Attachment A

COUNTY OF SOLANO
COUNTY ADMINISTRATOR'S OFFICE
MIDYEAR FINANCIAL REPORT
FY2018/19

FINANCIAL POSITION OF COUNTY DEPARTMENTS

Attached to the FY2018/19 Midyear Financial Report are four (4) tables that compare the FY2018/19 Working Budget to the FY2018/19 Midyear projected expenses and revenues. These tables include:

- County General Fund (Attachment B)
- Other Funds (Attachment C)
- Internal Service and Enterprise Funds (Attachment D)
- Reconciliation and summary of the FY2018/19 General Fund year-end Balance (Attachment E)

County Department Heads with their management and fiscal teams have prepared the projections and variance explanations, and have requested some Midyear changes. The projections show that the County departments remain committed to providing excellent services within available resources and are developing new and creative ways to operate programs.

The following are brief, written summaries of departmental budget projection variances for Fiscal Year 2018/19. Those budgets which are projected to be within the FY2018/19 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 $6,748 in Salaries and Employee Benefits primarily due to approved salary and benefit increases.

For recommended action:

ATR Increasing appropriations by $6,748 for Salaries and Benefits costs which could not be absorbed within the Operating Budget in Board of Supervisors – District 1, funded by a reduction in General Expenditures.

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

The Midyear projection reflects a decrease in Net County Cost of $6,283 in Salaries and Employee Benefits primarily due to Board Aide position wages and benefits originally budgeted higher than actual.

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

The Midyear projection reflects an increase in Net County Cost of $5,228 in Salaries and Employee Benefits primarily due to approved salary and benefit increases.

For recommended action:

ATR Increasing appropriations by $5,228 for Salaries and Benefits costs which could not be absorbed with the Operating Budget in Board of Supervisors – District 3, funded by a reduction in General Expenditures.

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

The Midyear projection reflects an increase in Net County Cost of $$4,635 in Salaries and Employee Benefits primarily due to approved salary and benefit increases.

For recommended action:

ATR Increasing appropriations by $4,635 for Salaries and Benefits costs which could not be absorbed with the Operating Budget in Board of Supervisors – District 4, funded by a reduction in General Expenditures.

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

The Midyear projection reflects an increase in Net County Cost of $8,629 in Salaries and Employee Benefits primarily due to the inclusion of approved salary and benefit increases and the inclusion of Longevity Pay not included in the FY2018/19 Requested Budget.

For recommended action:

ATR Increasing appropriations by $8,629 for Salaries and Benefits costs which could not be absorbed with the Operating Budget in Board of Supervisors – District 5, funded by a reduction in General Expenditures.

General Revenues – Fund 001, BU 1101

The Midyear projection reflects a net increase of $4.5 million in revenues when compared to Working Budget.

The projected net increase of $4.5 million in revenues is primarily due to a $1.5 million increase in Secured Property Tax revenues attributed to an increase in assessed values as verified by the County Assessor, $960,000 in ABX1 26 Redevelopment Taxes and Pass Through, $917,000 in Property Tax-In Lieu of VLF, and $430,000 in Sales & Use Tax and $1 million in Interest Income as the average cash balance and interest yield are trending higher than anticipated in the Adopted Budget.

For recommended action:

ATR Recognizing $942,103 in unanticipated Property Taxes revenue in General Revenues, offset by an increase in appropriations in General Services Department for increased utilities and water costs, unanticipated Equipment and Building Maintenance, and for increased security services in County buildings. (4/5 vote required)

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General Services – Fund 001, BU 1117

The Midyear projection reflects estimated decrease of $73,000 in revenues and $1,181,000 increase in expenditures, for a net increase of $1,254,000 in Net County Cost to the General Fund when compared to the Working Budget.

Significant factors contributing to the projected net decrease of $73,000 in revenues include:

- Charges for Services, Miscellaneous revenues for projects, and Facilities/Materials are projected to decrease by $99,000 to reflect updated project estimates and requested maintenance services.
- Sale of Surplus personal property is projected to increase by $24,000 and Revenue from Use of Money includes an increase of $2,000 from increased vending machine sales within county facilities.

Significant factors contributing to the projected net increase of $1,181,000 in expenditures include:

- Salaries and Employee Benefits and Pension Obligation Bonds reflect a net increase of $42,000 due to an increase in accrued leave due to unanticipated retirements and payoffs of current leave balances, partially offset by savings from unfilled positions.
- Services and Supplies are projected to increase by $1,008,000, primarily attributable to an increase of $615,000 in Utilities and Water costs due to increased usage and the addition of the SB1022 buildings, $113,000 net increase in Other Professional Services for project management services (offset by vacancies) and additional $199,000 resulting from required unanticipated maintenance of equipment from failures and building maintenance and improvement. The remaining increase is primarily due to an increase in garage services, and postage expense.
- Other Charges is projected to increase by $167,000 primarily due to security for the Government Center and Vallejo campus and reimbursement to the Airport for staff providing General Services Administration.
- Intra Fund Transfers includes a decrease of $33,000 resulting from changes in requests for maintenance and small projects.

For recommended action:

Delete 1.0 FTE Capital Projects Coordinator (vacant) and add 1.0 FTE Capital Projects Coordinator (Senior) (TBD) to address the service delivery skill needs for funded capital projects requiring experienced personnel.

ATR Increasing appropriations in Accrued Leave Payoff by $321,614 in General Services to offset unanticipated retirements and employee separation costs of key personnel that cannot be absorbed in the General Services budget, funded by a decrease in appropriations in General Expenditures.

ATR Increasing appropriations in General Services by $115,560 to cover cost for contract staff for capital projects offset by savings in Salaries and Employee Benefits due to vacancies.

ATR Increasing appropriations in General Services by $1,059,107 for increased utilities and water costs, unanticipated Equipment and Building Maintenance, reimbursement of staff time providing services in General Services Administration and for increased security services in County buildings, funded by recognizing $942,103 in unanticipated increase in property taxes revenue in General Revenues and utilizing $117,004 in savings in Salaries and Employee Benefits. (4/5 vote required)

Treasurer – Fund 001, BU 1350

The Midyear projection reflects decreases of $153,202 in revenues and in expenditures when compared to the Working Budget, resulting in no change in Net County Cost.

The decrease in revenues and expenditures are due to a change in accounting financial service methodology related to paying banking charges.

County Counsel – Fund 001, BU 1400

The Midyear projection reflects an increase of $8,000 in revenues and a decrease of $320,000 in expenditures when compared to the Working Budget, resulting in a decrease of $328,000 in Net County Cost.

The increase in revenue is due to an unanticipated legal settlement payment received.

The decrease in expenditures is primarily due to a reduction of $369,000 in salaries and benefits resulting from various vacancies including four clerical and one attorney; and offset by an increase of $55,000 in Other Professional Services for contracted temporary clerical legal services required due to the vacancies while recruitments continue.

Human Resources – Fund 001, BU 1500

The Midyear projection reflects an increase of $35,000 in revenues and a decrease of $94,000 in expenditures for a net decrease of $129,000 in Net County Cost when compared to the Working Budget.

The increase is revenues is primarily due to a refund from flexible spending account forfeitures and an increase in administrative allowance received from the 457 Deferred Compensation Plans.

Significant factors contributing to the projected decrease of $94,000 in expenditures include:

- Salaries and Benefits are projected at a net decrease of $15,000 resulting from filling flexibly staffed vacant positions at the entry level and offset by additional staff to aide in recruitments.
- Services and Supplies are projected to decrease $83,000 primarily due to reductions in the Employee Benefits Division for CalPERS Health administrative fees, and less than anticipated costs for PARS and flexible spending account administrator services; reduced recruitment testing services and classification study costs; and a reduction in contracted services. This is offset by an increase for professional services for Equal Employment Opportunity (EEO) investigations.

The projections reflect and include the cost of the addition of 1.0 FTE Human Resources Analyst (Principal) and 1.0 FTE Human Resources Analyst (Senior) limited-term through June 30, 2020 to the HR’s Recruiting and Testing Division. The HR Analyst (Principal) would be added to HR’s Health and Social Services (H&SS) team to assist with recruitments. The HR Analyst (Senior) would provide support to the Public Safety Departments and Employer Relations.

For recommended action:

Extend 1.0 FTE Human Resources Assistant Limited-Term through June 30, 2020. The position assists the Employee Benefits Division in processing personnel and benefits transactions, and continues to assist with the implementation of the PeopleSoft e-Benefits module. The position is funded through departmental charges.

Add 1.0 FTE Human Resources Analyst (Principal) to assist with recruitments for Health and Social Services. The position will be funded through departmental charges.

Add 1.0 FTE Human Resources Analyst (Senior) Limited-Term through June 30, 2020 to provide support to the Public Safety Departments and Employers Relations. The position will be funded through departmental charges.

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

The Midyear projection reflects an increase of $225,000 in revenue and decrease of $360,000 in expenditures for an overall projected decrease of $585,000 in Net County Cost when compared to the Working Budget.

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

- Election Services revenue increased by $185,000 due to additional candidate statement fees.
- Intergovernmental Revenues increased by $40,000 due to additional reimbursements from the State for expenditures related to state election pamphlets and postage and for additional software and maintenance.

Significant factors contributing to the projected decrease of $360,000 in expenditures include:

- Salaries and Employee Benefits reflects a net decrease of $42,000 due to salary savings from staff vacancies, partially offset by increases in salary/wages for overtime and call back incurred during the 2018 November general election.
- Services and Supplies reflects a net decrease of $353,000 resulting from a $407,000 decrease in election printing expense attributable to not requiring a dual card ballot, but rather a single ballot card because of fewer offices and measures on the ballot. In addition, a decrease of $51,000 in postage. These decreases are offset by $64,000 increase in other professional services due to increased demand for drayage during the 2018 General election and $38,000 software maintenance and support for voter application.
- Fixed Assets increase of $21,000 for purchase of a ballot counter and server rack equipment.
- Intrafund Services increase by $15,000 due to increase postage expense for voter notification cards and poll worker manuals.

For recommended action:

Approve the Fixed Asset purchase of:

- $21,115 for a ballot counter and server rack equipment funded by Charges for Services revenue.

ATR Recognizing $21,115 in unanticipated Charges for Services revenue in Registrar of Voters budget, offset by an increase in appropriation for purchase of a ballot counter and server rack equipment. (4/5 vote required)

Real Estate Services – Fund 001, BU 1640

The Midyear projection reflects increases of $20,000 in revenues and $12,000 increase in expenditures resulting in a projected Net County Cost decrease of $8,000.

Revenues are projected to increase $20,000 primarily due to a net increase of $11,000 in Charges for Services from increase recovery of parking lot lease fees charged to user departments. Increase of $14,000 in Revenue from Use of Money for increase in building rental and lease revenue resulting from annual Consumer Price Index (CPI) escalation, offset by a decrease of $3,000 due to decrease in garbage franchise revenue.

Expenditures are projected to increase by $12,000 primarily attributable to increase in rent for the Portuguese Hall parking lot in Vallejo.

For recommended action:

ATR Recognizing $12,982 in unanticipated Charges for Services revenue in Real Estate to cover the cost associated with increases in the Portuguese Hall parking lot lease. (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 those in 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 decreases of $1,922 in Court revenues and decreases of $4.9 million in expenditures for a projected reduction of $4.9 million in Net County Cost.

Net decreases of $4.9 million in General Expenditures is primarily due to projected savings in General Fund support to Probation, Sheriff, Public Defender, District Attorney and other Departments and funds including Risk Management, in addition to reductions in Services & Supplies. The reductions in General Expenditures also anticipates and reflects a reduced need for Accrued Leave Payoff funds budgeted to address unanticipated retirements.

Additionally, the Midyear projection reflects an increased transfer to Accumulated Capital Outlay to address increased costs in capital projects.

Details regarding these changes and other General Fund Department changes are discussed in the individual department and fund narratives in Attachment A.

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For recommended action:

ATR Increasing Operating Transfer-Out in General Expenditures by $660,440 to fund an increase in capital projects in the Accumulated Capital Outlay Budget, funded by savings in General Expenditures. (4/5 vote required)

ATR Decreasing Accrued Leave Payout in General Expenditures by $321,614 to fund unanticipated retirement and employee separation costs in the General Services Department which cannot be absorbed within the department's budget.

ATR Decreasing Accrued Leave Payout in General Expenditures by $45,896, offset by an increase in Operating Transfer-Out to Fleet Services to fund unanticipated retirement and employee separation costs which cannot be absorbed within the department's budget. (4/5 vote required)

ATR Decreasing General Expenditures by $28,000 to fund increased costs in the Surveyor/Engineer Budget for services to the public for Records of Surveys, Parcel Maps, Map Reproductions, and Public Research. (4/5 vote required)

ATR Decreasing General Expenditures by $25,240 to fund increased Salaries and Benefits costs in the Board of Supervisors District Budgets which could not be absorbed within the Working Budgets.

