

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # B-3

Urgent

Routine

AGENDA DATE November 6, 2012

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Consideration and Approval of the First Quarter Financial Report for Fiscal Year 2012-2013 and Related Actions

STAFF RECOMMENDATIONS:

1. Accept the Chief Executive Officer's First Quarter Financial Report for Fiscal Year 2012-2013.
2. Authorize the Chief Executive Officer and the Auditor-Controller to make the necessary adjustments as recommended in the First Quarter Financial Report.
3. Amend the Salary and Position Allocation Resolution to reflect the recommendations included as part of the First Quarter Financial Report, as outlined in the Staffing Impacts section of this report and detailed in Attachment B to be effective the start of the November 17, 2012 pay period.

(Continued on Page 2)

FISCAL IMPACT:

The 2012-2013 Adopted Final Budget was balanced at \$984,161,674 and used the combination of \$930,729,243 in revenue and \$53,432,431 in fund balance and one-time funding sources. Adjustments to the Adopted Final Budget have been approved by the Board and incorporated into what is referred to as the Operating Budget for the current fiscal year. These changes include encumbrances carried over from the prior fiscal year, departmental savings from the prior fiscal year that have been added to the Adopted Final Budget appropriations, and adjustments approved by the Board through various agenda items.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2012-554

On motion of Supervisor De Martini, Seconded by Supervisor Withrow
and approved by the following vote,

Ayes: Supervisors: Chiesa, Withrow, Monteith, De Martini and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None


Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) X Approved as amended

MOTION: **Amended** Staff Recommendation No. 2 authorizing the CEO and the Auditor-Controller to make the necessary adjustments as recommended in the First Quarter Financial Report except for the vehicle acquisition request for Behavioral Health and Recovery Services; and, approved Staff Recommendations 1 through 4 as amended



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

STAFF RECOMMENDATIONS: (Continued)

4. Approve contracts and/or agreements listed on Attachment C in cumulative amounts of \$100,000 or greater since July 1, 2010.

FISCAL IMPACT: (Continued)

The Operating Budget as of the end of the first quarter is \$1,000,860,134, funded with \$931,724,910 in revenue and \$69,135,224 in fund balance and one-time funding sources.

The First Quarter Financial Report includes an overall appropriation increase to the Operating Budget, for all funds, of \$2,082,007. The report further recommends a decrease in departmental revenue of \$28,294 resulting in an overall increase in the use of departmental fund balance/retained earnings of \$2,110,301.

Following is a brief description of recommended First Quarter Adjustments and funding source by fund type.

General Fund

The General Fund recommended First Quarter budget for Fiscal Year 2012-2013 is \$262,127,132, an increase of \$200,000 from the 2012-2013 First Quarter Operating Budget.

The recommended increase in the General Fund is for the purchase and outfitting of three vehicles for the Sheriff Detention Civil Division. Funds for the purchase are from the Civil Process Fee special revenue fund.

Special Revenue Funds

The Special Revenue Fund recommended First Quarter budget for Fiscal Year 2012-2013 is \$585,612,237, an increase of \$1,829,376 from the 2012-2013 First Quarter Operating Budget.

The recommended increase in the Special Revenue Fund is primarily due to an increase in appropriations of approximately \$1.6 million in the Behavioral Health and Recovery Services (BHRS) budgets due to the increase in psychiatric inpatient hospitalization costs, funded with Departmental fund balance, and for vehicle leases associated with the Community Emergency Response Team (CERT) and Mental Health Services Act (MHSA) programs, funded with dedicated MHSA funds.

The Sheriff is requesting to increase appropriations by \$200,000 in intrafund transfers in order to properly account for the purchase and equipping of three vehicles for the Detention Civil Division. The Library is receiving additional one-time State funding of \$71,758 to provide additional literacy services in the community through the ReadingWorks program.

Capital Projects Funds

The Capital Projects Fund recommended First Quarter budget for Fiscal Year 2012-2013 is \$792,010, and represents no change from the current Operating Budget.

Enterprise Funds

The Enterprise Fund recommended First Quarter budget for Fiscal Year 2012-2013 is \$65,870,901, and represents no change from the current Operating Budget.

Internal Service Funds

The Internal Service Fund recommended First Quarter budget for Fiscal Year 2012-2013 is \$88,539,861, an increase of \$52,631 from the 2012-2013 First Quarter Operating Budget.

The recommended increase in the Internal Service Funds is due to increased funding in the Strategic Business Technology budget to fund an Application Specialist position to adequately support the Oracle Financial Management System funded by a special services agreement with the Health Services Agency.

The following table depicts the adjustments by fund type:

Summary of First Quarter Adjustments by Fund				
Department	Adopted Final Budget 2012-2013	First Quarter Legal Budget 2012-2013	Recommended First Quarter Adjustments	Recommended First Quarter Budget 2012-2013
General Fund	\$ 258,693,372	\$ 261,927,132	\$ 200,000	\$ 262,127,132
Special Revenue Fund	574,171,841	583,782,861	1,829,376	585,612,237
Capital Projects Fund	792,010	792,010	-	792,010
Enterprise Fund	63,624,357	65,870,901	-	65,870,901
Internal Service Fund	86,880,094	88,487,230	52,631	88,539,861
Total	\$ 984,161,674	\$ 1,000,860,134	\$ 2,082,007	\$ 1,002,942,141

DISCUSSION:

The primary focus of the First Quarter Financial Report is to provide an update on the current status of the County budget, correct any errors or omissions that may have occurred in the Adopted Final Budget, and make any required adjustments resulting from State Budget actions. Current revenue and expenditure patterns are also reviewed to ensure that budgets are on track to end the year in a positive fiscal position.

Summary of Adopted Final Budget

The Adopted Final Budget approved on September 11, 2012 totaled \$984 million, and reflected an increase of approximately \$93 million for all funds as compared to the 2011-2012 Adopted Final Budget of \$891 million. The General Fund totaled \$258.7 million, which was a 12.4% increase from the 2011-2012 Adopted Final Budget of \$230 million. Discretionary revenue increased by \$7.1 million when compared to the Fiscal

Year 2011-2012 Final Adopted Budget. At fiscal year-end 2011-2012, Discretionary revenue was much stronger than expected as the result of some one-time funds (such as the repayment of debt from the Animal Services facility, SB 90 revenue and redevelopment fund distributions); a stronger than expected growth in the 1% and Proposition 172 Safety sales tax revenue; recognizing Williamson Act contracts revenue as special assessments; and stronger interest earnings.

