Attachment A

COUNTY OF SOLANO
COUNTY ADMINISTRATOR'S OFFICE
MIDYEAR FINANCIAL REPORT
FY2017/18

FINANCIAL POSITION OF COUNTY DEPARTMENTS

Attached to the FY2017/18 Midyear Financial Report are four (4) tables that compare the FY2017/18 Working Budget to the FY2017/18 Midyear projected expenses and revenues. These tables include:

- County's General Fund (Attachment B),
- Other Funds (Attachment C)
- Internal Service and Enterprise Funds (Attachment D).
- Reconciliation and summary of the General Fund's FY2017/18 year-end Fund Balance (Attachment E).

County Department Heads and their management and fiscal teams have prepared the projections. As the projections show, the County departments remain committed to providing excellent services and are developing new and creative ways to operate programs while managing within their appropriations.

The following are brief, written summaries of departmental budget projections for Fiscal Year 2017/18. Those budgets which are projected to be within the FY2017/18 Working Budget for revenues and expenses are not discussed in the Report.

GENERAL GOVERNMENT

Board of Supervisors – District 1 – Fund 001, BU 1001

The Midyear projection reflects an increase in Net County Cost of $14,978 in Salaries and Employee Benefits primarily due to approved salary and benefit increases.

For recommended action:

ATR for $14,978 increasing Salaries and Benefits costs which could not be absorbed within the Operating Budget, funded by a reduction in contracted services in General Expenditures.

Board of Supervisors – District 2 – Fund 001, BU 1002

The Midyear projection reflects a increase in Net County Cost of $6,496 in Salaries and Employee Benefits primarily due to approved salary and benefit increases.

For recommended action:

ATR for $6,496 increasing Salaries and Benefits costs which could not be absorbed within the Operating Budget, funded by a reduction in contracted services in General Expenditures.

Board of Supervisors – District 3 – Fund 001, BU 1003

The Midyear projection reflects an increase in Net County Cost of $17,693 in Salaries and Employee Benefits primarily due to approved salary and benefit increases.

For recommended action:

ATR for $17,693 increasing Salaries and Benefits costs which could not be absorbed with the Operating Budget, funded by a reduction in contracted services in General Expenditures.

Board of Supervisors – District 4 – Fund 001, BU 1004

The Midyear projection reflects an increase in Net County Cost of $13,829 in Salaries and Employee Benefits primarily due to approved salary and benefit increases.

For recommended action:

ATR for $13,829 increasing Salaries and Benefits costs which could not be absorbed with the Operating Budget, funded by a reduction in contracted services in General Expenditures.

Board of Supervisors – District 5 – Fund 001, BU 1005

The Midyear projection reflects a decrease in Net County Cost of $24,802 after absorbing salary increases, primarily from savings due to the timing in filling of a vacancy.

General Revenues – Fund 001, BU 1101

The Midyear projection reflects a net increase of $5.7 million in revenues when compared to Working Budget.

The projected net increase of $5.7 million in revenues is primarily attributed to a $2.3 million increase in Secured Property Tax revenues resulting from the increase in value for the Assessment Roll and $1.4 million in one-time distribution of excess impounds distributed to affected taxing entities due to the settlement of the Valero appeals; $800,000 in Property Tax-In Lieu of VLF from the State, and $200,000 in higher Property Transfer Tax.

Other increases in revenue include a $1.9 million projected increase in Business License Tax revenues on disposal based on expected increases in tonnages at the Hay Road facility from San Francisco (previously disposed in Livermore, CA.), and a one-time increase in disposal tonnage due to fire debris from Sonoma and Napa Fires.

Employee Development & Recognition – Fund 001, BU 1103

The Midyear projection reflects no change in revenues and a decrease of $96,000 in expenditures resulting in a decrease of $96,000 in Net County Cost when compared to the Working Budget.

The projected decreases in expenditures is primarily due to reductions in Salaries and Benefits by $88,000 due to timing of filling vacancies and a decrease of $9,000 in Services & Supplies.

General Services – Fund 001, BU 1117

The Midyear projection reflects estimated decreases of $470,000 in revenues and $118,000 in expenditures, for a net increase of $352,000 in Net County Cost to the General Fund when compared to the Working Budget.

Significant factors contributing to the projected net decrease of $470,000 in revenues are due to decrease of $466,000 from a reduction of revenues for projects and facilities/materials to reflect the actual and projected projects and requested maintenance services and an additional decrease of $22,000 in Intergovernmental Revenues from the State courts for operations and maintenance at the Vallejo Justice Court Facilities. A net increase of $19,000 primarily due to increase in Operating Transfer In from Accumulated Capital Outlay for emergency repairs of Benicia Veterans Hall elevator.

Significant factors contributing to the projected net decrease of $118,000 in expenditures are due to net decrease of $474,000 in Salaries and Employee Benefits resulting from unfilled positions due to challenges in recruiting qualified candidates offset by an increase in accrued leave due to unanticipated retirements and payoffs of current leave balances. Services and Supplies are projecting a net increase of $287,000 primarily attributable to the increase in contracted services for project management services and additional $70,000 net increase resulting from the realignment of revenues for requested maintenance and small projects for the remainder of the fiscal year.

For recommended action:

ATR for $314,000 increasing appropriations to cover cost for an outside consultant for projects and special departmental expense offset by savings in salaries and employee benefits.

ATR for $65,000 to increase appropriations to cover emergency elevator repairs of the Benicia Veterans Hall offset by increase in Operating Transfer In from Accumulated Capital Outlay.

Assessor – Fund 001, BU 1150

The Midyear projection reflects an increase of $307,000 in revenues and a $149,000 decrease in expenditures for a projected decrease of $456,000 in Net County Cost when compared to the Working Budget.

The revenue increase of $307,000 is due to a $130,000 increase in Charges for Services and an increase of $177,000 in Other Revenue.

The decrease in expenditures of $149,000 is due to an $87,000 net decrease in Salaries and Benefits due to timing in filing vacancies and a net decrease of $62,000 primarily due to a decrease in costs for outside consultants and lawyers for assessment appeals defense triggered by the resolution made for the Valero appeal.

Auditor-Controller – Fund 001, BU 1200

The Midyear projection reflects an increase of $99,000 in revenues and a decrease of $127,000 in expenditures when compared to the Working Budget, resulting in a projected decrease of $227,000 in Net County Cost.

The increase in revenues is due to a projected net increase of $99,000 in Charges for Services resulting from an increase of $206,000 in special assessment fees and offset by a net decrease of $104,000 in auditing and accounting fees which is attributed to staff vacancies in the Internal Audits Division.

Significant factors contributing to the decrease of $127,000 in expenditures include a reduction in projected Salaries and Benefits by $136,000 due to timing in filling vacancies and offset by an increase of $13,000 primarily for improvements and computer replacement costs.

County Counsel – Fund 001, BU 1400

The Midyear projection reflects a decrease of $171,000 in revenues and an increase of $111,000 in expenditures when compared to the Working Budget, resulting in an increase of $282,000 in Net County Cost.

The decrease in revenue is primarily due to a reduction in hours billed for legal services to Child Welfare Services (CWS) compared to the projected hours included in the Working Budget. The decrease of $181,000 is due to reduced demand for legal services provided to CWS, for example, fewer time-consuming contested hearings and appeals. However, attorneys are working on countywide departmental legal matters, resulting in increased hours charged through the cost allocation plan (A87). The decrease in legal services to CWS is slightly offset by an increase of $10,000 in direct billing services to outside agencies.

The increase in expenditures is primarily due to an increase of $115,000 in Salaries and Benefits related to approved salaries and benefits cost increases and accrued leave payouts, offset by a decrease of $6,000 in Services and Supplies primarily due to budgeted costs for refresh computers were less than anticipated.

County Counsel is currently working with the County Administrator on a corrective action plan to address the loss of revenue.

For recommended action:

ATR for $112,000 to offset increased Salaries and Benefits costs in County Counsel associated with salaries and benefits increases and unanticipated accrued leave payouts, funded by General Expenditures.

Human Resources – Fund 001, BU 1500

The Midyear projection reflects an increase of $25,000 in revenues and a decrease of $271,000 in expenditures for a net decrease of $296,000 in Net County Cost when compared to the Working Budget.

The increase is revenues is primarily due to a refund for flexible spending account forfeitures and an increase in Departmental Administrative Overhead received from Risk Management for a portion of the HR Director's salary and benefits.

Significant factors contributing to the projected decrease of $271,000 in expenditures are as follows:

- Salaries and Benefits are projected to decrease by $36,000 resulting from timing in filling vacancies, offset by an increase of $8,000 in accrued leave payoff.
- Services and Supplies are projected to decrease $240,000 primarily due to reductions in anticipated photocopier and computer replacement costs; reduced compliance reviews of the County's Deferred Compensation Plans; reduced Equal Employment Opportunity (EEO) investigation services; reduced recruitment testing services and classification study costs;

and a reduction in the anticipated costs for outside negotiators and fact finding services in the Employee Relations Division.

For recommended action:

Extend 1.0 FTE Human Resources Assistant through June 30, 2019. The position assists the Employee Benefits Division in processing personnel and benefits transactions, and will be assisting with the implementation of the PeopleSoft e-Benefits module.

Registrar of Voters (ROV) – Fund 001, BU 1550

The Midyear projection reflects an increase of $31,000 in revenue and $29,000 in expenditures for an overall projected decrease of $2,000 in Net County Cost when compared to the Working Budget.

Significant factors contributing to the projected increase of $31,000 in revenues are:

- Increase of $25,000 in Intergovernmental Revenues for additional reimbursements from the State for expenditures related to state election pamphlets and postage and for additional funds from the (HAVA) Help America Vote Act polling place accessibility state grant.
- Increase of $6,000 in election services for candidate statement fees.

Significant factors contributing to the projected increase of $29,000 in expenditures are:

- Net decrease of $45,000 in Salaries and Employee Benefits due to timing in filling vacancies offset by increases in salary/wages for overtime and call back reimbursement for state petition signature verification.
- Net increase of $74,000 in Services and Supplies due to $50,000 increase software application purchase and $20,000 for the purchase of additional ballot boxes related to the polling place accessibility grant and $4,000 to purchase of various items related to the election operation.

For recommended action:

ATR for $20,000 recognizing unanticipated revenue in the Registrar of Voters for State Grant Revenue related to the HAVA polling place accessibility grant to fund the increase in Services and Supplies. (4/5 vote required)

Real Estate Services – Fund 001, BU 1640

The Midyear projection reflects increases of $20,000 in revenues and $9,000 increase in expenditures resulting in a projected Net County Cost decrease of $11,000.

Revenues are projected to increase $20,000 primarily due to a $29,000 increase in Revenue from Use of Money attributable to building rental and lease revenue and receipt in the current year of a prior year payments for a cell tower lease, offset by a decrease of $10,000 in Charges for Services due to decreased demand for capital project related work.

Expenditures are projected to increase by $9,000 due to increases in Salaries and Benefits, increases in Intra Fund Transfers for maintenance services to cover the unanticipated cost of tree removal services at 600 Merchant Street in Vacaville, and increased costs for setup/cleanup labor for public events in the CEC.

For recommended action:

ATR for $9,500 recognizing unanticipated revenue in Real Estate Services and increasing Intrafund services to cover the cost of tree removal and CEC set/up and cleanup and Salaries and Benefits. (4/5 vote required)

General Expenditures – Fund 001, BU 1903

The General Expenditures budget is used to track General Fund Contributions to departmental operating budgets including the Public Safety Fund 900, the Health and Social Services Fund 902, the Library Fund 004, Parks and Recreation Fund 016, and non-County agencies and non-profit community-based organizations. The General Expenditure budget also reflects revenues received from the Solano County Court, which are in-turn used to pay the Court Maintenance of Effort.

The Midyear projection reflects increases of $9,100 in Court revenues and decreases of $1.3 million in Expenditures, for a projected reduction of $1.31 million in Net County Cost.

Net decreases of $1.3 million in General Expenditures, primarily due to projected savings in General Fund support to Probation and the Public Defender and reductions in Services & Supplies including Contracted Services. The Midyear projections reflects contracted services to address the engagement of a housing grant proposal consultant to aid in identifying and applying for additional housing funds.

The projected savings in General Expenditures are partially offset by increased General Fund support to the Sheriff, Other Public Defense, District Attorney, County Counsel, Board of Supervisors, Alternate Public Defender and the Library to address increased Salaries and Benefits costs and unanticipated retirements and the related accrued leave payoff costs which could not be absorbed within the Departments Working Budgets.

Details regarding these changes and other General Fund Departments changes are discussed in the narratives throughout Attachment A.

For recommended action:

ATR for $824,349 decreasing Accrued Leave Payout in General Expenditures to fund unanticipated retirement and employee separation costs in the following Departments; Sheriff, District Attorney and the Alternate Public Defender which cannot be absorbed within the department's budget. (4/5 vote required)

ATR for $783,621 Increasing Transfers-Out to the following Departments: Sheriff, Alternate Public Defender and the Library to fund Board approved increases in Salaries and Benefits cost which could not be absorbed within the department's budget, offset by decreases in Transfers-Out to Probation and the Public Defender. (4/5 vote required)

ATR for $285,000 increasing the Transfer-Out to Other Public Defense offset by decrease costs in General Expenditures. (4/5 vote required)

ATR for $112,000 to fund approved increases in County Counsel Salaries and Benefits cost and unanticipated accrued leave payouts which could not be absorbed within the department's budget, offset by decreases in Transfers-Out to the Public Defender.