Survey Engineer – Budget Unit 1904

The Midyear projection reflects a $4,000 decrease in revenues and a $28,000 increase in expenditures, resulting in a projected Net County Cost increase of $32,000.

Revenues are expected to decrease by $4,000 as the net result of an $8,000 decrease in Miscellaneous Sales from increased use of electronic documents instead of printed maps by customers, which is partially offset by a $4,000 increase in Engineering Services revenues for land development related reviews.

Expenditures are projected to increase by $28,000 as a result of a $20,000 increase in Other Professional Services for contracted licensed surveyor services due to the vacancy of the County Surveyor position and an $8,000 increase in Interfund Services Used - County to reimburse Public Works Engineering for 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 Increasing appropriations by $28,000 in Surveyor/Engineer to fund increased services to the public for Records of Surveys, Parcel Maps, Map Reproductions, and Public Research and work requiring a licensed surveyor funded by General Expenditures. (4/5 vote required)

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

The Midyear projection reflects a net increase of $14,000 in revenues and a net decrease of $91,000 in expenditures from Working Budget, resulting in a projected Net County Cost decrease of $105,000.

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The increase in revenues of $14,000 is primarily due to projected increases of $8,000 in Weights and Measures device registration fees, $2,000 in pesticide use enforcement violation fees, $3,000 in State pesticide enforcement contract revenue, and $15,000 in additional State contract revenue for the Bee Safe Program to protect and promote the health of managed honeybees. This is offset by a $12,000 reduction in projected State unclaimed gas tax revenue.

The decrease in expenditures of $91,000 is primarily due to the following:

- Salary and Employee Benefits are projected to have a net decrease of $117,000 resulting from unanticipated vacancies including the Ag Commissioner and timing in filling positions, offset by an increase of $28,000 in accrued leave payouts.
- Services and Supplies are projected to decrease by $10,000 primarily due to reductions in household expense and office expense; and building maintenance and postage costs which costs are reflected in Intrafund Transfers.
- Other Financing Uses are projected to decrease by $1,000 reflecting a decrease in pension obligation costs resulting from savings due to vacancies.
- Intrafund Transfers are projected to increase by $8,000 primarily due to increases in material and labor charges from General Services for additional building maintenance/repairs and postage costs.

Additionally, the projections include the costs for the addition of 1.0 FTE Agricultural Biologist/Weights and Measures Inspector (Senior) Project Based Limited-Term through June 30, 2020 revenue offset. The department has received additional contract revenue funding for the Bee Safe Program and Pest Detection Trapping Program and will need the additional staff to cover the additional workload.

For recommended action:

Extend 1.0 FTE Agricultural Biologist/Weights and Measures Inspector (Senior) limited-term through October 6, 2019. This position was included in the department's current budget and funded with the additional Unclaimed Gas Tax revenue that resulted from the passage of SB 1 in April 2018 and County General Fund. The department will be reviewing final Unclaimed Gas Tax reimbursement levels when payments are completed by the California Department of Food and Agriculture and will include a recommendation on this position in their requested budget.

Add 1.0 FTE Agricultural Biologist/Weights and Measures (Senior) Project Based Limited-Term through June 30, 2020. This position is funded with unanticipated additional State contract revenue received for the Bee Safe Program and Pesticide Detection Program.

Resource Management – Fund 001, BU 2910

The Midyear projection reflects a net decrease of $97,000 in revenues and a net decrease of $451,000 in expenditures from Working Budget, resulting in a projected Net County Cost decrease of $354,000.

Significant factors contributing to the net $97,000 decrease in revenues include:

- Revenues from Licenses, Permits & Franchises are projected to increase by $146,000 primarily from increases in Building Permits from several large construction and demolition projects and from general increases in the number Hazardous Materials Permits and Food Permits as a result of regulatory changes, new construction, or change in operations. Zoning Permits activity is also increasing as more land use related applications are being received and processed. These increases are partially offset by a decrease in renewals of Business Licenses in the unincorporated area.

- Intergovernmental Revenues are projected to decrease by $2,000 due to expected reductions in revenues received from state agencies for work performed on specific grants and contracts. These reductions are mostly offset by anticipated state funding to perform education and outreach activities associated with the 2020 census.
- Charges for Services are projected to decrease by $108,000 primarily from deferral of some contractor expenses associated with environmental reviews until FY2019/20 and a reduction in expenses associated with monitoring of mitigation conditions for various land use projects being partially offset by increases associated with building plan reviews for construction/destruction of large building projects and an increase in number of Water Well Permits being issued.
- Miscellaneous Revenues are projected to have a net decrease of $132,000 primarily from reductions received from the trust funds used to pay contractors for performance of hazardous materials training and testing and for biosolids research. These reductions are partially offset by increases in fire plan check fee revenue received from increased building permit activity.

Significant factors contributing to the $451,000 decrease in expenditures include:

- Salaries and Benefits are projected to decrease by $315,000 from the cumulative effect of intermittent vacancies throughout the Department, newer staff entering employment at lower pay rates, staff changes in benefit plans and rates, and increases in Extra Help costs to assist during staff vacancies and with short term projects.
- Services and Supplies are projected to decrease by $218,000 resulting primarily from decreases in Contracted Services and Other Professional Services some of which is revenue offset and resulted in reduced revenue projections. The expenditure reductions are partially offset by a contract to assist with building permit issuance during staff vacancies and for potential outreach associated with the 2020 census. The remainder of the reduction results from various increases and decreases in routine operating costs.
- Other Charges is projected to increase by $75,000 to partially reimburse Public Works for increased roadside illegal dumping response, and for grading and building land development review services provided in the current and prior fiscal year.
- Other Financing Uses is projected to decrease by $3,000 due to a reduction in pension obligation bond payments due to staff vacancies.
- Intra Fund Transfers is increasing by $2,000 due to increases in bulk mailing of project notices and materials and labor charges associated with minor repairs to the office.

For recommended action:

ATR Reallocating $25,000 from Other Professional Services intended for solid waste program enhancements to fund an increase in appropriations for Public Works Operations Interfund Services – Professional to off-set costs for handling recycled materials found in roadside dumping.

ATR Recognizing unanticipated revenues of $38,461 in Building Permits and $11,368 in Zoning Permits in Resource Management to fund increase for Engineering Grading and Engineering Survey for performing grading activities and land development project reviews not otherwise recovered by fees in FY2017/18 and FY2018/19. (4/5 vote required)

Indigent Burial – Fund 001, BU5460

The Midyear projections reflects a decrease of $500 in revenues and an increase of $3,000 in expenditures when compared to the Working Budget, resulting in a $4,000 decrease to General Fund balance.

Revenues are projected to decrease as vital statistics fee revenue is lower than expected. The $3,000 projected increase in expenditures is due to more unanticipated cremations of indigent decedents.

For recommended action:

ATR Increasing appropriations for Indigent Care by $3,105 in Indigent Burial to offset the costs of increased cremations for indigent residents funded by a decrease in Contingency. (4/5 vote required)

Office of Family Violence Prevention – Fund 001, BU 5500

The Midyear projection reflects a net decrease of $5,000 in revenues and a net decrease of $11,000 in expenditures, resulting in a net decrease of $6,000 in Net County Cost when compared to the Working Budget. This decrease in Net County Cost is primarily due to a $25,000 decrease in Services and Supplies expenses, offset by $12,000 increase in Salary and Benefit expenses and $2,000 increase in Intra Fund Transfers.

The $5,000 net decrease in revenues is primarily due to projected reductions of $25,000 in revenue from contracted service expense in the federal Office on Violence Against Women's Grants to Encourage Arrest and Enforcement of Protection Orders (GTEAP) program, offset by an increase of $19,000 of vital record fee revenue that funds the extra-help Social Worker II.

The $11,000 net decrease in expenditures is primarily due to a decrease of $25,000 in contracted service expense, offset by $12,000 increase in Salaries and Employee Benefits expense and a $2,000 increase in Intra Fund Transfers for maintenance expense.

For recommended position allocation action:

Extend 1.0 FTE Limited-Term Social Worker III through June 30, 2020 funded by the General Fund.

Veteran Services – Fund 001, BU 5800

The Midyear projection reflects a decrease of $5,000 in expenditures and $20,000 increase in revenues for a projected decrease of $25,000 in Net County Cost when compared to the Working Budget.

The decrease of $5,000 in expenditures is due to salary and benefits savings.

The revenue increase is primarily due to a combination of additional funds from the California Department of Veteran Affairs (CalVet), including $16,000 from California Veteran Service Office (CVSO), $3,000 from Medi-Cal cost avoidance and $1,000 in Proposition 63 funding.

For recommended action:

Reclassify a 1.0 FTE Office Assistant II to a 1.0 FTE Office Coordinator in the Veteran Service Office to better reflect the scope of work required for the position. The funding source is County General Fund.

Extend 1.0 FTE Limited-Term Veterans' Benefit Counselor position, expiring on June 30, 2019, until June 30, 2020 which is State revenue offset.

Recorder Special Revenue Fund – Fund 215, BU 4000

The Midyear projection reflects decreases of $70,000 in revenues and $95,000 in expenditures resulting in an increase of $25,000 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 $70,000 is due to decrease of $111,000 in Charges for Services for recording, micrographics and admin service fees due to decrease in demand for recording documents which is due to decline in mortgage refinancing documents. This is offset by $40,000 increase in Revenue from Use of Money primarily due to increase in interest income for the fund.

Significant factors contributing to the projected decrease of $95,000 in expenditures are decrease of $70,000 in Services and Supplies due to anticipated savings in software and maintenance support, furniture for the recorder's space configuration, and fees related to Electronic Recording Delivery System due to reduction in recorded documents. Additional decrease of $25,000 in Other Charges due to anticipated savings for mapping room project and space reconfiguration.

2013 Certificates of Participation – Fund 336, BU 8036

The Midyear projection reflects a change in the budget projection of $300 in revenues and expenditures when compared to the Working Budget resulting in no change in Fund Balance.

The increase in revenues is primarily attributable to increase in interest income due to increasing rate in the county pool and expenditures is the result of the unanticipated increase in trustees fees by Union Bank

For recommended action:

ATR Recognizing $300 in unanticipated revenue for increase trustee fees in the 2013 Certificates of Participation, offset by increased appropriations. (4/5 vote required)

2017 Certificates of Participation – Fund 332, BU 8037

The Midyear projection reflects a change in the budget projection of $2,000 in revenues and expenditures when compared to the Working Budget resulting in no change in Fund Balance.

The increase in revenues is primarily attributable to increase in interest income due to increasing rate in the county pool and expenditures is the result of the unanticipated increase in trustees fees by Union Bank

For recommended action:

ATR Recognizing $2,200 in unanticipated revenue for increase trustee fees in the 2017 Certificates of Participation, offset by increased appropriations. (4/5 vote required)

Pension Debt Service – Fund 306, BU 8006

The Midyear projection reflects a net decrease of $616,000 in revenues and no change in expenditures when compared to the Working Budget, for a projected increase of $616,000 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 for pension. Separately, a report to the Board of Supervisors will be presented prior to June 2019 to discuss a prepayment to CalPERS.

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 FY2018/19 Working Budget of $199,263,000. The Midyear projection reflects a net decrease of $3,567,000 in revenues and expenditures and a potential $3,617,000 decrease in Net County Cost to the General Fund. Fund 900 is funded by a combination of General Fund revenue support and various Intergovernmental revenues (Federal/State funding). At $116.5 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 $38.6 million and accounts for 58% 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 trending above the FY2018/19 Working Budget by $1.1 million. Staff is working with HDL, the County Sales Tax consultant, to monitor the statewide trend in Prop. 172 funding and anticipate bringing additional information to the Board during budget hearings, if appropriate.

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.

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The FY2018/19 Working Budget included $14.2 million of AB 109 revenues and expenditures across several departments. The Working Budget revenue represents a combination of the FY2018/19 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 $1.2 million when compared to the Working Budget and an equivalent reduction in revenue draws. The decrease in expenditures is primarily due savings in Salary & Employee Benefits resulting from the timing in filling vacancies and 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 decrease of $1,257,000 in revenues and in expenditures when compared to the Working Budget, resulting in a projected decrease of $177,000 in Net County Cost.