Included in departmental recommendations was the use of \$13,887,741 in 2012-2013 General Fund fund balance for departments for the Net County Cost Savings Program. This amount reflects departmental net county cost savings in Fiscal Year 2011-2012 and the two prior fiscal years. For Fiscal Year 2012-2013, the net county cost savings program is recommended to remain the same, allowing departments to carry over 75% of any year-end savings from the 2012-2013 Fiscal Year. In addition, the County's Fund Balance Policy was revised which will establish the General Fund Assigned Contingency Reserve at a level equal to at least 8% of the average annual Discretionary Revenue from the preceding three fiscal years.

Summary of Recommended First Quarter Adjustments

The 2012-2013 First Quarter Financial Report reflects recommended adjustments and a fiscal review of department budgets. Overall, departments requested increases in appropriations of \$2,082,007 and an overall decrease in estimated revenue of \$28,294 resulting in an overall increase in the use of fund balance/retained earnings of \$2,110,301.

The recommended increases are primarily within the Sheriff's Department, Behavioral Health and Recovery Services, Library, and Strategic Business Technology.

The Sheriff is requesting the purchase and equipping of three transport vehicles at a projected cost of \$200,000. A request to increase appropriations in the Civil Process Fee budget is recommended to transfer funds to the Detention budget in order to properly account for the vehicle purchase. This will result in a total overall increase of \$394,930 in appropriations. These vehicles will be used to replace three existing vehicles in the Civil Division that have over 50,000 miles of use. The three displaced vehicles will then be transferred to the Operations budget or to other divisions within the Detention budget to replace vehicles that Fleet Services has identified as reaching 100,000 miles or have become too expensive to maintain.

Behavioral Health and Recovery Services is requesting an increase in appropriations of \$1.5 million in the Managed Care budget due to an increase in psychiatric inpatient hospitalization usage of beds at Doctors Behavioral Health Center. The average daily census for in-County beds in the first two months of the fiscal year has increased by 35% from the number originally included in the 2012-2013 final budget. The Department has seen the census continue to rise dramatically. The analysis of this trend leads the Department to believe that if the average daily census continues to rise, appropriations for hospitalization can reach \$8.7 million by March 2013. At this time, BHRS requests to increase appropriations to the projected amount needed up to the mid-year budget process. The Department will continue to monitor costs closely and

return to the Board with any necessary adjustments. For now, funding for this exposure will come from Department fund balance. The Department is aware that this is not a sustainable funding source and with continued use, fund balance can be depleted early in Budget Year 2013-2014. In collaboration with the Chief Executive Office and area hospitals, the Department is in the process of developing a Strategic Plan for 24/7 Secure Mental Health Services that will be presented to the Board of Supervisors in November 2012. The Strategic plan will include collaborative processes that specifically address the areas of lowering costs, secure mental health capacity, and creating a continuum of care in partnership with local hospitals.

The Department is also requesting an increase in appropriations of \$68,125 for 11 vehicle leases needed for Mental Health Services Act (MHSA) programs and the Community Emergency Response Team (CERT), funded by MHSA one-time discretionary funds. The Community Emergency Response Team (CERT) provides emergency psychiatric evaluations at local emergency rooms and at Doctors Behavioral Health Center for Stanislaus County residents who are Medi-Cal beneficiaries or who are uninsured. The leased vehicles will replace existing heavily used vehicles that have exceeded their depreciable life. By leasing vehicles, the Department has a continually budgeted monthly outlay for lease costs instead of one major capital outlay at the point of purchase. Seven of the older vehicles will be redistributed to non-MHSA programs that do not have funding to purchase new vehicles. All Behavioral Health and Recovery Services vehicle requests have been discussed with the County's Fleet Service Manager, who is in support of the requests. In addition, working with Fleet Services, the Department has decommissioned five vehicles due to age, high mileage, and/or service history. These decommissioned vehicles have not been replaced.

Additional increases in appropriations include the Library's request of \$71,158 as a result of receiving additional one-time State funding to fund the ReadingWorks adult literacy program and the Strategic Business Technology Department request of \$52,631, funded by a special services agreement with the Health Services Agency, to restore an unfunded position to support the Oracle Financial Management System. Technical adjustments are also recommended for the District Attorney, Health Services Agency and Chief Executive Office – Risk Management.

The Chief Executive Office recommends approval of all requested first quarter adjustments as they are funded by non-general fund sources. There are no requests to use funds from the Appropriations for Contingencies at the first quarter review.

Summary of Recommended First Quarter Adjustments by Board Priority

The following table illustrates the recommended first quarter adjustments by priority area. A more detailed explanation is included in the First Quarter Financial Report (Attachment "A"):

Appropriations	A Safe Community	A Healthy Community	A Strong Local Economy	A Strong Agricultural Economy/Heritage	A Well Planned Infrastructure System	Efficient Delivery of Public Services	2012-2013 Recommended Adjusted Budget
Adopted Final Budget	\$177,572,828	\$454,382,273	\$23,392,144	\$5,236,768	\$143,430,183	\$180,147,478	\$984,161,674
Legal Budget Adjustments	868,786	1,392,802	\$416,570	49,209	9,891,569	4,079,524	16,698,460
Recommended First Quarter Adjustments	390,093	1,568,125	71,158	-	-	52,631	2,082,007
Total Recommended First Quarter Appropriations	\$178,831,707	\$457,343,200	\$23,879,872	\$5,285,977	\$153,321,752	\$184,279,633	\$1,002,942,141

Additional Issues and Ongoing Challenges

Additional issues and ongoing challenges can be found on pages 5-8 of the First Quarter Financial Report. They include:

Health and Human Services

The rate of psychiatric inpatient admissions has continued to increase dramatically as the community faces a growing population of people with serious mental health problems. The strategic planning effort to develop a broader community based strategy to meet these needs and look for lower cost and more effective options for 24/7 secure mental health care as well as crisis intervention is nearing completion. A recommendation will be brought to the Board of Supervisors in November 2012 for consideration.