ATR for $52,996 decreasing Contracted Services in General Expenditures to fund increased Salaries and Benefits costs in the Board of Supervisors District Budgets.

<u>Survey Engineer – Fund 001, BU 1904</u>

The Midyear projection reflects a $250 increase in revenues and a $30,000 increase in expenditures resulting in a projected Net County Cost increase of $30,000.

Expenditures are projected to increase by $30,000 as a result of increases in the number of Record of Surveys and Parcel Maps being processed and the amount of public inquiry on potential private development and property issues, coupled with improvements to cost tracking related to those services.

For recommended action:

ATR for $30,000 increasing appropriation in Surveyor/Engineer Interfund Services Used to increase cost to provide services to the public for Records of Surveys, Parcel Maps, Map Reproductions, and Public Research funded by General Expenditures.

<u>Agricultural Commission/Weights and Measures – Fund 001, BU 2830</u>

The Midyear projection reflects a net decrease of $82,000 in revenues and $89,000 in expenditures from Working Budget, resulting in a projected Net County Cost decrease of $7,000.

The decrease in revenues of $82,000 is primarily due to projected decreases of $35,000 in State pesticide enforcement contract revenue, $15,000 in State pest detection revenue as the Glassy-Winged Sharp Shooter (GWSS) detection contract, $25,000 in phytosanitary field inspection fees as less growers are anticipated to need seed certifications, a reduction of $5,000 in State regulatory contracts primarily related to nursery inspections and enforcement activities.

The decrease in expenditures of $89,000 is primarily due to salary savings of $222,000 resulting from unanticipated vacancies and delays in filing positions, including the Assistant Agricultural Commissioner, offset by an increase of $122,000 in accrued leave payouts. Additionally, Services and Supplies reflect a decrease of $11,000 primarily due to projected reductions in fuel and garage services, and postage.

Fixed Assets reflect an increase of $25,000 for the purchase of a Petroleum Prover for the Weights and Measures Division. The acquisition of this new equipment for the Weights and Measures Division will have the staffing to return to annual inspections for all devices as mandated by the 4 California Code of Regulation 4070. This additional Petroleum Prover (as compared to the larger existing Prover truck) will fit into the bed of a pickup with no other modifications needed and can be operated by a single inspector, and provides for easier maneuvering around smaller gas stations and increased efficiency for testing stations with fewer meters ensuring that customers are paying the correct amount for the product received.

For recommended action:

Approve the $25,000 Fixed Asset purchase of a Petroleum Prover for the Agricultural Commissioner's Weights and Measures Division.

Attachment A

Recorder - Fund 001, BU 2909

The Midyear projection reflects increase of $154,000 in revenues and $4,000 decrease in expenditures when compared to the Working Budget, resulting in a projected decrease of $158,000 in Net County Cost.

The increase in revenues for $154,000 is due to $148,000 in Charges for Services primarily due to a new fee which took effect January 1, 2018 related to SB2, Building Homes and Jobs Act which the recorder collects $4 per qualifying document. Increase of $5,000 in Other Financing Sources for transfers made by Recorder Special Revenue Fund representing the remainder of the collected amount for Real Estate Fraud Fee. The remaining increase is attributable to various increases in miscellaneous revenues.

A net decrease in expenditures for $4,000 is primarily attributable to the decrease in the health insurance cost due to new employees waiving the health insurance coverage.

For recommended action:

ATR for $4,995 Recognizing Operating Transfer-In from Recorder Special Revenue Fund- Real Estate Fraud Division offset by a decrease in Other Revenue.

Resource Management – Fund 001, BU 2910

The Midyear projection reflects a net increase of $147,000 in revenues and a net decrease of $605,000 in expenditures from Working Budget, resulting in a projected Net County Cost decrease of $752,000.

Significant factors contributing to the net $147,000 increase in revenues are:

- Revenues from Licenses, Permits & Franchises are projected to increase by $394,000 primarily due to the collection of Solid Waste Permits including Napa County and Sonoma County fire debris disposal at Potrero Hills Landfill or Recology Hay Road through the end of June 2018, and a general increase in disposal at both landfills.
- Intergovernmental Revenues are projected to decrease by $33,000 due to expected reductions in revenues received from state and federal agencies for work performed on specific contracts and grants.
- Charges for Services are projected to decrease by $31,000 primarily from a reduction in contractor expenses associated with monitoring of mitigation conditions for various land use projects and a reduction in staff work associated with contaminated site cleanup activities partially offset by increased revenues related to Planning Services, including reviews of building plans, Land Division Fees and Water Well Permits for monitoring wells to be installed or destroyed at gas stations and cleanup sites.
- Miscellaneous Revenues are projected to have a net decrease of $184,000 primarily from decreases in revenue associated with the Bay Area Regional Energy Network (BayREN) and Pacific Gas and Electric Energy Watch programs and reductions received from the trust funds used to pay contractors for performance of hazardous materials training and testing partially offset by increases in fire plan check fees and reimbursements associated with a Household Hazardous Waste Information Exchange event sponsored by the County.

Significant factors contributing to the $605,000 decrease in expenditures are:

- Salaries and Benefits are projected to decrease by $245,000 from the cumulative effect of intermittent vacancies throughout the Department and newer staff entering employment at lower pay rates, offsetting increases in Salaries & Benefits.
- Services and Supplies are projected to decrease by $428,000 resulting primarily from decreases in Contracted Services and Other Professional Services. These decreases are due to completion of mitigation monitoring associated with various land use projects and work being completed in previous fiscal year on the Travis Sustainability Plan and Rio Vista Airport Land Use Compatibility Plan; a reduction in expenses associated with solid waste diversion activities and Used Oil Competitive Grant work due to completion of programs; less work performed in bay area energy programs due to available staff time and coordination with other partner agencies to accomplish the work; reduction in expenses associated with biosolids research and solid waste program enhancement contracts; and less expenses being incurred for contracts pertaining to hazardous materials training and program implementation.
- Other Charges is projected to increase by $82,000 to augment roadside illegal dumping response.

For recommended action:

ATR for $81,793 recognizing unanticipated Solid Waste Permit revenue to fund an increase in appropriations for Interfund Services – Professional to off-set the $6,793 in costs to the Sheriff's Office and $75,000 in costs to Public Works for enforcement/investigation and cleanups of improper roadside dumping. (4/5 vote required)

Indigent Burial – Fund 001, BU 5460

The Midyear projection reflects an increase of $2,000 in both revenues and expenditures when compared to the Midyear projections, resulting in no change in Net County Cost.

The $2,000 projected increase in revenue reflects unanticipated vital statistics fee revenue. The $2,000 projected increase in expenditures is due to more unanticipated cremations of indigent decedents.

For recommended action:

ATR for $1,725 to recognize unanticipated revenue vital statistics revenue in Indigent Burial offset by increased costs of indigent burials. (4/5 vote required)

Office of Family Violence Prevention – Fund 001, BU 5500

The Midyear projection reflects decreases of $26,000 in revenues and $44,000 in expenditures, resulting in a net decrease of $18,000 in Net County Cost when compared to the Working Budget. This decrease in Net County Cost is primarily due to timing of filling vacancies, including a limited-term Social Worker III and an extra-help Social Worker II.

The decrease in revenues is primarily due to projected reductions of $7,000 in the federal Office on Violence Against Women's Grants to Encourage Arrest and Enforcement of Protection Orders (GTEAP) resulting from a reduction in claimable costs due to a vacancy; and a decrease of $19,000 in vital record fee revenue that funds an extra-help Social Worker II due to the position vacancy.

The decrease in expenditures is primarily due to salary savings of $44,000 resulting from the timing on filling vacancies.

Veteran Services – Fund 001, BU 5800

The Midyear projection reflects an increase of $15,000 in revenues and $3,000 increase in expenditures for a projected decrease of $12,000 in Net County Cost when compared to the Working Budget.

The revenue increase is primarily anticipated due to a combination of additional funds from the California Department of Veteran Affairs (CalVet), including $4,500 from California Veteran Service Office (CVSO) and $1,500 from Medi-Cal cost avoidance and $9,000 in Proposition 63 funding.

The increase of $3,000 in expenditures is due to car allowance stipend and increase in reimbursements for staff traveling to and from worksite locations.

For recommended action:

Extend its existing limited-term Veteran's Benefit Counselor position, expiring on June 30, 2018, until June 30, 2019 which is revenue offset.

Recorder Special Revenue Fund – Fund 215, BU 4000

The Midyear projection reflects decreases of $25,000 in revenues and $60,000 in expenditures resulting in an increase of $35,000 in Fund Balance when compared to the Working Budget.

This is a special fund which is used to account for fees collected and expenses incurred by the Recorder's Office. The net decrease in revenue of $25,000 is due to decrease of $55,000 in Charges for Services for Social Security Truncation fees which can no longer be collected effective January 1, 2018, offset by a $22,000 increase in interest income and $8,000 increase in Other Financing Sources.

The decrease in expenditures of $60,000 is due to $74,000 decrease in Services and Supplies in contracted services for the electronic delivery system, offset by an increase of $9,000 in Other Charges for the internal audit service billed by the Auditor's Office and $5,000 an Operating Transfer-Out to Recorder Operating Budget, for Real Estate Fraud fees collected.

For recommended action:

ATR for $4,994 decreasing Recorder Special Revenue Fund – Real Estate Fraud Division Appropriations for Contingencies to offset the $4,994 increase in Operating Transfers-Out for funds related to the Real Estate Fraud fees to be transferred to Recorder Operating Budget, Budget Unit 2909. (4/5 vote required)

ATR for $9,440 decreasing Recorder Special Revenue Fund – SSN Truncation Division Appropriations for Contingencies to offset a $9,440 increase in Interfund Transfers for internal audit service billed by the Auditor's Office. (4/5 vote required)

2017 Certificates of Participation – Fund 332, BU 8037

The Midyear projection reflects a change in the budget projection of $86.6 million in revenues and expenditures when compared to the Working Budget due to debt refinancing approved by the Board of Supervisors in August 2017.

The net increase in revenues and expenditures is the result of the proceeds from the 2017 Refunding Certificates which were used to fully redeem the 2007 Certificates of Participation in September 2017 as previously approved by the Board of Supervisors. On August 8, 2017, the Board adopted a resolution authorizing the execution, sale and delivery of the Series 2017 Refunding Certificates of Participation. On September 20, 2017, the County completed the refunding of the 2007 Certifications of Participation which were issued to fund construction of the County Government Center, Parking Structure, Probation building and other County Facilities.

For recommended action:

ATR for $86,637,874 to reflect the necessary budget entries to record the refinancing transactions in the Budget for the 2017 COP transactions. (4/5 vote required)

Pension Debt Service – Fund 306, BU 8006

The Midyear projection reflects a net decrease of $519,000 in revenues and an increase of $12,000 in expenditures when compared to the Working Budget, for a projected increase of $531,000 in Net County Cost due to changes in projected wages subject to pension contributions resulting from staff vacancies at Midyear. The County recovers pension debt service costs through department charges as part of payroll. As payroll cost decreases, so do the direct charges to departments.

PUBLIC PROTECTION

Public Safety – Fund 900

The Public Safety Fund, Fund 900, includes the budgets for the departments of the Sheriff, District Attorney, Public Defender, Alternate Defender, Probation and Other Public Defense. Fund 900 has a FY2017/18 Working Budget of $194,195,000. The Midyear projection reflects a net decrease of $1,210,000 in revenues and expenditures and a potential $33,000 decrease in Net County Cost. Fund 900 is funded by a combination of General Fund support and Intergovernmental revenues (Federal/State funding). At $110.8 million, General Fund support represents 58% of Fund 900's total revenues, while Intergovernmental revenues represent 34%.

Proposition 172

Intergovernmental revenues include State funding for Public Safety Services (Proposition 172), which is projected at $36.3 million and accounts for 56% of Intergovernmental revenues. Prop. 172 is generated by a statewide sales tax and a statewide distribution formula. The projection for Prop. 172 sales tax collection is currently slightly above what is in the FY2017/18 Working Budget by $195,000 in Prop. 172 revenues. Staff is working with the County Sales Tax consultant, HDL, to monitor the statewide trend in Prop. 172 funding and anticipate brining additional information to the Board during budget hearings, if appropriate.

Attachment A

AB 109

Intergovernmental revenues from AB 109 (Community Corrections Funding) is an allocation of statewide Vehicle License Fees (VLF) and a portion of the State sales tax. The State allocation methodology for AB 109 funding to Counties consists of a base allocation and an allocation of growth in the State funding source. AB109 "growth funds" for Community Corrections are allocated based on performance measures related to incarceration rates and Probation success rates.

The FY2017/18 Working Budget included $13.6 million of AB 109 revenues and expenditures across several departments. The Working Budget revenue represents a combination of the FY2017/18 AB 109 allocation from the State and one-time prior year carry forward funds.

The Midyear projection from departments for AB 109 expenditures reflects a decrease of $321,000 when compared to the Working Budget and an equivalent reduction in revenue draws. The decrease in expenditures is primarily due reductions in contracted and other professional services.