Significant factors contributing to the projected net decrease of $1,257,000 in revenues include:

- Fines, Forfeitures and Penalties are projected to decrease by $7,000 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.
- Intergovernmental Revenues are projected to decrease by $560,000 primarily due to a decrease of $37,000 in State Vehicle License Fee revenue and a $76,000 decrease in 1991 Realignment Sales Tax revenue for Juvenile Justice per H&SS projections; a decrease of $45,000 in 2011 Realignment Revenue due to salary savings from vacant positions; a decrease of $559,000 in State Other revenue due to a $433,000 decrease in Office of Traffic Safety Equipment Grant expenditures, a decrease of $193,000 in County Victim Services (XC) grant revenue due to a rebudget of appropriations from contracted services to salary and benefits for 2.0 FTE Social Worker II LT positions, and a decrease of $64,000 in DUI Vertical Prosecution grant revenue. Decreases are offset by $119,000 increase in Cal OES Victim/Witness Assistance Program revenue, a $5,000 increase in unanticipated Worker's Compensation Fraud grant revenue, $7,000 increase in unanticipated Auto Insurance Fraud Revenue, and an increase of $158,000 in Proposition 172 sales tax revenue from the state.
- Charges for Services are projected to decrease by $154,000 primarily due to a decrease of $119,000 in real estate fraud fees due to salary savings, $15,000 in welfare fraud prosecution charges, and $20,000 in DA diversion fees.
- Miscellaneous Revenue is projected to decrease by $264,000 primarily due to a decrease of $192,000 in Vital Record Fee VRF revenue used as the match for the Victims of Crimes Act (VOCA) grant due to additional Victim Witness Assistance Program grant revenue available to offset Victim Witness Assistant position that was funded by VRF in the Working Budget; and offset by increases of $20,000 in vital record fee revenue and $52,000 in expungement fee revenue for the Bad Check Program.
- Other Financing Sources are projected to decrease by $273,000 primarily due to salary savings in the Consumer Protection Unit, and a $177,000 decrease in General Fund contribution.

Significant factors contributing to the projected net decrease of $1,257,000 in expenditures include:

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- Salary and Employee Benefits are projected to decrease by $663,000 due to $1,350,000 in regular salary and benefit savings from the timing in filling vacancies, offset by $337,000 in Accrued Leave Payout expense due to retirements, a $135,000 increase in Extra Help expense, and a $59,000 increase in Overtime Expense for DA investigator call-outs.
- Services and Supplies are projected to decrease by $185,000 primarily due to a decrease of $185,000 in Contracted Service expense from the County Victim Services (XC) grant, offset by an increase of $14,000 in Equipment Lease expense due to increased print volume on our annual copier lease agreement.
- Other Charges are projected to decrease by $4,000 primarily due to a decrease of $4,600 in postage expense, offset by $400 increase in Maintenance-Labor expense and $200 in Maintenance Materials expense.
- Fixed Asset expense is projected to decrease by $396,000 primarily due to decrease of $390,000 in Equipment expense, as the projected purchase of for LC-MS Crime Lab equipment with federal grant funds could not be completed due to the Federal grant "Buy American" purchase restriction. Separately a $6,000 equipment expense from the County Victim Services (XC) grant is anticipated.
- Other Financing Uses are projected to decrease by $15,000 due to savings in Pension Obligation Bond expense attributed to lower salaries due to the timing of filling vacancies.
- Intra Fund Transfer expense is projected to increase by $6,000 due to a one-time $6,000 Livescan expense for Department attorneys as mandated by the State Bar of California.

For recommended action:

Convert 1.0 FTE Limited-Term Deputy District Attorney IV to a regular position in the General Criminal Unit to ensure long-term capacity to address caseload. This position is funded with Prop. 172.

Convert 1.0 FTE Medical Backfill Deputy District Attorney IV to a regular position in the General Criminal Unit to ensure long-term capacity to address caseload. This position is funded with Prop. 172.

Extend 1.0 FTE Limited-Term Deputy District Attorney IV through June 30, 2020 in the Consumer Protection Unit. This position is funded 100% with civil penalties revenue.

Extend 1.0 FTE Limited-Term Legal Secretary through June 30, 2020. 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, 2020. These positions are assigned to the DUI Vertical Prosecution Unit and offset 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, 2020. This position is assigned to the vehicle theft program and funded with vehicle license fee revenue.

Extend 2.0 FTE Limited-Term Victim Witness Assistant through September 30, 2020. The positions are funded with Crime Victim Witness Assistance Program grant revenue through September 30, 2019; however, this grant is anticipated to be continued through September 30, 2020. If the grant funding were to end, the department will fund the position with vital record fee revenue.

Change Position Title Only 3.5 FTE Investigative Assistant-District Attorney to the new title of Investigative Assistant.

ATR Recognizing $30,000 in unanticipated Prop 172 revenue in the District Attorney to fund increasing appropriations in Salaries/Wages – Extra Help for contract attorneys to review petitions seeking relief from felony murder convictions under Penal Code section 1170.25 (SB1437) (4/5 vote required).

ATR Recognizing $5,201 in unanticipated revenue in Workers' Compensation Fraud grant revenue in the District Attorney's Office and increasing appropriations in Advertising/Marketing by $2,881, Education & Training by $500, Travel Expense by $1,409, and Retirement by $411. (4/5 vote required)

ATR Recognizing $7,366 in unanticipated revenue in Auto Insurance Fraud grant revenue and increasing appropriations by in Salary/Wages – Extra Help by $4,763, Education & Training by $500, and Travel Expenses by $2,103. (4/5 vote required)

Public Defender – Fund 900, BU 6530

The Midyear projection reflects estimated decreases of $163,000 in revenues and $593,000 in expenditures, resulting in a decrease of $431,000 in Net County Cost when compared to the Working Budget.

The projected decrease of $163,000 in revenues is primarily due to a reduction of $75,000 in 1991 Realignment revenue and $37,000 in Vehicle License Fee revenue. Health and Social Services provides the preliminary estimates for these two revenue streams in preparation of the budget; however, after a reconciliation of redirected funds to Social Services to fund IHSS, the estimate is now projected to be much lower. Additionally, 2011 State Realignment is projected to decrease by $46,000 resulting from a reduction in expenditures.

Significant factors contributing to the projected net decrease of $593,000 in expenditures include:

- Salaries and Employee Benefits are projected to have a net decrease of $549,000 primarily due to the timing of filling vacant positions. However, the decrease is partially offset by an increase of $156,000 in Accrued Leave Payoff for unanticipated retirements, $215,000 in Extra-Help, and the addition of 1.0 FTE Deputy Defender IV Project Based Limited-Term and 1.0 FTE Paralegal Project Based Limited-Term to address increased caseloads anticipated from the passage of SB 1437. On January 1, 2019, SB 1437, which eliminated felony-murder, became effective. This new law is anticipated to increase caseloads as inmates who were convicted of felony-murder are petitioning to be released from custody and resentenced.
- Services and Supplies are projected to decrease $42,000 primarily due to reductions in legal subscription costs, office expense, psychological and professional services, and software maintenance.
- Other Charges are projected to increase $4,000 resulting from increases in postage and maintenance repair costs charged by General Services.
- Other Financing Uses are projected to decrease $10,000 reflecting a decrease in pension obligation bonds costs resulting from the decrease in salaries.

California Senate Bill 214 (SB215), which became effective in June 2018, allows the Court to establish a pretrial diversion program that allows a willing defendant with a mental health disorder to postpone further action in his/her case in order to participate in a treatment program. Evidence of the mental disorder must be provided by the defense. At this time, the Court is in the process of an ad-hoc implementation of Mental Health Diversion; however, state and local systems are currently not in place. Until these systems are in place, the Public Defender's Office is unable to anticipate or project psychological and professional services costs resulting from the implementation of the program.

For recommended action:

Extend 2.0 FTE Deputy Public Defender IV Limited-Terms through June 30, 2020, to address continuing increase in caseloads. The positions are primarily funded with County General Fund and State sales tax realignment revenues.

Extend 2.0 FTE Office Assistant II Limited-Terms through June 30, 2020. The positions provide clerical support to the attorneys and assist with scanning current case files in to the new case management system as the department continues to transition to paperless files. The positions are primarily funded with County General Fund and State sales tax revenue.

Extend 1.0 FTE Process Server Limited-Term through June 30, 2020, to address the continuing increase in caseloads. The position is primarily funded with County General Fund and State sales tax realignment revenues.

Add 1.0 FTE Deputy Public Defender IV Project Based Limited-Term through June 30, 2020, to address anticipated increased caseloads associated with the passage of SB 1437. The position will be funded primarily with County General Fund.

Add 1.0 FTE Paralegal Project Based Limited-Term through June 30, 2020, to address anticipated increased caseloads associated with the passage of SB 1437. This position will be funded primarily with County General Fund.

<u>Alternate Public Defender – Fund 900, BU 6540</u>

The Midyear projection reflects projected decreases of $19,000 in revenues and $87,000 in expenditures, resulting in a decrease of $68,000 in Net County Cost when compared to the Working Budget.

The decrease in revenues is the result of projected decreases of $18,000 in State 2011 Realignment revenues due to a reduction in expenditures, and $1,000 in the collection of legal fees for services that are based on a client's ability to pay.

Significant factors contributing to the projected net decrease of $87,000 in expenditures include:

- Salaries and Employee Benefits are projected to decrease $92,000 primarily due to the timing of filling vacant positions. However, the decrease is partially offset by an increase of $15,000 in Accrued Leave Payoff for unanticipated retirements, and the addition of 1.0 FTE Project Based Limited-Term Deputy Public Defender IV to address increased caseloads anticipated from the passage of SB 1437. On January 1, 2019, SB 1437, which eliminated felony-murder, became effective. This new law is anticipated to increase caseloads as inmates who were convicted of felony-murder are petitioning to be released from custody and resentenced.
- Services and Supplies are projected to decrease $12,000 primarily due to reductions in psychological and consulting services, and software maintenance.

- Intrafund Services are projected to increase $1,000 due to an increase in parking costs for the Vallejo campus.

For recommended action:

Extend 1.0 FTE Office Assistant II Limited-Term through June 30, 2020. The position provides clerical support to the attorneys and assists with scanning current case files in to the new case management system as the department continues to transition to paperless files. The position is funded with the General Fund.

Add 1.0 FTE Deputy Public Defender IV Project Based Limited-Term through June 30, 2020, to address anticipated increased caseloads associated with the passage of SB 1437. The position will be funded primarily with County General Fund.

Sheriff – Fund 900, BU 6550

The Midyear projection reflects a net increase of $818,000 in revenues and expenditures when compared to the Working Budget, resulting in a projected Net County Cost decrease of $731,000.

Significant factors contributing to the overall net increase of $818,000 in revenue include:

- Prop. 172 Sales Tax revenue is projected to increase by $844,000 primarily due to an upswing in statewide sales tax revenue.
- Long-term debt proceeds are projected to increase by $579,000 to properly reflect the three-year lease-purchase agreement approved by the Board on October 2, 2018 to purchase replacement software for the Computer Aided Dispatch and Records Management System software applications (RIMS) and required interfaces, installation, training, and annual support.
- Federal reimbursement is projected to increase by $295,000 for unanticipated FEMA callouts for the CAMP fire. The Sheriff's Office of Emergency Services anticipates a 95% FEMA reimbursement rate.
- Security service revenue is projected to decrease by $123,000 because the department continues to face challenges in filling Sheriff Security Officer positions to fulfill the staffing for the County Libraries. The loss of revenue is offset by salary and benefits savings from vacancies.
- State Jail-Based Competency Treatment revenues is projected to decrease by $95,000 due to the one-month delayed start date of February 1, 2019.
- Insurance proceeds are projected to increase by $73,000 due to more work-related injuries for safety employees 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 decrease of $64,000 primarily due to vacancies as the unit currently has only two of the three allocated Correctional Officer positions filled.

Significant factors contributing to the overall increase of $818,000 in expenditures include:

- Salaries and Employee Benefits are projected to decrease by $3,457,000 primarily due the current high vacancy rate of 13% or 72 positions. The normal vacancy rate is around 7%. The net decrease includes an increase of $91,707 for wages and benefits in response to the CAMP Fire. Since 2018, the Sheriff's Office has seen a significant increase in retirements and at a rate faster than anticipated. Efforts to reduce this trend have included weekly meetings on recruitments with Human Resources and the Sheriff's CAO Analyst, and the recent realignment of staffing resources to assist with pre-employment background investigations. Employee demographics indicate a large number of staff are of retirement age so this trend is expected to continue.