In-Home Supportive Services (IHSS) Wages & Benefits has an appropriation shortfall of \$8.1 to \$8.7 million. The additional County share match required was reported at Final Budget at approximately \$1.5 million. This County share need is going to change with the implementation of the new IHSS Maintenance of Effort (MOE) approved in the Final State Budget. The Community Services Agency (CSA) anticipates Community First Choice Option Federal funds reimbursement for Fiscal Year 2011-2012 of approximately \$656,000 in a current year payment adjustment. The Department will continue to monitor actual monthly caseloads, costs and State instructions on the new IHSS financing model to provide an update to the Board at mid-year.

The CalFresh Match Waiver, which provides State General Fund augmentation to assist local outreach efforts, expires in June of 2013, and is not likely to be supported for extension beyond this fiscal year. The MOE Waiver represents an additional \$10.8 million available to CSA for 2012-2013, representing approximately 48% of the entire CSA Cal-Fresh program. While current year funding is assured, there is a risk going into next fiscal year. CSA will have a full report and recommendations related to Match Waiver close-out at mid-year as several mitigating funding scenarios exist linked to Health Care Reform and Medi-Cal.

Extended Foster Care, implemented with AB 12, extended benefits with new eligibility and program activities, in a phased in approach for Foster Care and Adoptions Assistance (AAP) youth over the age of 18. Impacts from the first and second phase, effective January 1, 2012 and January 1, 2013, which extends the eligibility to the age of 19 and 20 respectively, were factored into the Proposed Budget, adding a combined total of 52 youth to the average monthly caseload. Stanislaus has many dependent youth in foster and group care settings from other counties residing in the County. This has the potential to add as many as 96 youth to our County caseload in the next two years.

State Budget Update

The State legislature has recessed and their focus is on the November 6, 2013 election. All eyes continue to be on the Governor's Proposition 30, which would bring a constitutional guarantee of funding to counties for the public safety 2011 Realignment. Prop 30 would increase sales tax by one-quarter cent for every dollar for four years. It would also increase personal income taxes on upper-income taxpayers for seven years. The initiative is projected to raise about \$6 billion in additional revenue annually through 2016-2017 with smaller amounts in 2017-2018 and 2018-2019. The Governor has stated there would be a need for \$6 billion in budget "trigger" cuts in 2012-2013 if the initiative were rejected by voters. \$5.4 billion of these cuts are targeted to K-12 education with another \$500 million in cuts between State colleges and the University of California system. It is unknown if additional cuts might take place impacting local government or if the Governor will not implement some of the trigger cuts and make additional cuts to local government.

State Controller John Chiang released his monthly report covering California's cash balance, receipts and disbursements in September 2012. Total revenues were \$162.5 million below (2.2 percent) projections and expenditures are over estimates to date by \$1.2 billion (mostly due to a timing issue where the State made early payment to schools). Personal income taxes in the month of September rose 2.6% above projections, while sales taxes were 5.6% below projections. Corporate taxes were also down for the month, coming in 8.8% below projections.

Pension Reform

In September of 2012, the Governor signed into law (AB 340 and AB 197) what many consider to be the most far-reaching pension reform in the history of the State of California. This law mandates pension reform statewide, including local government as of January 1, 2013. Based on the analysis completed to date, it appears only new employees hired after January 1, 2013 who do not have reciprocity with another public retirement system will be impacted. The County is currently in the process of completing its evaluation of the impacts and is working closely with the Stanislaus County Employees' Retirement Association (StanCERA) to assure the County takes all the necessary steps to properly implement the changes required by this new State legislation. A countywide update on reform and its impacts will be distributed to all employees in November.

Jail Construction and Expansion

On September 11, 2012, the State Public Works Board approved the County's Project Scope, Schedule and Costs for the Public Safety Center Expansion project, allowing Stanislaus County to initiate the project and begin the design phase of construction. On October 2, 2012, the Board of Supervisors approved awarding the contract for professional architectural design services for three projects: the construction of 456 new maximum security beds; the new Programs/Day Reporting Facility; and the Support Facilities, Intake, Release and Transportation. On an aggressive design build schedule, the facilities could be complete by the Fall of 2016. The long-range model will be adjusted to forecast the cost of opening these expanded jail facilities later in Budget Year 2016-2017. Upon construction completion, the staffing and transition to the new jail facilities will be phased based on the County's economic recovery. Full occupancy of all available jail beds at the Public Safety Center site following AB 900 construction completion may result in an additional 72 positions needed with an increased General Fund obligation of approximately \$7.7 million annually. The Companion Facility and corresponding functions constructed by Public Facilities Fees, if fully staffed, may result in an additional 22 positions needed with an increased General Fund obligation of approximately \$2.3 million.

The Honor Farm Replacement project is underway and it is anticipated that existing staff from the Honor Farm (and staff funded from the Community Corrections Partnership Plan Phase 1 and 2) will operate the new modern 192-unit facility scheduled to be complete in the Fall of 2013. The Honor Farm should then be closed and an estimate of close out costs will be prepared in the coming months.

Health Insurance

The Medical Self-Insurance Program has completed its first nine months and is on track to end the calendar year within estimates. A rating and reserve projection was performed on Stanislaus County's health benefit program by Ascendant Healthcare in August 2012, which recommended the amount of reserve the County should record for its incurred but not reported (IBNR) and paid liability as of June 30, 2012, and the required funding rate change for the entire medical program in calendar year 2013. The recommendation included in the report was to increase rates by 3.75%, effective January 1, 2013. A recommendation to adjust the Medical Self-Insurance Budget to include the rate increase and employee selections will be included in the 2012-2013 Mid-Year Financial Report once open enrollment results are known which will include individual employee selections. In addition, a thorough review of the medical self-insurance program will be performed early in 2013, and the overall performance of the program will be reported at that time.