Details regarding each Public Safety department for expenditures and revenues are described in the departmental write-ups that follow.

District Attorney – Fund 900, BU 6500

The Midyear projection reflects a net increase of $225,000 in revenues and in expenditures when compared to the Working Budget, resulting in a projected increase of $123,000 in Net County Cost.

Significant factors contributing to the projected net increase of $225,000 in revenues include:

- Intergovernmental Revenues are projected to increase by $229,000 primarily due to increases of $24,000 in Proposition 172 sales tax revenue from the state; $79,000 in Cal OES XV Unserved/Underserved Victim Advocacy Program grant revenue and $46,000 in Victim/Witness Assistance Program grant revenue; $33,000 in unanticipated Auto Insurance Fraud grant revenue; $52,000 in unanticipated additional DUI Vertical Prosecution grant revenue; and offset by a decrease of $13,000 in County Victim Services (XC) grant revenue.
- Other Financing Sources are projected to increase by $290,000 this includes increases of $50,000 for a one-time transfer from the DA Asset Forfeiture fund to offset increased offsite costs associated with driving under the influence of drugs toxicology test services, $117,000 transfer in from the Consumer Protection Special Revenue fund to offset a limited-term Deputy District IV position due to an increase in consumer fraud protection cases; and $123,000 in County Contribution (General Expenditures) resulting from unanticipated accrued leave pay outs that the department is not able to absorb.
- Fines, Forfeitures and Penalties are projected to decrease by $100,000 due to lower collections in cost recovery in the Consumer Protection Unit and in fines/fees revenue received in the Bad Check Program as fewer individuals are using checks as a payment instrument.
- Charges for Services are projected to decrease $155,000 primarily due to a decrease of $125,000 in welfare fraud prosecution charges; $20,000 in real estate fraud fees; and $10,000 in DA diversion fees.
- Other Revenue is projected to decrease by $40,000 primarily due to a net decrease in vital record fee revenue.

Attachment A

For recommended action:

Add 1.0 FTE Limited-Term Deputy District Attorney IV through June 30, 2019 in the Consumer Protection Unit due to an increase in consumer protection cases. This position is to be funded 100% with civil penalties revenue.

Add 1.0 FTE Limited-Term Victim Witness Assistant through September 30, 2019. This position will be funded with Crime Victim Witness Assistance Program grant revenue, which is anticipated to be continued through September 30, 2019. If the grant funding were to end, the department will fund the position with vital record fee revenue.

Extend 1.0 FTE Limited-Term Legal Secretary through June 30, 2019. This position is assigned to AB 3121 mandated juvenile prosecution, and funded with State 1991 Realignment revenue.

Extend 2.0 FTE Limited-Term Deputy District Attorney IV positions through September 30, 2019. These positions are assigned to the DUI Vertical Prosecution Unit and offset with federally funded Office of Traffic Safety DUI Prosecution reoccurring grant funds for the prosecution of Driving Under the Influence (DUI) cases.

Extend 1.0 FTE Limited-Term Deputy District Attorney IV through June 30, 2019. This position is assigned to the vehicle theft program and funded with vehicle license fee revenue.

Extend 1.0 FTE Limited-Term Victim Witness Assistant through September 30, 2019. The position is funded with Crime Victim Witness Assistance Program grant revenue through September 30, 2018; however, this grant is anticipated to be continued through September 30, 2019. If the grant funding were to end, the department will fund the position with vital record fee revenue.

ATR for $51,567 to recognize unanticipated FFY2017/18 Office of Traffic Safety Driving Under the Influence (DUI) Vertical Prosecution grant revenue to offset increased salary/wage costs resulting from COLAs in the DA’s DUI Vertical Prosecution Division (4/5 vote required).

ATR for $46,382 to recognize unanticipated FY2017/18 California Office of Emergency Services (CalOES) Victim Witness Grant Program revenue to offset a Limited-Term 1.0 FTE Victim Witness Assistant position, and program overtime and duplicating services costs (4/5 vote required).

ATR for $4,034 to recognize unanticipated Workers’ Compensation Fraud grant revenue to offset expenses for the investigation and prosecution of workers’ compensation insurance fraud (4/5 vote required).

ATR for $50,000 to recognize an operating transfer in from the DA’s Special Revenue Fund budget to offset increased offsite toxicology testing service costs associated with driving under the influence of drugs in the DA’s Bureau of Forensic Services (4/5 vote required).

ATR for $117,199 to recognize an operating transfer in from the Consumer Protection Fund to offset a reduction in civil penalty revenue and to fund a Limited-Term Deputy District Attorney IV position in the Consumer Protection Unit due to an increase in consumer fraud protection cases (4/5 vote required).

ATR for $122,899 from General Expenditures Accrued Leave Payout to the District Attorney to offset unanticipated retirements and employee separation costs that cannot be absorbed in the District Attorney's budget (4/5 vote required).

Public Defender – Fund 900, BU 6530

The Midyear projection reflects estimated decreases of $10,000 in revenues and $234,000 in expenditures resulting in a decrease of $224,000 in Net County Cost when compared to the Working Budget.

The projected decrease of $10,000 in revenues is attributable to a decrease in the collection of legal fees due to the fact that the payments are based on a client's ability to pay and victim restitution takes precedent resulting in reduced payment recoveries.

Significant factors contributing to the projected net decrease of $234,000 in expenditures are:

- Salaries and Employee Benefits are projected to have a net decrease $219,000 primarily due to the timing of filling vacant positions. The decrease is partially offset by increases of $79,000 in extra-help primarily for medical backfills and $33,000 in Accrued Leave Payoff for unanticipated retirements.
- Services and Supplies are projected to decrease $10,000 primarily due to reductions in communication costs, fuel and garage charges, education/training and offset by increase in travel expense.
- Other Financing Uses are projected to decrease $5,000 reflecting a decrease in pension obligation bond costs resulting from the decrease in salaries.

Alternate Public Defender – Fund 900, BU 6540

The Midyear projection reflects projected decreases of $4,000 in revenues and a net increase of $35,000 in expenditures resulting in an increase of $39,000 in Net County Cost when compared to the Working Budget.

The decrease in revenues is the result of a projected $4,000 decrease in the collection of legal fees for services based on a client's ability to pay.

Significant factors contributing to the projected net increase of $35,000 in expenditures are:

- Salaries and Employee Benefits are projected to increase $33,000 primarily due to increases approved by the Board, and an increase in extra-help costs primarily for medical backfills and unanticipated accrued leave payouts.
- Other Financing Uses are projected to increase $1,000 reflecting an increase in pension obligation bonds costs resulting from the increase in salaries.

For recommended action:

ATR for $12,684 from General Expenditures Accrued Leave Payout to the Alternate Defender's (BU 6541) Operating Transfer-In as an offset for unanticipated retirements and employee separation costs that cannot be absorbed by the department (4/5 vote required).

ATR for $25,891 from General Expenditures to the Alternate Defender's (BU 6541) Transfer In – County Contribution to offset increases in salaries and benefits costs and reduction in legal fee revenue (4/5 vote required).

Attachment A

Sheriff – Fund 900, BU 6550

The Midyear projection reflects a net decrease of $1,910,000 in revenues and a net decrease of $476,000 in expenditures when compared to the Working Budget resulting in a projected Net County Cost increase of $1,435,000.

Significant factors contributing to the overall net decrease of $1,910,000 in revenue is attributed to changes in:

- Revenue from inmate housing is projected to decrease by $1,349,000 as Napa County is nearing completion of renovation repairs to its jail facility and is now expected to house inmates only through the end of February 2018. The Sheriff's Office is taking corrective action to address the loss of revenue including but not limited to making operational changes together with holding vacancies, while working to address the changing jail population.
- Court security revenue is projected to decrease by $624,000 primarily due to a reduction by the State in available Trial Court Security funds. To address the reduction in State funding the Sheriff's Office is making operational changes together with holding vacancies in both regular and extra-help positions to control costs.
- Law Enforcement Services revenue increased by $141,000 due to providing unanticipated aid to Rio Vista Police Department and response to UC Berkeley protests.
- Prop. 172 Sales Tax revenue is projected to increase by $149,000 primarily due to an upswing in statewide sales tax revenue.
- Insurance proceeds are projected to increase by $109,000 due to more work-related injuries for safety employees (a.k.a. 4850) and severity of work restrictions that impede returning the employee to work on a temporary modified basis or transitional task. The increase offsets salary cost of the employee.
- Alternative To Custody programs such as Electronic Monitoring and Work Release are projected to have a net increase of $78,000 in revenues as the number of inmates eligible for these programs have risen above expected numbers.
- Jail Access Fees are projected to decrease by $65,000 as reductions in misdemeanor arrests by local law enforcement agencies anticipated.
- Operating Transfers-In are projected to decrease by $343,000 primarily due to the re-budgeting of the Cal-ID archive system project which stores data and photos in the National Institute of Standards and Technology (NIST) format.

Significant factors contributing to the overall decrease of $476,000 in expenditures include:

- Salaries and Employee Benefits are projected to increase by $876,000 primarily due the recent Board approved Salaries & Benefits costs. The Sheriff's efforts to offset the increase include making operational changes and temporarily not filling some vacancies have resulted in additional salary savings and a reduction in overtime and extra-help costs.
- Unanticipated accrued leave payouts to date for retirements is $688,766. The Sheriff is asking to be made whole for the amount up to the increased cost for unanticipated retirements and the balance of salary & wage adjustments which could not be absorbed within the Working Budget.
- Contracted and Other Professional Services are projected to have a net decrease of $817,000 primarily due to the re-budgeting of the Cal-ID NIST archive system project; moving appropriations for inmate substance abuse treatment services to the Inmate Welfare Fund; and a reduction to inmate medical costs as the inmate population is lower than anticipated. The decreases are partially offset with an increase of $60,000 in guard services to backfill vacant positions providing court security service.

- Inmate food costs are projected to decrease by $184,000 as the inmate population is lower than anticipated, including the reduction in Napa inmates.
- Training and related Travel Expense are projected to decrease by $89,000 primarily due to efforts to defer non-mandated training.
- Clothing and Personal Supplies is projected to decrease by $61,000 primarily due to Sheriff's efforts to hold vacancies and redistribute gear to new employees.
- Central Data Processing Services are projected to decrease by $50,000 due to moving appropriations of hours for an IT Specialist to Animal Care Services.
- Computer equipment is expected to increase by $45,000 to purchase 40 replacement computers that were slated for refresh last year but were deferred. The net increase includes moving $43,000 in appropriations from Controlled Assets – Computer to Computer Components Under $1,500.
- Software Rental/Subscriptions are projected to increase by $40,000 due to moving appropriations for annual software licensing from Software.
- Fuel and Lubricants and County Garage Service are projected to have a net decrease of $22,000 as a result of unanticipated vehicle repairs and Fleet pool charges together with lower gasoline prices and fewer miles driven than anticipated.
- Interfund Services are projected to have a net increase of $60,000 due to repairs to the Justice Center Detention Facility.
- Contributions to Non-County Agencies projected to increase by $41,000 due to reimbursement to Vacaville and Benicia Police Departments for participation in Post Release Community Supervision activities.
- Fixed Assets are projected to increase by $341,000 to reclassify charges from Contracted Services to intangible software costs to establish a Cal-ID archive system storing data and photos in the NIST format.

For recommended action:

Included in the staff report is the recommendation for the following position changes:

- Add 4.0 FTE Public Safety Dispatchers (Supervising) and delete 4.0 FTE Public Safety Dispatchers (Senior) to provide supervisory relief and oversight in Sheriff's dispatch operations 24/7. This change recommended by HR, will increase Salaries & Benefits costs but is offset by Prop 172 Revenue.

- Extend 14 limited-term positions through June 30, 2019: 9.0 FTE Correctional Officers, 3.0 FTE Custody Sergeants, and 2.0 FTE Senior Public Safety Dispatchers to provide medical backfill.