- Extra-help wages are projected to decrease by $374,000 primarily due to the challenge to fill extra-help Sheriff Security Officer positions and the Sheriff's efforts to reduce the number of retired annuitants. Staff promoting from extra-help positions to regular full time and finding qualified applicants have contributed to the low number of filled extra-help positions. These events have sometimes resulted in higher overtime costs or loss of revenue.
- Overtime costs are projected to increase by $2,971,000 primarily due to vacancies and the increase is fully offset with savings to Salaries and Benefits. Of that increase, $209,000 was due to the CAMP Fire response, and $136,000 was due to the displacement of female inmates from a section of the Claybank Detention Facility brought on by a March 2018 failed HVAC system. General Services is working on to address the failed HVAC system, however a permanent solution is still in process.

  Overtime costs are incurred primarily as a method to cover shifts that would otherwise be unstaffed due to vacancies, as well as employees out on extended leave (i.e., Family Medical Leave Act, California Family Rights Act Leave, Worker's Compensation, State Disability, and Leave of Absence) and regular leave (e.g., annual, and sick leave), averaging 90 to 100 employees daily, which equates to approximately 17% of our workforce. This is especially true for the Custody Division, as adequate staffing levels must be maintained to keep the level of security required to supervise the inmate population and meet Title 15 Standards for Local Detention Facilities. Since 2011 Public Safety Realignment, inmates in the jail system who would have been previously sentenced to state prison are of a higher criminal sophistication, and their knowledge of the prison system and abuse of the jail grievance system has contributed to heightened security needs. Moreover, while the inmate population has decreased over the last year, staffing levels have not seen a commensurate decrease due to an increase in the number of inmates requiring administrative separation. Other reasons for overtime are described by the Sheriff's Divisions below.

  - Administration: Training and training replacement; payroll; and special projects.
  - Custody: Crisis incidents, Custody Response Team and/or Search Team actions, SB1022 transition team activities, and facility repairs.
  - Field Operations: Contracted law enforcement and security services; hospital transports; crime scene response; mutual aid response; and special events.
  - Emergency Services: Disaster response; search and rescue response; and mutual aid callouts.

  Based on productive hours, the overtime cost to replace a vacant Correctional Officer position is approximately $100,289 annually and a Deputy Sheriff is $128,775 annually. The Midyear budget includes $556,000 in Salaries and Benefits costs for newly hired Correctional Officers; however, these new officers are not expected to help reduce overtime this fiscal year as they must complete six weeks of academy training and four months of in-house jail training.
- Unanticipated accrued leave payouts are projected to increase primarily due to unanticipated retirements to date of $778,000. The Sheriff's Office can absorb this increase within the Working Budget; however, the Sheriff may be unable to absorb any additional unanticipated retirements for the remainder of the year.
- Contracted inmate medical/mental health/dental services are projected to have a net decrease of $297,000 after a reduction in basic medical service cost resulting from lowering

the average daily population base by 150 inmates (from 950 to 800 inmates) and the addition of a Jail-Based Competency Treatment program.

- Long-term notes principal payments are projected to increase by $145,000 to pay the first installment on RIMS. The increase is offset by long-term debt proceeds.
- Software costs are projected to have a net increase of $12,000 after the purchase of a new emergency medical response software that will allow the County 911 Dispatch operators to provide medical instructions to on-site law enforcement personnel or the public to perform life saving measures prior to the arrival of fire and emergency medical personnel, and the re-budget of appropriations for customization of the jail management system to Other Professional Services.
- Computer equipment is expected to increase by $99,000 to purchase larger, higher resolution monitors for the Dispatch Center to accommodate the new RIMS system and to purchase 40 additional computers that were slated for refresh this year but were deferred until next year.
- Uniform Allowance decreased by $47,000 due to less filled Deputy Sheriff and Correctional Officer positions in August 2018 than previously expected. The last August pay date data is used to make the annual payment.
- Interfund Services are projected to have a net increase of $184,000 due to charges from General Services primarily for preventative maintenance and general repairs to the County's three detention facilities.
- Fixed Assets are projected to increase by $47,000 for the purchase of a commercial mixer for the Claybank Detention Facility kitchen and a specialized drone to assist with search and rescue and disaster operations. The cost of the drone is offset by unanticipated revenue.

For recommended action:

Approve the Fixed Asset purchase of:

- $30,000 for a 80 Quart commercial mixer for the Claybank Detention Facility to replace an existing unit that is coming to the end of its useful life.

- $17,000 for a drone with infrared and camera zoom capabilities to provide greater assistance during search and rescue operations especially in the darker hours for OES. The drone will also be available for use in emergency response and investigative matters.

Add 1.0 FTE Custody Lieutenant and delete 2.0 FTE Correctional Officers to provide supervision to the Claybank Detention Facility to comply with PREA standards.

Extend 12 Limited-Term positions through June 30, 2020: 9.0 FTE Correctional Officers, 1.0 FTE Custody Sergeant, and 2.0 FTE Senior Public Safety Dispatchers to provide medical backfill.

Reclassify 1.0 FTE Nursing Manger to a 1.0 FTE Health Services Manager to better align the position duties for the Manager in the Sheriff Jail Operations.

ATR Increasing the Sheriff's Long-Term Debt Proceeds by $578,785 to reflect the three-year lease-purchase agreement approved by the Board on October 2, 2018 to purchase replacement software for the Computer Aided Dispatch and Records Management System software applications and required interfaces, installation, training, and annual support. (4/5 vote required)

Attachment A

ATR Recognizing unanticipated Federal Revenues in the Sheriff's Office by $294,661 for FEMA reimbursement for response to the CAMP Fire and to offset related unanticipated increases in Salaries and Benefits and Overtime costs. (4/5 vote required)
ATR Increasing Operating Transfers-In to the Sheriff's operating budget from the Sheriff's Asset Forfeiture Fund in the amount of $17,288 to offset initial costs of equipping deputies and the jail facilities with Narcan nasal spray for use in emergency situations to reverse the effects of an opioid overdose (4/5 vote required).

Probation – Fund 900, BU 6650

The Midyear projection reflects a net decrease of $237,000 in revenues and a net decrease of $2,447,000 in expenditures when compared to the Working Budget, resulting in a projected Net County Cost decrease of $2,210,000.

Significant factors contributing to the projected net decrease of $237,000 in revenues include:

- Decrease in State 2011 Realignment Revenues of $657,000 primarily due to: $496,000 decrease in Post Release Community Supervision (PRCS) reimbursement, $304,000 decrease in the Youthful Offender Block Grant (YOBG), $259,000 decrease in the Juvenile Justice Crime Prevention Act (JJCPA), and a $106,000 decrease in AB 109 funds for Center for Positive Change (CPC) draw. The above decreases are partial offset by a $507,000 increase for State Juvenile Probation and Camps Funding.
- State Admin Child Welfare Services (CWS) Licensing Foster revenues are projected to increase by $57,000 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 $5,000 primarily due to additional growth payment for Juvenile Reentry.
- State Sales Tax and Vehicle License Fees Realignment are projected to decrease by $144,000 based on estimates provided by Health and Social Services.
- Grant Revenue for the Board of State and Community Corrections decreased by $11,000.
- State Aid Public Safety (Prop 172) revenues are projected to increase by $137,000.
- Federal Admin CWS IV-E is projected to decrease by $130,000 based on decrease in number of youth eligible for IV-E admin activities and an overpayment on the FY2017/18 claim.
- Federal Aid Revenues are projected to increase by $27,000 for the federal offset of the placement costs based on federal eligibility rate.
- Federal Other revenue is projected to decrease by $35,000 due to combination of $10,000 decrease in federal reimbursement of breakfast and lunch program due to a decrease in the Juvenile Detention Facility population, and $26,000 decrease in Office Traffic Safety grant revenue offset with decrease in grant expenditures.
- 2011 Realignment Assistance is projected to increase by $240,000 for State reimbursement of foster care.
- Decrease of $59,000 in Charges for Services due to the combination of projected increase in collection of adult and admin fees by $16,000 and decrease in Cal-Fresh revenues of $75,000 due to an overpayment in FY2017/18.
- Increase of $330,000 in Miscellaneous Revenues primarily due to: Other Revenue is projected to increase by $269,000 due to $225,500 increase for the unanticipated one-time credit from Department of Finance specifically to be used for the AB109 Post Release Community Supervision services, $3,000 decrease in medical reimbursement from CFMG, $45,000 increase due to under budgeted of reimbursement for the Juvenile Court School program, and $1,000 increase in other revenues (collections). Insurance Proceeds is also

projected to increase by $61,000 due to workers' compensation reimbursements from the provider for employees who were out on medical leave due to a work-related injury.
- Increase of $1,000 in Other Financing Sources for proceeds from the auction sale of an old Fouts vehicle.
- Increase of $2,000 for Fines, Forfeitures and Penalty for collection of court-ordered fines.

Significant factors contributing to the projected net decrease of $2,447,000 in expenditures include:

- Salaries and Employee Benefit costs are projected to decrease by $2,336,000 which represents salary savings as a result of delays in filling various vacancies.
- Services and Supplies are projected to decrease by $16,000 due to decreases in various grant funded contracts and other professional services offset with a reduction in projected grant revenues.
- Other Charges are projected to increase by $3,000 due to rebudgeting of some direct client expenses funded with AB109 monies.
- Fixed Assets are projected to decrease by $76,000 due to the rebudgeting into FY2019/20 an upgrade of the security cameras in both the Fairfield and Vallejo Probation facilities to Building Maintenance and Improvements pending further research and a delay in the RFP process.
- Other Financing Uses are projected to decrease by $43,000 in PERS Obligation Fund (POBs) for additional salary and benefit savings due to delay in filling positions.
- Intra Fund Transfers are projected to increase by $20,000 for additional security services for extended hours at the CPC funded with AB109 monies.

For recommended action:

Add 2.0 FTE Deputy Probation Officers (Journey) and delete 2.0 FTE Deputy Probation Officers (Senior) to improve the ratio of Seniors to Journey.

Add 1.0 FTE Legal Procedures Clerk and 1.0 FTE OA II and delete 2.0 FTE Group Counselors due to the decreased population at the Juvenile Detention Facility, and the need for additional administrative support.

Reclassify 1.0 FTE OA III to 1.0 FTE Administrative Secretary to accurately reflect the position duties and responsibilities.

Extend 1.0 FTE Limited-Term Deputy Probation Officer positions through September 30, 2020 to perform work funded by the Office of Traffic Safety.

Extend 1.0 FTE Limited-Term Deputy Probation Officer (Senior) positions through September 30, 2020 to perform work funded by the Office of Traffic Safety.

OTHER PUBLIC PROTECTION

<u>Animal Care Services – Fund 001, BU 2850</u>

At Midyear, the Sheriff's Office, who operates the Animal Shelter and Animal Patrol, projects a net decrease of $208,000 in revenues and a net decrease of $353,000 in expenditures from

Working Budget resulting in a projected Net County Cost decrease of $145,000.

Significant factors contributing to the net decrease of $208,000 in revenues include:

- Donation revenue is projected to increase by $43,000 primarily from corporate and local sponsorships for adoption events.
- Animal adoption revenue is projected to increase by $11,000 primarily due to more sponsored adoption events.
- Revenue from cities' reimbursement under the MOU for Animal Shelter services is $233,000 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 $353,000 in expenditures include:

- Salaries and Employee Benefits are projected to decrease by $283,000 primarily due to vacancies within the Animal Shelter.
- Extra-Help wages are projected to decrease by $130,000 primarily due to challenges in filling the positions.
- Drugs & Pharmaceutical Supplies costs are projected to decrease by $80,000 primarily due to an approximate 50% price reduction in cost for canine influenza vaccines due to the increase in the number of manufacturers.
- Departmental Overhead costs decreased by $16,000 as Animal Care staff have taken on some duties previously performed by the Sheriff's Office administrative personnel.

For recommended action:

Extend 1.0 FTE Limited-Term Animal Care Specialist through June 30, 2020 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.

DA Special Revenue Fund – Fund 233, BU 4100

The Midyear projection reflects an increase of $219,000 in revenues and a decrease of $96,000 in expenditures when compared to the Working Budget, resulting in an increase of $315,000 in available fund balance.

The decrease in revenues is primarily due to an increase of $206,000 in consumer civil penalties and an increase of $13,000 in asset forfeiture revenue.

The decrease in expenditures is due to a $96,000 decrease in operating transfers out to the Consumer Unit operating budget.

Asset Forfeiture – Fund 253, BU 4120

The Midyear projection reflects an increase of $152,000 in revenues and a decrease of $34,000 in expenditures when compared to the Working Budget, resulting in a $185,000 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 is due to the termination of an agreement with the Benicia Police Department for their participation in the Sheriff's Narcotics Enforcement Team.

