinic expansion using Mental Health Services Act reserves.

Recommendation 23: *That the Board of Supervisors 1) approve and authorize the purchase of five vehicles for the Mental Health Treatment program; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Department of Mental Health by \$100,000, as follows:*

Increase estimated revenue:		
10000-4100200000-751040	CA – Mental Health Services Act	\$100,000
Increase appropriations:		
10000-4100200000-546320	Vehicles-cars/light trucks	100,000

PUBLIC ASSISTANCE**Department of Public Social Services (DPSS)**

Department of Public Social Services' (DPSS) caseload growth from November 2012 through November 2013 showed the demand for Medi-Cal services increased 25 percent. Adult protective services caseload increased 18 percent, and foster care increased 12 percent. The demand for CalFresh, adoptions, CalWorks and in-home supportive services also increased, but only slightly.

On October 1, 2013, DPSS launched a new regional call center to support enrollment for Covered California and the Medi-Cal expansion under the Affordable Care Act. Since implementation, enrollment in Medi-Cal and the county's Low Income Health Plan (LIHP) increased 3 percent and 18 percent, respectively.

The department's recruitment efforts continue in all major program areas, consistent with established budget targets. During the second half of the fiscal year, the department anticipates filling 37 positions in adult services, 80 positions in child welfare services, 60 positions in Medi-Cal, 25 positions in CalFresh, and 15 positions in CalWORKs.

In-Home Supportive Services' (IHSS) individual provider hours are projected to increase 5.1 percent over the prior year, and the IHSS contracted service hours are projected to decrease 11.8 percent. The IHSS county share is now included in a maintenance of effort agreement, and requires no additional general fund support at this time.

The department projects the CalWORKs assistance program caseload to be slightly under the FY 13/14 budgeted level. The department will continue to monitor expenditure levels and will provide an update in the third quarter budget report.

The department currently projects 4 percent caseload growth in adoptions assistance, 22 percent in emergency assistance, and an 8 percent increase in foster care. The increases in emergency assistance and foster care are due to increased referrals and subsequent placements in child protective services. While the projected growth remains within budgeted levels, the department will continue to monitor expenditures and provide an update during the third quarter.

Riverside County Children and Families Commission (RCCFC)

During the second quarter of FY 13/14, the Children and Families Commission approved the purchase of a new facility not to exceed \$3 million. In addition, the First 5 annual audit and report were approved, and the commission had several meetings regarding commission alternates and advisory members. Any recommended modifications will be provided for consideration by the Board of Supervisors at a later date.

The commission approved a \$750,000 contract for the Riverside County Office on Aging, in response to the grandparents raising grandchildren request for proposals. In addition, the commission authorized the executive director to move forward with contract

negotiations for the quality enhancements (\$6.2 million) and quality physical settings (\$400,000) portion of the Access and Quality Initiative. The quality enhancement portion also includes an additional \$600 per classroom for staff time, not to exceed \$82,150 for FY 13/14 through FY 15/16.

The commission projects the year-end fund balance remaining will be approximately \$37.4 million. The commission has obligated nearly all of this remaining balance for future year services, the long-term commitment reserve and capital acquisition.

Community Action Partnership (CAP)

The Community Action Partnership (CAP) is on target for FY 13/14. CAP continues to work with the state to address issues identified in monitoring reports and will provide updates to the Executive Office as necessary.

CAP requests a budget adjustment to reflect reduced funding for the Dispute Resolution Program. Dispute resolution programs are funded by the courts collecting an \$8 filing fee on civil claims. As the number of claims filed decrease, and judges waiving the fee, program revenue dropped 70 percent over the past three years. During that time CAP was able to draw down funds previously transferred to the county by the superior court; however, those reserves are now exhausted. Until fee collections increase, dispute resolution programs countywide will not be able to provide the same level of services delivered since 2008.

Recommendation 24: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments decreasing appropriations and estimated revenue for the Community Action Partnership by \$502,989, as follows:

Decrease estimated revenue:		
21050-5200300000-790500	Operating transfer – In	\$502,989
Decrease appropriations:		
21050-5200300000-510040	Regular salaries	72,426
21050-5200300000-518100	Budgeted benefits	49,089
21050-5200300000-510320	Temporary salaries	47,109
21050-5200300000-520200	Communications	5,000
21050-5200300000-520320	Telephone services	500
21050-5200300000-520260	Computer lines	2,010
21050-5200300000-520705	Foods	2,000
21050-5200300000-520930	Insurance liabilities	11,944
21050-5200300000-521340	Maintenance – communication equipment	200
21050-5200300000-521360	Maintenance – computer equipment	4,428
21050-5200300000-521380	Maintenance – copier machines	747
21050-5200300000-521640	Maintenance – software	618
21050-5200300000-523100	Memberships	1,225
21050-5200300000-523620	Book publications/subscriptions	19,896
21050-5200300000-523680	Office equipment (non-fixed)	5,500
21050-5200300000-523700	Office expense supplies	15,000
21050-5200300000-523760	Postage/mailing	6,500
21050-5200300000-523780	Printed forms	20,496

21050-5200300000-525300	OASIS processing – financials	4,400
21050-5200300000-525310	OASIS HRMS	1,107
21050-5200300000-526420	Advertisement	22,000
21050-5200300000-526700	Rent – lease buildings	25,000
21050-5200300000-527280	Awards recognition	5,400
21050-5200300000-527320	Client education services	10,000
21050-5200300000-527780	Special program expense	30,750
21050-5200300000-527840	Training/education/tuition	87,100
21050-5200300000-528140	Conference/registration fees	4,944
21050-5200300000-528900	Air transportation	450
21050-5200300000-528920	Car pool expense	10,000
21050-5200300000-528960	Lodging	500
21050-5200300000-528980	Meals	450
21050-5200300000-529000	Miscellaneous travel expense	150
21050-5200300000-529040	Private mileage reimbursement	30,000
21050-5200300000-536820	Inter-fund expense Central Mail	1,500
21050-5200300000-536840	Inter-fund expense – county support services	1,500
21050-5200300000-537090	Inter-fund expense – personnel	1,500
21050-5200300000-537240	Inter-fund expense – utilities	1,500
	Total	<u>502,989</u>

Veterans’ Services

Veterans’ Services is on track to meet its FY 13/14 net county cost target.

Office on Aging

Baseline and federal funding has eroded for the Office on Aging, including the federal sequester cuts of \$700,000 for FY 11/12 and FY 12/13. The department mitigated the direct impact on core services through attrition, one-time-only funds, and other cost-saving measures. However, the impact of decreased funding comes while demands for services increase, evidenced by the Senior Nutrition program, which currently has a waiting list of approximately 800 seniors in Riverside County. Aging in place is the most cost effective for community-based programs, with the population of seniors in California estimated to grow from four million to eight million over the next decade.

The Title V Senior Community Service Employment Program (SCSEP) provides part-time employment and training for seniors 55 and older in public and not-for-profit agencies throughout the county. An initial budget of \$783,883 was submitted and approved through the county budget process. However, the agreement between California Department of Aging (CDA) and Riverside County Office on Aging approved on July 16, 2013, (Agenda Item 3.42) only authorized funding in the amount of \$748,112. Consequently, the department requests a budget adjustment of \$35,771 to reflect the decrease in available funds.

With continued efforts to cut costs and closely monitor expenditures, the department expects to end the year within budget.

Recommendation 25: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments decreasing appropriations and estimated reve-*

nue for the Office on Aging by \$35,771, as follows:

Decrease estimated revenue:		
21450-5300100000-767140	Fed-miscellaneous reimbursement	\$35,771
Decrease appropriations:		
21450-5300100000-510040	Regular salaries	7,723
21450-5300100000-510320	Temporary salaries	<u>28,048</u>
	Total	35,771

EDUCATION, RECREATION, AND CULTURE

County Free Library

The Library requests a budget adjustment totaling \$125,800. Of that amount, \$49,600 is needed for additional interfund costs not budgeted, such as work requests at various libraries for unforeseen maintenance projects. These costs range from \$1,000-\$60,000, and include carpet replacement, repairs to meet safety standards, and other maintenance issues. In addition, \$76,200 is needed to cover an increase in building improvement costs at library branches. Property tax revenue received from the dissolution of redevelopment will offset this budget adjustment.

Recommendation 26: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and unassigned fund balance for the County Free Library by \$662,937, as follows:

Increase estimated revenues:		
21200-1900700000-715070	Residual redevelopment assets	\$662,937
Increase appropriations:		
21200-1900700000-537280	Interfund expense – misc. project expense	49,600
21200-1900700000-537320	Interfund expense – building improvements	<u>76,200</u>
	Total	125,800
Increase restricted fund balance:		
21200-1900700000-321101	Restricted program money	537,137

Community Center Administration

A budget adjustment of \$228,003 is requested to administer and staff programs at the Goodhope and Mead Valley Community Centers, which will be funded through community development block grants and other ongoing grants.

Recommendation 27: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Community Centers by \$228,003, as follows:

Increase estimated revenues:		
21140-1900800000-778280	Interfund – reimbursement for service	\$228,003

Increase appropriations:		
21140-1900800000-522320	Maintenance –grounds	8,003
21140-1900800000-523270	Special events	15,000
21140-1900800000-525440	Professional services	15,000
21140-1900800000-527700	Recreation supplies	20,000
21140-1900800000-527780	Special program expense	110,000
21140-1900800000-537180	Interfund expense – salary reimbursement	<u>60,000</u>
	Total	228,003

Cooperative Extension

Although the Cooperative Extension is currently within its FY 13/14 budget, as a result of recent increases in lease payments and rent, the department may have insufficient appropriations and have difficulty meeting its net county cost target the end of FY 13/14. The Executive Office will monitor this situation throughout the third quarter and provide recommendations to the department as required.

ENTERPRISE FUNDS

Riverside County Regional Medical Center (RCRMC)

On November 5, 2013 (Item 3-10), the Board approved an agreement with Huron Consulting Services, LLC, (Huron) for \$25,856,400. Subsequently, the Board approved a temporary transfer of funds from the Waste Management Department enterprise fund, November 26, 2013 (Item 12-1C), to a restricted sub-fund within the Riverside County Regional Medical Center’s (RCRMC) enterprise fund established specifically to pay Huron for expenditures associated with the agreement.

Huron will work with the Executive Office, county departments, and key stakeholders to develop a strategic plan for the future direction of the Riverside County health and mental health delivery system. In addition, Huron will work with RCRMC to implement measures identified in its assessment necessary to improve the medical center’s financial and operational performance. Huron anticipates that implementing these measures could improve the medical center’s annualized net position by \$45 million to \$66 million after the first full year of implementation.

Early efforts at RCRMC focused on identifying key staff and establishing steering committees to coordinate activities in each of the project areas. As of January 22, 2014, the Huron non-labor team launched initiatives totaling \$18.9 million, primarily related to pharmaceutical purchases. The labor team has launched over \$7 million in initiatives. In addition, the revenue cycle team initiated cash acceleration and other activities for a one-time benefit of \$7 million. Processes and work steps are complete for nearly \$13 million of the \$18.9 million. Lastly, each initiative will be monitored to confirm that the annual benefits are realized.

Although Huron and RCRMC are making progress, it seems likely a majority of the annual benefits will not materialize until FY 14/15. Staff will continue to monitor and provide monthly updates to the Board.

Waste Management

The Board approved making rent payments to the general fund as part of its analysis of the waste system. The department initiated payment for the full amount with an annual landfill lease payment of \$1,817,600 for FY 09/10 through FY13/14. Waste Management paid \$8,482,133 obligated through December 2013, of which \$1 million is included in the current Waste Management budget but none in general fund estimated revenue, resulting in the need for an adjustment to Waste Management appropriations of \$7,482,133 and to general fund estimated revenue of \$8,482,133.