Approve the following appropriation transfers:

ATR for $1,434,645 increasing the Sheriff's General Fund Contribution to offset increases in Salaries and Benefits costs and unanticipated retirement costs which could not be absorbed within the Working Budget. (4/5 vote required)

ATR increasing Operating Transfers-In from the Sheriff's Office of Emergency Services Grants Fund – Homeland Security in the amount of $100,000 to support the Board approved Sheriff's Cal-ID program for the NIST archive system project. (4/5 vote required)

ATR increasing Operating Transfers-In from the Sheriff's Civil Processing Fund in the amount of $6,049 to offset the operational costs of the Sheriff's Civil program. (4/5 vote required)

Attachment A

<u>Probation – Fund 900, BU 6650</u>

The Midyear projection reflects a net increase of $645,000 in Revenues and a net decrease of $1,046,000 in Expenditures from the FY17/18 Working Budget resulting in a projected Net County Cost decrease of $1,691,000

Significant factors contributing to the projected net increase of $645,000 in revenues are:

- Increase in State 2011 Realignment Revenues of $469,000 due primarily to: $459,000 increase for State Juvenile Probation and Camps Funding, $240,000 increase in the Youthful Offender Block Grant (YOBG), a $181,000 decrease in AB 109 funds for Center for Positive Change (CPC), and a $49,000 decrease in projected grant funds for the Juvenile Justice Crime Prevention Act (JJCPA).
- State Admin Child Welfare Services (CWS) Licensing Foster revenues are projected to increase by $83,000 for the State payment of the Foster Parent Recruitment and Retention services which reimburse the cost for the Social Worker position.
- State Other Revenues are projected to increase by $177,000 primarily due to increase in the State allocation of Senate Bill 678 (SB678 Community Corrections Performance Act) funding, and MIOCR grant revenues offset with increase in expenditures.
- State Aid Public Safety (Prop 172) revenues are projected to increase by $22,000.
- Federal Admin CWS IVE is projected to increase by $67,000 based on increase in time studies claimed by the Officers for Title IVE admin activities.
- Federal Aid Revenues are projected to decrease by $133,000 for the federal offset of the placement costs based on federal eligibility rate.
- Federal Other are projected to decrease by $24,000 due to combination of $34,000 decrease in federal reimbursement of breakfast and lunch program due to a decrease in the Juvenile Detention Facility population, and $10,000 increase in Office Traffic Safety grant revenue offset with increase in grant expenditures.
- 2011 Realignment Assistance is projected to decrease by $36,000 due to the decrease in the number of youth who meet federal eligibility requirements for placement.
- Grant Revenue is projected to increase by $22,000 due to increase in the Drug Court reimbursement from the Court.
- Decrease of $223,000 in Charges for Services was due to the elimination of the Juvenile Fees collections as authorized by the Board, and the refund of payments from parents for the months of May and June 2017 which impacted revenues for this fiscal year.
- Increase of $221,000 in Miscellaneous Revenues primarily due to: $144,000 increase for the unanticipated one-time credit from Department of Finance specifically to be used for the AB109 Post Release Community Supervision services, $51,000 increase due to rebudgeting of CFMG medical reimbursement originally budgeted as offset to expenditures under the Juvenile Detention budget, and $17,000 increase for the State Restitution Rebate program.

Significant factors contributing to the projected net decrease of $1,046,000 in Expenditures are:

- Salaries and Employee Benefit costs are projected to decrease by $659,000 which represents salary savings as a result of a delay in filling various vacancies.
- Services and Supplies are projected to decrease by $448,000 due to the following:
  - Decreases in various grant funded contracts and other professional services offset with a reduction in projected grant revenues.
  - Decreases in various services and supplies line items to reduce county costs.

- Other Financing Uses are projected to increase by $53,000 due to a combination of the following: $34,000 decrease in PERS Obligation Fund (POBs) for additional salary and benefit savings due to delay in filling positions, and $87,000 increase for the Department's request for three (3) new vehicles to be used for juvenile programs (grant-funded). Fleet has been informed of this request.

For recommended action:

ATR for $87,000 to increase Operating Transfer Out to Fleet Management for the cost of grant-funded vehicles offset by decreases in Services and Supplies. (4/5 vote required)

Other Public Defense – Fund 900, BU 6730

The Midyear projection reflects an increase of $285,000 in projected expenditures; this represents an increase of the same amount in General Fund contribution for projected increases in outside defense related costs.

This budget unit funds the cost of indigent defense in cases where a conflict is present with the County-staffed Public Defender or Alternate Public Defender Offices and the services of Court-appointed counsel are arranged.

The appointment of counsel in these cases is the responsibility of the Court, and the County General Fund is responsible for paying the cost of counsel and other defense costs under California Penal Code Section 987.2 (a)(3).

For recommended action:

ATR for $285,000 to increase appropriations in legal services in the Other Public Defense Budget offset by an increase Transfer-In from General Expenditures. (4/5 vote required)

OTHER PUBLIC PROTECTION

Animal Care Services – Fund 001, BU 2850

At Midyear, the Sheriff's Office, who operates the Animal Shelter and Animal Patrol projects a net increase of $57,000 in revenues and a net decrease of $148,000 in expenditures from Working Budget resulting in a projected Net County Cost decrease of $205,000.

Significant factors contributing to the net increase of $57,000 in revenue is attributed to:

- A net increase of $85,000 is projected for revenue from charges for services primarily due to an increase in spay/neuter surgeries, vaccinations, and other services.
- Animal adoption revenue increased by $53,000 primarily due to more sponsored adoption events.
- Revenue from cities' reimbursement under the MOU for Animal Shelter services is $56,000 less than budgeted due to lower prior year Animal Shelter costs and the timing of billing to the cities.

Significant factors contributing to the net decrease of $148,000 in expenditures is attributed to:

- Salaries and benefits are projected to decrease by $217,000 primarily due to vacancies within the Animal Shelter.
- Central Data Processing Charges increased by $50,000 to reflect moving costs for an IT Specialist from the Sheriff's Operating Budget to Animal Care Services.
- Departmental Overhead costs increased by $13,000 due to the Sheriff's Office personnel providing additional assistance to enhance leadership, mentoring, and morale.
- Chameleon software licensing costs increased by $11,000.
- Fleet charges for garage costs increased by $11,000 due to Animal Control vehicle repairs.

For recommended action:

Extend the 1.0 FTE Limited-Term Animal Care Specialists through June 30, 2019 to address extended medical leave issues within the Department, funded approximately 90% by the MOU for Animal Shelter Services with the cities and 10% by the General Fund.

<u>DA Special Revenue Fund – Fund 233, BU 4100</u>

The Midyear projection reflects a decrease of $272,000 in revenues and an increase of $167,000 in expenditures when compared to the Working Budget, resulting in a decrease of $439,000 in available fund balance.

The decrease in revenues is primarily due to a reduction of $273,000 in consumer civil penalties. However, the Fund Balance is sufficient to cover the proposed transfer to the District Attorney's budget.

The increase in expenditures is due to operating transfers out of $50,000 for one-time funding to the Bureau of Forensic Services to offset the increase in toxicology testing services for driving under the influence of drugs (DUID) cases and $117,000 transfer to the Consumer Protection Division to offset a decrease in civil penalty fee revenue projected for FY2017/18 of which $60,000 is for a Limited-Term District Attorney IV position through June 30, 2018 to address an increase in consumer protection cases.

For recommended action:

ATR for $408,109 from the District Attorney's Consumer Protection Fund to the DA's Operating Budget to offset reduction in revenues received from fines/penalties in the DA Special Revenue Fund budget and increase the operating transfer out to the DA Consumer Protection unit to offset a reduction in civil penalty revenue and to fund a limited-term Deputy District IV position due to an increase in consumer protection cases (4/5 vote required).

ATR for $50,000 from the DA's Asset Forfeiture Fund to the Bureau of Forensic Services as a one-time transfer for increased off-site toxicology testing services (4/5 vote required).

<u>Civil Processing – Fund 241, BU 4110</u>

The Midyear projection reflects a $13,000 decrease in revenues and a $6,000 increase in expenditures when compared to the Working Budget, resulting in a $19,000 decrease in available fund balance.

Civil Assessment revenue primarily used for implementation, maintenance and purchase of equipment and furnishings for automated systems continues to decline but the decrease is partially offset by increases to interest income revenue and civil processing fee revenue. The increase in expenditures reflects a Transfers-Out to the Sheriff's Operating Budget to offset the operational cost of the Civil program.

For recommended action:

ATR for $6,049 to increase Operating Transfers-Out from the Sheriff's Civil Processing Fund to offset the operational costs of the Sheriff's Civil program funded by unanticipated civil processing fee revenue and interest income.

<u>Asset Forfeiture – Fund 253, BU 4120</u>

The Midyear projection reflects an increase of $23,000 in revenues and $60,000 in expenditures when compared to the Working Budget, resulting in a $37,000 decrease to fund balance.

Revenue is projected to increase as a result of local and federal forfeiture revenue from court judgments and interest income. The increase in expenditures reflects payments to the Benicia Police Department to offset costs for an officer who has been assigned to the Sheriff's Narcotics Enforcement Team.

For recommended action:

ATR for $80,000 in the Sheriff's Asset Forfeiture Fund to increase Contribution to Non-County Agencies necessary to offset 50% of salary and benefits costs for an officer assigned to the Sheriff's Narcotics Enforcement Team offset by a decrease in fund balance. (4/5 vote required)

<u>Mentally Ill Offender Grant – Fund 254, BU 2540</u>

The Midyear projection reflects an increase of $63,000 in both revenues and expenditures when compared to the Working Budget, resulting in no change to fund balance.

The $63,000 projected net increase in revenues reflects increase in supplementary Mental Health Services Act (MHSA) revenue from Health and Social Services to meet the match requirement, partially offset by a reduction in grant revenue. The increase in expenditures reflects enhanced contracted mental health case management services, an unanticipated training cost for an on-site Trauma Informed Response training, and registration and travel costs to attend a Forensic Mental Health Association Conference.

For recommended action:

ATR for $199,917 to recognize unanticipated MHSA revenue in the Sheriff's Mentally Ill Offender Grant Fund, offset by a reduction in grant revenues of $137,412 and a $62,505 increase in appropriations for contracted services and training costs. (4/5 vote required)

<u>Homeland Security Grants – Fund 256, BU 2539</u>

The Midyear projection reflects a decrease of $80,000 in both revenues and expenditures when compared to the Working Budget, resulting in no change to fund balance.

Expenditures are projected to decrease as some equipment for non-county agencies are not expected to be purchased this year. Grant revenue and expenditures will be rebudgeted in FY2018/19.

Attachment A

For recommended action:

ATR for $100,000 to increase 2016 Homeland Security Fund Transfers-Out to the Sheriff's Operating Budget – Cal-ID to supplement purchase of the NIST archive system as part of Phase 1 costs for the LiveScan readiness project, offset by reductions in Services and Supplies and Other Charges. (4/5 vote required)

County Disaster – Fund 282, BU 5908

The Midyear projection for the County Disaster Fund reflects a decrease of $1.6 million in revenues and a decrease of $1.5 million in expenditures when compared to the Working Budget, resulting in a $78,000 decrease to fund balance.

The County Disaster Fund is used to account for payment of County costs associated with disasters. The Working Budget reflects anticipated appropriations for the 2017 Winter Storm Flooding and the 2017 Solano Fire and the offsetting revenue from related reimbursements from Federal and State sources, and the County General Fund. Federal reimbursement rates are based on 75% of eligible disaster costs, State reimbursement is 25% of the Federal reimbursement (or 18.75%) and the remaining 6.25% is anticipated to be funded by the County General Fund.

The County Team continues to work with County Departments, Local Agencies, and FEMA and Cal OES to file claims and receive reimbursement. The Midyear projection reflects estimated costs for these two disasters both of which are reflecting a reduction in costs from what was estimated in the Working Budgets. The reduced cost estimate results in a related reduction in Federal and State reimbursements. The final accounting for costs is still underway and an update will be brought back to the Board of Supervisors when complete.

Cal-ID – Fund 326, BU 4050

Midyear reflects a decrease of $1,000 in revenues and $429,000 in expenditures when compared to the Working Budget, resulting in a $428,000 increase to fund balance.

Revenues are projected to decrease as vehicle registration add-on fees are projected lower than budgeted. The decrease in Expenditures is due to the re-budgeting of the Cal-ID archive system project which stores data and photos in the National Institute of Standards and Technology (NIST) format to offset Phase 1 costs for the LiveScan readiness project.

Vehicle Theft Allocation – Fund 326, BU 4052

The Midyear projection reflects an increase of $50,000 in revenues and a decrease of $63,000 in expenditures when compared to the Working Budget, resulting in a $113,000 increase to fund balance.

Revenues are projected to increase as vehicle registrations are projected to increase in Solano County. The decrease in expenditures reflects a price reduction to purchase an Automated License Plate Reader (ALRP) system and salary savings, after absorbing the Board Approved COLAs, resulting from transferring out some salary and benefits costs for the deputies assigned to this program who provided assistance to Napa and Sonoma counties during the recent fires and other investigations.

Attachment A

Department of Child Support Services – Fund 369, BU 2480

The Department of Child Support Services (DCSS) is projecting decreases of $133,000 in revenues and $379,000 in expenditures when compared to the Working Budget.

DCSS is funded primarily with state and federal funds. However, the FY2017/18 Adopted Budget included a contribution from the Accrued Leave Payoff Fund for anticipated staff retirements and enabling the Department to leverage the dollars to draw down additional federal monies as part of the Federal Financial Participation (FFP) Match Program.

The projected decrease in revenue is the result of a decrease in the Department's leveraging of Accrued Leave Payoff Reserve funds to draw down additional federal monies as part of the FFP Match Program. Due to the decrease in expenditures, DCSS likely will not utilize the Accrued Leave Payoff Reserve funds unless additional unanticipated staff retire by fiscal year-end. Additionally, the Department projects a reduction of $13,000 in state and federal funding also due to the decrease in expenditures.

Significant factors contributing to the projected net decrease in expenditures are:

- Salary and Employee Benefits are projected to decrease $400,000 due to vacancies and timing of filling vacancies, which includes $68,000 reduction in accrued leave payoffs.
- Services and Supplies are projected to increase $37,000. This is primarily due to increases of $2,000 for air conditioning repairs, $20,000 for the replacement of chairs and office furniture that were beyond their useful life, $5,000 for laptop docking stations, and $10,000 in miscellaneous expenses for destruction of microfiche, legal process service and employee recognition costs.
- Other Charges are projected to decrease $4,000 as fewer documents are being mailed as a result of streamlined business processes and use of self-service features for customers.
- Other Financing Uses are projected to decrease $12,000 due a decrease in pension obligation costs resulting from vacancies.