Attachment A

For recommended action:

ATR Increasing Operating Transfers Out of the Sheriff's Asset Forfeiture Account to the Sheriff's Operating Budget in the amount of $17,288 to offset the costs of equipping the deputies and the jail facilities with Narcan nasal spray for use in emergency situations to reverse the effects of an opioid overdose. (4/5 vote required)

Mentally Ill Offender Grant – Fund 254, BU 2540

The Midyear projection reflects an increase of $22,000 in both revenues and expenditures when compared to the Working Budget, resulting in no change to fund balance.

The $22,000 projected increase in revenues reflects increase in Mental Health Services Act (MHSA) funds from Health and Social Services to provide for housing support services. The increase in expenditures reflects higher housing costs.

For recommended action:

ATR Recognizing unanticipated revenue of $21,915 in MHSA funds in the Sheriff's Mentally Ill Offender Grant Fund to offset an increase in Contracted Services for housing support services. (4/5 vote required)

Emergency Management Performance Grant – Fund 256, BU 2535

The Midyear projection reflects a decrease of $12,000 in revenues and a decrease of $20,000 in expenditures when compared to the Working Budget, resulting in a $8,000 decrease to fund balance.

The revenue and expenditure variances are attributed to adjustments applied at mid-year for prior year expenditures that were anticipated in FY2018/19 but realized at year end 2017/18.

Homeland Security Grants – Fund 256, BU 2539

The Midyear projection reflects a decrease of $5,000 in revenues and an increase of $33,000 in expenditures when compared to the Working Budget, resulting in a $39,000 decrease to fund balance.

Expenditures were increased at Midyear to reflect the grant award budget.

County Disaster – Fund 282, BU 5908

The Midyear projection for the County Disaster Fund reflects an increase of $129,000 in revenues and no change in expenditures when compared to the Working Budget, resulting in a $129,000 increase to fund balance.

The County Disaster Fund is used to account for payment of County costs associated with disasters. The Working Budget reflects anticipated revenues for the final State and Federal reimbursement for the 2014 Vallejo Earthquake and the 2017 Solano Fire. 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 Midyear projection reflects the final reimbursements received from the State and Federal claims filed by the County. The final reimbursements were higher than projected in the FY2018/19 Working Budget, primarily due to unanticipated mutual aid reimbursements and the timing of receipts.

Cal-ID – Fund 326, BU 4050

Midyear reflects an increase of $5,000 in revenues and a $44,000 decrease in expenditures when compared to the Working Budget, resulting in a $49,000 increase to fund balance.

Revenues are projected to increase as interest income is higher than projected. The decrease in Expenditures is due to the reduction in Operating Transfers Out to the Sheriff's operating budget.

Vehicle Theft Allocation – Fund 326, BU 4052

The Midyear projection reflects no change in revenues and a decrease of $21,000 in expenditures when compared to the Working Budget, resulting in a $21,000 increase to fund balance.

The decrease in expenditures is primarily due to a $17,000 decrease in Salaries and Employee Benefits resulting from transferring out some salary and benefits costs for the deputies assigned to this program who backfilled shifts in Court Services and Patrol as well as provided assistance to Butte County during the CAMP Fire.

Department of Child Support Services – Fund 369, BU 2480

The Department of Child Support Services (DCSS) is projecting decreases of $59,000 in revenues and $303,000 in expenditures when compared to the Working Budget.

DCSS is funded primarily with state and federal funds. However, the FY2018/19 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 primarily 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 projects utilization of $16,000 from the Accrued Leave Payoff Fund at year-end. Additionally, the Department projects a reduction of $39,000 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 $355,000 due to vacancies and timing of filling vacancies, which includes $50,000 reduction in accrued leave payoffs.
- Services and Supplies are projected to increase $55,000. This is primarily due to increases of $19,000 for janitorial services, $9,000 for live scan costs due to new requirement by the Internal Revenue Service, $5,000 for replacement of letter opener for mail processing, $40,000 for increased rent, and $11,000 for an organizational culture inventory survey for departmental staff. This is offset by a projected decrease of $30,000 for outreach projects.
- Other Charges are projected to increase $2,000 for maintenance costs, including replacement of an intercom, charged by the Department of General Services.

- Other Financing Uses are projected to decrease $5,000 due to 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 $1,293,000 and $1,210,000 in expenditures when compared to Working Budget for a projected increase in Fund Balance of 82,000.

Significant factors contributing to the projected increase of revenues are $21,000 increase in property taxes and $59,000 interest income. Additional increases to cover costs related to various projects are $661,000 for transfer from General Expenditure and $551,000 in Other Revenue primarily attributable to the SB1022 project.

Significant factors contributing to the projected net increase in expenditures are total increase of $1,243,000 due to increase of unanticipated costs for existing projects such as SB1022- Rourk Vocational Training Center, Registrar of Voters Relocation, Main Jail Security Camera, Animal Care Shelter Phase 3, CAC Grands Staircase safety issue, Claybank Warehouse Freezer and 600 Kentucky Roof and Mechanical System. These increases are offset by a decrease of $33,000 savings for the Main Jail Wi-fi Connectivity Project.

For recommended action:

ATR Decreasing appropriations in Accumulated Capital Outlay by $32,927 to transfer savings from Main Jail Wi-fi connectivity project to Main jail security camera project.

ATR Increasing appropriations in Accumulated Capital Outlay by $1,210,440 to cover unanticipated costs for various projects offset by Other Revenue and Transfers from General Expenditures. (4/5 vote required)

Fairgrounds Development Project – Fund 107, BU 1820

The Midyear projection reflects no change in revenues and expenditures from Working Budget, resulting in no change to fund balance.

The current allocations will be utilized for demolition and improvements to structures to be determined as well as for costs for engineering, consultants and studies for ongoing and future operation and development of the Fairgrounds site.

H&SS Capital Projects – Fund 249, BU2490

The Midyear projection reflects no change in revenues and $569,065 increase in expenditures, excluding contingencies, when compared to Working Budget for a projected decrease in fund balance of $569,065.

The increase of $569,065 represents savings from completed projects which will be transferred to H&SS Public Facilities Fund.

For recommended action:

ATR Decreasing contingencies in the H&SS Capital Projects Fund by $569,065 to increase appropriation to return savings from completed H&SS Projects to the Public Facilities Fees Fund. (4/5 vote required).

Public Facilities Fee – Fund 296, BU 1760

The Midyear projection reflects an increase of $569,065 in revenue and no change in expenditures when compared to the Working Budget, resulting in an increase of $569,065 in Fund Balance.

The projected increase of $569,065 in revenues is due to a onetime return of unspent Public Facilities Fees related to completed Health & Social Services projects from the H&SS Capital Project Fund.

For recommended action:

ATR Increasing Operating Transfer-In within the Public Facilities Fees Fund by $569,065 to recognize the onetime return of unspent Public Facilities Funds, offset by a decrease in the Health & Social Services Capital Projects Contingency Fund. (4/5 vote required)

PUBLIC WAYS

Road Fund – Fund 101, BU 3010

The Midyear projection reflects a net increase of $205,000 in revenues and net decrease of $662,000 in expenditures, resulting in a decrease in net Road Fund cost of $867,000.

Significant factors contributing to the projected net decrease of $205,000 in revenues include:

- Revenue from Other Governmental Agencies is projected to decrease by $298,000 due to timing of reimbursement for the Cordelia Hills Sky Valley project and the addition of the Porter Road Widening project.
- Federal Construction revenue is projected to increase by $267,000 after receiving reimbursement approval for 2017 Storm Damage work, recommencing Farm to Market construction, and deferring the Stevenson Road Bridge project pending right-of-way acquisition.
- Charges for Services is projected to increase by $240,000 primarily due to reimbursements from county and non-county departments and agencies to reimburse work performed in FY2017/18 and FY2018/19, including $106,000 from the cities of Fairfield, Vacaville, and Rio Vista, $51,000 from General Services, 38,000 from the Building department, $11,000 from the Planning department, and $25,000 from Environmental Health.
- Interest Income is projected to increase by $80,000 due to an increased cash balance from SB-1 revenue and improved interest rates.
- Gas tax revenue (Highway Users Tax Account and SB-1) is projected to decrease by $62,000 based on the latest projections from California State Association of Counties.

Attachment A

Significant factors contributing to the projected net decrease of $662,000 in expenditures include:

- Salaries and Employee Benefits are projected to decrease by $743,000. This is the net effect of $719,000 in salary and benefit savings from intermittent position vacancies as a result of retirements, promotions, and new hires starting at lower steps, and a $38,000 decrease in expense related to Accrued Leave Payouts, Extra Help costs and Overtime. The Salaries and Employee Benefits decrease includes $14,166 in salary and benefits for the addition of one full-time Senior Civil Engineer position beginning in June 2019. Addition of this position is necessary to manage the increased project delivery schedule as a result of SB-1 funding and to assist with the increasing land development services provided by Public Works.
- Services and Supplies are projected to increase by $2,271,000 due primarily to the following:
  - Other Professional Services is increased by $2,425,000 as a net effect of technical adjustments to not capitalize certain road projects into Fixed Assets and higher bids than anticipated for the Highway Safety Improvement Project (HSIP) Striping and FEMA permanent restoration projects.
  - Materials Road Maintenance is projected to decrease by $200,000 since there have not been any emergency repairs requiring extra road materials this fiscal year.
  - Consulting Services is projected to decrease by $56,000 due to expired contracts no longer in use.
  - County Garage Services is projected to increase by $49,000 due to additional heavy equipment maintenance and safety updates.
  - Fuel and Lubricants is projected to increase by $26,132 from higher fuel prices.
- Other Charges are projected to increase by $8,000 due mainly to an increase in Interfund Services – Materials and Labor for roof repair at the Rio Vista Corporation Yard.
- Fixed Assets are projected to decrease by $2,190,000 due to the following:
  - Construction in Progress is projected to decrease by $2,112,000 due to re-prioritizing the work on new and existing projects, addition of a new project funded through outside agencies, and technical adjustments to not capitalize certain road projects.
  - Equipment is projected to decrease by $84,000 due to purchase prices for heavy equipment being lower than expected and the addition of three water wagons for road maintenance purposes.

For recommended action:

Add 1.0 FTE Senior Civil Engineer position to manage the increased project delivery schedule as a result of SB-1 funding and to assist with the increasing land development services provided by Public Works.

ATR Recognizing $25,000 in unanticipated revenue in Interfund Services – Professional in the Road Fund to offset costs of $25,000 in Fuel and Lubricants for increased reimbursement to Waste Management for litter pick-up. (4/5 vote required)

ATR Recognizing $270,000 in unanticipated revenue in Federal Construction in the Road Fund to offset costs of $270,000 in Other Professional Services for increase construction costs for 2017 Storm Damage repairs. Additionally, decrease appropriation in Construction in Progress by $2,000,000 and increase appropriation in Other Professional Services by $2,000,000 to reclassify certain construction projects based on ACO's criteria for capitalization construction costs. (4/5 vote required)

Attachment A

ATR Recognizing $58,486 in unanticipated revenue in Interfund Services Provided – County and Professional in the Road Fund to offset costs of $58,486 in Other Professional Services to cover MOU with Napa County surveyor and field survey consultant until vacant County surveyor position is filled. (4/5 vote required)

HEALTH AND PUBLIC ASSISTANCE

Health and Social Services Department – Fund 902

The Department of Health and Social Services (H&SS) budget is comprised of 6 divisions: Administration, Behavioral Health, Social Services, In-Home Supportive Services (IHSS) – Public Authority, Public Assistance Programs, and Health Services. H&SS has a Working Budget in the amount of $331,090,387. The Midyear projection reflects a net decrease of $8,691,461 in revenues and a decrease of $6,713,402 in expenditures for a potential Net Cost increase of $1,978,059.

The increase in Net Cost of $1.98 million is primarily due to the following:

- Increase of $1,494,251 in the Health Services Division due to an increase in expenditures funded by Intergovernmental Transfer (IGT) revenues and held in a restricted fund.
- Increase of $349,549 in the Administration Division reflecting the County's additional $79,549 contribution for the Area Agency on Aging (AAA) program match and $270,000 start-up funding for Shelter Solano, Inc.

The $8.7 million revenue variance is due to reductions of $6.9 million in Intergovernmental Revenues and $1.9 million in Other Financing Sources.

- Intergovernmental Revenues combined decrease of $9.4 million within Health Services, Behavioral Health and Social Services is the result of a reduced draw of 1991 Public Health Realignment due to the increase in use of IGT restricted funds to pay for eligible expenditures, an overall decrease in expenditures, and the projected timing of receipt of various federal and State reimbursements that impact the recognition of revenues for the year. The decrease is offset by an increase of $2.6 million in Public Assistance due to an increase in foster care and CalWORKs payments.
- Other Financing Sources decrease is primarily due to a reduced draw against the Mental Health Services Act (MHSA) restricted funds to cover lower than anticipated expenditures in the Behavioral Health Division.