Recommendation 28: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unrestricted net assets for the Waste Management Department by \$7,482,133 and increasing estimated revenue and unassigned fund balance for budget stabilization by \$8,482,133, as follows:*

Increase appropriations:		
40200-4500100000-526710	Rent-lease land	\$7,482,133
Use unrestricted net assets:		
40200-4500100000-380100	Unrestricted net assets	7,482,133
Increase estimated revenue:		
10000-1100100000-741270	Landfill lease agreement	8,482,133
Increase unassigned fund balance:		
10000-1000100000-370106	Unassigned fund balance – budget stabilization	8,482,133

INTERNAL SERVICE FUNDS

Facilities Management

Custodial Services

The Custodial Services division continues to experience challenges and projects ending the year with a \$663,142 budget deficit. The division also has new building assignments and is cleaning an additional 710,749 square feet. Reserves are sufficient to allow for continued operations through FY 13/14. The department is working with the Executive Office on recommendations to mitigate the structural imbalance.

Maintenance

The Maintenance division continues to experience challenges and projects ending the year with a \$1,123,488 deficit. Maintenance is maintaining an additional 438,856 square feet of new building space. Reserves are sufficient to allow for continued operations through FY 13/14. The department is working with the Executive Office on recommendations to mitigate the structural imbalance.

Real Estate

The Real Estate division is experiencing challenges in revenue recovery and projects ending the year with a \$1,009,165 deficit. Reserves are sufficient to allow for continued operations through FY 13/14. The department will work with the Executive Office on providing recommendations.

Parking

The Parking division is experiencing a decline in daily parking revenues and projects ending the year with a \$72,011 deficit. The department will continue to monitor this budget unit and will provide updates to the Executive Office, as needed.

Capital

The capital budget is experiencing challenges in revenue recovery and projects ending the year with a \$101,269 deficit. Several high priority projects have been approved by the Board, a number of which have limited funding that have contributed to the deficit. The department will continue to monitor the budget and research other funding streams.

Fleet Services

Fleet Services gradually continues to liquidate aged county vehicles. Between October 1, 2013 and December 31, 2013, the department retired 18 patrol and 16 general use vehicles, which are now pending sale. During the same period, 56 previously retired vehicles were sold, 20 from patrol and 36 that were for general use, recovering \$90,523 from the sales. As a result, county departments saved \$70,138 in mileage charges and fuel costs during the last quarter. Attachment D includes a table with the additional detail.

Fleet Services has moved forward with a project to replace the existing fuel system, integrate a new fuel system with existing fleet management software, and upgrade controllers at 12 fuel islands. This project was approved by the Board of Supervisors on February 26, 2013 (Agenda Item 3-73). As rollout of the project progresses, costs for infrastructure upgrades are higher than projected. Fleet Services wishes to add \$36,000 to the project budget to cover additional infrastructure costs funded by available unrestricted net assets.

Fleet Services wishes to demolish a vacant residential structure on the Hemet Fleet Services site to reconfigure the current ingress and egress for better safety and traffic flow. The department requests a budget adjustment for demolition and related project expenses, estimated at \$25,000.

Environmental Health requests replacement of a 4x4 pickup truck recently taken out of service due to the need for extensive repairs. Fleet expects a new truck to cost \$26,992, to be financed over five years.

As discussed elsewhere in this report, the Probation Department requests the cash purchase of two new vehicles for the Juvenile Justice Crime Prevention Act (JJCPA) program. The cost per vehicle is estimated at \$25,000. There is no additional net county

cost associated with this purchase due to sufficient funding within the JJCPA program.

Recommendation 29: *That the Board of Supervisors: 1) approve and authorize purchase of one (1) replacement vehicle for Environmental Health and the purchase of two (2) vehicles for the Probation Department; and, 2) approve and authorize the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue and use of net assets for Fleet Services by \$121,487, as follows:*

Increase appropriations:		
45300-7300500000-522310	Maintenance/buildings/improvement	\$ 25,000
45300-7300500000-532600	Lease principal	2,435
45300-7300500000-533720	Lease interest	594
45300-7300500000-535515	Amortization – vehicle	2,250
45300-7300500000-535562	Depreciation – vehicle	5,208
45300-7300500000-546200	Equipment – shop and yard	36,000
45300-7300500000-546320	Vehicles – cars/light trucks	<u>50,000</u>
	Total	121,487
Increase estimated revenue:		
45300-7300500000-777620	Vehicle cost recovery	53,029
Use unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	68,458

Supply Services

Procurement of systems furniture is greater than projected due to large projects funded by the Department of Public Social Services and the Riverside County Information Technology department not included in the recommended budget. Consequently, Supply Services requests a budget adjustment of \$4.6 million to cover these purchases. Supply Services will continue to monitor sales of systems furniture, which is a pass-through expense to the departments.

Recommendation 30: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Supply Services for acquisition of systems furniture by \$4,600,000, as follows:*

Increase estimated revenue:		
45700-7300400000-781600	Systems furniture	\$4,600,000
Increase appropriations:		
45700-7300400000-527600	Indirect materials – systems furniture	4,600,000

Central Mail

Central Mail employs a temporary worker to backfill a position when an employee is out on extended leave. Without the temporary position it would not be possible for Central Mail to provide basic services for all county departments. A budget adjustment is needed for the cost of a temporary worker, and sufficient unrestricted net assets are available to cover the additional cost.

Recommendation 31: That the Board of Supervisors approve and direct the Auditor-Controller to make a budget adjustment increasing appropriations and use of net assets for Central Mail by \$23,635, as follows:

Increase appropriations:		
45620-7300600000-510320	Temporary salaries	\$23,635
Use unrestricted net assets:		
45620-7300600000-380100	Unrestricted net assets	23,635

Riverside County Information Technology (RCIT)

In the FY 13/14 budget, a \$5 million loan was approved for RCIT to offset the initial implementation costs of several new initiatives and avoid an immediate increase in charges to user departments. In the first quarter budget report, the Board authorized a cash transfer of \$2.5 million toward this loan. This working capital is assisting with RCIT projects currently underway, including: the operations consolidation effort, voice over internet protocol (VoIP), constituent relationship management, website updates, trusted system and security. The conditions for the loan include repayment at the end of the third fiscal year through RCIT operational savings projected to result from these initiatives.

At midyear, the department anticipates needing some level of additional working capital to end the year in a positive cash position, but is working diligently to minimize the amount required. In addition, RCIT plans to engage a consultant to review and advise on these current strategies and proposed system enhancements.

Liability Insurance

Liability Insurance costs for claims are exceeding expectations, which the department expects to fund with increased stop-loss reimbursements.

Recommendation 32: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Liability Insurance fund by \$4,116,000, as follows:

Increase estimated revenue:		
45960-1131000000-777010	Stop loss reimbursement	\$4,116,000
Increase appropriations:		
45960-1131000000-534280	Liability adjustment expense	4,116,000

Property Insurance

Reserves in the Property Insurance fund carried forward at the beginning of the fiscal year were insufficient to cover the discounted rate level. Consequently, the fund is currently \$1.8 million short the working capital necessary to meet obligations. Human Resources requests an \$1.8 million interfund loan from the Workers' Compensation fund to be paid back over the next three years through a property insurance rate increase sufficient to collect an additional \$600,000 each year.

Recommendation 33: *That the Board of Supervisors approve, authorize and direct the Auditor-Controller to process an interfund loan from the Workers' Compensation fund to the Property Insurance fund in the amount of \$1,800,000 to be repaid by the Property Insurance fund in three equal installments over the next three fiscal years, and no later than June 30, 2017.*

Workers' Compensation

The Workers' Compensation fund is on target to drawdown excess reserves in the current fiscal year. Human Resources requests increasing appropriations by \$273,000 to cover additional claims, which will be covered by stop loss reimbursement.

Recommendation 34: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Workers' Compensation fund by \$273,000, as follows:*

Increase estimated revenue:		
46100-1130800000-777010	Stop loss reimbursement	\$273,000
Increase appropriations:		
46100-1130800000-534280	Liability adjustment expense	273,000

Safety Loss Control

Departments have agreed to provide additional resources to fund increased staffing costs for Safety Loss Control. Human Resources projects unanticipated retirement leave payouts to increase expense and requests increasing appropriations to cover the costs, recoverable through departmental charges. The department will closely monitor the fund and control spending to remain within budget.

Recommendation 35: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Safety Loss Control fund by \$40,000, as follows:*

Increase estimated revenue:		
46040-1131300000-777030	Personnel services	\$40,000
Increase appropriations:		
46040-1131300000-510040	Regular salaries	40,000

SPECIAL DISTRICTS

Perris Valley Cemetery

A budget adjustment of \$57,000 is requested for the Perris Valley Cemetery to replace the roof of the maintenance building, repaint the perimeter fence, and replace the grounds lawnmower. Fund balance reserves will be used to fund these expenses.

Recommendation 36: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations in the amount of*

\$57,000 and decreasing restricted fund balance for the Perris Valley Cemetery by \$57,000, as follows:

Increase appropriations:		
22900-980501-522310	Maintenance – building improvements	\$12,000
22900-980501-522320	Maintenance – grounds	25,000
22900-980501-546160	Equipment other	<u>20,000</u>
	Total	57,000
Use restricted fund balance:		
22900-980501-321101	Restricted program money	57,000

Flood Control and Water Conservation District

The Flood Control and Water Conservation District is within its FY 13/14 budget target and continues to exercise prudent budget practices. Due to economic uncertainties, Flood Control maintained intradepartmental rates at the level approved by the Board effective June 26, 2007, through the close of FY 12/13. However, these rates resulted in accumulation of excess fund balances, which the district requests be transferred back to the funds that paid for these services.

Flood Control Garage/Fleet Operations

The Flood Control and Water Conservation District requests an operating transfer in the amount of \$2,024,999 from its Garage Fleet Operations internal service fund to refund the other district funds that paid the fund for fleet services in prior years.