Evaluation of Contract Services

Current County policy requires Board of Supervisors approval for any contract or agreement where the total cumulative compensation exceeds \$100,000. Cumulative refers to all compensation paid by an individual department since July 1, 2010, where there has been no break in contractual services over six months. Contracts or

agreements and/or contract adjustments not previously approved by the Board of Supervisors equal to \$100,000 or greater are detailed in Attachment C.

POLICY ISSUES:

The Board of Supervisors is asked to consider whether the recommendations included in the attached First Quarter Financial Report are consistent with the Board of Supervisors stated priorities of ensuring A Safe Community, A Healthy Community, A Strong Local Economy, Effective Partnerships, A Strong Agricultural Economy/Heritage, A Well Planned Infrastructure System and Efficient Delivery of Public Services.

STAFFING IMPACTS:

The 2012-2013 First Quarter Budget incorporates funding for 3,806 allocated full-time positions. This is an increase of seven (7) positions from the 3,799 full-time positions approved in the 2012-2013 Adopted Final Budget. The First Quarter recommendations include unfunding three (3) vacant positions, restoring four (4) unfunded positions, and adding two (2) new positions. One of the two new positions recommended is a block-budgeted Manager III position in the Administration Unit of the Sheriff's Department. This position will manage the Human Resources function for the Department. This position was previously deleted through a reduction-in-force in September 2009. The Department has now identified the need to bring the Human Resources Manager position back to effectively oversee the Human Resource functions, including recruitments, disability management, discipline, payroll, and act as the Department's Equal Employment Opportunity Officer. It is also recommended to add a new classification to the County classification system and one new position to the Sheriff's Department titled Forensic Autopsy Technician. This new position will be performing autopsy support services at the Coroner Facility. The new classification will be represented by AFSCME Local 10 in the Technical Services Bargaining unit (B). The salary range will be established at \$16.79 - \$20.77 hourly. The recommended changes for the 2012-2013 First Quarter Budget will result in a net increase of three (3) positions to the position allocation count.

In addition, four (4) positions were restored at the Health Services Agency (HSA) since the approval of the 2012-2013 Adopted Final Budget through a separate Board action. The Nutrition Education Obesity Prevention (NEOP) program is intended to implement a comprehensive local nutrition education and obesity prevention program to the Cal Fresh eligible population. HSA serves as the lead health agency and works with local partners and multiple sectors in efforts to improve the nutritional status and prevent obesity among Stanislaus County's low-income population. In order to comply with project requirements, HSA restored four (4) positions to support the program. Since the 2012-2013 Adopted Final Budget, the recommended changes bring the total allocation count from 3,799 to 3,803 full-time allocated positions. The net increase of three (3) positions at First Quarter brings the total increase to (7) positions with a total allocation of 3,806 positions.

Total Current Authorized Positions as of 2012-13 Adopted Final Budget	3,799
09/25/12 Board Agenda Item: Health Services Agency restored four (4) positions for NEOP	4
Total full-time allocated positions	3,803
Net Changes to the Position Allocation Reflected in the Recommended First Quarter Budget	3
Total Authorized Positions with Approval of the Recommended First Quarter Budget	3,806

Several technical adjustments are also recommended in the First Quarter Report. Due to a pending retirement, it is recommended to double fill a Manager IV position in the Finance and Operations Division of the Chief Executive Office for up to three months to allow for adequate training and a smooth transition for this critical position. It is recommended to reclassify upward one Legal Clerk IV position to a block-budgeted Supervising Legal Clerk II based on the current job duties and responsibilities. It is also recommended to transfer an unfunded Systems Engineer II from the SBT-Telecommunications budget to the Strategic Business Technology budget, and reclassify downward to a block-budgeted Application Specialist III.

Listed below are the staffing recommendations:

FIRST QUARTER RECOMMENDATIONS AFFECTING POSITION ALLOCATION COUNT

Department	Unfund Vacant Position	Add New Position	Restore Unfunded Position	Subtotal
Alliance Worknet	-1		1	0
Auditor Controller	-2			-2
District Attorney			2	2
Sheriff		2		2
Strategic Business Technology			1	1
Grand Total	-3	2	4	3

FIRST QUARTER TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION

Department	Double Fill	Transfer Out	Transfer In	Reclassify/Downgrade	Reclassify/Upgrade
Chief Executive Office	1				
Sheriff					1
Strategic Business Technology		1	1	1	
Grand Total	1	1	1	1	1

The staffing attachment (Attachment "B") reflects the changes to authorized positions recommended as part of the First Quarter Financial Report. It is recommended that the Salary and Position Allocation Resolution be amended to reflect these changes effective the start of the first full pay period beginning November 17, 2012, unless otherwise noted.

CONTACT PERSON:

Monica Nino, Chief Executive Officer. Telephone: (209) 525-6333.

**COUNTY OF STANISLAUS
COMMUNITY SERVICES AGENCY
AGREEMENT TO PROVIDE
DIFFERENTIAL RESPONSE AND AN EMERGENCY SHELTER FOR RUNAWAY YOUTH
JULY 1, 2012 THROUGH JUNE 30, 2013**

It is hereby mutually agreed between the County of Stanislaus, Community Services Agency, (hereinafter referred to as "County") and **CENTER FOR HUMAN SERVICES**, (hereinafter referred to as "Consultant") that the Agreement entered into on July 1, 2012, for the purpose of providing differential response and an emergency shelter for runaway youth is hereby amended as follows:

WHEREAS the need for additional services is required; and

WHEREAS the need for additional services requires additional funds; and

Whereas Paragraph 18. AMENDMENT provides for the amendment of the Agreement by mutual written consent of the parties.

FIRST: EXHIBIT A, II. COMPENSATION:, A. Costs: is hereby deleted and replaced with the following:

A. Costs:

1. The maximum amount of this Agreement for the period July 1, 2012, through June 30, 2013, shall not exceed \$150,000.
2. This is a cost reimbursement Agreement. The costs attendant to the provision of services are described in EXHIBIT C, which is hereby incorporated by reference and made a part hereof.
3. Consultant shall not expend any funds provided pursuant to this Agreement except as expressly authorized in EXHIBIT C, or as the budget is thereafter amended or obligated.

SECOND: EXHIBIT B is hereby deleted and replaced with EXHIBIT C.