The $6.7 million expenditure variance is a result of a $3.5 million decrease in Salaries and Benefits, $2.1 million reduction in Services and Supplies, $1.3 million in Other Charges offset by a slight increase in Other Financing Uses.

- Decrease in Salaries & Benefits is mainly due to vacancies created by high turnover and a difficulty in recruiting positions in the Social Services Division.
- Decrease in Services and Supplies is due to the following:
    - $1.2 million decrease in Health Services Division due to an over projection in budgeting for certain Public Health contracts; placeholders for contracts with consultants and subject matter experts within Emergency Medical Services and Family Health Services

not materializing; and low utilization of the Student Loan Repayment program for eligible medical providers.
  - $0.885 million decrease in Social Services Division due to a projected decrease in data processing services costs based on updated information received from the CalWIN Welfare Client Data System Consortium (WCDS).
- Decrease in Other Charges is due to the following:
  - $2.2 million decrease in Behavioral Health Division primarily due to decreases in clients placed in Institute for Mental Disease (IMD) facilities, contract utilization for children's outpatient and residential services, and MHSA for prevention and early intervention programs and crisis residential treatment. These decreases are offset by an increase in expenditures related to the Homeless Mentally Ill Outreach and Treatment grant, emergency homeless services, and adult augmented board and care costs.
  - $1.6 million decrease in Social Services primarily due to an underspending in Employment and Eligibility (E&E) contracts including child care.
  - $2.5 million increase in Public Assistance for foster care and CalWORKs. The Midyear projection includes a 10% grant increase in CalWORKs effective April 1, 2019.

Administration Division – Fund 902, BU 7501

The Midyear projection reflects an increase of $270,245 in revenues and $619,794 in expenditures when compared to the Working Budget. The resulting net increase of $349,549 is funded by redirected SB90 claim payments from the State that are held in a restricted fund.

Significant factors contributing to the projected net increase of $270,245 in revenues are increases in interest income and in funds received from community-based organizations (CBOs) that will be used in turn to pay the State for prior year audit disallowances under the Medi-Cal Administrative Activities (MAA) program. The State modified the MAA timestudy methodology but continued to reimburse for MAA activities during the audit period and transition to the new methodology. The Midyear increase in revenue from CBOs reflects the anticipated adjustment of MAA claims. The increases are offset by a decrease in MAA pass-through revenues due from the State due to reduced MAA activities on the part of CBOs, and in County general fund due to the transfer of $100,000 in County general fund contribution to First 5 Solano which will allocate the funding to the family resource centers (FRCs) per the Board of Supervisors.

Significant factors contributing to the projected net increase of $619,794 in expenditures are increases in operating transfers to fund the County match for the Area Agency on Aging (AAA) program and start-up funding for Shelter Solano, Inc., interest expense, MAA audit disallowance payment to the State on behalf of CBOs, and software maintenance and support. These increases are offset by decreases in contribution to non-county agencies and salaries and benefit costs due to vacancies.

For recommended action:

ATR Reducing Contribution to Non-County Agencies and related County general fund contribution to H&SS Administration by $100,000, offset by an increase in Family Support Grants in First 5 Solano budget funded by General Fund. (4/5 vote required)

Social Services – Fund 902, BU 7680

The Midyear projection reflects decreases of $6,399,101 in revenues and $6,206,438 in expenditures when compared to the Working Budget for a projected Net County Cost increase of $192,663.

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 $6,399,101 in revenues include decreases in federal and state revenues for Child Welfare Services (CWS) and Eligibility and Employments Services (E&ES) programs, 2011 Realignment and 1991 Realignment resulting primarily from the overall decrease in expenditures, expiration of the permanent supportive housing grant, and reduced federal participation rate due to lower than projected foster care cases meeting the federal poverty threshold. The revenue decreases are partially offset by increases in state allocations to fund the administration costs of Medi-Cal and IHSS programs and prior year revenues.

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 funds 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.

Significant factors contributing to the projected net decrease of $6,206,438 in expenditures include an increase in salary savings due to higher than anticipated vacancies primarily in CWS and E&ES divisions, reductions from lower H&SS administrative costs allocated to Social Services divisions and lower projected spending of CalWORKs welfare-to-work contracts.

For recommended action:

Extend 2.0 FTE Limited Term Social Worker II in Employment and Eligibility Services through June 30, 2021.

ATR Reducing prior year federal revenue in H&SS Social Services by $1,658,262 and increase prior year State revenue. (4/5 vote required)

IHSS Public Authority Administration - Fund 902, BU 7690

The Midyear projections reflect a decrease of $69,330 in both revenues and expenditures when compared to the Working Budget with no change in Net County Cost.

The projected net decrease in revenue represents decrease in operating transfers in from Fund 216 in an amount equal to the net decrease in expenditures. The projected net decrease in expenditures is primarily due to increase in salary savings and lower H&SS administrative costs.

Attachment A

IHSS Public Authority – Fund 152, BU 1520

The Midyear projections reflect a decrease of $513,120 in revenues and a decrease of $548,273 in expenditures from Working Budget, resulting in a decrease of $35,153 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 offset by increase in State allocation to cover IHSS Public Authority administration costs.

Factors contributing to the projected net decrease in expenditures include an estimated decrease in the cost of provider health benefits and the transfer to Fund 902, Department 7690 due to decrease in IHSS Public Authority administration costs.

Pending Issue:

SB90 established a new In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) and made changes to 1991 Realignment to fund the additional cost to counties of the new MOE. SB90 included a requirement that the Department of Finance report findings and recommendations to the Legislature by January 10, 2019. The following are some of the recommendations in the SB90 1991 Realignment Report which are incorporated in the Governor's FY2019/20 Proposed Budget:

- Cease redirection of 1991 Realignment Vehicle License Fee (VLF) growth revenues from Health, Mental Health and County Medical Services Program (CMSP) to Social Services beginning FY2019/20. This would result in growth funding available for Health and Mental Health based on recent statewide VLF receipts.
- Cease acceleration of payment of Social Services 1991 Realignment sales tax revenues beginning FY2019/20.
- Return to the original methodology for calculating caseload growth for IHSS, which is based on expenditures from the prior year compared to expenditures from two prior years, beginning with FY2019/20 caseload growth calculation.
- Beginning FY2019/20, rebase the total MOE amount from $1.8 billion to $1.56 billion while keeping the 5% inflation factor. Beginning FY2020/21, reduce the inflation factor to 4%.

The new IHSS MOE would only apply to services. The annual budget act will contain state general fund dollars to fully fund the nonfederal share of cost for county IHSS and Public Authority administration. These will be allocated to counties accordingly. County expenditures above the State general fund allocation will be paid by the counties.

Behavioral Health Services – Fund 902, BU 7780

The Midyear Projection reflects a decrease of $2,355,984 in revenues and expenditures when compared to the Working Budget, resulting in no change in Net County Cost.

Significant factors contributing to the projected net decrease of $2,355,984 in revenues and expenditures are reductions in the use of 1991 Realignment due to fewer indigent inpatient and Institution for Mental Diseases (IMD) placements based on projected bed days; a decrease in 2011 Realignment due to underspending in children's outpatient services contracts offset by increases in adult Medi-Cal inpatient bed days and non Drug Medi-Cal expenditures; and reduced Mental Health Services Act (MHSA) funds due to changes in program delivery for Prevention and Early Intervention (PEI) and a delay in the expansion of Crisis Residential

Treatment (CRT) beds. There is also a decrease in Proposition 47 grant revenues as the program is in its early stage of implementation. These decreases are offset by the receipt of one-time funds for Homeless Mentally Ill Outreach and Treatment (HMOIT) to fund homeless services contracts.

For recommended action:

Reclassify 1.0 FTE Mental Health Specialist I to a 1.0 FTE Mental Health Specialist II. The position provides children's Full Service Partnership (FSP) services. The position is funded with Mental Health Services Act (MHSA) funds.

Reclassify 1.0 FTE Office Assistant III to a 1.0 FTE Office Assistant II. The position provides support to the outpatient clinic. The position provides office support to the Vallejo outpatient clinic. The position is funded with a combination of Short Doyle Medi-Cal, 2011 Realignment, County General Fund, Intergovernmental Transfer (IGT) and third party billing.

Delete 1.0 FTE Psychiatrist Supervisor and add 1.0 FTE Mental Health Medical Director. The position is funded with a combination of Short Doyle Medi-Cal, County General Fund, 2011 Realignment, Intergovernmental Transfer (IGT) and third party billing.

Convert 1.0 FTE Limited Term Project Manager in Mental Health Administration to a 1.0 FTE Project Manager. The position provides administrative support for the implementation of the Continuum of Care Reform (CCR). The position is funded by federal administrative and 2011 Realignment funds.

Convert 1.0 FTE Limited Term Mental Health Clinician (Lic) in Quality Assurance program to a 1.0 FTE Mental Health Clinician (Lic). The position supports quality assurance activities associated with CCR. The position is funded by federal quality assurance and 2011 Realignment funds.

Convert 0.5 FTE Limited Term Office Assistant II in the Vacaville children's outpatient clinic to a 0.5 FTE Office Assistant II. The position performs front office duties including but not limited to managing the front window, scheduling appointments, and preparing legal charts. The position is funded by 2011 Realignment and Short Doyle Medi-Cal.

Convert 1.0 FTE Limited Term Mental Health Clinical Supervisor in the Substance Abuse Behavioral Health Assessment Team to a 1.0 FTE Mental Health Clinical Supervisor. The position performs clinical supervision and oversight in the Substance Abuse Division. Position is funded by Substance Abuse Block Grant (SABG) (formerly referred to as Substances Abuse Prevention and Treatment - SAPT) funds and 2011 Realignment.

Pending Issues:

Effective January 1, 2019, the Department of Health Care Services (DHCS) changed the distribution of SABG funds from an advancement to reimbursement basis and counties are now required to provide a quarterly invoice for reimbursement. There remain outstanding questions regarding the new process and the impact on cash flow.

DHCS has also updated their SABG contracts and program manual and counties which include clarification on the appropriate use of SABG funds. SABG funds provide a significant amount of reimbursement for county staff and services. The division is working with the DHCS and the

California Behavioral Health Directors Association (CBHDA) in researching fiscal and program impacts of these updates.

The division continues to wait for fiscal details from Partnership Health Plan on the proposed implementation of the Drug Medi-Cal Waiver option. The fiscal impact for the County remains unknown.

DHCS recently notified counties that federal supplemental payments for uncompensated specialty mental health costs for FY2010/11 and 2011/12 can be claimed in this fiscal year. The division has submitted combined claims for $4,853,088. As the division is uncertain when these claims will be paid, the amount is not included in the Midyear projections.

The U.S. Department of Health and Human Services' Office of Inspector General (OIG) conducted a statewide audit of specialty mental health services (SMHS) provided during FY2013/14. The audit disclosed that California counties claimed unallowable federal reimbursement due to ineffective oversight of SMHS through county-run mental health plans. The OIG reviewed a stratified random sample of 500 service lines submitted by 43 counties and estimated unallowable federal reimbursement based on the results of the sample. The report indicated that services were not supported by documentation that established medical necessity including client plans and progress notes.

The $180.7 million recoupment associated with the unallowed reimbursements is distributed proportionately among all counties based on each county's percentage share of FY2013/14 claims. This methodology does not take into consideration the actual amount and number of disallowed claims that a county may have submitted or whether an individual county submitted 100% clean claims. Solano County's share of the recoupment is 1.03% or $1.86 million.

Counties are working with the California State Association of Counties (CSAC) and County Behavioral Health Directors Association (CBHDA) in determining a repayment plan which will begin during the fourth quarter of this fiscal year.

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

The Midyear projection reflects a decrease of $2,714,124 in revenues and expenditures when compared to the Working Budget. The resulting net increase of $1,001,741 is funded by Intergovernmental Transfer (IGT) revenues that are held in a restricted fund.

Significant factors contributing to the projected decrease of $2,714,124 in revenues include revenue changes in Family Health Services, Medical Services, and Public Health.

In Family Health Services, the net revenue increase of $54,739 is primarily due to an increase in 1991 Public Health Realignment, an increase in prior year revenues for dental services resulting from the final rate setting audit of the Vacaville site and a decrease in the estimated payback to DHCS for Medi-Cal reconciliation. The revenue increases are offset by decreases in Federally Qualified Health Center (FQHC) revenues (Medi-Cal, Medicare, private pay, insurance) due to lower than projected provider productivity, managed care revenues based on projected decrease in Partnership HealthPlan of California (PHC) members assigned to Solano, and other revenues due to low utilization of the provider recruitment program Memorandum of Understanding (MOU) with PHC.