Recommendation 37: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, unrestricted net assets and committed fund balance for Flood Control by \$2,024,999, as follows:

Increase appropriations:		
48020-947260-551000	Operating transfers – out	\$2,024,999
Use unrestricted net assets:		
48020-947260-380100	Unrestricted net assets	2,024,999
Increase estimated revenues:		
15100-947200-790500	Operating transfers – in	25,243
Increase committed fund balance:		
15100-947200-330100	Committed fund balance	25,243
Increase estimated revenues:		
25110-947400-790500	Operating transfers – in	338,025
Increase committed fund balance:		
25110-947400-330100	Committed fund balance	338,025
Increase estimated revenues:		
25120-947420-790500	Operating transfers – in	275,577

Increase committed fund balance:		
25120-947420-330100	Committed fund balance	275,577
Increase estimated revenues:		
25130-947440-790500	Operating transfers – in	96,646
Increase committed fund balance:		
25130-947440-330100	Committed fund balance	96,646
Increase estimated revenues:		
25140-947460-790500	Operating transfers – in	662,818
Increase committed fund balance:		
25140-947460-330100	Committed fund balance	662,818
Increase estimated revenues:		
25150-947480-790500	Operating transfers – in	77,134
Increase committed fund balance:		
25150-947480-330100	Committed fund balance	77,134
Increase estimated revenues:		
25160-947500-790500	Operating transfers – in	246,732
Increase committed fund balance:		
25160-947500-330100	Committed fund balance	246,732
Increase estimated revenues:		
25170-947520-790500	Operating transfers – in	232,949
Increase committed fund balance:		
25170-947520-330100	Committed fund balance	232,949
Increase estimated revenues:		
25180-947540-790500	Operating transfers – in	3,582
Increase committed fund balance:		
25180-947540-330100	Committed fund balance	3,582
Increase estimated revenues:		
25190-947560-790500	Operating transfers – in	4,637
Increase committed fund balance:		
25190-947560-330100	Committed fund balance	4,637
Increase estimated revenues:		
25200-947580-790500	Operating transfers – in	6,434
Increase committed fund balance:		
25200-947580-330100	Committed fund balance	6,434

Increase estimated revenues:		
40650-947120-790500	Operating transfers – in	1,671
Increase unrestricted net assets:		
40650-947120-380100	Unrestricted net assets	1,671
Increase estimated revenues:		
40660-947140-790500	Operating transfers – in	841
Increase unrestricted net assets:		
40660-947140-380100	Unrestricted net assets	841
Increase estimated revenues:		
40670-947160-790500	Operating transfers – in	2,392
Increase unrestricted net assets:		
40670-947160-380100	Unrestricted net assets	2,392
Increase estimated revenues:		
48000-947240-790500	Operating transfers – in	6,180
Increase unrestricted net assets:		
48000-947240-380100	Unrestricted net assets	6,180
Increase estimated revenues:		
48020-947260-790500	Operating transfers – in	43,665
Increase unrestricted net assets:		
48020-947260-380100	Unrestricted net assets	43,665
Increase estimated revenues:		
48040-947280-790500	Operating transfers – in	176
Increase unrestricted net assets:		
48040-947280-380100	Unrestricted net assets	176
Increase estimated revenues:		
48060-947300-790500	Operating transfers – in	22
Increase unrestricted net assets:		
48060-947300-380100	Unrestricted net assets	22
Increase estimated revenues:		
48080-947320-790500	Operating transfers – in	275
Increase unrestricted net assets:		
48080-947320-380100	Unrestricted net assets	275

Flood Control Project/Maintenance Operations

The Flood Control and Water Conservation District requests an operating transfer in the amount of \$675,000 from its Project/Maintenance Operations internal service fund to refund other district funds that paid for project/maintenance services provided by the fund in prior years.

Recommendation 38: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, unrestricted net assets and committed fund balance for Flood Control by \$675,000, as follows:*

Increase appropriations		
48040-947280-551000	Operating transfers – out	\$675,000
Use unrestricted net assets:		
48040-947280-380100	Unrestricted net assets	675,000
Increase estimated revenues:		
15100-947200-790500	Operating transfers – in	635
Increase committed fund balance:		
15100-947200-330100	Committed fund balance	635
Increase estimated revenues		
25110-947400-790500	Operating transfers – in	224,664
Increase committed fund balance:		
25110-947400-330100	Committed fund balance	224,664
Increase estimated revenues:		
25120-947420-790500	Operating transfers – in	126,916
Increase committed fund balance:		
25120-947420-330100	Committed fund balance	126,916
Increase estimated revenues:		
25130-947440-790500	Operating transfers – In	41,409
Increase committed fund balance:		
25130-947440-330100	Committed fund balance	41,409
Increase estimated revenues:		
25140-947460-790500	Operating transfers – in	184,522
Increase committed fund balance:		
25140-947460-330100	Committed fund balance	184,522
Increase estimated revenues:		
25150-947480-790500	Operating transfers – in	12,541

Increase committed fund balance:		
25150-947480-330100	Committed fund balance	12,541
Increase estimated revenues:		
25160-947500-790500	Operating transfers – in	36,958
Increase committed fund balance:		
25160-947500-330100	Committed fund balance	36,958
Increase estimated revenues:		
25170-947520-790500	Operating transfers – in	47,355
Increase committed fund balance:		
25170-947520-330100	Committed fund balance	47,355

Flood Control Mapping Services

The Flood Control and Water Conservation District requests an operating transfer in the amount of \$315,000 from its Mapping Services internal service fund to refund other district funds that paid for mapping services in prior years.

Recommendation 39: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, unrestricted net assets and committed fund balance for Flood Control by \$315,000, as follows:*

Increase appropriations:		
48060-947300-551000	Operating transfers – out	\$315,000
Use unrestricted net assets:		
48060-947300-380100	Unrestricted net assets	315,000
Increase estimated revenues:		
15000-947180-790500	Operating transfers – in	1,982
Increase committed fund balance:		
15000-947180-330100	Committed fund balance	1,982
Increase estimated revenues:		
15100-947200-790500	Operating transfers – in	141,428
Increase committed fund balance:		
15100-947200-330100	Committed fund balance	141,428
Increase estimated revenues:		
25110-947400-790500	Operating transfers – in	26,550
Increase committed fund balance:		
25110-947400-330100	Committed fund balance	26,550
Increase estimated revenues:		
25120-947420-790500	Operating transfers – in	13,946

Increase committed fund balance:		
25120-947420-330100	Committed fund balance	13,946
Increase estimated revenues:		
25130-947440-790500	Operating transfers – in	9,813
Increase committed fund balance:		
25130-947440-330100	Committed fund balance	9,813
Increase estimated revenues:		
25140-947460-790500	Operating transfers – in	44,329
Increase committed fund balance:		
25140-947460-330100	Committed fund balance	44,329
Increase estimated revenues:		
25150-947480-790500	Operating transfers – in	2,647
Increase committed fund balance:		
25150-947480-330100	Committed fund balance	2,647
Increase estimated revenues:		
25160-947500-790500	Operating transfers – in	21,390
Increase committed fund balance:		
25160-947500-330100	Committed fund balance	21,390
Increase estimated revenues:		
25170-947520-790500	Operating transfers – in	6,314
Increase committed fund balance:		
25170-947520-330100	Committed fund balance	6,314
Increase estimated revenues:		
25180-947540-790500	Operating transfers – in	797
Increase committed fund balance:		
25180-947540-330100	Committed fund balance	797
Increase estimated revenues:		
25190-947560-790500	Operating transfers – in	7,263
Increase committed fund balance:		
25190-947560-330100	Committed fund balance	7,263
Increase estimated revenues:		
25200-947580-790500	Operating transfers – in	11,250
Increase committed fund balance:		
25200-947580-330100	Committed fund balance	11,250

Increase estimated revenues:		
40650-947120-790500	Operating transfers – in	532
Increase unrestricted net assets:		
40650-947120-380100	Unrestricted net assets	532
Increase estimated revenues:		
40660-947140-790500	Operating transfers – in	20,156
Increase unrestricted net assets:		
40660-947140-380100	Unrestricted net assets	20,156
Increase estimated revenues:		
40670-947160-790500	Operating transfers – in	608
Increase unrestricted net assets:		
40670-947160-380100	Unrestricted net assets	608
Increase estimated revenues:		
48040-947280-790500	Operating transfers – in	4,993
Increase unrestricted net assets:		
48040-947280-380100	Unrestricted net assets	4,993
Increase estimated revenues:		
48080-947320-790500	Operating transfers – in	1,002
Increase unrestricted net assets:		
48080-947320-380100	Unrestricted net assets	1,002

Flood Control Administration

The requested budget adjustment will establish an appropriation for equipment-other within the Flood Control and Water Conservation District Administration Fund 15100. It is necessary for the district to purchase an additional nuclear moisture/density gauge to meet the accelerated pace of construction projects. The district currently has three trained Soils Technicians and three nuclear gauges. When there is a problem with one of the three gauges, downtime can impact production and/or quality control. The additional gauge will provide the minimum level of redundancy necessary to support the construction activities.

Recommendation 40: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unassigned fund balance for Flood Control by \$8,000, as follows:*

Increase appropriations:		
15100-947200-546160	Equipment – other	\$8,000

Use unassigned fund balance:
 15100-947200-370100 Unassigned fund balance 8,000

National Pollutant Discharge Elimination System (NPDES)

The Executive Office provides support for and coordinates some of the NPDES functions among the affected departments in order to implement the county's state mandated NPDES program. The fund is currently within its anticipated FY 13/14 budget target and no variance is anticipated throughout the remainder of FY 13/14.

Regional Parks and Open Space District

Recreation

The district has determined that managing food concessions in-house at both the Jurupa and Perris-Menifee Valley aquatic centers will yield higher net revenue than the district would receive from contract concessionaires. The extra revenue will supplement water park operations. The district will need to purchase kitchen and food supplies and hire additional staff in order to take over food concession operations for the 2014 season.

Recommendation 41: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Parks by \$90,475, as follows:

Increase appropriations:		
25420-931180-510040	Regular salaries	\$43,275
25420-931180-520825	Kitchen and dining supplies	<u>47,200</u>
	Total	90,475

Increase estimated revenues:		
25420-931180-741360	Concessions	90,475

District field staff are spending more time working in programs for Fund 25520 and less in programs for Fund 25430; consequently, the budget for salaries needs to be adjusted accordingly in each fund.

Recommendation 42: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and unassigned and committed fund balance for Parks by \$54,275, as follows:

Decrease appropriations:		
25430-931170-510040	Regular salaries	\$54,275

Increase unassigned fund balance:		
25430-931170-370100	Unassigned fund balance	54,275

Increase appropriations:		
25520-931107-510040	Regular salaries	54,275

Release committed fund balance:		
25520-931107-330100	Committed fund balance	54,275

County Service Areas (CSAs)

For the second quarter, six County Service Area (CSA) funds require budget adjustments. CSA 38 (Idyllwild) requests \$40,000 from an increase in estimated revenue for a joint project with Idyllwild Water District to replace fire hydrants. CSA 51 (Desert Center) requests \$400,000 from an increase in estimated revenue for renovation of Lake Tamarisk Clubhouse.

Recommendation 43: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments increasing appropriations and estimated revenue for CSA 38 by \$40,000 and CSA 51 by \$400,000, as follows:

Increase estimated revenues:		
23400-903801-781360	Other miscellaneous revenue	\$ 40,000
Increase appropriations:		
23400-903801-527780	Special program expense	40,000
Increase estimated revenues:		
23525-905102-781360	Other miscellaneous revenue	400,000
Increase appropriations:		
23525-905102-522310	Maintenance – building	400,000

In addition, four CSAs request use of fund balance reserves. CSA 60 (Pinyon Fire) requests \$20,000 for road signs for fire safety; CSA 85 (Cabazon) requests \$130,000 for increased water costs and grounds maintenance at the park; CSA 126 (Highgrove) requests \$60,000 for a landscape replacement project; and, CSA 134 (Temescal Canyon) requests \$40,000 for streetlights for a new housing phase.

Recommendation 44: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of fund balances for CSA 60 by \$20,000, CSA 85 by \$130,000, CSA 126 by \$60,000, and CSA 134 by \$40,000, as follows:

Increase appropriations:		
23625-906001-537160	Interfund expense – road maintenance grading	\$ 20,000
Use restricted fund balance:		
23625-906001-321101	Restricted program money	20,000
Increase appropriations:		
23850-908501-522320	Maintenance – grounds	45,000
23850-908501-529550	Water	<u>85,000</u>
	Total	<u>130,000</u>

Use restricted fund balance: 23850-908501-321101	Restricted program money	130,000
Increase appropriations: 24325-912601-522320	Maintenance – grounds	60,000
Use restricted fund balance: 24325-912601-321101	Restricted program money	60,000
Increase appropriations: 24425-913401-529530	Street lights	40,000
Use restricted fund balance: 24425-913401-321101	Restricted program money	40,000

Attachment A Summary of Recommendations

For convenience, this section repeats the recommendations contained in the main report. There is no new information in Attachment A.