CAPITAL PROJECTS

Accumulated Capital Outlay – Fund 006, BU 1700

The Midyear projection reflects net increases in revenues of $1,184,000 and $930,000 in expenditures, excluding contingencies when compared to the Working Budget, for a projected increase in Fund Balance of $254,000.

Significant factors contributing to the projected increase of revenues are $121,000 increase in property taxes and $48,000 interest income. Additional increases to cover costs related to SB1022 Adult Criminal Justice Facilities Construction are $90,000 in intergovernmental revenues and $925,000 for transfer from Public Facilities Fees.

Significant factors contributing to the projected net increase in expenditures are total decrease of $1,148,000 representing savings from various completed projects offset by $182,000 increase in Operating Transfer Out to return back $117,000 savings to the originating departments and $65,000 for the Benicia Veterans hall emergency repairs. Total increase of $1,832,000 due to increase of unanticipated costs for existing projects such as SB1022, Vacaville Veterans Memorial Building, Underground Storage Tank Remediation at 701 West

Texas, Demolition of 540 Fairgrounds, H&SS Building Code Upgrade, 275 Beck Ave Exterior Building Recoating and Law and Justice Control Assessment. Additional increase of $65,000 is to cover the study and scoping of the camera upgrade in the downtown jail.

For recommended action:

ATR for $770,000 in Accumulated Capital Outlay increasing appropriations to cover the projected costs for various projects decreasing Appropriation for Contingencies. (4/5 vote required)

ATR for $65,000 increasing appropriations in Accumulated Capital Outlay to cover the projected costs for the emergency elevator repairs at the Benicia Veterans Hall offset by decrease in contingency. (4/5 vote required)

ATR for $65,000 increasing appropriations in Accumulated Capital Outlay to cover the study and scoping of camera upgrade in the downtown jail decreasing Appropriation for Contingencies. (4/5 vote required)

ATR for $1,061,771 increasing appropriations in Accumulated Capital Outlay offset by decrease of $46,118 in contingencies, increase of $90,653 in Unanticipated Revenues and offset by $925,000 Transfers In from Public Facilities Fees. (4/5 vote required)

ATR for $8,093 decreasing appropriations - Fixed Asset in Accumulated Capital Outlay offset by increase in Operating Transfer Out to Recorder's Office for savings in the renovation of Recorder Lobby. (4/5 vote required)

ATR for $30,500 decreasing appropriations in Accumulated Capital Outlay offset by increase in Operating Transfer Out to HSS for H&SS E&E Renovation Project. (4/5 vote required)

ATR for $6,033 decreasing Fixed Assets in Accumulated Capital Outlay offset by increase in Operating Transfer Out to Parks and Recreation for savings from Belden's Landing Fishing Project. (4/5 vote required)

ATR for $71,955 decreasing appropriations in Accumulated Capital Outlay offset by increase in Transfer Out to H&SS due to cancellation of the H&SS 365 Tuolumne E&E Work Area Project. (4/5 vote required)

<u>H&SS Capital Projects – Fund 249, BU2490</u>

The Midyear projection reflects an increase of $2,000 in revenues and no change in expenditures when compared to Working Budget. The projected year end Fund Balance is $565,000. The $2,000 increase in revenue is due to an increase in projected interest income.

For recommended action:

ATR for $3,032 to transfer savings from the Office Remodel Project (Hoteling – BU2497) to Health and Social Services.

Attachment A

Public Facilities Fee – Fund 296, BU 1760

The Midyear projection reflects decrease of $1.2 million in revenue and $977,000 increase in expenditures when compared to the Working Budget, resulting in a decrease of $2.2 million in Fund Balance.

The projected decrease of $1.2 million in revenues is primarily due to a decrease in the projected revenue resulting from less Public Facilities Fees projected to be collected compared to the Working Budget.

Expenditures increased by $977,000 primarily due to a $925,000 increase Operating Transfer Out to fund the SB1022 Capital project and an increase in Interest on Long Term Debt of $43,471 due to an interest payment due on the Suisun Library Loan.

For recommended action:

ATR for $968,471 increasing the Operating Transfer-Out in the Public Facilities Fees Fund to transfer $925,000 to the SB1022 Capital Project, and to increase Interest on Long Term Debt of $43,471 related to the Suisun Library District Loan, offset by a decrease in the Public Facility Fee Fund Contingency. (4/5 vote required)

PUBLIC WAYS

Road Fund – Fund 101, BU 3010

The Midyear projection reflects a net decrease of $2 million in revenues and net decrease of $1.9 million in expenditures when compared to Working Budget, resulting in a decrease in net Road Fund cost of $100,000.

Significant factors contributing to the projected net decrease of $2 million in revenues are:

- Federal Construction revenue is projected to decrease by $3.7 million after specific federal projects (Bunker Station Road Bridge, Redwood Parkway Fairgrounds Drive, and STP Overlay) being deferred and others (Cordelia Lake Herman Road, Farm to Market, and Pleasants Valley Road Shoulder Widening) reaching their maximum federal reimbursement level.
- Federal Other revenue is projected to increase by $230,000 from FEMA reimbursement for emergency work and damages during the January and February 2017 floods.
- Operating Transfers In is projected to increase by $1.1 million for road improvement projects associated with road damage fees collected from Recology Hay Road and collected impact fees from the Green Valley Zone of Benefit.
- Revenue from Other Governmental Agencies is projected to increase by $83,000 due to cost-shares by local agencies of some added SB-1 projects.
- Interfund Services Professional is projected to increase by $75,000 to offset a portion of increased litter pick-up costs from illegal dumping.
- Non-Road Services is projected to increase by $71,000 due to an increase in services for both Solano County Water Agency and other County agencies.
- Road Services on County Roads revenue is projected to increase by $60,000 due to reimbursement from private parties and insurance companies for damages to the County's roads and work done for private parties.

- Sale of Nontaxable Fixed Assets is projected to increase by $64,000 due to equipment sold at auction’s receiving higher than anticipated prices.
- Interfund Services Provided to County departments is projected to increase by $53,000 due to increased Engineering services provided to the Consolidated Service Area Lighting District.
- Forfeitures and Penalties has increased by $20,000 from payment of a penalty issued in a previous fiscal year.

Significant factors contributing to the projected net decrease of $1.9 million in expenditures are:

- Salaries and Employee Benefits are projected to decrease by $334,000 as a net result of salary and benefit savings from intermittent position vacancies as a result of retirements, promotions, and new hires starting at lower steps partially offset by a $61,000 increase in expense related to Accrued Leave Payouts, Extra Help costs and Overtime.
- Consulting Services is projected to decrease by $306,000 mainly due to the Redwood Parkway Fairgrounds Drive project being deferred, and due to a portion of the design work for the Cherry Glen Culvert Replacement project being performed internally.
- Other Professional Services is decreased by $253,000 as a net effect of reclassifying road projects as fixed assets.
- Materials – Road Maintenance is projected to decrease by $98,000 since there has been less than anticipated emergency repairs requiring extra road materials.
- A $52,000 projected decrease in Fuel and Lubricants from lower fuel prices at the pump and more fuel-efficient vehicles and equipment.
- Construction in Progress is projected to decrease by $844,000 due to federal projects being deferred in order to prioritize the work on new and existing non-federal projects, addition of new projects funded through SB-1 and revenue transferred from the Public Works Improvement Fund, and technical adjustments to capitalize road projects based on actual costs.
- Equipment is projected to increase by $105,000 to replace survey equipment that has exceeded its useful life and is vital to ensure timely completion of road projects.
- Construction Equipment is projected to decrease by $56,000 due to cost efficiencies from renting, rather than purchasing an air compressor, given its use by road crews.

For recommended action:

Add 1.0 FTE Engineering Technician (Journey) Limited Term through 6/30/2020 related to design work and construction oversight for projects funded by SB-1 funding.

ATR to increase Operating Transfers-In by $1,055,171 to receive funds from the Public Works Improvement Fund, and to recognize unanticipated revenue including: $30,000 in Interfund Services Revenue for increased services provided to the public by the Survey department, $28,453 in Interfund Services Revenue for increased Engineering services provided to the Lighting District, and $75,000 in Interfund Services Revenue for additional litter pick-up funding. Offset by increased appropriations of $105,000 to replace outdated survey equipment in order to ensure timely and accurate road project delivery and an increase in Public Works fund balance. (4/5 vote required)

Public Works Improvement Fund – Fund 278, Budget Unit 3020

The Public Works Improvement Fund projects an increase of $40,000 in revenues and an increase of $1.1 million in expenditures resulting in an increase in net Public Works Improvement Fund costs of $1 million.

Significant factors contributing to the projected increase of $40,000 in revenues are:

- Road Services on County Roads is projected to increase by $53,000 due to an increase in road impact fees received from the Recology Hay Road resulting from increases in tonnage disposed in 2017.
- Interest Income is projected to increase by $12,000 due to interest paid on the funds current cash balance.
- Other Revenue is projected to decrease by $25,000 due to decreased home building in the English Hills Zone of Benefit, producing less impact fee revenue than anticipated.

Significant factors contributing to the projected increase of $1.1 million in expenditures are:

- Operating Transfers Out is increasing by $1.1 million to transfer road impact fees received from Recology to offset costs associated with Hay Road improvements and to transfer impact fees collected for Green Valley Zone of Benefit for road safety improvements in that area funded by increased Road Services revenues and Fund Balance.

For recommended action:

ATR for $1,055,171 increasing appropriations in Operating Transfers-Out in the Public Works Improvement Fund to transfer Recology road damage fees and Green Valley Zone of Benefit impact fees to the Road Fund to pay for construction projects directly related to these two areas; Funded by recognizing unanticipated revenue of $52,626 for Road Services on County Roads for increased road damage fees received from Recology and Fund Balance. (4/5 vote required)

HEALTH AND PUBLIC ASSISTANCE

Health and Social Services Department – Fund 902

The Department of Health and Social Services (H&SS) is comprised of 5 divisions: Administration, Behavioral Health, Social Services, Public Assistance, and Health Services. H&SS has a Working Budget in the amount of $357,259,574. The Midyear projection reflects a net decrease of $8,804,246 in revenues and a decrease of $23,220,248 in expenditures for an estimated Net County Cost decrease of $14,416,002.

The decrease in net County cost of $14.4 million is primarily due to the following:

- Increase of $84,073 within the Behavioral Health Division representing an additional draw against the Mental Health IGT restricted fund to cover expenditures within the Integrated Care Clinics (ICCs).
- Decrease of $14,048,070 within the Health Services Division due to the increase of $12,919,254 in Intergovernmental Transfer (IGT) revenues representing net proceeds of the IGT transfer for rate years 2015/16 and 2016/17. The net proceeds will be kept in the Public Health IGT restricted fund as these are not anticipated to be spent in the current year. Adding to the decrease in net cost is the lower than anticipated draw of $1,058,889 against the Public Health IGT restricted fund due to certain IGT-funded projects within Behavioral Health and Family Health Services not materializing or being underspent.
- Decrease of $434,845 in the Assistance Division due to a modest downward trend in public assistance caseloads.

Attachment A

The $8.8 million revenue variance is a result of a $5.8 million reduction in Intergovernmental Revenue and $7.3 million in Charges for Services, offset by increases of $1.9 million in Miscellaneous Revenues and $2.4 million in Other Financing Sources.

- Intergovernmental Revenues decrease as a result of an overall decrease in expenditures including contracted direct services and assistance/aid payments to clients. In addition, the Midyear projections reflect the State budget cuts to the CalWORKS and CalFresh allocations within Social Services. The total decrease in Intergovernmental Revenues without the IGT offsetting increase is $18.8 million.
- The In-Home Supportive Services (IHSS) Public Authority (PA) Administration increase of $2.3 million in 1991 Social Services Realignment reflects the FY2017/18 new IHSS maintenance of effort (MOE) structure. The additional funds are the result of a redirection of 1991 Realignment vehicle license fee (VLF) and sales tax growth funds from the Health and Mental Health 1991 Realignment accounts to partially fund the increased costs under the new MOE.
- Charges for Services decrease primarily as a result of a decrease in Federally Qualified Health Center (FQHC) revenues within the Family Health Services clinics due in part to ongoing provider vacancies.
- Miscellaneous Revenues increase primarily due to a $349,000 drawdown of funds from the deferred revenue account (Food Stamp overpayment recoveries) to cover estimated overspending in the CalFresh program resulting from the reduced State allocation and an increase of approximately $1.4 million within Family Health Services due to a change in the payment schedule for the Quality Incentive Program administered by the Partnership HealthPlan of California.
- Other Financing Sources increase primarily due to an increased draw against the Mental Health Services Act (MHSA) restricted funds to cover higher than anticipated MHSA expenditures within the Behavioral Health Division and a transfer-in from Department 1520 for the IHSS MOE for provider benefits.

The decrease of $23 million in expenditures is a result of decreases of $5.7 million in Salaries and Benefits, $4.2 million in Services and Supplies, $12 million in Other Charges, and $1.25 million combined in Fixed Assets and Other Financing Uses.