In Medical Services, the net revenue increase of $74,910 is due to an increase in 1991 PH Realignment to cover higher administration costs.

Attachment A

In Public Health, the revenue decrease of $2,843,773 is due to the timing of claim reimbursements between fiscal years, a reduction in revenue from the Solano Emergency Medical Services Cooperative and Tobacco Prevention Education Programs, and a decrease in the amount of 1991 Public Health Realignment revenue due to vacancies, contract utilization, administrative costs and a change in IGT expenditure funding.

Significant factors contributing to the projected decrease of $1,219,873 in expenditures include expenditure changes in Family Health Services, Medical Services, and Public Health.

In Family Health Services, the net expenditure increase of $54,739 is due to low staff vacancies, an increase in the allocated share of interfund charges including security, and fixed assets for the purchase of x-ray sensors for the dental clinics. The increases are offset by a reduction in contracted services due to the termination of a revenue cycle contract, low utilization of the student loan repayment program and moving allowance incentives for providers, and reductions in information technology, administration and various services and supplies costs.

In Medical Services, the net expenditure increase of $74,910 is due to an increase in the allocated share of administration costs that are driven by time studies.

In Public Health, the net expenditure decrease of $1,349,521 is due to staff vacancies; reduced medical supplies and equipment, contract, software, advertising, training and travel including personal mileage, and contracted direct services in several programs. These are partially offset by an increase in information technology and software costs.

For recommended action:

Add 0.2 FTE to an existing 0.8 FTE Epidemiologist in the Assessment and Policy Development unit to perform data collection and analysis in support of Tobacco Education and Prevention and Oral Health programs. The position is funded by 1991 Public Health Realignment.

Add 0.2 FTE to an existing 0.8 FTE Office Assistant II in the Assessment and Policy Development unit to provide office support for Whole Person Care and Health Solano Collaborative. The position is funded by 1991 Public Health Realignment.

Delete a 1.0 FTE Public Health Nutritionist and add 1.0 FTE Health Education Specialist in the Health Promotion and Education program to better reflect the scope of work required for the position. The position is funded by Proposition 56 and 1991 Public Health Realignment.

Delete a 0.75 FTE Health Assistant and add 1.0 FTE Office Assistant II in the Women, Infants and Children (WIC) program to help with clinic flow and operations. The position is funded by 1991 Public Health Realignment.

Convert a 1.0 FTE Limited Term Health Education Spec (Senior) to a 1.0 FTE Health Education Spec (Senior) in the AIDS Prevention program. The position is funded by federal AIDS Prevention and 1991 Public Health Realignment.

Convert 1.0 FTE Limited Term Project Manager to a 1.0 FTE Project Manager in Emergency Preparedness and Response. The position is funded by federal Hospital Preparedness and local Solano Emergency Medical Services Coalition funding.

Attachment A

Extend 1.0 FTE Limited Term Health Education Specialist through June 30, 2020 in the Health Promotion and Education program to assist the chronic disease prevention program and the Solano Transportation Authority program. The position is funded by Solano Transportation Authority and 1991 Public Health Realignment.

Extend 1.0 FTE Limited Term Health Education Specialist through June 30, 2020 in the Health Promotion and Education program to assist in the newly created Oral Health program. The position is funded by Proposition 56.

Extend 1.0 FTE Limited Term Health Services Manager through June 30, 2020 in the Health Promotion and Education program to assist in the Oral Health, Substance Abuse Prevention and other Chronic Disease Prevention programs. The position is funded by Substance Abuse Block Grant (SABG), Proposition 56 and 1991 Public Health Realignment.

Extend 1.0 FTE Limited Term Project Manager through June 30, 2020 in the Health Promotion and Education program. The position provides oversight of contracts with various funding agencies. The position is funded by 1991 Public Health Realignment.

Extend 1.0 FTE Limited Term Clinic Registered Nurse through June 30, 2020 in Family Health Services to assist in the provision of medical services to the community. The position is funded by FQHC and 1991 Public Health Realignment funds.

Extend 2.0 FTE Limited Term Dental Assistant (Registered) through June 30, 2020 in Family Health Services to assist in the provision of dental services to the community. The position is funded by FQHC funds.

Extend 2.0 FTE Limited Term Medical Assistant through June 30, 2020 in Family Health Services to provide medical services to the community. The position is funded by FQHC and 1991 Public Health Realignment.

Extend 2.0 FTE Limited Term Mental Health Clinician (Lic) through June 30, 2020 in Family Health Services to provide behavioral health services to the community. The position is funded by FQHC and 1991 Public Health Realignment.

Extend 2.0 FTE Limited Term Nurse Practitioner/Physician Assistant through June 30, 2020 in Family Health Services to provide medical services to the community. The position is funded by FQHC and 1991 Public Health Realignment.

Approve the Fixed Asset purchase of x-ray sensors in the dental clinics totaling $39,044.

ATR Increasing appropriations for Fixed Assets by $39,044 offset by a decrease contracted services and medical/dental services for the purchase of x-ray sensors in the dental clinics.

ATR Recognizing $122,220 in unanticipated 1991 Public Health Realignment revenue and decreasing $441,756 in Services and Supplies to fund an increase in Salaries and Employee Benefits in Family Health Services division by $563,976. (4/5 vote required)

Pending Issues:

The Governor's FY2019/20 proposed budget includes the termination of the redirection of VLF growth funds from Health, Mental Health, and CMSP to Social Services to fund the In Home Supportive Services program. This would mean additional funding for Public Health if there is available growth for distribution on any given year. (See Fund 152, Department 1520 for further details)

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

The Midyear projection reflects increases of $2,576,833 in revenues and $2,518,429 in expenditures when compared to the Working Budget for a net decrease in Net County Cost of $58,404.

Significant factors contributing to program variances are primarily the result of timing fluctuations between costs and grant revenues for mandated public assistance.

The Net County Cost decrease of $58,404 is comprised of the following:

- Kinship Guardianship Assistance Payment Program-Foster Care (KinGap-FC) - $14,932 decrease
- Aid to Families with Dependent Children-Foster Care (AFDC-FC) - $57,660 increase
- CalWORKs - $15,097 increase
- General Assistance - $76,959 decrease
- County Only Foster Care - $40,832 decrease
- Approved Relative Caregiver (ARC) - $1,562 increase

Significant factors contributing to the projected increase of $2,576,833 in revenue are in 1991 Realignment, 2011 Realignment and in federal aid due to increase in estimated expenditures for Foster Care, Adoptions Assistance, and CalWORKs.

Significant factors contributing to the projected increase in expenditures of $2,518,429 are primarily related to increases in Foster Care and CalWORKs. Foster Care projections are based on more updated or recent data. CalWORKs projections include the 10% grant increase effective April 1, 2019 under AB1811.

Pending Issues:

The County's General Assistance (GA) grants are tied to the CalWORKs grants as approved by the Board on December 10, 2002. Although CalWORKs is projecting a 10% rate increase in April, the GA Midyear projections do not include a rate increase. H&SS will submit a separate board item to disassociate GA from CalWORKs by amending the GA minute order.

<u>Mental Health Services Act (MHSA) – Fund 906, Dept 9600</u>

The Midyear projection reflects a decrease of $403,619 in revenues and a decrease of $1,604,812 in expenditures when compared to the Working Budget. The net decrease of $1,201,193 is a reduction in the use of MHSA funds that are held in a restricted fund.

The projected net decrease of $403,619 in revenues is primarily due to updated information on the statewide estimate of revenue expected to be distributed to counties in this fiscal year and a change in the County's percentage of the statewide distribution. Cash flow varies significantly during the fiscal year as it relies on income tax estimates and amounts are later reconciled with actual revenues received.

The projected net decrease of $1,201,193 in expenditures is primarily due to fewer staffing and contracted expenditures for MHSA programs resulting in less MHSA funding needed for program operations.

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

The Midyear projection reflects a decrease in revenues of $91,056 and a decrease of expenditures of $1,096,051 when compared to the Working Budget, resulting in a net change in cost to the First 5 Solano reserve fund of $1,004,995 less than anticipated. As First 5 Solano is funded through Proposition 10 tobacco tax, there is no impact to the County General Fund.

The $91,056 reduction in revenue is primarily due to a decrease in revenue from Mental Health Services Act (MHSA) with a corresponding expenditure decrease, partially offset by increases in interest and the State funded IMPACT early childhood education quality program.

Significant factors contributing to the projected decrease of $1,096,051 in expenditures include salary savings due to vacancies and unspent funds for developmental screenings, well-child visits, annual grant awards, and family support for the First 5 Center in Vallejo.

For recommended action:

ATR Increasing appropriation for Family Support Grants in First 5 Solano budget by $100,000, funded by an increase transfer from General Expenditures, previously budgeted in Health & Social Services. (4/5 vote required)

Grants/Programs Administration – Fund 151, BU 1570

The Midyear projection reflects an increase in revenues of $103,000 and an increase in expenditures of $21,344 when compared to the Working Budget, resulting in a Net County Cost decrease of $81,656.

The $103,000 increase in revenue is primarily due to an increase in General Fund based on the Board of Supervisors' direction during Budget Hearings to include an additional $100,000 for basic needs to be distributed through family resource centers.

The increase of $21,344 in expenditures reflects the increase in family resource centers offset by reduced grant expenditures that will be carried over into FY2019/20.

Tobacco Prevention and Education – Fund 390, Dept 7951

The Midyear projections for the Tobacco Prevention and Education Program (TPEP) reflect a decrease of $205,810 in revenues and expenditures from Working Budget, resulting in no change to projected Net County Cost.

Significant factors contributing to the $205,810 decrease in revenues and expenditures are staff vacancies, lower spending in contracts, and advertising and media expenditures that are funded by State Tobacco Education and Prevention funds.

Attachment A

EDUCATION AND RECREATION

Library – Fund 004, BU 6300

The Midyear projection reflects an increase of $187,000 in revenues and a decrease of $1,811,000 in expenditures, excluding Contingencies, when compared to the Working Budget resulting in a projected increase of $1,998,000 in Fund Balance.

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

- Property tax revenue is projected to increase by $57,000. 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 $160,000.
- Charges for Services are projected to decrease $49,000 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 $1,040,000 resulting from vacancies and retirements, and timing to fill positions. This includes savings in retirement, employee benefits and other related labor costs.
- Services and Supplies are projected to decrease by $615,000 primarily due to decreases of $131,000 in telephone service costs associated with the automated materials handling (AMH) project and the CENIC connection that provides a high-capacity computer network for library patrons; $42,000 in office expense; $130,000 in equipment maintenance as the AMH project will not be completed this year; $135,000 in consulting services as the rebranding of the public website will be completed next fiscal year; $107,000 in professional services as the Library's Facilities Master Plan will also be completed next fiscal year; $50,000 in software maintenance and support; and $90,000 in utility costs.
- Other Charges are projected to decrease by $16,000 primarily due to less anticipated interfund services provided by the Sheriff's Office for security services.
- Fixed Assets are projected to decrease by $124,000 as the reconfiguration of a portion of the administration area will be re-budgeted next fiscal year.
- Other Financing Uses are projected to decrease by $17,000 primarily due to a reduction in pension obligation bonds resulting from vacancies.

Additionally, the department recommends the deletion of the current vacant 0.75 FTE Volunteer Coordinator and addition of 1.0 FTE Library Associate. The Library Associate performs primarily the same duties as the Volunteer Coordinator classification, including training and supervising volunteers; however, the position has an expanded knowledge of library programs, procedures, and technology to assist in volunteer training and outreach events to promote library resources, services and programs.

For recommended action:

Delete 0.75 FTE Volunteer Coordinator that is currently vacant and add 1.0 FTE Library Associate. The position is funded entirely with Library sales/property tax revenues.

Attachment A

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

The Midyear projection reflects a net increase of $84,000 in revenues and no change in expenditures when compared to the Working Budget. The increase in revenues is due to a projected increase in property tax revenues.

<u>Parks and Recreation – Fund 016, Department 7000</u>

Parks and Recreation Division reflects a net increase of $37,000 in both revenue and expenditure, when compared to Working Budget, resulting in no net change to the Parks Fund.

Significant Factors contributing to the $37,000 Net Revenue increase include:

- Property Tax revenue is increasing by $11,000 based on anticipated taxes yet to be collected.
- Revenue from Use of Money/Property is projected to increase by $1,600 from increased Interest Income on the Parks Fund balance, and increased boat storage use and ice cream vendor sales at Sandy Beach.
- Transfer-In-County Contributions is anticipated to decrease by $50,000 as a result of unanticipated decreases in operating expenses at the Parks, primarily from short term staffing vacancies.