THIRD: Any reference made to EXHIBIT B is hereby replaced with EXHIBIT C.

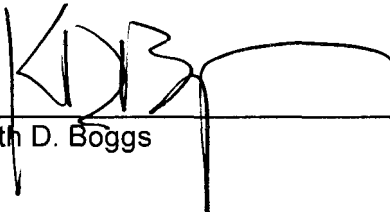
All other terms and conditions of the Agreement shall remain in full force and effect.



This Agreement has been signed by the parties or their duly authorized representatives to become effective as of the date referenced on the first page.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate on the day and year first hereinabove written.

COUNTY OF STANISLAUS

By: 
Keith D. Boggs

Title: Assistant Executive Officer
GSA Director/Purchasing Agent

Dated: 12.11.12

CENTER FOR HUMAN SERVICES

By: 
Cynthia Duenas

Title: Executive Director

Dated: 12/4/12

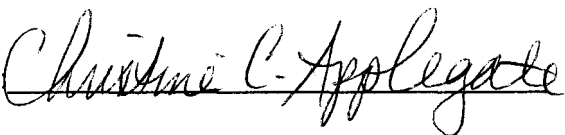
**APPROVED AS TO FORM:
COUNTY COUNSEL
JOHN P. DOERING**

By: 

Title: Deputy County Counsel

Dated: 11/28/12

**APPROVED AS TO CONTENT:
STANISLAUS COUNTY
COMMUNITY SERVICES AGENCY**

By: 

Title: Director

Dated: 11/26/12

COUNTY OF STANISLAUS

Approved per BOS Item #: 2012-554

Dated: 11/6/12

**CENTER FOR HUMAN SERVICES
AGREEMENT TO PROVIDE
DIFFERENTIAL RESPONSE AND AN EMERGENCY SHELTER FOR RUNAWAY YOUTH
JULY 1, 2012 THROUGH JUNE 30, 2013
AGREEMENT BUDGET**

<u>BUDGET CATEGORY</u>	<u>TOTAL</u>
Personal Services	\$102,791
Salaries	
Fringe Benefits 20 -35% (Invoice actual employer paid only)	\$ 23,744
Total Personal	\$126,535
Operating Expenses	\$ 3,900
Indirect (15% of total)	\$ 19,565
Total Costs	<u>\$150,000</u>

Center for Human Services has a federally approved Indirect Rate of 15%

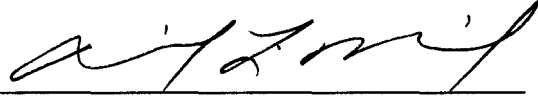
This Agreement has been signed by the parties or their duly authorized representatives to become effective as of the date referenced on the first page.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate on the day and year first hereinabove written.

COUNTY OF STANISLAUS

**GOODWILL INDUSTRIES OF
SAN JOAQUIN VALLEY, INC.**

By: 
Keith D. Boggs

By: 
David L. Miller

Title: Assistant Executive Officer
GSA Director/Purchasing Agent

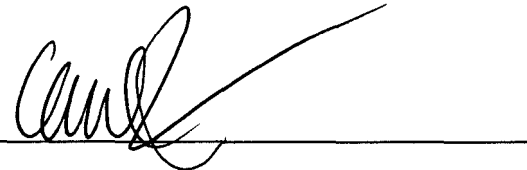
Title: President & CEO

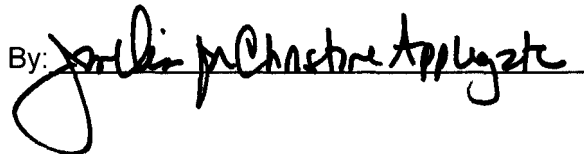
Dated: 12.21.12

Dated: 12/17/12

**APPROVED AS TO FORM:
COUNTY COUNSEL
JOHN P. DOERING**

**APPROVED AS TO CONTENT:
STANISLAUS COUNTY
COMMUNITY SERVICES AGENCY**

By: 

By: 

Title: Deputy County Counsel

Title: Director

Dated: 12/7/12

Dated: 11-28-12

COUNTY OF STANISLAUS

Approved per BOS Item #: 2012-554

Dated: November 6, 2012

**GOODWILL INDUSTRIES OF SAN JOAQUIN VALLEY, INC.
AGREEMENT TO PROVIDE
SPECIALIZED VOCATIONAL TRAINING SERVICES
JULY 1, 2012 THROUGH JANUARY 31, 2013**

I. SCOPE OF WORK:

OVERVIEW OF PROJECT SERVICES: Contractor shall provide two (2) specialized vocational training programs for CalWORKs Welfare-to-Work (WtW) participants based on eligibility criteria. The vocational training program will be offered to participants with barriers to employment toward completing their vocational training, job search, and job retention through one of the following occupational skills training programs: 1) Office Technology; or 2) Industrial Technology. Employment Preparation and Retention, Placement Services; and Case Management are included as an integral part of the services.

Contractor's specialized vocational training programs are open entry, open exit that allow participants to progress at their own pace. Participants will be referred to Contractor for specific vocational training according to the participant's agreed upon (WtW) plan. During the initial enrollment, an Individual Placement Plan (IPP), that describes participant's educational and vocational goals, is developed. An IPP is based on an assessment by a Contractor Case Manager and additional tests given to the participants on the first day of training. The IPP does not duplicate, but supports the participant's WtW plan and will be shared with County Case Manager. The Case Manager also completes an Ancillary Services Assessment for each participant that addresses any barriers to employment. For those participants who have significant barriers, the Contractor Case Manager works with the referring agency to establish an Ancillary Services Plan. The ancillary services vary with individual needs and may include transportation services, clothing allowance, childcare, and any other services that would assist participants in overcoming barriers and successfully completing their vocational goals. Upon the start of the Employment Preparation training each participant will develop an Individual Employment Plan (IEP) with the Employment Specialist. The initial IEP does not duplicate, but supports the participant's WtW plan and will be shared with the County Case Manager. Once a participant has secured employment, the Employment Specialist generates a final Plan Review, which includes some basic job retention strategies as new goals. The Final IEP does not duplicate, but supports the participant's WtW plan and will be shared with the County Case Manager

This project is integrated in the overall work of Contractor, utilizing existing training materials and resources already developed, supplemented with updated and improved materials identified and implemented over time. Contractor staff work as a team to share information that will be beneficial to the participant's progress through the training, placement and retention aspects of the program in a manner that is as seamless to the participant as possible.