- Salaries & Benefits and Services & Supplies decreases are mainly due to vacancies created by normal turnover and a difficulty in recruiting positions in Administration, Health Services, Social Services, and Behavioral Health. The decrease in Salary & Benefits is net of the cost of negotiated increases.
- Other Charges decreases are due to the following:
  - $2.1 million decrease within the Social Services Division for contracted services, child care, and housing services primarily due to the State budget cuts in the CalWORKS program.
  - $1 million increase in IHSS-PA Administration reflecting the FY2017/18 new MOE structure.
  - $5.3 million decrease in Behavioral Health due lower spending in contracted services for children ($3 million) and adult ($2 million) services.
  - $2.3 million decrease in Health Services due to the termination of the Locum Tenens contract and a projected underspending of the Touro contract.
  - $3.4 million decrease in Assistance due to a modest decline in caseloads.
- Fixed Assets (Intangible) decrease due to the cancellation of automation projects as a result of a cut to the CalWORKS allocation.

Attachment A

Pending Issues:

The In-Home Supportive Services (IHSS) trailer bill SB90 and clean up provisions included in trailer bill AB130 created a new County IHSS MOE and provided offsetting revenues to partially mitigate the increased IHSS costs. The increased cost to counties is partially funded by a State General Fund offset, a redirection of FY2016/17 VLF and sales tax growth from the Health, Mental Health, and CMSP 1991 Realignment accounts to the Social Services account, and an accelerated the payment of FY17/18 caseload growth funds to counties which normally would have been paid in the following fiscal year. Solano County's interim FY2017/18 MOE is $11.7 million.

Although H&SS is able to absorb the cost increases in FY2017/18, the sustainability of financing this program in future years without additional County general fund remains unknown. The new MOE structure also negatively impacts other divisions within H&SS.

- Health and Mental Health 1991 Realignment sales tax base will be flat funded since Social Services will absorb all the caseload growth increases. The VLF base for Health and Mental Health will not have a share in any general growth funds until FY2020/21. At Midyear, Behavioral Health and Health Services Divisions anticipate a reduction in 1991 realignment receipts of $1.23 million and $419,000 respectively, as a result of the new IHSS MOE structure.
- The new IHSS MOE structure puts a cap on the state share of IHSS administration costs. Under the new structure, 100% of the non-federal share of IHSS administration costs over and above the State cap or allocation will be shifted to counties. As the demand for IHSS services go up, associated administration costs naturally increase, creating a funding gap for H&SS.
- The State General Fund offset will decrease over the next three years and will remain flat thereafter, at $150 million statewide. While the State General Fund offset declines, the County MOE increases due to an annual inflation factor. The inflation factor is set at 5% for FY2018/19 and 7% thereafter. If realignment revenues grow less than 2%, the inflation factor is reduced to 3.5%. If realignment revenues decline, there would be no inflation factor. The annual increase in MOE will eventually outpace the State General Fund offset and the redirected 1991 revenue.
- There are other entitlement programs within Social Services competing for 1991 Realignment Social Services funds (e.g., CalWORKS, Child Welfare Services, Older and Disabled Adults Services, Foster Care and Adoptions Assistance Programs). As expenditures in these programs go up, funding also becomes limited within the Social Services division.

H&SS continues to work with the County Administrator's Office, CSAC, and State associations (CHEAC, CBHDA, CWDA)* in evaluating the departmentwide near and long term impacts of the IHSS MOE, looking at the availability of long term, sustainable funding for the delivery and provision of core services within Behavioral Health, Health Services, and other Social Services programs. The Department continues to evaluate the extent to which 1991 Realignment funding is available to meet program costs that were realigned. Behavioral Health, in particular, remains vulnerable due to the volatility and unpredictability of cost drivers surrounding this program (e.g., Inpatient facilities and other long-term care or residential type of placements for the seriously mentally ill).

**CHEAC (County Health Executives Associate of California); CBHDA (County Behavioral Health Directors Association); CWDA (County Welfare Directors Association)*

<u>**Administration Division – Fund 902, BU 7501**</u>

The Midyear projections reflect a decrease of $4,413 in revenues and $4,413 in expenditures when compared to the Working Budget resulting in no change in the Net County Cost. The Administration Division operates primarily on a cost recovery basis allocating expenditures to all H&SS divisions and programs.

Significant factors contributing to the projected decrease of $4,413 in revenues are an increase in anticipated interest income based on a higher than estimated average daily cash balance in Fund 902 offset by decreases attributable to lower Medi-Cal Administrative Activities (MAA) reimbursement and administrative fees from the California Department of Health Care Services. The reimbursements are from MAA claims that the Department submits on behalf of community-based organizations.

Significant factors contributing to the projected decrease of $4,413 in expenditures are decreases related to vacancies above initial projections, lower than anticipated MAA pass through costs, and building maintenance costs. These decreases are offset by increases in equipment leases and utilities associated with budgeting methodology changes and increases in interest expense. The reduction in expenditures results in a decrease in administration costs transferred to H&SS divisions and programs via the intrafund transfer account.

<u>**Social Services – Fund 902, BU 7680**</u>

The Midyear projection reflects decreases of $6,276,719 in revenues and $6,293,323 in expenditures when compared to the Working Budget for a projected Net County Cost decrease of $16,604.

While the overall reductions in governmental revenues are normally the direct result of an overall decrease in expenditures, the variance between Midyear and Working budget is primarily due to changes in assumptions and current information on time studies and caseloads, the timing of revenue receipts [Government Accounting Standard Board (GASB) Statement No. 33], and the cash basis of claiming administration costs.

Significant factors contributing to the projected net decrease of $6,276,719 in revenues include reductions in federal and State allocations for various programs including CalWORKs, Cal Fresh and Non-CWS programs, decreases associated with the timing of revenue receipts between fiscal years, and a reduction in revenues received for outstationed workers. The revenue decreases are partially offset by increases in projected 2011 Realignment revenues as a result of updated State Realignment estimates, increases in 1991 Realignment revenue (a drawdown from the Social Services 1991 Realignment account) to cover CalWORKs single allocation overspending, a drawdown from the Cal Fresh overpayment collections account to cover Cal Fresh overspending, and the return of unspent capital projects funds from General Services.

The forecasting methodology used in Social Services took into consideration the financial reporting structure for Social Services programs and how actual revenues are recognized during the year in compliance with GASB Statement No. 33. The California Department of Social Services (CDSS) advances cash to the County for federal and State shares of administrative costs. At year end, total advances are compared to actual federal and State shares of costs and any monies owed by federal and State sources are not booked as revenue in the year the expenses are incurred because they do not meet the 90-day threshold for accruing revenue in the current year. Federal cash claiming rules also require expenditures paid during the year-end close process to be claimed in the next fiscal year. In summary, cash flow in Social Services (timing of receipt of revenues and cash basis of claiming costs) impacts revenue forecasts.

At Midyear, the projected positive impact of cash flow on Social Services helped in absorbing estimated expenditures above State and federal allocations. However, this may change depending on the actual information on employee time studies, caseload, expenditures and State and federal advances during the third and fourth quarter of FY2017/18.

Significant factors contributing to the projected net decrease of $6,293,323 in expenditures include reductions associated with allocation cuts (vacant position deletions, contract reductions and deletion of automation projects), higher than anticipated vacancies, reduced computer, print and software costs, and reductions from lower H&SS administrative costs and costs associated with the Successful Mental Health, Addiction Recovery, and Treatment (SMART) program. Behavioral Health provides behavioral health services for Welfare-To-Work recipients in accordance with the SMART MOU with Employment and Eligibility Services (E&ES). Costs are transferred to E&ES and are being funded with CalWORKs Mental Health/Substance Abuse allocation.

For recommended action:

Change 1.0 FTE position title from Welfare Fraud Investigator Manager to Chief Welfare Fraud Investigator

Reclassify 2.0 FTE Office Assistant III to 2.0 FTE Office Assistant II to accurately reflect the position duties and responsibilities

ATR for $105,487 to increase Operating Transfers-In from General Services for unanticipated revenue from savings in Capital Project. (4/5 vote required)

ATR for $2,130,000 to decrease Federal CalWORKs TANF to reflect the reduction in the CalWORKs single allocation and the reduction in corresponding expenditures.

IHSS Public Authority Administration, Fund 902, Department 7690

The Midyear projections reflect an increase of $1,152,153 in revenues and an increase of $1,151,597 in expenditures from Working Budget resulting in a decrease of $556 in Net County Cost.

The most significant factors in the net increase in revenues are related to the changes in 1991 Realignment revenue and the Maintenance of Effort (MOE) structure for IHSS as compared to the revenues and structure anticipated in Working Budget. The Midyear budget reflects a decrease in 1991 Public Health Realignment replaced by an increase in 1991 Social Services Realignment revenue resulting from a redirection of 1991 Realignment Public Health and Mental Health growth funds to Social Services. The remaining increase in revenue represents an operating transfer-in from Fund 152, Dept. 1520 – Public Authority for the FY17/18 IHSS MOE for provider benefits.

The projected net increase in expenditures is also related to the new IHSS MOE structure and its cost, and is comprised of an increase in the cost of provider wages and benefits.

For recommended action:

ATR for $13,269,031 to reflect new IHSS account structure including adjusting appropriations to decrease Individual Provider wages, and increase IHSS-MOE and Transfer Out IHSS for a portion of IHSS provider benefits. The ATR also increases 1991 Realignment Social Services revenues, decreases 1991 Realignment Public Health revenues, and increases Operating Transfers-In from Fund 152 to reimburse for the IHSS MOE related to benefits. (4/5 vote required)

Pending Issue:

Please see Fund 152 for pending issue on IHSS MOE reconciliation.

IHSS Public Authority – Fund 152, Department 1520

The Midyear projections reflect a decrease of $309,350 in revenues and a decrease of $243,384 in expenditures from Working Budget, resulting in an increase of $65,966 in Net County Cost.

Factors contributing to the projected net decrease in revenues include a reduction in federal and State revenues due to lower projected provider benefit costs and the State's new cap on Public Authority administration costs partially offset by a transfer from Fund 902, Dept. 7690 to cover a portion of the cost of IHSS provider benefits under the new IHSS MOE structure.

Factors contributing to the projected net decrease in expenditures include an estimated decrease in the cost of provider health benefits offset by an increase in the transfer to Fund 902, Dept. 7690 to reimburse for the new IHSS County MOE for benefits.

For recommended action:

ATR for $560,653 to increase revenue by $207,050 (source is redirected 1991 Realignment under new IHSS MOE structure), reduce expenditures for provider benefits, and increase appropriations to reflect transfer out to Fund 902, Dept. 7690 for the cost of the new IHSS MOE for benefits. (4/5 vote required)

Pending Issue:

In September 2018, the California Department of Social Services (CDSS) will complete a reconciliation to determine the final IHSS MOE base amount based on FY2017/18 paid provider hours. Once the final amount is determined and all actual expenditures become available, CDSS will issue a one-time supplemental billing, if applicable, to counties based on the actual IHSS MOE billed. The reconciliation may result in additional cost to Solano County.

Behavioral Health Services – Fund 902, BU 7780

The Midyear projection reflects a decrease of $6,174,215 in revenues and a decrease of $6,090,142 in expenditures when compared to the Working Budget. The resulting net increase of $84,703 is funded by Intergovernmental Revenues (IGT) that are held in a restricted fund. The Midyear projection assumes that all IGT revenues in the Mental Health restricted fund will be exhausted in FY2017/18.

Significant factors contributing to the projected net decrease of $6,174,215 in revenues are reductions in federal Short Doyle Medi-Cal, Administrative and Quality Assurance revenues due to reduced billing from staff vacancies, projected contract underspending, a lower reimbursement rate than budgeted for the Crisis Stabilization Unit (CSU), and the timing of claim amounts and receipts. Also contributing to the decrease is a reduction in 1991 Realignment due to a change in distribution methodology between 1991 and 2011 Realignment funds designed to maximize the use of available resources, and a decrease in grant revenue due to delays in implementation of the Proposition 47 grant. The revenue decreases are partially offset by an increase in Mental Health Services Act (MHSA) revenue.

Significant factors contributing to the projected net decrease of $6,090,142 in expenditures are higher than anticipated vacancies, projected decreases in contracted services in substance abuse (Proposition 47 grant project delay), children's services, and MHSA, and decreases in State Hospital and Institute for Mental Disease (IMD) placements based on projected bed days. The decreases are partially offset by increases in adult services for locum tenens psychiatrists and augmented board and care placements, and by reduced transfers of costs to CalWORKs and to Public Health for the SMART program.

Pending Issues:

The Division has submitted claims to the State in the amount of $2.1 million for the prior year supplemental payment. This payment represents prior year uncompensated specialty mental health costs from January 1, 2009 to June 30, 2010. As the Division is uncertain when these claims will be paid, the amount is not included in the Midyear projection.

The Department of Health Care Services (DHCS) has still not finalized a methodology for allocating 2011 Behavioral Health growth funding. As growth funding is added to each county's base allocation in the subsequent year (base plus prior year growth), estimating 2011 Realignment revenues continues to be challenging in the absence of an established allocation methodology.

<u>Health Services Division – Fund 902, BU 7880</u>

The Midyear projection reflects an increase of $5,452,854 in revenues and a decrease of $8,595,216 in expenditures when compared to the Working Budget for a Net County Cost decrease of $14,048,070. The decrease in Net County Cost represents the IGT net proceeds for rate years FY2015/16 and FY2016/17.