Significant Factors contributing to the $37,000 Net Expenditure increase include:

- Salaries and Employee Benefits are projected to have a net decrease of $54,000 due to salary savings from staff vacancies and changes in health plans for regular employees.
- Services and Supplies are projected to increase by $16,000 as the result of various increases and decreases in operating expenses. While Utility expenses are increasing at both campgrounds due to the energy demands of modern campers, costs for Water at Sandy Beach are decreasing because of improvements to the irrigation system and enhanced education to ensure proper water use by visitors. Expenses for Communication-Telephone Systems are increasing based on current rates and use. County Garage and Fuel and Lubricants is increasing due to more long-range driving between parks to cover short term staff vacancies. Since credit cards are becoming the primary method of payment for park services, Credit Card Processing Fees are increasing.
- Other Charges for Services increases by $1,000 due to unanticipated work for plumbing and electrical repairs at Lake Solano and Sandy Beach Parks.

For recommended action:

ATR Recognizing $10,563 in unanticipated revenues in Parks and Recreation from Property Taxes and $6,544 in savings from Salary/Wages Regular as a result of staff vacancies, offset by increased appropriations of $2,586 In Communication-Telephone, $2,000 in Credit Card Processing Fees, $11,749 in Utilities, and $772 in Interfund Services as a result of costs associated with park use and protection. (4/5 vote required)

Attachment A

INTERNAL SERVICE AND ENTERPRISE FUNDS

<u>Fleet Management – Fund 034, BU 3100</u>

The Midyear projection reflects increase of $96,000 in revenues and $63,000 increase in expenditures for a net increase of $33,000 in Fund Balance.

Significant factors contributing to the projected increase of $96,000 in revenues include:

- Revenue from Use of Money increase of $25,000 due to anticipated increase in interest income.
- Increase in Other Financing Sources by $46,000 resulting from an Operating Transfer-In from General Expenditures to fund unanticipated accrued leave payoff.
- Net Increase of $25,000 primarily the sale of cars at auction.

Significant factors contributing to the projected net decrease of $63,000 in expenditures include:

- Salaries and Employee Benefits reflects a net Increase of $38,000 primarily attributable to accrued leave payoff due a retirement.
- Services and Supplies increase of $25,000 due to a telephone cabling project and for the repairs of a fuel tank leak monitor at the Fairfield Corporate Yard.

For recommended action:

ATR Increasing Accrued Leave Payout in Fleet by $45,896 to fund unanticipated retirement which cannot be absorbed within the department's budget, offset by Operating Transfer-In from General Fund – General Expenditures. (4/5 vote required)

ATR Recognizing $25,000 in unanticipated Revenue from Use of Money from interest income in Fleet Management to fund the cost of a telephone cabling project. (4/5 vote required)

<u>Airport – Fund 047, BU 9000</u>

The Midyear projection reflects increase of $130,000 in revenues and increase of $20,000 in expenditures for a net increase of $110,000 in Fund Balance.

Significant factors contributing to the projected net increase of $130,000 in revenues include:

- Property Taxes increase of $38,000.
- Other Revenues increases of $54,000, resulting from $45,000 for ground leases, hangar and office rentals and $8,000 in interest income attributable to the increasing trend of interest and average daily cash balance for the airport.
- Charges for Services increase of $39,000 which represents Airport's Managers time to perform functions for the Department of General Services Administration.

Significant factors contributing to the projected net increase $20,000 in expenditures include:

- Services and Supplies increase of $7,000 for Rents-Lease and Equipment for portable lavatory and specialized equipment required for airfield maintenance of a department-owned truck.
- Other Charges increase of $16,000 for interest in long term debt due to increased interest rates related to the General Fund loan.

- Salaries and Employee Benefits net decrease of $3,000 in due to savings in health insurance benefits.

For recommended action:

ATR Recognizing $23,122 in unanticipated Charges for Services revenue in the Airport from hangar and office rentals, to cover cost of services and supplies and interest on long term debt. (4/5 vote required)

ATR Recognizing $38,579 in unanticipated Charges for Services revenue in the Airport for reimbursement of staff time providing services in General Services Administration. (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 an increase of $522,000 in revenue and a decrease of $1,917,000 in expenditures for a net increase of $2,439,000 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 an increase of $146,000 in revenues and a decrease of $361,000 in expenditures for a net increase of $507,000 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 decrease in expenditures is primarily due to the following:

- Salaries and Employee Benefits are projected to increase by $2,000.
- Other Insurance is projected to decrease by $5,000 as actual costs of General Liability and Excess Liability premiums were lower than original estimates provided by CSAC-EIA.
- Malpractice Insurance is projected to increase by $54,000 primarily due to malpractice insurance premiums coming in higher than original estimates provided by CSAC-EIA. H&SS is charged the actual cost for this insurance, so this results in offsetting increase in revenue.
- Insurance Claims are projected to decrease by $150,000 for general liability deductibles.
- Other Professional Services are projected to decrease by $21,000 for investigation and accident subrogation services.
- Non-Covered Liability Claims, for claims not covered through CSAC-EIA program, are projected to decrease by $230,000 and will be re-budgeted in next fiscal year.

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.

The Workers' Compensation Division's Midyear projection reflects an increase of $249,000 in revenues and a decrease of $1,391,000 in expenditures for a net increase of $1,640,000 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, and an unanticipated one-time Workers' Compensation Program dividend received from the CSAC-EIA.

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

- Salaries and Employee Benefits are projected to decrease by $1,000.
- Other Insurance is projected to decrease $142,000 as actual Excess Workers' Compensation premiums billed were below the initial estimates provided by CSAC-EIA.
- Insurance Claims are projected to decrease by $1,112,000 due to an unanticipated decrease in workers' compensation claims payments.
- Other Professional Services is projected to decrease $124,000 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 $125,000 in revenues and a decrease of $195,000 in expenditures for a net increase of $321,000 in Fund Balance. The increase in revenues is primarily due to unanticipated additional property insurance revenue received from the Courts for space occupied in County owned building and reimbursement from the District Attorney (DA) Department for insurance costs related to the Equipment Maintenance Management Program (DA lab equipment).

The decrease in expenditures is primarily due to the following:

- Other Insurance is projected to decrease $170,000 as actual Property Program premium costs billed were below the initial estimates provided by CSAC-EIA.
- Insurance Claims are projected to decrease $25,000 due to decreases in reimbursements to Fleet Management for costs associated with repairing vehicles in accidents.

The Unemployment Division's Midyear Projection reflects increases of $1,000 in revenues and $30,000 in expenditures for a net decrease of $29,000 in Fund Balance. The increase in revenue is due to slightly 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 $33,000 higher due to an increase in unemployment reimbursable charges from the California Employment Development Department.

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 $1,369,000 in expenditures and a corresponding decrease of $1,158,000 in revenues when compared to the Working Budget, resulting in $211,000 decrease to Fund Balance.

The projected decrease of $1,369,000 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, SCIPS Division, and Web Services Division.

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 $1,369,000 decrease in Expenditures include:

- A decrease in CDP Administration Division costs of $978,000 primarily due to a decrease in Salary and Benefits of $680,000 and a decrease in Other Financing Uses of $6,000 due to the delay in onboarding. There was also a decrease in fixed asset purchases of $425,000 due to equipment purchased last fiscal year and still in the process of installation. These decreases are offset by an increase of $133,000 primarily due to an increase in circuit costs that support the County's first and second internet connections.
- A net increase of $147,000 in the Law and Justice Support Division due to an increase in retirement costs from staff pay outs.
- A decrease of $335,000 in the Health and Social Services (HSS) Support Division primarily due to a decrease of $149,000 in Salary and Benefits from staff vacancies. Other savings include a decrease of $185,000 in Services and Supplies primarily due to a HSS electronic health system no longer being used.
- A decrease of $153,000 in the Administration Division is due to Salary and Benefit savings due to vacancies of $67,000 and a decrease of $86,000 in Services and Supplies primarily due to a reduction in Gartner consulting contract.
- A decrease of $57,000 in the MIS Division due to Salary and Benefit savings due to vacancies of $8,000 and a decrease of $49,000 in Services and Supplies primarily due to consulting, contracted services and training needs in support of the County's finance system.
- An increase of $226,000 in the SCIPS Division due an Intra Fund Transfer increase of $360,000 due to delays in the SCIPs replacement project due to vendor staffing. This increase is offset by decreases in Salary and Benefit costs due to vacancies of $108,000, and a decrease in Services and Supplies of $25,000 primarily due to savings in training and consulting services.
- A decrease of $149,000 in the Web Services Division primarily due to Salary and Benefit savings due to vacancies of $124,000 and a decrease in Services and Supplies of $24,000 primarily due to decreases in training, travel and software maintenance due in support of web services.
- An increase of $53,000 in the Telephone Services Division primarily from an increase in Telephone Services to pay for costs associated with the County's second internet connection.
- A decrease of $33,000 in the Radio Services Division primarily due to Salary and Benefit savings of $40,000 due to lower benefits and accrued leave payoff. The decrease was offset by an increase in Services and Supplies of $7,000 due to an increase in County Garage Service to upgrade a vehicle used to support the Radio Services team.
- A decrease of $91,000 in the GIS Division primarily due to Services and Supplies savings in Data Processing Services and in Software Maintenance and Support for Environmental Systems Research Institute (ESRI) cloud services.

Significant factors contributing to the $1,158,000 million decrease in Revenues include:

A decrease of $1,245,000 in DP Charges due to savings in Salary and Benefits due to vacancies. There is also a decrease of $22,000 in communication and radio expenditures.

These reductions are offset primarily by projected increases of $109,000 in interest charges and other charges for services.

Due to the new leadership in the department and the recent extension of the DoIT contract services now provided by Avenue Insights and Analytics the department continues to monitor the budget and working closely with the new team members on the services and staffing and will make adjustments before the end of the fiscal year if appropriate.

The department is requesting reclassify 3.0 FTE positions as follows.

During a 2017 classification study, 2.0 FTE vacant IT Analyst (ITA) positions were reclassified as ITA II. Since then, the positions have been filled and the incumbents have taken on the full scope of their duties. These positions support large complex application systems in support of the Health & Social Services department and perform the higher-level duties of the ITA III classification, therefore the department is requesting to reclassify the current 2.0 FTE ITA II to ITA III's.

Due to transitions within the department, and the multi-departmental implementations such as the Justware suite for the DA, Probation and Public Defender, the IT Manager over Law and Justice is not able to provide the same level of supervisory duties. The Law and Justice Division is requesting a reclassification of a 1.0 FTE ITA IV to a 1.0 FTE ITA Principal. The current incumbent has been acting as a lead for the division, however the supervisory needs of the position are out of scope for the ITA IV position.

For recommended action:

Reclassify 2.0 FTE IT Analyst II to 2.0 FTE IT Analyst III to provide complex application support and more advance level systems analysis, design, and functional specification in support of those systems.

Reclassify 1.0 FTE IT Analyst IV to 1.0 FTE IT Analyst Principal to allow for supervisory capacity of the Law and Justice IT staff in support of multi-departmental implementations.

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 $12,000 more than the Working Budget primarily due to increase in property taxes and expenditures are projected to decrease by $12,000 due to lower utility cost resulting from LED street light conversion.

East Vallejo Fire Protection District – Fund 134, Department 9814

The Midyear projection reflects a $25,000 increase in Property Tax revenue and a $25,000 increase in expenditures in contracted serves, resulting in a no change in Fund Balance.

For recommended action:

ATR for $24,915 increasing appropriation in East Vallejo Fire Protection District for contracted services offset by unanticipated revenue. (4/5 vote required)

Attachment A

Workforce Development Board – Fund 903, BU 7200

The Midyear projection for the Workforce Development Board (WDB) reflects $158,372 increase in revenues and expenditures, when compared to the FY2018/19 Working Budget. The net revenue increase of $158,372 in revenue is primarily due to new grant funding of $95,500 awarded by the Small Business Administration and the CA Governor's Office of Business and Economic Development through the NorCal Small Business Development Center (SBDC) and an estimated $62,872 unspent federal WIOA funds at June 30, 2018, which remain available for expenditure in FY2018/19.

The increase in expenditures is due to Salaries and Benefits ($69,272) for anticipated hiring of staff for the Small Business Development Center and Services and Supplies increased by $89,100 as a result of increased activity from grant funding and the recalculation of projected general operating costs through June 2019.

For recommended action:

ATR Recognizing $158,372 in unanticipated Grant Revenue and carryover revenue in the Workforce Development Board, offset by accompanying expenses to administer the Workforce Development Board's wide range of programs. (4/5 vote required)