Recommendation 1: *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing revenue and unassigned fund balance for budget stabilization by \$8,828,698, as follows:*

Increase estimated revenue:		
10000-1300100000-715070	Redevelopment residual assets	\$8,828,698

Increase unassigned fund balance:		
10000-1000100000-370106	Unassigned fund balance – budget stabilization	8,828,698

Recommendation 2: *That the Board approve and direct the Auditor-Controller to make budget adjustments to unassigned fund balance by \$4,150,000, as follows:*

Decrease unassigned fund balance:		
10000-1000100000-370100	Unassigned fund balance	\$4,150,000

Increase unassigned fund balance:		
10000-1000100000-370106	Unassigned fund balance – budget stabilization	4,150,000

Recommendation 3: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing estimated revenue and committed fund balance for DPSS programs by \$7,504,936, as follows:*

Increase estimated revenue:		
10000-5100300000-755440	CA-Local government financial assistance	\$7,504,936

Increase committed fund balance:		
10000-5100300000-330129	Committed fund balance – DPSS realign. growth	7,504,936

Recommendation 4: *That the Board approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of fund balance in the capital improvement fund and increasing estimated revenue and unassigned fund balance for budget stabilization in the general fund by \$8 million, as follows.*

Increase appropriations:		
30120-1105100000-551100	Contributions to other funds	\$8,000,000

Use assigned fund balance:		
30121-1105100000-350203	Assigned fund balance – capital project sub-funds	8,000,000

Increase estimated revenue:		
10000-1101000000-790600	Contributions from county funds	8,000,000

Increase unassigned fund balance:
 10000-1000100000-370106 Unassigned fund balance – budget stabilization 8,000,000

Recommendation 5: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the purchase of FY 13/14 mobile source emission reduction credits by \$110,876, as follows:*

Increase appropriations:
 22300-7300700000-523220 Licenses and permits \$110,876

Use restricted fund balance:
 22300-7300700000-321101 Restricted program money 110,876

Recommendation 6: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations for the Clerk of the Board and decreasing appropriations for contingency by \$135,000 as follows:*

Decrease appropriations:
 10000-1109000000-581000 Appropriations for contingency \$135,000

Increase appropriations:
 10000-1000100000-510200 Payoff permanent-seasonal 135,000

Recommendation 7: *That the Board approve and direct the Auditor-Controller to make reversing entries in the amount of \$4,211 for unclaimed property tax overpayments transferred to the general fund in error.*

Recommendation 8: *That the Board approve and direct the Auditor-Controller to make budget adjustments decreasing appropriations for Contingency and increasing appropriations for judicial settlement by \$262,563, as follows:*

Decrease appropriations:
 10000-1109000000-581000 Appropriations for contingency \$262,600

Increase appropriations:
 10000-1101000000-534530 PTAF settlements 262,600

Recommendation 9: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Human Resources by \$400,000, as follows:*

Increase estimated revenue:
 10000-1130100000-777030 Personnel Services \$400,000

Increase appropriations:
 10000-1130100000-525480 Arbitration Services 250,000

10000-1130100000-527860	Training-Materials	<u>150,000</u>
	Total	400,000

Recommendation 10: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Economic Development Agency by \$668,916, as follows:

Increase estimated revenues:		
21100-1900100000-778220	Interfund – office expense	\$668,916
Increase appropriations:		
21100-1900100000-520350	IT core services	668,916

Recommendation 11: That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments increasing appropriations and estimated revenue for the Economic Development Program by \$326,368, as follows:

Increase appropriations:		
21100-1901000000-527780	Special program expense	\$326,368
21100-1901000000-572800	Intrafund transfer – miscellaneous	<u>(326,368)</u>
	Total	0

Recommendation 12: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the County Fair by \$76,906, as follows:

Decrease appropriations:		
10000-1000100000-536200	Contribution to non-county agency	10,000
Increase appropriations:		
10000-1000100000-551100	Contributions to other county funds	10,000
Increase estimated revenues:		
22200-1920100000-741160	Fair sponsorships	28,000
22200-1920100000-778150	Interfund – leases	1,000
22200-1920100000-778330	Interfund – salary reimbursement	37,906
22200-1920100000-790600	Contribution from other county funds	<u>10,000</u>
	Total	76,906
Increase appropriations:		
22200-1920100000-523270	Special events	40,000
22200-1920100000-525600	Security	<u>36,906</u>
	Total	76,906

Recommendation 13: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Fire Department by \$3,396,449, as follows:

Increase estimated revenue:		
21000-2700300000-715070	Redevelopment residual assets	\$3,396,449

Increase appropriations:		
21000-2700300000-536900	Interfund expense – fire services	3,396,449

Recommendation 14: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Sheriff by \$7,808, as follows:

Increase estimated revenue:		
10000-2500300000-781220	Contributions & donations	\$7,808

Increase appropriations:		
10000-2500300000-527300	Canine expense	7,808

Recommendation 15: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Sheriff by \$600,000, as follows:

Increase appropriations:		
10000-2500300000-527460	Firearm equipment & supplies	\$600,000

Use restricted fund balance:		
11026-2500300000-321139	Restricted program money	600,000

Recommendation 16: Controller to make budget adjustments increasing appropriations and use of restricted fund balance for the Sheriff by \$482,990, as follows:

Increase appropriations:		
10000-2501000000-521480	Maintenance – morgue equipment	\$ 9,000
10000-2501000000-522310	Maintenance – building/improvement	11,750
10000-2501000000-546160	Equipment – other	<u>462,240</u>
	Total	482,990

Use restricted fund balance:		
11026-2500300000-321139	Restricted program money	482,990

Recommendation 17: That the Board of Supervisors approve amending Ordinance No. 440 to add one (1) Office Assistant III position for the Probation Department.

Recommendation 18: That the Board of Supervisors 1) approve and authorize the purchase of two (2) vehicles; and, 2) approve and direct the Auditor-Controller to make budget adjustments to appropriations for the Probation Department by \$50,000, as follows:

Decrease appropriations:		
10000-2600200000-510040	Regular salaries	\$50,000

Increase appropriations:		
10000-2600200000-528920	Carpool expense	50,000

Recommendation 19: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of restricted fund balance for Riverside County Geographical Information Systems by \$350,000, as follows:

Increase appropriations:		
22570-7400900000-521640	Maintenance – software	\$350,000

Use restricted fund balance:		
22570-7400900000-321101	Restricted program money	350,000

Recommendation 20: That the Board of Supervisors 1) approve amending Ordinance 440 to add one (1) Accountant II position and one (1) Supervising Office Assistant II position for Public Health, as indicated in Attachment B; and 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Public Health by \$151,655, as follows:

Increase estimated revenue:		
10000-4200100000-751680	CA – grant revenue	\$33,636
10000-4200100000-754000	CA – tobacco tax Prop. 10	92,140
10000-4200100000-762040	Federal – health grants	<u>25,879</u>
	Total	151,655

Increase appropriations:		
10000-4200100000-572200	Intrafund – grant	(120,000)

Increase appropriations:		
10000-4200100000-510040	Regular salaries	118,172
10000-4200100000-518100	Budgeted benefits	53,364
10000-4200100000-520250	Communications equipment – installation	2,106
10000-4200100000-520350	IT core charges	1,109
10000-4200100000-520705	Food	2,000
10000-4200100000-520820	Janitorial services	2,500
10000-4200100000-520930	Insurance – liability	1,501
10000-4200100000-521380	Maintenance – copier machines	2,550
10000-4200100000-521640	Maintenance – software	3,840
10000-4200100000-522310	Maintenance – building improvement	3,840
10000-4200100000-523620	Books & publications	4,000
10000-4200100000-523680	Office equipment – non fixed asset	2,127
10000-4200100000-523760	Postage – mailing	300
10000-4200100000-523800	Printing & binding	4,000
10000-4200100000-524500	Administrative support direct	11,865
10000-4200100000-525140	Personnel services	8,054

10000-4200100000-525440	Professional services	29,780
10000-4200100000-527780	Special program expense	9,006
10000-4200100000-527840	Training – education/tuition	500
10000-4200100000-528140	Conference/registration fees	1,520
10000-4200100000-528920	Car pool expense	600
10000-4200100000-529040	Private mileage reimbursement	5,121
10000-4200100000-529540	Utilities	<u>3,800</u>
	Total	271,655

Recommendation 21: That the Board of Supervisors 1) approve amending Ordinance 440 to add one (1) Occupational Therapist Assistant position for the California Children’s Services program, as indicated in Attachment B; and 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for California Children’s Services by \$40,503, as follows:

Increase estimated revenue:		
10000-4200200000-751680	CA – realignment	\$40,503
Increase appropriations:		
10000-4200200000-510040	Regular salaries	28,650
10000-4200200000-518100	Budgeted benefits	<u>11,853</u>
	Total	40,503

Recommendation 22: That the Board of Supervisors 1) authorize the acquisition of two (2) gas monitoring instruments; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Department of Environmental Health by \$25,000 as follows:

Increase estimated revenue:		
10000-4200400000-774680	LEA – tipping fee	\$25,000
Increase appropriations:		
10000-4200400000-546160	Equipment – other	25,000

Recommendation 23: That the Board of Supervisors 1) approve and authorize the purchase of five vehicles for the Mental Health Treatment program; and, 2) approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Department of Mental Health by \$100,000, as follows:

Increase estimated revenue:		
10000-4100200000-751040	CA – Mental Health Services Act	\$100,000
Increase appropriations:		
10000-4100200000-546320	Vehicles-cars/light trucks	100,000

Recommendation 24: That the Board of Supervisors approve and direct the Auditor-

Controller to make budget adjustments decreasing appropriations and estimated revenue for the Community Action Partnership by \$502,989, as follows:

Decrease estimated revenue:		
21050-5200300000-790500	Operating transfer – In	\$502,989
Decrease appropriations:		
21050-5200300000-510040	Regular salaries	72,426
21050-5200300000-518100	Budgeted benefits	49,089
21050-5200300000-510320	Temporary salaries	47,109
21050-5200300000-520200	Communications	5,000
21050-5200300000-520320	Telephone services	500
21050-5200300000-520260	Computer lines	2,010
21050-5200300000-520705	Foods	2,000
21050-5200300000-520930	Insurance liabilities	11,944
21050-5200300000-521340	Maintenance – communication equipment	200
21050-5200300000-521360	Maintenance – computer equipment	4,428
21050-5200300000-521380	Maintenance – copier machines	747
21050-5200300000-521640	Maintenance – software	618
21050-5200300000-523100	Memberships	1,225
21050-5200300000-523620	Book publications/subscriptions	19,896
21050-5200300000-523680	Office equipment (non-fixed)	5,500
21050-5200300000-523700	Office expense supplies	15,000
21050-5200300000-523760	Postage/mailing	6,500
21050-5200300000-523780	Printed forms	20,496
21050-5200300000-525300	OASIS processing – financials	4,400
21050-5200300000-525310	OASIS HRMS	1,107
21050-5200300000-526420	Advertisement	22,000
21050-5200300000-526700	Rent – lease buildings	25,000
21050-5200300000-527280	Awards recognition	5,400
21050-5200300000-527320	Client education services	10,000
21050-5200300000-527780	Special program expense	30,750
21050-5200300000-527840	Training/education/tuition	87,100
21050-5200300000-528140	Conference/registration fees	4,944
21050-5200300000-528900	Air transportation	450
21050-5200300000-528920	Car pool expense	10,000
21050-5200300000-528960	Lodging	500
21050-5200300000-528980	Meals	450
21050-5200300000-529000	Miscellaneous travel expense	150
21050-5200300000-529040	Private mileage reimbursement	30,000
21050-5200300000-536820	Inter-fund expense Central Mail	1,500
21050-5200300000-536840	Inter-fund expense – county support services	1,500
21050-5200300000-537090	Inter-fund expense – personnel	1,500
21050-5200300000-537240	Inter-fund expense – utilities	1,500
	Total	<u>502,989</u>