Significant factors contributing to the projected increase of $5,452,854 in revenues include revenue changes in Family Health Services, Medical Services, and Public Health.

In Family Health Services, the net revenue decrease of 4,386,809 is primarily due to underspending in the Touro and Locum Tenens contracts, a decrease in estimated billable encounters due to vacant provider positions, a federal adjustment on the Healthcare for Homeless Grant, and decreases in Federally Qualified Health Care (FQHC) revenues (Medi-Cal, Medicare, private pay, insurance, prior year revenue) due to an estimated FY2017/18 payback to DHCS for Medi-Cal reconciliation for a shortfall in encounters. The revenue decreases are offset by an increase in Partnership Consolidated Payout payments and 1991 Public Health Realignment which is needed to cover the decrease in FQHC revenues.

In Public Health, the revenue increase of $9,911,258 due largely to the inclusion of IGT proceeds for rate years FY2015/16 and FY2016/17 and increases associated with the timing of claim reimbursements between fiscal years. The increases are partially offset by decreases in the amount of 1991 Public Health Realignment revenue due to vacancies, contract utilization, administrative costs and a change in IGT expenditure funding, and a reduction in the Partnership to Improve Community Health (PICH) grant and the timing of federal revenue receipts.

Significant factors contributing to the projected decrease of $8,595,216 in expenditures include expenditure changes in Family Health Services, Medical Services, and Public Health.

In Family Health services, the net expenditure reduction of $4,466,204 is due to staff vacancies, a decrease in contracted services included in Working Budget but not moving forward, discontinuation of a physician search contract, underutilization of the Touro contract and a State student loan program, and savings associated with equipment maintenance and medical/dental supplies. The expenditure reductions are partially offset by a decrease in IGT revenue.

In Public Health, the net expenditure decrease of $4,057,017 is due to staff vacancies, reduced contract and software expenditures, decreases in contracted direct services in several programs, and reduced transfers to Behavioral Health, Family Health Services and Medical Services.

For recommended action:

Reclassify 1.0 FTE Office Assistant II to 1.0 FTE Admin Secretary to accurately reflect the position duties and responsibilities

Delete 0.5 FTE vacant Public Health Lab Technician to adjust staffing in response to State adjustments to Public Health under SB90.

ATR for $12,919,254 in Health Services to recognize revenues related to the IGT proceeds, offset by an increase in IGT reserves.

Pending Issues:

Solano County was notified by the Department of Healthcare Services in August 2017 of a proposed adjustment to the FY2013/14 code 18 Medi-Cal reconciliation that will result in a payback to the State of $1,358,486. The payback will be taken out of the Cost Settlement Liability account. The Cost Settlement account and overall estimates will be reviewed as part of the April 30 Budget Update to determine if the Cost Settlement Liability account is adequately funded or not. The results of the review could impact projections for FQHC revenues and require an additional need for 1991 Public Health Realignment to fund any deficits in Family Health Services.

<u>Public Assistance Division – Fund 902, BU 7900</u>

The Midyear projection reflects decreases of $2,953,906 in revenues and $3,388,751 in expenditures when compared to the Working Budget for a Net County Cost decrease of $434,845.

Significant factors contributing to program variances are primarily the result of timing fluctuations between costs and grant revenues for mandated public assistance. There is also a modest downward trend in public assistance caseloads and expenditures. The Net County

Attachment A

Cost decrease of $434,845 is comprised of the following:

- Kinship Guardianship Assistance Payment Program-Foster Care (KinGap-FC) - $2,143 increase
- Aid to Families with Dependent Children-Foster Care (AFDC-FC) - $110,910 decrease
- CalWORKs - $10,649 decrease
- General Assistance - $371,060 decrease
- County Only Foster Care - $58,285 increase
- Approved Relative Caregiver (ARC) - $2,654 decrease

Significant factors contributing to the projected decrease of $2,953,906 in revenue are decreases in 1991 Realignment due to a reduction in estimated expenditures for the AFDC-FC and Adoptions Assistance programs, and decreases in federal aid for AFCD-FC and CalWORKs.

Significant factors contributing to the $3,388,751 decrease in expenditures are primarily related to AFDC Foster Care and Approved Relative Caregiver program costs projected to decrease due to a decline in federal foster care caseload as measured by the case management system. Implementation of the Continuum of Care has resulted in an increase in the length of time required to approve families under the new approval process which decreases caseloads as families are temporarily referred to CalWORKs or wait for approval. CWS anticipates caseload counts to increase in foster care categories of assistance as families are approved under the new process. Costs are also projected to decrease in Adoptions Assistance and General Assistance. Programs showing a projected increase include KinGap Foster Care, CalWORKs, and County Only Foster Care.

Mental Health Services Act (MHSA) – Fund 906, BU 9600

The Midyear projection reflects an increase of $1,078,503 in revenues and an increase of $1,646,853 in expenditures when compared to the Working Budget. The net increase of $568,350 is funded by MHSA monies that are held in a restricted fund.

The projected net increase of $1,078,503 in revenues is primarily due to updated information on the statewide estimate of revenue expected to be distributed to counties in this fiscal year. Cash flow varies significantly during the fiscal year as it relies on income tax estimates. Amounts are later reconciled with revenues actually received.

The projected net increase of $1,646,853 in expenditures is primarily due to more MHSA revenue needed than anticipated for MHSA programs. Reductions in non-MHSA revenue generated for MHSA programs, the change in the distribution methodology for 2011 Realignment, and increased expenditures resulted in more MHSA funds needed for MHSA program operations.

First 5 Solano Children and Families Commission – Fund 153, BU 1530

The Midyear projection reflects an increase in revenues of $182,391 and a decrease of expenditures of $434,290 when compared to the Working Budget, resulting in a net change in cost to the First 5 Solano reserve fund of $616,681 less than anticipated. As First 5 Solano is funded through Proposition 10 tobacco tax, there is no impact on the General Fund.

The $182,391 reduction in revenue is due to greater than anticipated revenue from Proposition 10 funds offset by a decrease in revenue from Mental Health Services Act (mirrored in the decrease in corresponding expenditure). Additional contributing factors are increased interest and increased revenue for services provided.

The primary factor contributing to the projected decrease of $434,290 in expenditures is a net decrease in unallocated funds in the early childhood mental health initiative due to rightsizing contracts based upon community need.

<u>Grants/Programs Administration – Fund 151, BU 1570:</u>

The Midyear projection reflects a decrease in revenues of $2,000 and a decrease of expenditures of $78,923 when compared to the Working Budget, resulting in a net County cost decrease of $76,923.

The $2,000 reduction in revenue is due to a lower trust fund contribution related to reduced expenditures which is partially offset by an increase in interest income.

The factor contributing to the projected decrease of $78,923 in expenditures is the decrease in Family Support Grants due to anticipated contract savings in Family Resource Center contracts.

<u>Health and Social Services Health Services – Fund 390, BU 7951</u>

The Midyear projections for the Tobacco Prevention and Education Program (TPEP) reflect a decrease of $335,984 in Revenues and $335,984 in Expenditures from Working Budget, resulting in no change to projected Net County Cost.

A significant factor contributing to the $335,984 decrease in Revenues and Expenditures is the State delay in approving the budget for the new Prop 56 funds.

Pending Issues:

Proposition 56 Tobacco Funds in the amount of $579,764 were added to the Prop 99 Tobacco Funds of $150,000 this year. At the time of the award, the California Tobacco Control Program (CTCP) indicated that the Proposition 56 funds would be allocated on a 4-year spending plan with unspent funds rolling over from year to year. Any funds remaining at the end of the fourth year would be returned to the State. The CTCP has now learned that there is a State level discussion to take back any Proposition 56 funds that are unspent as of June 30, 2018.

Solano County has still not received an approved budget from the State for spending the Proposition 56 fund and is unable to commit or spend funds without receiving State approval.

EDUCATION AND RECREATION

<u>Library – Fund 004, BU 6300</u>

The Midyear projection reflects an increase of $298,000 in revenues and a decrease of $1,449,000 in expenditures, excluding Contingencies, when compared to the Working Budget resulting in a projected increase of $1,747,000 in Fund Balance.

The increase in Library revenues is primarily due to the following:

- Property tax revenue is projected to increase by $288,000. The Library's Working Budget reflects conservative property tax revenue estimates and the Midyear projection reflects estimates based on tax revenue received to date for the fiscal year.
- Interest income is projected to increase $26,000.
- Charges for Services are projected to decrease $25,000 primarily due to a reduction in library fines.

The decrease in expenditures is primarily the result of the following:

- Salaries and Employee Benefits are projected to decrease by $1,033,000 resulting from vacancies and retirements, and the time it takes to fill positions. This includes savings in retirement, employee benefits and other related labor costs.
- Services and Supplies are projected to decrease by $301,000 primarily due to decreases of $23,000 in household expenses associated with carpet/furniture cleaning costs, $21,000 in building maintenance costs, $22,000 in memberships, $99,000 for library furnishings, $81,000 in utility costs, and other smaller reductions in telephone services, office expense, postage and advertising expense.
- Other Charges are projected to decrease by $13,000 primarily due to less anticipated interfund services provided by General Services for building maintenance and the Sheriff's Office for security services.
- Other Financing Uses are projected to decrease by $102,000 primarily due to a reduction in pension obligation bonds resulting from vacancies and delaying the purchase of a mobile library van.

For recommended action:

ATR for $11,851 to increase County Contribution in the Library to offset increases in salaries and benefits costs for the Director of Library Services (4/5 vote required).

Library Zones 1, 2, 6 and 7 – Funds 036, 037, 066, 067 and BUs 6150, 6180, 6166 and 6167

The Midyear projection reflects a net increase of $36,000 in revenues and a decrease of $1,000 in expenditures when compared to the Working Budget. The increase in revenues is due to a projected increase in property tax revenues.

Fish and Wildlife-Fund 012, Department 2950

At Midyear, the Fish and Wildlife Propagation Fund is projecting an increase of $5,000 in Expenditures when compared to Working Budget, resulting in a $5,000 projected change in Net Fish and Wildlife Propagation Fund Cost.

The increase in Expenditures includes a $5,000 increase in Contributions to Non-County Agencies for work related to grant awards. This results from the number of applications during the FY2017/18 grant cycle being higher than anticipated due to improved advertising/announcement of grant availability, and payment to a grantee for completion of a project awarded during the FY2016/17 grant cycle.

For recommended action:

ATR for $5,000 increasing Contributions to Non-County Agencies in the Fish and Wildlife Fund offset by a decrease in the Fish and Wildlife Propagation Fund balance to provide awards to all successful grant applicants. (4/5 vote required)

Attachment A

Parks and Recreation – Fund 016, Department 7000

Parks and Recreation Division reflects a net increase of $34,000 in both revenue and expenditure, when compared to Working Budget, resulting in no net change to the Parks Fund.

Significant Factors contributing to the $34,000 Net Revenue increase are:

- Property Tax Revenue are increasing by $32,000 based on latest figures provided by Auditor-Controller's Office for use at Midyear.
- Other Financing Sources increased by $6,000 due to a transfer of funds from General Services related to completion of project work at Belden's Landing.
- These increases are partially offset by a decrease in Concessions of $4,000 as a result of a reduction in kayak and canoe rentals at Lake Solano.

Significant Factors contributing to the $34,000 Net Expenditure increase are:

- Services and Supplies are expected to have a net increase of $32,000 primarily as a result of increases to Household Expense and Utilities due to the level of maintenance of the sewage vault pump outs and electricity associated with increased park patronage. Additionally, Fuel and Lubricants is increasing as the recently filled Park Ranger Supervisor position responds to normal operational issues at the four geographically separated Parks.
- Other Charges for Services is increasing by $2,000, primarily as a result of an unanticipated Interfund Services-Maintenance Labor costs related to emergency sewer line work at Sandy Beach Park and an increase for Livescan Services related to Park Aide and volunteer recruitments.

For recommended action:

ATR for $33,525 in Parks and Recreation to recognize $27,492 in unanticipated revenue from Property Taxes and $6,033 from unanticipated revenue from Other Revenue Sources offset by increased appropriations of $12,084 in Household Expense, $10,016 in Utilities, $8,838 in Fuel & Lubricants, $1,927 in Interfund Services, and $660 in Clothing and Personal Supplies as a result of costs associated with park use and protection. (4/5 vote required)

INTERNAL SERVICE AND ENTERPRISE FUNDS

Fleet Management – Fund 034, BU 3100

The Midyear projection reflects increase of $146,000 in revenues and $35,000 decrease in expenditures for a net increase of $181,000 in Fund Balance.

Significant factors contributing to the projected increase of $146,000 in revenues are:

- Increase of $87,000 in Operating Transfers-In for transfers to be made by Department of Probation to fund the purchase of 2 cars and 1 van.

- Increase of $59,000 in Miscellaneous Revenues primarily attributable to the insurance proceeds for accident reimbursements.

Attachment A

Significant factors contributing to the projected net decrease of $35,000 in expenditures are:

- Decrease of $30,000 in salaries and benefits and POB primarily due to an adjustment in the salary projection module that did not get reflected in the final budget.
- Increase of $8,000 in Services and Supplies due to the increase cost of the cabling project.
- Net decrease of $13,000 in Fixed Assets for the purchase of Probation's 2 cars and 1 van for $87,000 offset by $100,000 representing Sheriff's cancellation of planned purchase of bus due to change in priorities in service levels.