Contractor shall provide the skills training, employment preparation, case management and placement services, on an individual basis, for no less than one hundred (100) County WtW participants with multiple barriers to employment.

- A. Contractor shall provide specialized vocational training services limited to County's WtW participants only:

1. Methods of Instruction – A variety of instructional methods shall be used to accomplish each competency and training program objective; methods include:
 - Classroom Training
 - Self-Directed
 - Guest Speakers
 - Instructor-led Tutoring or Demonstration
 - Video Instruction
 - Role play
 - Peer Tutoring
 - Mentoring/Coaching
 - Self-Paced Computer Interactive Instructional Programs

2. Job Related Behaviors – Participants shall be expected to maintain or develop the following positive work-related behaviors during the program:
 - Practice general hygiene skills
 - Cooperate with others
 - Request assistance from instructor when needed
 - Accept direction regarding behavior or performance
 - Work without being distracted by internal factors
 - Work without being distracted by external factors
 - Maintain professional communication
 - Attend regularly and promptly
 - Work at a consistent pace
 - Conform to store/classroom rules
 - Practice safe work habits
 - Transfer knowledge and skill to different work situations
 - Perform tasks after initial instruction
 - Work in an organized manner

3. Performance Standards – Performance standards are based on individual progress evaluations. Evaluations are completed at the beginning of the course and a performance evaluation is completed every thirty (30) days. The evaluations are completed as a joint effort between the instructor, participant, and program specialist. Participants will be rated on the progress evaluation on a pass/fail basis for each course competency. County Case Managers will receive a monthly progress evaluation summary.

4. Training Extension – Participants who have maintained an appropriate attendance rating and have not achieved the minimum requirements for course completion may request a training extension. However, the participant must have demonstrated continued progress toward achieving the goals outlined in the Individual Program Plan and where applicable the Ancillary Services Plan. There is no additional cost when a training extension is granted.

5. Training Duration – Contractor shall encourage participants to attend training as scheduled. Participants will attend assigned hours unless special arrangements are made in conjunction with County.
 - a. Office Technology: Twenty (20) hours per week, Monday – Friday from 8:00 am – 12:00 pm and/or 12:30 pm – 4:30 pm.

- b. Industrial Technology: From 20 – 35 hours per week, depending on participant's need. Monday – Sunday, but not to exceed eight (8) hours in one (1) day, nor more than five (5) days per week.

6. Office Technology Training Course

This is a three hundred sixty (360) hour, self-paced study course. Class sessions shall be scheduled five (5) days per week, for four (4) hours each day and will be taught in the Office Technology Classroom at County facility in the classroom provided by Alliance WorkNet. The participant shall select an occupational goal within ten (10) days of enrolling in the program. The remaining four-hour day is spent with the Employment Preparation curriculum.

Course Competencies:

- Windows Operational System
- Word Processing
- Spreadsheets
- Filing
- Telephone skills
- Touch Typing skills
- 10-Key skills
- Office Practices and Procedures
- Office Equipment
- Basic English skills
- Basic Math skills
- Business Forms
- Reference Manuals
- Employment Preparation and Retention soft skills classes
 - Setting goals
 - Following directions
 - Positive attitude on the job
 - Attendance
 - Understanding policies and procedures
 - Work behaviors
 - Listening skills
 - Communicating in the workplace
 - Money management

A student may complete one of the following advance certifications if these courses become available and if they meet the course prerequisites, have completed or will complete 6 and are approved by the instructor and by County Case Manager.

- a. Record Keeping – This is a forty (40) hour, self-paced study course.

Course competencies:

- Basic bookkeeping terminology
- Chart of Accounts
- Special journals
- Case management

- b. Customer Service Agent – This is a forty (40) hour, self-paced course.

Course competencies:

- Scheduling
- Customer service advanced skills
- Telephone marketing
- Basic payment systems

- c. Data Entry – This is a forty (40) hour, self-paced course.

Course competencies:

- Compile, sort and verify the accuracy of data before it is entered
- Maintain logs of activities and completed work
- Select materials needed to complete work assignments
- Store completed documents in appropriate locations
- E-document storage

- d. Medical Front Desk – This is a forty (40) hour, self-paced course.

Course competencies:

- Medical Terminology
- Customer service advanced skills
- Scheduling and receiving patients
- Preparing and maintaining medical records

7. Industrial Technology Course

The Industrial Skills Course is a three hundred twenty (320) hour course, which includes classroom instruction and work-based learning. The course shall be taught the Contractor's Modesto store located on Sisk Road. Participants will also be reporting to the following Contractor's Modesto retail stores: Sisk Road, McHenry Avenue, Orangeburg and Golden State Boulevard in Turlock as part of their course work. The goal of the program is to prepare participants to secure entry-level employment in an industrial/ manufacturing environment. The participant selects an occupational goal within fifteen (15) days of enrolling in the program.

Course Competencies:

In order to achieve the course goal, the following objectives may be established:

- Ability to perform basic skill set required for their chosen skill path
- Learn to touch type and 10 Key
- Learn to read order/receiving/shipping forms
- Learn to use office equipment including fax machine and copy machine
- Learn appropriate interpersonal (office) communication techniques, verbal and nonverbal, and telephone etiquette
- Learn personal management skills including, time and stress management
- Develop successful work behaviors
- Learn Stocking and Inventory processes

- Learn Security/Loss Prevention techniques
- Learn Technical Industrial Vocabulary
- Learn safety practices
- Learn how to use basic software program(s) used in warehouse/distribution setting
- Learn basic word processing using Microsoft Word software
- Learn basic spreadsheet skills using Microsoft Excel
- Learn Quality Control/Assurances skills
- Employment Preparation and Retention soft skills classes
 - Setting goals
 - Following directions
 - Positive attitude on the job
 - Attendance
 - Understanding policies and procedures
 - Work behaviors
 - Listen skills
 - Communicating in the workplace
 - Money Management
- Basic Computer skills
 - Keyboarding
 - Internet Surfing
 - Basic Word
 - Email Fundamentals

8. Employment Preparation I – The Employment Preparation course is a sixteen (16) hour course, taught one (1) day per week in conjunction with the Vocational Skills training. The course shall prepare participants with the knowledge and resources to succeed with competitive job search and job market.