Recommendation 25: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments decreasing appropriations and estimated revenue for the Office on Aging by \$35,771, as follows:

Decrease estimated revenue:
 21450-5300100000-767140 Fed-miscellaneous reimbursement \$35,771

Decrease appropriations:
 21450-5300100000-510040 Regular salaries 7,723
 21450-5300100000-510320 Temporary salaries 28,048
 Total 35,771

Recommendation 26: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue, and unassigned fund balance for the County Free Library by \$662,937, as follows:*

Increase estimated revenues:
 21200-1900700000-715070 Residual redevelopment assets \$662,937

Increase appropriations:
 21200-1900700000-537280 Interfund expense – misc. project expense 49,600
 21200-1900700000-537320 Interfund expense – building improvements 76,200
 Total 125,800

Increase restricted fund balance:
 21200-1900700000-321101 Restricted program money 537,137

Recommendation 27: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenues for Community Centers by \$228,003, as follows:*

Increase estimated revenues:
 21140-1900800000-778280 Interfund – reimbursement for service \$228,003

Increase appropriations:
 21140-1900800000-522320 Maintenance –grounds 8,003
 21140-1900800000-523270 Special events 15,000
 21140-1900800000-525440 Professional services 15,000
 21140-1900800000-527700 Recreation supplies 20,000
 21140-1900800000-527780 Special program expense 110,000
 21140-1900800000-537180 Interfund expense – salary reimbursement 60,000
 Total 228,003

Recommendation 28: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unrestricted net assets for the Waste Management Department by \$7,482,133 and increasing estimated revenue and unassigned fund balance for budget stabilization by \$8,482,133, as follows:*

Increase appropriations:
 40200-4500100000-526710 Rent-lease land \$7,482,133

Use unrestricted net assets:		
40200-4500100000-380100	Unrestricted net assets	7,482,133
Increase estimated revenue:		
10000-1100100000-741270	Landfill lease agreement	8,482,133
Increase unassigned fund balance:		
10000-1000100000-370106	Unassigned fund balance – budget stabilization	8,482,133

Recommendation 29: *That the Board of Supervisors: 1) approve and authorize purchase of one (1) replacement vehicle for Environmental Health and the purchase of two (2) vehicles for the Probation Department; and, 2) approve and authorize the Auditor-Controller to make budget adjustments increasing appropriations, estimated revenue and use of net assets for Fleet Services by \$121,487, as follows:*

Increase appropriations:		
45300-7300500000-522310	Maintenance/buildings/improvement	\$ 25,000
45300-7300500000-532600	Lease principal	2,435
45300-7300500000-533720	Lease interest	594
45300-7300500000-535515	Amortization – vehicle	2,250
45300-7300500000-535562	Depreciation – vehicle	5,208
45300-7300500000-546200	Equipment – shop and yard	36,000
45300-7300500000-546320	Vehicles – cars/light trucks	<u>50,000</u>
	Total	121,487
Increase estimated revenue:		
45300-7300500000-777620	Vehicle cost recovery	53,029
Use unrestricted net assets:		
45300-7300500000-380100	Unrestricted net assets	68,458

Recommendation 30: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Supply Services for acquisition of systems furniture by \$4,600,000, as follows:*

Increase estimated revenue:		
45700-7300400000-781600	Systems furniture	\$4,600,000
Increase appropriations:		
45700-7300400000-527600	Indirect materials – systems furniture	4,600,000

Recommendation 31: *That the Board of Supervisors approve and direct the Auditor-Controller to make a budget adjustment increasing appropriations and use of net assets for Central Mail by \$23,635, as follows:*

Increase appropriations:
 45620-7300600000-510320 Temporary salaries \$23,635

Use unrestricted net assets:
 45620-7300600000-380100 Unrestricted net assets 23,635

Recommendation 32: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Liability Insurance fund by \$4,116,000, as follows:*

Increase estimated revenue:
 45960-1131000000-777010 Stop loss reimbursement \$4,116,000

Increase appropriations:
 45960-1131000000-534280 Liability adjustment expense 4,116,000

Recommendation 33: *That the Board of Supervisors approve, authorize and direct the Auditor-Controller to process an interfund loan from the Workers' Compensation fund to the Property Insurance fund in the amount of \$1,800,000 to be repaid by the Property Insurance fund in three equal installments over the next three fiscal years, and no later than June 30, 2017.*

Recommendation 34: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Workers' Compensation fund by \$273,000, as follows:*

Increase estimated revenue:
 46100-1130800000-777010 Stop loss reimbursement \$273,000

Increase appropriations:
 46100-1130800000-534280 Liability adjustment expense 273,000

Recommendation 35: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for the Safety Loss Control fund by \$40,000, as follows:*

Increase estimated revenue:
 46040-1131300000-777030 Personnel services \$40,000

Increase appropriations:
 46040-1131300000-510040 Regular salaries 40,000

Recommendation 36: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations in the amount of \$57,000 and decreasing restricted fund balance for the Perris Valley Cemetery by \$57,000, as follows:*

Increase appropriations:		
22900-980501-522310	Maintenance – building improvements	\$12,000
22900-980501-522320	Maintenance – grounds	25,000
22900-980501-546160	Equipment other	<u>20,000</u>
	Total	57,000

Use restricted fund balance:		
22900-980501-321101	Restricted program money	57,000

Recommendation 37: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, unrestricted net assets and committed fund balance for Flood Control by \$2,024,999, as follows:

Increase appropriations:		
48020-947260-551000	Operating transfers – out	\$2,024,999

Use unrestricted net assets:		
48020-947260-380100	Unrestricted net assets	2,024,999

Increase estimated revenues:		
15100-947200-790500	Operating transfers – in	25,243

Increase committed fund balance:		
15100-947200-330100	Committed fund balance	25,243

Increase estimated revenues:		
25110-947400-790500	Operating transfers – in	338,025

Increase committed fund balance:		
25110-947400-330100	Committed fund balance	338,025

Increase estimated revenues:		
25120-947420-790500	Operating transfers – in	275,577

Increase committed fund balance:		
25120-947420-330100	Committed fund balance	275,577

Increase estimated revenues:		
25130-947440-790500	Operating transfers – in	96,646

Increase committed fund balance:		
25130-947440-330100	Committed fund balance	96,646

Increase estimated revenues:		
25140-947460-790500	Operating transfers – in	662,818

Increase committed fund balance:		
25140-947460-330100	Committed fund balance	662,818

Increase estimated revenues:		
25150-947480-790500	Operating transfers – in	77,134
Increase committed fund balance:		
25150-947480-330100	Committed fund balance	77,134
Increase estimated revenues:		
25160-947500-790500	Operating transfers – in	246,732
Increase committed fund balance:		
25160-947500-330100	Committed fund balance	246,732
Increase estimated revenues:		
25170-947520-790500	Operating transfers – in	232,949
Increase committed fund balance:		
25170-947520-330100	Committed fund balance	232,949
Increase estimated revenues:		
25180-947540-790500	Operating transfers – in	3,582
Increase committed fund balance:		
25180-947540-330100	Committed fund balance	3,582
Increase estimated revenues:		
25190-947560-790500	Operating transfers – in	4,637
Increase committed fund balance:		
25190-947560-330100	Committed fund balance	4,637
Increase estimated revenues:		
25200-947580-790500	Operating transfers – in	6,434
Increase committed fund balance:		
25200-947580-330100	Committed fund balance	6,434
Increase estimated revenues:		
40650-947120-790500	Operating transfers – in	1,671
Increase unrestricted net assets:		
40650-947120-380100	Unrestricted net assets	1,671
Increase estimated revenues:		
40660-947140-790500	Operating transfers – in	841
Increase unrestricted net assets:		
40660-947140-380100	Unrestricted net assets	841
Increase estimated revenues:		
40670-947160-790500	Operating transfers – in	2,392

Increase unrestricted net assets:		
40670-947160-380100	Unrestricted net assets	2,392
Increase estimated revenues:		
48000-947240-790500	Operating transfers – in	6,180
Increase unrestricted net assets:		
48000-947240-380100	Unrestricted net assets	6,180
Increase estimated revenues:		
48020-947260-790500	Operating transfers – in	43,665
Increase unrestricted net assets:		
48020-947260-380100	Unrestricted net assets	43,665
Increase estimated revenues:		
48040-947280-790500	Operating transfers – in	176
Increase unrestricted net assets:		
48040-947280-380100	Unrestricted net assets	176
Increase estimated revenues:		
48060-947300-790500	Operating transfers – in	22
Increase unrestricted net assets:		
48060-947300-380100	Unrestricted net assets	22
Increase estimated revenues:		
48080-947320-790500	Operating transfers – in	275
Increase unrestricted net assets:		
48080-947320-380100	Unrestricted net assets	275

Recommendation 38: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, unrestricted net assets and committed fund balance for Flood Control by \$675,000, as follows:*

Increase appropriations		
48040-947280-551000	Operating transfers – out	\$675,000
Use unrestricted net assets:		
48040-947280-380100	Unrestricted net assets	675,000
Increase estimated revenues:		
15100-947200-790500	Operating transfers – in	635
Increase committed fund balance:		
15100-947200-330100	Committed fund balance	635

Increase estimated revenues		
25110-947400-790500	Operating transfers – in	224,664
Increase committed fund balance:		
25110-947400-330100	Committed fund balance	224,664
Increase estimated revenues:		
25120-947420-790500	Operating transfers – in	126,916
Increase committed fund balance:		
25120-947420-330100	Committed fund balance	126,916
Increase estimated revenues:		
25130-947440-790500	Operating transfers – In	41,409
Increase committed fund balance:		
25130-947440-330100	Committed fund balance	41,409
Increase estimated revenues:		
25140-947460-790500	Operating transfers – in	184,522
Increase committed fund balance:		
25140-947460-330100	Committed fund balance	184,522
Increase estimated revenues:		
25150-947480-790500	Operating transfers – in	12,541
Increase committed fund balance:		
25150-947480-330100	Committed fund balance	12,541
Increase estimated revenues:		
25160-947500-790500	Operating transfers – in	36,958
Increase committed fund balance:		
25160-947500-330100	Committed fund balance	36,958
Increase estimated revenues:		
25170-947520-790500	Operating transfers – in	47,355
Increase committed fund balance:		
25170-947520-330100	Committed fund balance	47,355

Recommendation 39: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations, estimated revenue, unrestricted net assets and committed fund balance for Flood Control by \$315,000, as follows:*

Increase appropriations:		
48060-947300-551000	Operating transfers – out	\$315,000