For recommended action:

ATR for $87,000 increasing appropriation in Fleet Management for vehicle purchase offset by Transfer In for funds transferred by Probation. (4/5 vote required)

Airport – Fund 047, BU 9000

The Midyear projection reflects increase of $18,000 in revenues and decrease of $3,000 in expenditures for a net increase of $21,000 in Fund Balance.

Significant factors contributing to the projected net increase of $18,000 in revenues are:

- Increase of $24,000 in interest income attributable to the increasing trend of interest and average daily cash balance for the airport.
- A decrease of $6,000 in Other revenue reflects the decrease in reimbursement made by Icon Aircraft for Airport's staff time attributable to the Icon Water Runway Project which was terminated in November 2017.

Significant factors contributing to the projected net decrease of $3,000 in expenditures are:

- Increase of $36,000 primarily for the upgrade of the County's self-serve airplane fuel island.
- Increase of $1,000 related to charges made by real estate property management for services made related to the lease of cell towers on the airport property.
- A decrease of $34,000 primarily due to decrease in inter fund transfers resulting from the termination of the water runway project by Icon Aircraft.
- A net decrease of $6,000 in salaries and benefits due to reductions in call back pay related to capital projects which are complete in the current year.

Airport – Fund 047, BU 9010

The Midyear projection reflects increases of $82,000 in revenues and $82,000 in expenditures for a net increase no change in Fund Balance.

Significant factors contributing to the projected net increase of $82,000 in revenues are

- Increase of $82,000 to fund various projects using the repurposed funds paid by ICON Aircraft. These projects include $65,000 for T-Hangar Development, $12,000 for the design of the airport office building and $4,000 for perimeter security fencing.

Significant factors contributing to the projected net increase of $82,000 in expenditures are:

- Net increase of $47,000 in services and supplies due to increase of $124,000 for the County T Hangar development project and $16,000 related to the design of airport office building improvements. These increases are offset by $93,000 primarily due to reimbursements made to ICON Aircraft, representing ICON Aircraft prepayment, due to the termination of the water runway project.

- Net increase of $34,000 in intra fund transfers representing an increase of $93,000 for the Icon runway project offset by a decrease of $59,000 for the T-Hangar development project.

For recommended action:

ATR for $233,922 recognizing $81,698 in Long Term Debt Proceeds received resulting from the repurposed payment from ICON Aircraft and reductions in appropriations of $152,224 to offset an increase of $233,922 in appropriations to be used for various Airport capital projects. (4/5 vote required)

Risk Management – Fund 060, BU 1830

Risk Management is comprised of an Administration Division and four discrete programs with separate budget units: Liability, Property, Workers Compensation and Unemployment. The Midyear projection reflects increases of $219,000 in revenue and $530,000 in expenditures for a net decrease of $311,000 in Fund Balance when compared to the Working Budget.

Significant changes in the Midyear projections for each of the programs are reflected below.

The Liability Division's Midyear projection reflects increases of $64,000 in revenues and $426,000 in expenditures for a net decrease of $362,000 in Fund Balance. The higher revenues are primarily due to an unanticipated one-time Primary General Liability Program dividend received from California State Association of Counties – Excess Insurance Authority (CSAC-EIA) based on prior year program performance.

The increase in expenditures is primarily due to the following:

- Salaries and Employee Benefits are projected to increase by $5,000.
- Other Insurance is projected to decrease by $229,000 as actual costs of Primary General Liability and Excess Liability premiums were lower than original estimates provided by CSAC-EIA.
- Malpractice Insurance is projected to decrease by $25,000 primarily due to malpractice insurance premiums coming in lower than original estimates provided by CSAC-EIA. H&SS is charged the actual cost for this insurance, so this results in offsetting decrease in revenue.
- Insurance Claims are projected to decrease by $202,000 for primary general liability deductibles.
- Other Professional Services are projected to decrease by $12,000 for investigation services.
- Non-Covered Liability Claims are projected to increase by $884,000 primarily due to increases in liability claims not covered through the CSAC-EIA program.

The difference between estimates and actual costs of liability insurance are inherent in how the budget is developed. In developing cost estimates for the Recommended Budget annually, the Department uses estimates provided by CSAC-EIA based on a previous experience period ending in October. Subsequent to the adoption of the budget, CSAC-EIA provides the actual rates in July. The variance between the estimates and the actual costs can result in a deficit or surplus at year-end. Any deficit or surplus is reviewed when calculating the following year's Liability rates charged to departments.

Attachment A

The Workers' Compensation Division's Midyear projection reflects increases of $25,000 in revenues and $136,000 in expenditures for a net decrease of $111,000 in Fund Balance. The increase in revenue reflects an increase in interest income that is posted to the Administration Division and then allocated at the end of the fiscal year to the divisions. Expenditures in the Workers' Compensation Division are trending upward and will be monitored.

The net increase in expenditures is primarily due to the following:

- Salaries and Employee Benefits are projected to increase by $8,000.
- Other Insurance is projected to decrease $131,000 as actual Excess Workers' Compensation premiums billed were below the initial estimates provided by CSAC-EIA.
- Insurance Claims are projected to increase by $346,000 due to anticipated increase in payments of workers' compensation claims filed.
- Other Professional Services is projected to decrease $84,000 as a result of decreased charges from H&SS for services provided by the County's Occupational Health Program and reduction in the contract for pre-employment medical examination services.

The Property Insurance Division's Midyear projection reflects an increase of $124,000 in revenue and a decrease of $70,000 in expenditures for a net increase of $194,328 in Fund Balance. The increase in revenue is primarily due to unanticipated additional property insurance revenue received from the Courts for space occupied in County owned building and insurance proceeds for subrogation recoveries of automobile accident costs.
The decrease in expenditures is primarily due to the following:

- Other Insurance is projected to decrease $121,000 as actual Property Program premium costs billed were below the initial estimates provided by CSAC-EIA.
- Insurance Claims are projected to increase $50,000 due to increases in Property Program deductibles paid.

The Unemployment Division's Midyear Projection reflects increases of $6,000 in revenue and $38,000 in expenditures for a net decrease of $32,000 in Fund Balance. The increase in revenue is due to higher than projected unemployment insurance charges received from departments as the insurance rate is calculated on current fiscal year salary/wages. Expenditures for Insurance Claims are projected to be $40,000 higher due to an increase in unemployment reimbursable charges from the California Employment Development Department.

For recommended action:

ATR for $781,259 in Risk Management to transfer funds from the reserve accounts to cover increases of $606,419 for non-covered liability claims in the Liability Division; $136,436 for workers' compensation claim payments in the Workers Compensation Division; and $38,404 for unemployment reimbursable charges in the Unemployment Insurance Division. (4/5 vote required)

Department of Information Technology (DoIT) – Fund 370, BU 1870

The Department is an Internal Service Fund. As such, its revenues are generated through charges for services to County departments and other agencies. The Department's cost plan assumes that revenues will equal expenses within the accounting period with an allowance for working capital and except for depreciation of assets, which are charged to departments based on standard depreciation schedules. The Midyear projection reflects decreases of $1 million in expenditures and a corresponding decrease of $1 million in revenues when compared to the Working Budget, resulting in no change to Fund Balance.

The projected decrease of $1 million in expenditures is primarily due to a reduction in salaries and benefit costs of county positions due to delays in filling positions in the IT Infrastructure division, the Health and Social Services support division, Administration Division, SCIPS Division, Web Services Division and Radio Division. Also, there is a reduction in expenses due to the implementation of a new Voice over Internet Protocol (VoIP) vendor for telephone services.

The Midyear projection is based on the Department's best estimate of technology projects to be completed in this fiscal year, and assumes no unplanned expenditures.

Significant factors contributing to the $1 million decrease in Expenditures are:

- An increase in CDP Administration Division costs of $274,000 primarily due to an increase in appropriations for the Conduent contract of $1.1 million partly due to a thirteenth payment in FY2017/18, and due to a delay in onboarding staff from Conduent to County employment. This increase is offset by a decrease in Salary and Benefits of $301,000 due to the delay in onboarding, and a decrease in software, subscriptions and maintenance costs of $580,000 from the realignment and consolidation of systems. Other changes in this division include an increase of $65,000 for an office remodel, and an increase of $9,000 for hardware, maintenance and consultant costs.
- A net decrease of $50,000 in the Law and Justice Support Division due to a decrease in Data Processing Services.
- A decrease of $468,000 in the Health and Social Services Support Division primarily due to a decrease of $283,000 in Salary and Benefits from staff vacancies. Other savings include decreases of $160,000 due to cancelling the purchasing of a Learning Management System due to identifying a more cost-effective option, and a decrease of $25,000 in projected expenses for public health systems.
- A decrease of $66,000 in the Administration Division primarily in Salary and Benefit savings due to vacancies of $103,000 that are offset by increases in consultants, office expenses, and computer hardware of $37,000.
- A decrease of $12,000 in the MIS Division primarily from a decrease of $9,000 due to software consolidation and a decrease of $3,000 for Salary and Benefit savings.
- A decrease of $201,000 in the SCIPS Division primarily in Salary and Benefit costs of $184,000 due to two vacancies. Other savings include a projected reduction of $25,000 in Consulting Services for SCIPS platform enhancements which are offset by $7,000 in increases in software maintenance and hardware costs.
- A decrease of $126,000 in the Web Services Division primarily due $120,000 Salary and Benefits cost savings due to a vacancy. There is also a $6,000 decrease in office and training costs.
- A decrease of $215,000 in the Telephone Services Division primarily from a decrease of $305,000 due to delays in the implementation of a new VoIP communications provider, a $143,000 reduction in Conduent staff costs, a $40,000 reduction in cabling costs that will be paid directly by departments and a decrease of $2,000 in county garage and administrative costs. These decreases are offset by an increase of $275,000 to refresh county phones that are no longer supported by newer versions of the County phone system.
- A decrease of $75,000 in the Radio Services Division primarily due to a decrease of $56,000 in Salary and Benefit costs from a vacancy, a decrease of $10,000 in county garage services and a decrease of $9,000 in administrative and radio infrastructure costs.

- A decrease of $53,000 in the GIS Division primarily due to projected $54,000 decrease in Conduent staff costs. The remaining increase of $1,000 is due to incremental changes in Salary and Benefits and software costs.

One new position is requested and recommended to be added to the Department's position allocation effective March 13th, 2018. The new position will be included in the Department's FY 2017/18 rate structure funded from charges to the District Attorney' for embedded and dedicated IT support. No new appropriations are requested at this time as salary savings are sufficient to fund this position in the current fiscal year. The position will be allocated to the Law & Justice Support Division and will perform systems analysis on programming work related to the JustWare system. JustWare is an integrated case management system for justice agencies, is currently used by the District Attorney. The exact classification for this position has not yet been determined. The Department will work with Human Resources on finalizing the classification.

For recommended action:

Add 1.0 FTE (TBD) Information Technology Analyst II to perform systems analysis and programming tasks in support of the District Attorney's case management systems including system configuration, workflow configuration, reporting, troubleshooting and coordination of enhancements and product integrations.

SPECIAL DISTRICTS

County Consolidated Service Area - Fund 046, BU 9746

The Midyear projection reflects an increase $24,000 in Fund Balance when compared to the Working Budget. Revenues are projected to be $10,000 more than the Working Budget primarily due to increase in property taxes and expenditures are projected to be $14,000 less than the working budget resulting from less work than anticipated on PG&E contracts for LED street light conversions offset by increase in Interfund services for staff costs to review, facilitate and verify 300 LED light conversions by PG&E, which will reduce the long-term utilities costs to the fund.

East Vallejo Fire Protection District – Fund 134, Department 9814

The Midyear projection reflects a $17,000 increase in Property Tax revenue and a $17,000 increase in expenditures in contracted serves, resulting in a no change in Fund Balance.

For recommended action:

ATR for $17,302 recognizing unanticipated revenues in East Vallejo Fire Protection District and increasing appropriations (4/5 vote required)

Workforce Development Board – Fund 903, BU 7200

The Midyear projection for the Workforce Development Board (WDB) reflects $1,097,231 (+18.8%) increase in revenues and expenditures, when compared to the FY2017/18 Working Budget. The net revenue increase of $1,097,231 in grant revenue is due primarily to the difference between actual and estimated unspent federal funds at June 30, 2017, which remain available for expenditure in FY2017/18. The increase also includes additional revenue of $150,000 which has been awarded under WIOA, by the State of California, Employment Development Department. This funding will be used to integrate workforce services with the Foundation for California Community Colleges Work-Based Learning Systems Innovation Network.

The increase in expenditures is due to Salaries and Benefits ($312,040 or 10.3%) for an additional 3.5 FTE needed to complete the grant work, Services and Supplies ($341,328 or +32.2%) as a result of increased activity from grant funding and the recalculation of projected general operating costs through June 2018, and Other Charges (443,863 or 26.3%) for employer outreach, program supplies, training programs and transportation costs.

For recommended action:

ATR for $1,097,231 in Workforce Development Board to recognize unanticipated Grant Revenue and carryover revenue, offset by accompanying expenses to administer the Workforce Development Board’s wide range of programs. (4/5 vote required)