Course Competencies:

- Plan a job search program
- Prepare a resume
- Complete a master application
- Prepare for job interviews

9. Placement Services and Employer Outreach – Placement Services, for up to six (6) months, involve various forms of assistance, all of which are designed to aid participants in attaining and maintaining gainful employment, or increasing current level of employment. Assistance may include, but is not limited to: weekly e-mails that provide current job announcements/leads and job search articles. Monthly meetings designed to motivate on-going job search, review of job interview techniques and brainstorm ways to navigate the hidden job market.

Employment Specialists assist participants with setting realistic employment goals by having one-on-one coaching sessions with each participant as the participant formulates his/her Individual Employment Plan (IEP) for securing employment. The IEP allows the participant to identify key areas of employability concern and develop strategies to overcome or minimize the problem.

After the initial IEP, the Employment Specialist provides ongoing support until the participant has secured employment/retention, or up to a maximum of one hundred twenty (120) days. The Employment Specialist maintains contact with the participant for six (6) months following Placement to insure job retention and advancement on the job. The Employment Specialist calls each participant at pre-determined intervals after job placement; fifteen (15) days, thirty (30) days, sixty (60) days, ninety (90) days and six (6) months, to learn of changes in employment status and discuss any questions which the participant may have regarding proper work ethics, advancement on the job, and any other employment related issue of concern to the participant.

The Employment Specialist works with the employers who have hired Contractor graduates to insure that the appropriate match has been made, as well as recruits and maintains relationships with a number of local business people who provide Contractor with job orders. The Employment Specialist provides job-seeking assistance, but makes it clear that the participant must take primary responsibility for their job search.

The Employment Specialist shall develop a minimum of four (4) new employers each month. They will do this by making cold calls, attending community meetings and networking within the employer community.

10. Job Related Behaviors – Participants shall be expected to maintain or develop the following positive work-related behaviors during the program which include:

- Practice general hygiene skills
- Cooperate with others
- Request assistance from instructor when needed
- Accept direction regarding behavior by internal factors
- Work without being distracted by internal factors
- Work without being distracted by external factors
- Maintain professional communication
- Attend regularly and promptly
- Work at a consistent pace
- Conform to store/classroom rules
- Practice safe work habits
- Transfer knowledge and skill to different work situations
- Perform tasks after initial instruction
- Work in an organized manner

11. Case Management and Other Services – Case Management services are provided to all participants enrolled in vocational training. Services include facilitating the development and implementation of program plans, ancillary service plans and other community support services necessary to ensure the participant's success.

Components include:

- Utilizing medical, psychological, assessment and other pertinent information to develop the individual program plan
- Coordinating and facilitating individual and group support services to assist participants in achieving their employment goals
- Coordinating intervention, when needed, with the StanWORKs Case Manager

- Providing referral outcome for all StanWORKs participants to the contract liaison Job Specialist within five (5) working days from the day of the referral
- Working closely with County Case Manager to coordinate and ensure all participants are engaged in activities between thirty-two (32) to thirty-five (35) hours per week
- Providing weekly information to County Case Manager to include:
 - Weekly attendance reports
 - Weekly progress reports outlining progress and participant issues
 - List of participants ready to graduate
 - Caseload percent complete report
 - Include total number of participants to determine class ratio of County participants
- Providing monthly reports to County Case Manager to include:
 - New enrolled participants
 - Total participants attending
 - Graduates
 - Employed graduates at 30/90/180 days
- Maintaining individual case files on each participant, including, but not limited, to the following:
 - Documenting referrals from County
 - Chronological record keeping of individual interviews, services provided and other relevant contacts with participants, including dates, situations, actions taken and results
 - Maintaining relevant and/or appropriate information, documentation, and correspondence relating to services provided to participants; including an assessment of the participant at the end of the training program
 - Maintaining attendance, progress and completion records for the training programs
 - Maintaining secure participant case files including limited access to only appropriate staff to ensure confidentiality
 - Ensuring that limited English proficiency (LEP) participants have meaningful effective and equal access at every point of contact with project services
 - Ensuring that the staff involved with this project accept and promote the philosophies of the StanWORKs program by directly encouraging economic self-sufficiency, thereby reducing dependency on public assistance
 - Providing daily, as needed, no less than weekly communication with County Case Manager through utilization of: phone calls, face to face meetings or email regarding significant variations in progress/attendance
 - Providing job retention services, which include problem solving, crisis management, referral for supportive services, inter-personal relations with supervisors and co-workers and continued job search for a better job. These services shall be documented on the "Individual Placement Plan" and on the "Retention Follow Up form"
 - Monitoring and maintaining records of job retention for thirty (30), ninety (90) day and one hundred eighty (180) day intervals
 - Providing all requested program service information timely. (Monthly Financial Reports and Activity Reports and other information as required by the County)

- Attending County's quarterly Providers meeting for exchanging/ sharing of information, service coordination and problem/issue resolution
- Ensuring County's participants receive priority in registration for the outlined activities
- Assisting County in accessing and utilizing funds available through the Temporary Aid to Needy Families (TANF) Emergency Contingency Fund [Section 403(c) of the Social Security Act] related to the purposes of subsidized employment and non-recurring special needs
- In partnership with County, developing measurement outcomes to be captured in performance tracking reports
- Meeting monthly with the County Supervisor and/or Manager Liaison to submit completed performance tracking reports and discuss program progress and service levels
- At the end of the Agreement Year, submitting an annual narrative to the County Manager Liaison describing if the expected outcomes of the program were met, the current status of the program, accomplishments and/or successes beyond those outlined in the Scope of Work, and challenges experienced during the time period July 1, 2011, through June 30, 2012. The year end report is due July 31, 2012.
- Submit a narrative to the County Manager Liaison describing if the expected outcomes of the program were met, the current status of the program, accomplishments and/or successes beyond those outlined in the Scope of Work, and challenges experienced during the time period July 1, 2012 through January 31, 2013. This report is due February 28, 2013.