Use unrestricted net assets:		
48060-947300-380100	Unrestricted net assets	315,000
Increase estimated revenues:		
15000-947180-790500	Operating transfers – in	1,982
Increase committed fund balance:		
15000-947180-330100	Committed fund balance	1,982
Increase estimated revenues:		
15100-947200-790500	Operating transfers – in	141,428
Increase committed fund balance:		
15100-947200-330100	Committed fund balance	141,428
Increase estimated revenues:		
25110-947400-790500	Operating transfers – in	26,550
Increase committed fund balance:		
25110-947400-330100	Committed fund balance	26,550
Increase estimated revenues:		
25120-947420-790500	Operating transfers – in	13,946
Increase committed fund balance:		
25120-947420-330100	Committed fund balance	13,946
Increase estimated revenues:		
25130-947440-790500	Operating transfers – in	9,813
Increase committed fund balance:		
25130-947440-330100	Committed fund balance	9,813
Increase estimated revenues:		
25140-947460-790500	Operating transfers – in	44,329
Increase committed fund balance:		
25140-947460-330100	Committed fund balance	44,329
Increase estimated revenues:		
25150-947480-790500	Operating transfers – in	2,647
Increase committed fund balance:		
25150-947480-330100	Committed fund balance	2,647
Increase estimated revenues:		
25160-947500-790500	Operating transfers – in	21,390
Increase committed fund balance:		
25160-947500-330100	Committed fund balance	21,390

Increase estimated revenues:		
25170-947520-790500	Operating transfers – in	6,314
Increase committed fund balance:		
25170-947520-330100	Committed fund balance	6,314
Increase estimated revenues:		
25180-947540-790500	Operating transfers – in	797
Increase committed fund balance:		
25180-947540-330100	Committed fund balance	797
Increase estimated revenues:		
25190-947560-790500	Operating transfers – in	7,263
Increase committed fund balance:		
25190-947560-330100	Committed fund balance	7,263
Increase estimated revenues:		
25200-947580-790500	Operating transfers – in	11,250
Increase committed fund balance:		
25200-947580-330100	Committed fund balance	11,250
Increase estimated revenues:		
40650-947120-790500	Operating transfers – in	532
Increase unrestricted net assets:		
40650-947120-380100	Unrestricted net assets	532
Increase estimated revenues:		
40660-947140-790500	Operating transfers – in	20,156
Increase unrestricted net assets:		
40660-947140-380100	Unrestricted net assets	20,156
Increase estimated revenues:		
40670-947160-790500	Operating transfers – in	608
Increase unrestricted net assets:		
40670-947160-380100	Unrestricted net assets	608
Increase estimated revenues:		
48040-947280-790500	Operating transfers – in	4,993
Increase unrestricted net assets:		
48040-947280-380100	Unrestricted net assets	4,993
Increase estimated revenues:		
48080-947320-790500	Operating transfers – in	1,002

Increase unrestricted net assets:		
48080-947320-380100	Unrestricted net assets	1,002

Recommendation 40: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of unassigned fund balance for Flood Control by \$8,000, as follows:*

Increase appropriations:		
15100-947200-546160	Equipment – other	\$8,000

Use unassigned fund balance:		
15100-947200-370100	Unassigned fund balance	8,000

Recommendation 41: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and estimated revenue for Parks by \$90,475, as follows:*

Increase appropriations:		
25420-931180-510040	Regular salaries	\$43,275
25420-931180-520825	Kitchen and dining supplies	47,200
	Total	90,475

Increase estimated revenues:		
25420-931180-741360	Concessions	90,475

Recommendation 42: *That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments to appropriations and unassigned and committed fund balance for Parks by \$54,275, as follows:*

Decrease appropriations:		
25430-931170-510040	Regular salaries	\$54,275

Increase unassigned fund balance:		
25430-931170-370100	Unassigned fund balance	54,275

Increase appropriations:		
25520-931107-510040	Regular salaries	54,275

Release committed fund balance:		
25520-931107-330100	Committed fund balance	54,275

Recommendation 43: *That the Board of Supervisors approve and direct the Auditor-Controller to make adjustments increasing appropriations and estimated revenue for CSA 38 by \$40,000 and CSA 51 by \$400,000, as follows:*

Increase estimated revenues:		
23400-903801-781360	Other miscellaneous revenue	\$ 40,000

Increase appropriations:		
23400-903801-527780	Special program expense	40,000

Increase estimated revenues:		
23525-905102-781360	Other miscellaneous revenue	400,000

Increase appropriations:		
23525-905102-522310	Maintenance – building	400,000

Recommendation 44: That the Board of Supervisors approve and direct the Auditor-Controller to make budget adjustments increasing appropriations and use of fund balances for CSA 60 by \$20,000, CSA 85 by \$130,000, CSA 126 by \$60,000, and CSA 134 by \$40,000, as follows:

Increase appropriations:		
23625-906001-537160	Interfund expense – road maintenance grading	\$ 20,000

Use restricted fund balance:		
23625-906001-321101	Restricted program money	20,000

Increase appropriations:		
23850-908501-522320	Maintenance – grounds	45,000
23850-908501-529550	Water	<u>85,000</u>
	Total	130,000

Use restricted fund balance:		
23850-908501-321101	Restricted program money	130,000

Increase appropriations:		
24325-912601-522320	Maintenance – grounds	60,000

Use restricted fund balance:		
24325-912601-321101	Restricted program money	60,000

Increase appropriations:		
24425-913401-529530	Street lights	40,000

Use restricted fund balance:		
24425-913401-321101	Restricted program money	40,000

Attachment B Resolution No. 440-8961 Amending Ordinance No. 440**Resolution No. 440-8961**

BE IT RESOLVED by the Board of Supervisors of the County of Riverside, State of California, in regular session assembled on November 5, 2013, that pursuant to Section 4(a)(ii) of Ordinance No. 440, the Executive Office is authorized to make the following listed change(s), operative on the date of approval, as follows:

<u>Job code</u>	<u>+/-</u>	<u>Department ID</u>	<u>Class Title</u>	<u>Type</u>
13866	+1	2600700000	Office Assistant III	Regular

Attachment C Sales and Use Tax Update

Q3 2013



Riverside County Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2013)

Riverside County In Brief

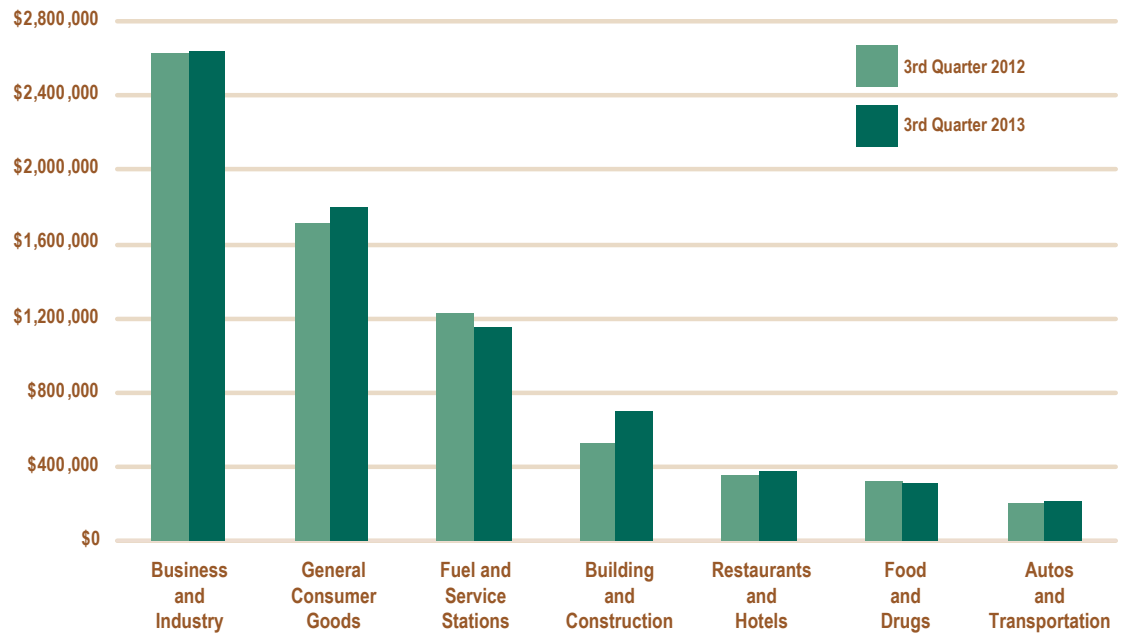
Receipts for third quarter sales in the unincorporated area were 3.5% higher than the same period one year ago. Actual sales increased 1.8% when accounting anomalies were factored out.

Gains from sales at the Desert Hills Factory Outlets lifted receipts from multiple categories of general consumer goods. Recent additions contributed to increases from food service equipment and supplies, specialty stores, restaurants and contractor supplies, although accounting events inflated results from the latter category. Accounting aberrations overstated comparisons for lumber/building materials and more than offset auto sector declines. Onetime use tax allocations generated by ongoing renewable energy construction projects represented a significant portion of the receipts from the business and industry group again this quarter.

Accounting deviations that affected one or both periods exaggerated service station losses and depressed results from women's apparel, warehouse, farm and construction equipment and some categories of the food and drugs group.

Adjusted for reporting aberrations, taxable sales for all of Riverside County, including its cities, rose 5.9% over the same time period; Southern California was up 5.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Blackgold Operations	Michael Kors
Burberry	Morongo Shell
California Trusframe	Nike
Calvin Klein	Pilot Travel Center
Circle K	Prada
Coach	Ralph Lauren
Desert Sunlight	RDO Equipment
Dos Lagos Arco	Russell Sigler
Genesis Solar	Spates Fabricators
Gucci	Stater Bros
Liz Claiborne	Sysco Riverside
Mecca Travel	Volvo Construction Equipment
Center Subway	Vons Fuel

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$12,959,243	\$15,068,449
County Pool	1,448,630	1,596,310
State Pool	3,492	8,103
Gross Receipts	\$14,411,365	\$16,672,862
Less Triple Flip*	\$(3,602,841)	\$(4,168,216)

*Reimbursed from county compensation fund

Statewide Results

The local share of sales and use tax revenues from the summer sales quarter was temporarily reduced by a state computer glitch that failed to fully fund receipts from sellers of building and construction supplies. Actual sales activity was up 5.8% over last year's comparable quarter after adjusting for this and other aberrations. Overall performance was generally similar throughout most regions of the state.

New and used auto sales and leases again grew at double digit rates and were the primary contributor to the quarter's statewide growth. With on-line sales remaining strong and more businesses reporting due to the state's new out-of-state reporting requirements, countywide pool allocations became the second largest portion of this quarter's overall increase. Recovering building and construction activity was also significant with a 9.7% gain after adjusting for the delayed allocations.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the third consecutive quarter.

Local Sales Tax Measures

Ten of twelve proposals for sales tax add-ons were approved in November as voters continued to support funding local services where they have more input and control.

New taxes were approved in Antioch, Corte Madera, Huron, Larkspur, San Anselmo and Scotts Valley. Existing add-ons were either increased or extended in El Monte, Rohnert Park, San Rafael and Stockton.

This brings the total number of city transactions and use tax districts to 135 and countywide districts to 44. Additional measures are expected to appear on local ballots in 2014.

Tax Rebates

Effective January 1, AB 562 (Williams) requires public notice and hearings on economic subsidies exceeding \$100,000. Identification of beneficiaries of the subsidy, the amounts, the beginning and ending dates and promised tax and job benefits are required as are periodic up-dates.

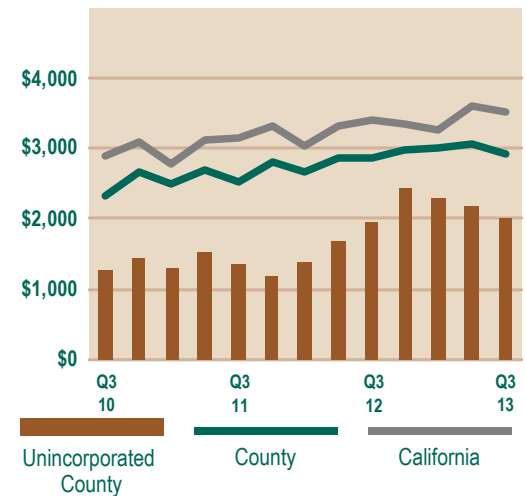
As on-line sales divert a greater portion of tax revenues from business and consumer purchases to centralized fulfillment centers, rebates of up to 85% are being bid in exchange for being the "point of sale" for the remainder. This bill encourages deeper evaluation of agreements that are collectively transferring an alarming share of statewide local sales tax to corporate bottom lines while cutting revenues for public services.

Holiday Sales Tax Shifts

Local tax receipts from fourth quarter sales will not be seen until March but may differ from previous years. Some forecasters predicted that on-line shopping would account for

up to 40% of holiday sales which would transfer that portion of the tax from stores to central fulfillment centers or county allocation pools. Final tax results from holiday spending will be pushed into June based on a National Retail Federation survey that showed 80% of shoppers gave at least one gift card. Tax is not charged until a gift card is redeemed.

SALES PER CAPITA



RIVERSIDE COUNTY TOP 15 BUSINESS TYPES

Business Type	*In thousands			
	Unincorporated County Q3 '13*	Unincorporated County Change	County Change	HdL State Change
Contractors	501.8	20.5%	19.9%	11.2%
Energy/Utilities	— CONFIDENTIAL —		3.2%	23.7%
Family Apparel	713.0	5.4%	3.8%	5.6%
Food Service Equip./Supplies	106.1	162.1%	25.3%	5.9%
Garden/Agricultural Supplies	90.9	27.7%	11.8%	8.5%
Grocery Stores Liquor	146.7	-6.8%	-14.5%	-9.8%
Lumber/Building Materials	109.4	145.3%	-17.1%	-15.8%
Quick-Service Restaurants	210.3	7.7%	4.4%	4.1%
Service Stations	1,137.7	-6.3%	-1.8%	-1.5%
Shoe Stores	198.7	11.6%	8.5%	6.5%
Specialty Stores	188.4	26.1%	7.3%	7.7%
Trailers/RVs	74.5	-11.4%	26.0%	24.9%
Warehse/Farm/Const. Equip.	128.3	-9.6%	17.2%	13.2%
Wineries	183.8	0.4%	4.3%	6.9%
Women's Apparel	394.7	-8.0%	-3.3%	1.1%
Total All Accounts	\$7,207.6	3.2%	3.1%	2.5%
County & State Pool Allocation	\$782.2	6.3%	6.2%	12.5%
Gross Receipts	\$7,989.7	3.5%	3.4%	3.5%

January 2014

California Forecast: Sales Tax Trends and Economic Drivers

HdL provides relevant information and analyses on the economic forces affecting California's local government agencies. In addition, HdL's Revenue Enhancement Services and Software help clients to maximize revenues.

HdL serves over 380 cities, counties and special districts in California and across the nation.





	2013-14	2014-15
Autos/Transportation	10.2%	5.0%
<p>Strong consumer demand, easy credit conditions, resurging sub-prime lending and renewed leasing activity are all propping up sales of new cars and trucks. U.S. auto sales in November ran at the strongest pace in more than six years. Even after nearly 3 years of rebounding auto sales, the average age of the U.S. vehicle fleet continues to be at record highs.</p>		
Building/Construction	4.8%	6.0%
<p>The state's overall economic growth rate remains sluggish, but sales of construction materials are outpacing most other retail segments. Residential price appreciation, new home construction and turnover of existing homes will provide continued sales momentum in this sector into 2014 and beyond.</p>		
Business/Industry	2.0%	2.5%
<p>A sustained pickup in investment in new equipment, along with increased consumer spending and the prospect of smaller federal budget cuts, is making companies more confident about making capital purchases. However, slowing onetime purchases of equipment for alternative energy projects will offset some of this increase and keep overall gains modest.</p>		
Food/Drugs	2.2%	2.0%
<p>In a continued effort to differentiate themselves in the marketplace, grocery chains are offering larger selections of health snacks, store brands, and international and organic foods. Prepared foods and semi-homemade meals that use fresh, high quality ingredients are increasingly popular with time conscious consumers. Supermarkets are weighing online shopping and delivery options to compete with services like Google Shopping Express and Amazon Fresh.</p>		
Fuel/Service Stations	-5.6%	-5.0%
<p>The decrease in gasoline consumption is the result of Americans buying cars that are on average 20% more fuel efficient than those sold just six years ago and fewer miles being driven each year. Strong growth in domestic oil production has also helped ease upward pressure on oil prices.</p>		
General Consumer Goods	3.6%	3.0%
<p>Economic variables including positive growth in the U.S. housing market and an increased consumer appetite to buy larger-ticket items gave retailers reason to be cautiously optimistic for holiday sales gains. The National Retail Federation forecasts 4th quarter retail sales to increase by 3.9% over 2012. However, gains in this group are being diluted by the continued shift to online retailers, who experienced double-digit growth this holiday season and by a leap in gift card purchases which will not be taxed until redeemed, thereby moving some sales into the first quarter of 2014.</p>		
Restaurants/Hotels	5.8%	5.0%
<p>Fast-casual restaurants are the fastest growing segment in the restaurant industry and traditional quick-service operators are working to compete by offering fresh choices and better food quality. The hospitality industry is being helped by a big increase in international visitors to destination locations.</p>		
State and County Pools	12.0%	9.0%
<p>County pool allocations are increasing due to receipt of use tax from Amazon and other out-of-state vendors that began collecting the tax in September 2012 and by a push by brick and mortar retailers to boost their online sales. Future receipts are uncertain as new in-state distribution facilities may qualify for point of sale status and reduce overall pool allocations. Rising private automobile sales, equipment leases and out-of-state purchases of business equipment and supplies are adding to gains.</p>		
TOTAL	4.3%	3.4%

The Proposition 132 growth projection is 3.4% for Fiscal Year 2013-14. This factor varies from HdL's Bradley-Burns growth rates due to differing collection periods and comparisons to prior year data that include onetime payment aberrations.



	2013-14	2014-15
U.S. Real GDP Growth	3.1%	4.1%

The U.S. economy enters 2014 poised for improved economic growth. Posting a solid 4.1% increase in Real GDP during the third quarter of 2013, the U.S. economy has seen steady gains in consumer and business spending. Residential investment is rising as well, and there has been some lessening of headwinds in Washington D.C. Beacon Economics expects the economy to grow during the remainder of fiscal 2013-14 and is expecting it to accelerate in the first half of fiscal 2014-15 as the recovery gains momentum.

	7.0%	6.5%
U.S. Unemployment Rate		

The employment recovery continued to progress through the end of 2013 with nonfarm employment growth exceeding 200,000 jobs in three out of the last four months. Through November, the U.S. had added back over 7.4 million of the roughly 8.7 million jobs lost during the Great Recession. The unemployment rate reached 7% in November, and the coming fiscal year will see the unemployment rate dip below 7%.

	1.9%	2.9%
California Total Nonfarm Employment Growth		

Jobs growth in California accelerated during the final quarter of 2013, adding nearly 75,000 new nonfarm positions in October and November. As the headwinds emanating from Washington D.C. fade, California is expected to resume its employment recovery. Through November, California added back more than 900,000 jobs since hitting bottom in February 2010. This rebound has been broad based across regions and industries. Tourism, real estate and professional services are expected to continue driving solid job growth, and the current forecast calls for growth to accelerate in 2014.

	8.5%	7.7%
California Unemployment Rate		

California's unemployment rate has maintained a sub 9% rate over the past seven months. Perhaps more encouragingly, the differential between the U.S. and statewide unemployment rates have dwindled from over 3 percentage points in 2011 to 1.5 percentage points currently, showing that California remains a driver of growth in the nation. Additionally, the labor force remains near all-time highs demonstrating the improvements in the unemployment rate are due to a generally improving economy. Beacon Economics expects the unemployment rate to continue to fall, dipping below 8% by the end of 2013 and into the mid 7% range by the end of 2014-15.

	0.9%	1.0%
California Population Growth		

The California Department of Finance recently reported that population growth in California picked up to 0.9% in 2013. Despite the fact that more than 100,000 former Californians left the state (net of new residents from other states), almost 170,000 new residents immigrated to California from other countries last year. Combined with more than 265,000 in natural population increases, the state's population expanded by more than 332,000 last year to 38.2 million. Still, given the high cost of living and lower fertility rates amongst many segments of the population, 1% population growth is forecast to remain in place for some time.

	\$ 379,500	\$ 416,275
California Median Existing Home Prices		

Although home price growth has moderated slightly, the median sales price of a home in California was still 23.8% higher in November 2013 than it was a year earlier. Housing inventories have risen, but remain below four months of supply. Similarly, interest rates have risen from a low of less than 3.5%, but the 4.3% recorded in November 2013 is still very low by historical standards. As the economy heals and a growing number of Californians seek to get back into the housing market, home prices are expected to continue to rise, with growth expected to trend toward historical norms of 5% over the next two years.

	83,750	115,500
California Residential Building Permits		

Through November, there were more than 68,000 new residential units permitted across California. That represents a 33% increase over 2012 levels, driven by rising home prices and a tight supply of homes available for sale. Multi-family construction continues to form a larger portion of new developments than the single-family market due to the increasing number of renters in the state. Since California remains undersupplied on housing, with one of the lowest residential vacancy rates in the nation, Beacon Economics is forecasting that residential permit growth will be robust over the next two years.



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California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.



"Good information leads to good decisions."



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Beacon Economics, LLC has proven to be one of the most thorough and accurate, economic research/analytical forecasters in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon Economics and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.

Attachment D Quarterly Fleet Vehicle Report

Units Sold by Departments for *Periods 10/1/2013 to 12/31/2013	
Name	Total
ASSESSOR	1
COMMUNITY HEALTH AGENCY	2
DISTRICT ATTORNEY	3
DPSS	5
EDA-ADMINISTRATION	1
OFFICE ON AGING	1
PROBATION	2
PUBLIC DEFENDER	1
RIDESHARE VEHICLES	3
RUBIDOUX DISPATCH	1
SHERIFF	35
TLMA CODE ENFORCEMENT	1
Grand Total	56

*December's proceeds have yet to be received

Units Pending Sale by Departments for Periods 10/1/2013 to 12/31/2013	
Name	Total
AGRICULTURAL COMMISSIONER	1
DISTRICT ATTORNEY	2
DPSS	2
EDA-ADMINISTRATION	1
MORENO VALLEY DISPATCH	1
SHERIFF	27
Grand Total	34

Attachment E Labor and Pension Cost Increases

Dept ID	DEPARTMENT	FY 13/14 Projected Cost of Salary & Benefits	FY 14/15 Projected Cost of Salary & Benefits	Projected Increased Cost
10001	BOARD OF SUPERVISORS	\$6,115,977	\$6,454,546	\$338,569
10002	ASSESSMENT APPEALS BOARD	330,620	351,864	21,245
11001	EXECUTIVE OFFICE	3,941,509	4,212,680	271,171
11044	GRAND JURY ADMIN	90,293	95,661	5,368
11050	NATIONAL POLLUTANT DISCHARGE ELIMINATION SYS	115,082	123,842	8,759
11301	HUMAN RESOURCES	13,877,497	14,809,838	932,341
11303	AIR QUALITY DIVISION	170,185	180,450	10,264
11307	PROPERTY INSURANCE	129,378	137,358	7,980
11308	WORKERS COMPENSATION	3,378,563	3,592,025	213,462
11309	MALPRACTICE INSURANCE	181,101	191,872	10,771
11310	LIABILITY INSURANCE	2,174,339	2,315,070	140,731
11313	SAFETY LOSS CONTROL	1,733,682	1,849,523	115,842
11318	TAP - TEMP ASSISTANCE POOL	2,027,122	2,159,586	132,464
11320	EXCLUSIVE PROVIDER OPTION	3,545,673	3,779,218	233,545
11322	EMPLOYEE ASSISTANCE PROGRAM	957,177	1,020,156	62,979
11329	OCCUPATIONAL HEALTH & WELL- NESS	2,196,916	2,338,521	141,606
11501	CFD / ASSESSMENT DISTRICT AD- MIN	480,474	512,259	31,785
12001	ASSESSOR	15,265,739	15,898,625	632,886
12002	COUNTY CLERK-RECORDER	14,043,806	14,600,948	557,142
12003	AC RECORDER CENTER DIV.	979,499	1,020,774	41,275
12004	CREST	1,241,352	1,302,210	60,858
13001	AUDITOR - CONTROLLER	5,546,892	5,801,990	255,099
13002	INTERNAL AUDITS	865,462	909,459	43,997
13003	COUNTY PAYROLL	1,534,092	1,600,589	66,497
14001	TREASURER-TAX COLLECTOR	7,809,916	8,182,252	372,336
15001	COUNTY COUNSEL	9,248,535	9,870,332	621,797
17001	REGISTRAR OF VOTERS	2,191,636	2,292,689	101,053
19001	EDA ADMINISTRATION	2,499,973	2,645,836	145,863
19003	WORKFORCE DEVELOPMENT	9,692,754	10,090,792	398,039
19004	HOUSING AUTHORITY	8,552,572	8,894,660	342,088
19007	EDA/COUNTY FREE LIBRARY	566,918	592,726	25,808
19010	ECONOMIC DEVELOPMENT	1,321,040	1,392,292	71,252
19107	COUNTY AIRPORTS	634,992	661,593	26,601
19201	FAIR AND NAT'L DATE FESTIVAL	707,051	723,764	16,713

Dept ID	DEPARTMENT	FY 13/14 Projected Cost of Salary & Benefits	FY 14/15 Projected Cost of Salary & Benefits	Projected Increased Cost
19301	EDWARD DEAN MUSEUM	107,630	113,800	6,170
22001	DISTRICT ATTORNEY	88,526,198	93,399,241	4,873,044
23001	CHILD SUPPORT SERVICES	26,138,555	27,008,297	869,742
24001	PUBLIC DEFENDER	26,714,896	28,516,513	1,801,617
24013	LOPD - CAPITAL DEFENDERS	1,235,673	1,300,907	65,234
25001	SHERIFF ADMINISTRATION	9,181,302	9,760,912	579,609
25002	SHERIFF SUPPORT	29,202,412	30,444,611	1,242,199
25003	SHERIFF PATROL	225,297,057	236,441,198	11,144,141
25004	SHERIFF CORRECTION	149,497,609	156,991,468	7,493,859
25005	SHERIFF COURT SERVICES	21,846,992	22,906,432	1,059,440
25006	CAC SECURITY	416,752	443,395	26,643
25007	BEN CLARK TRAINING CENTER	7,423,637	7,857,214	433,577
25010	SHERIFF CORONER	5,960,618	6,321,691	361,073
25011	PUBLIC ADMINISTRATION	1,192,365	1,239,733	47,368
25051	SHERIFF CAL - ID	2,651,610	2,772,304	120,694
26001	JUVENILE HALL	26,381,123	27,928,302	1,547,179
26002	PROBATION	34,902,954	37,120,382	2,217,428
26007	PROBATION - ADMINISTRATION	7,254,990	7,672,257	417,268
27002	FIRE PROTECTION - FOREST	16,934,327	17,598,495	664,168
27004	FIRE PROTECTION-CONTRACT SERVICE	1,990,957	2,079,493	88,537
28001	AGRICULTURAL COMMISSIONER	4,066,967	4,252,014	185,047
29001	LOCAL AGENCY FORMATION COMMISSION	576,419	611,840	35,420
31002	TLMA ADMINISTRATIVE SERVICES	2,544,146	2,673,789	129,643
31003	CONSOLIDATED COUNTER SERVICES	1,239,131	1,296,191	57,060
31005	ENVIRONMENTAL PROGRAMS	697,972	733,725	35,752
31101	BUILDING AND SAFETY	3,503,807	3,658,136	154,329
31201	PLANNING	2,228,559	2,328,941	100,382
31301	TRANSPORTATION	27,515,928	28,636,931	1,121,002
31302	SURVEYOR	3,643,333	3,783,425	140,092
31307	TRANSPORTATION EQUIPMENT - ISF	1,804,777	1,863,637	58,860
31308	TLMA ALUC	215,078	225,062	9,984
31401	CODE ENFORCEMENT	8,318,894	8,651,520	332,626
41001	MH PUBLIC GUARDIAN	2,340,657	2,431,149	90,492
41002	MH TREATMENT	69,319,065	72,628,086	3,309,022
41003	MH DETENTION	3,584,020	3,726,605	142,585
41004	MH ADMINISTRATION	16,734,811	17,494,640	759,829

Dept ID	DEPARTMENT	FY 13/14 Projected Cost of Salary & Benefits	FY 14/15 Projected Cost of Salary & Benefits	Projected Increased Cost
41005	MH SUBSTANCE ABUSE	7,283,289	7,560,145	276,856
42001	PUBLIC HEALTH	40,821,128	42,578,710	1,757,582
42002	CALIFORNIA CHILDREN'S SERVICES	12,611,728	13,133,363	521,635
42004	ENVIRONMENTAL HEALTH	17,368,449	18,136,312	767,863
42006	ANIMAL CONTROL SERVICES	11,056,895	11,547,419	490,524
42007	PUBLIC HEALTH AMBULATORY CARE	20,834,923	21,711,727	876,804
43001	RIVERSIDE COUNTY REGIONAL MEDICAL CENTER	236,550,326	245,902,429	9,352,103
43002	MED INDIGENT SERVICES PROGRAM	2,289,928	2,365,617	75,689
43003	DETENTION HEALTH SYSTEMS	12,362,760	12,843,993	481,232
45001	WASTE MANAGEMENT	12,036,742	12,536,720	499,979
51001	DPSS ADMINISTRATION	249,021,731	259,311,148	10,289,418
52001	COMMUNITY ACTION PARTNERSHIP	1,190,620	1,247,508	56,888
52002	DCA-LOCAL INITIATIVE PROGRAM	952,581	988,453	35,872
52003	DCA - OTHER PROGRAMS	271,897	282,106	10,209
53001	OFFICE ON AGING - TITLE III	4,259,367	4,436,891	177,524
54001	VETERANS SERVICES	805,508	839,960	34,453
63001	COOPERATIVE EXTENSION	295,387	305,603	10,216
72001	EDA/FACILITIES MANAGEMENT ADMINISTRATION	2,898,657	3,050,847	152,190
72002	CUSTODIAL	7,711,635	7,994,861	283,225
72003	MAINTENANCE	11,570,377	12,008,922	438,544
72004	REAL ESTATE	2,414,814	2,524,148	109,333
72005	DESIGN & CONSTRUCTION	2,803,344	2,930,132	126,787
72006	ENERGY MANAGEMENT/ NO PAY-ROLL	303,278	316,696	13,418
72007	PARKING	989,889	1,032,611	42,722
73001	PURCHASING	2,030,660	2,138,704	108,044
73003	PRINTING SERVICES - ISF	1,223,031	1,266,283	43,252
73004	SUPPLY SERVICES	758,916	785,094	26,178
73005	FLEET SERVICES	3,471,447	3,604,426	132,979
73006	CENTRAL MAIL SERVICES	506,086	526,071	19,984
74001	INFORMATIONAL TECHNOLOGY	32,497,674	33,999,461	1,501,787
74006	RCIT COMMUNICATION SOLUTIONS	3,612,621	3,769,519	156,898
74009	RCIT GEOGRAPHICAL INFO SYSTEM	843,132	881,897	38,765
	TOTAL	\$1,659,270,206	\$1,736,358,461	\$77,088,255

Attachment F FY 14/15 Budget Guidelines

The FY 14/15 budget will be developed in accordance with the following standard budget policies:

1. **Net County Cost (NCC):** Ongoing discretionary funds authorized to general fund departments will be based on the amount recommended by the Executive Office. All budgets will be submitted within this target. Budget requests that exceed NCC targets will be returned by the Executive Office to department heads for adjustment or will be modified by the Executive Office to adhere to the prescribed NCC target.
2. **Funding Salaries and Benefits:** Unfunded positions will not be entered into the BASE system.
3. **Cost of Living Allowances (COLAs):** All departments will absorb cost of living increases.
4. **Priorities in Budget Construction:** Departments will budget first for basic costs of doing business, such as rent, debt service, and utilities. Next, departments will budget for the costs of completing their missions, such as essential materials and services. Finally, departments will budget for non-essential costs, such as subscriptions, memberships, and redecoration.
5. **Addbacks and Impacts:** If a department cannot provide core services with allocated NCC, it will be required to provide a plan for minimizing impacts. Addback requests are not to be submitted with budgets.
6. **General Fund Support “Last In/First Out”:** Unless otherwise mandated or restricted, all general fund departmental revenues shall be fully expended in the year received, ensuring that general fund support is provided only as needed.
7. **Departmental Revenue:** Departmental revenue shortfalls will not be backfilled by the general fund. Departments should adjust their budgets accordingly for expected reductions in all outside revenue including, but not limited to, property tax, grant funds, state funding, public safety sales tax, and federal funding.
8. **Submittal Deadlines:** All departments will submit their FY 14/15 budget requests to the Executive Office no later than March 13, 2014. To be considered on time, budget requests must be complete and in accordance with these budget policies.
9. **Reserving One-time Resources:** One-time resources derived from unexpected or excess revenue or cost savings shall be set aside to build reserves, not to backfill ongoing operations.
10. **Absorbing Labor Costs:** Labor cost increases shall be absorbed by departments.
11. **Limited Interim Appropriations:** Interim appropriations increases outside the budget process should be limited so competing priorities are considered together at once within the context of the overall budget process.

Attachment G FY 14/15 Budget Schedule

January 28, 2014	Tue	Internal service rates approved by the Board
January 30, 2014	Thu	FY 14/15 budget kickoff meeting #1 – boardroom 1-3 p.m.
January 30, 2014	Thu	BASE go-live – system available for budget entry
February 5, 2014	Wed	FY 14/15 budget kickoff meeting #2 – boardroom 9-11 a.m.
February 11, 2014	Tues	Budget guidelines adopted by the Board
March 13, 2014	Thu	Department budgets due to EO
April 2 - 3, 2014	Wed-Thu	Budget impact workshops (if needed)
April 7, 2014	Mon	Department FY 13/14 3rd third quarter status reports due to EO
June 9, 2014	Mon	Recommended budget available for department pick-up
June 16, 2014	Mon	Board adopts recommended budget/budget hearings begin
June 16, 2014	Mon	Last day to submit CTR/PAN requests to HR (date subject to change)*
June 17, 2014	Tue	Budget hearings continue if needed
June 19, 2014	Thu	Adding/deleting of budgeted position (ABP) forms due to EO
September 9, 2014	Tue	Board adopts the final changes to budget
November 2014		Adopted budget book ready for departmental pickup

* HR will not process any position changes for departments from June 26 –July 17 so that the HRMS system may be reconciled to the recommended budget. This means the last day to request position changes effective FY 13/14 is June 16, 2014. ABP Forms must accurately reflect budgeted positions. More information will be available during budget kickoff meetings.