12. Requirements for Course Completion:

- Participants must develop and succeed in their program plan – Achieve 70% of program goals established in the Individual Program Planning process
- Participants must participate in all training modules assigned in participants' Individual Program Plan – Maintain a 91% or higher attendance rating throughout the training program
- Participant must show positive work related behavior – Obtain or maintain at least an average rating in eleven (11) of the fourteen (14) work behaviors indicated in the course description
- Participant must dress appropriately for the course – instructor observation

B. County shall be responsible for the following:

1. Referral of appropriate participants for project services.
2. Meeting with Contractor as often as needed, to exchange pertinent information, resolve problems and work together to coordinate services.
3. When appropriate, assisting Contractor staff in collaborative efforts to utilize existing resources for job development, job placement services and community resources.
4. Providing supportive services (childcare, transportation, ancillary and other services) as allowable when determined needed and appropriate for California Work Opportunity and Responsibility to Kids (CalWORKs) participants.

5. Scheduling monthly Provider meetings that include Management and Case Managers for the purpose of exchanging/sharing of information, service coordination and problem/issue resolution.

II. COMPENSATION:

Contractor shall be compensated for the services provided under this Agreement as follows:

- A. Costs:
 1. The maximum amount of this Agreement for the period July 1, 2011, through June 30, 2012, shall not exceed \$100,000.00. This amount will purchase a maximum of twelve (12) units of service at a fixed rate of \$8,333 per unit of service.
 2. The maximum amount of this Agreement for the period July 1, 2012, through December 31, 2012, shall not exceed \$50,000.00. This amount will purchase a maximum of six (6) units of service at a fixed rate of \$8,333 per unit of service.
 3. The maximum amount of this Agreement for the period January 1, 2013, through January 31, 2013, shall not exceed \$2,083. This amount will purchase a maximum of one (1) unit of service at a fixed rate of \$2,083 per unit of service. This unit of service is specifically for the provision of the Office Technology Training Course.
 4. This is a fixed rate, per unit of service Agreement. One unit of service equals one (1) month.
- B. Contractor shall make no charge to the recipient and shall collect no share of cost.
- C. This Agreement shall be effective July 1, 2011, through January 31, 2013.
- D. Contractor agrees that the costs to be charged to County for contracted services for the term of this Agreement includes all allowable Contractor costs, both indirect and direct, relative to this Agreement.
- E. Costs must conform with Federal costs regulation: OMB Circular A-87, A Guide for State and Local Government Agencies, 48 CFR, Part 31, Subpart 31.2 (for profit agencies), and OMB Circular A-122 (for nonprofit agencies). All equipment purchased by Contractor must be depreciated in accordance with 45 CFR 95.705. All equipment, materials, supplies or property of any kind purchased from funds reimbursed or furnished by County under the terms of this Agreement shall be fully consumed or aged out in the course of the Agreement/program. County reserves the right to physically reclaim any/all such property at the conclusion of the Agreement in accordance with 45 Code of Federal Regulations, Part 74, Administration of Grants.
- F. County shall not be required to purchase any definite amount of services nor does County guarantee to Contractor any minimum amount of funds or hours.
- G. Billings:
 1. Contractor shall submit billings, in a County specified format, within twenty (20) days following the end of service month, for **July 2011 through April 2012 services. Billings for service months of May and June 2012 are as follows:**

May 2012 is due June 7, 2012
June 2012 is due June 15, 2012

2. Contractor shall submit billings, in a County specified format, within twenty (20) days following the end of service month, for **July 2012 through January 2013**.

Billing requirements are subject to change and the Contractor will be notified in writing.

3. Billings will be submitted to:

Stanislaus County Community Services Agency
Attention: Accounts Payable Supervisor, F3A
P.O. Box 42
Modesto, CA 95353-0042
(209) 558-2217

4. Invoice will include the following: type and date of service, number of units of service billed, service rate, participant name and total due.

A. Payments:

1. If the conditions set forth in this Agreement are met County shall pay, on or before the thirtieth (30th) day after receipt of the billing, the sum of money claimed by the approved billings, (less any credit due County for adjustments of prior billing). If the conditions are not met, County shall pay when the necessary processing is completed.
2. County will not pay for unauthorized services rendered by Contractor or for the claimed services which County monitoring shows have not been provided as authorized.
3. County retains the right to withhold payment on disputed claims.
4. Final payment under Agreement may be held until a termination audit is completed or until receipt of Contractor's annual narrative report.



First Quarter Financial Report July — September 2012

BOARD OF SUPERVISORS

**William O'Brien, Chairman
Vito Chiesa
Terry Withrow
Dick Monteith
Jim DeMartini**

**Submitted by
Chief Executive Officer
Monica Nino**



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INTRODUCTION

The following is the First Quarter Financial Report submitted by the Chief Executive Office for the period of July 1, 2012 to September 30, 2012 for the 2012-2013 Fiscal Year. It has been prepared to inform the Board of Supervisors, County leadership and the public of the County's fiscal status. The report provides revenue and expenditure summaries for County programs by each Board of Supervisors' Priority and recommends department requested adjustments to County budgets since the adoption of the Final Budget in September 2012. It also identifies or provides the status of the County's ongoing challenges and issues based on current information.

BACKGROUND

On September 11, 2012, the Board of Supervisors adopted the Fiscal Year 2012-2013 Final Budget for Stanislaus County. This spending plan of \$984.2 million for all funds reflected a 3.2% increase from the 2012-2013 Proposed Budget of \$954.1 million and a 10.4% increase from the 2011-2012 Final Budget of \$891.1 million. The 10.4% increase was primarily attributable to additional appropriations of \$48.5 million in the Public Works-Road and Bridge budget for two critical projects being constructed in the 2012-2013 Fiscal Year. The 2012-2013 Final Budget was balanced using a combination of \$930.7 million in revenue and \$53.4 million in fund balance and one-time funding sources. It also includes funding for 3,799 allocated full-time positions, an increase of 192 positions from the 2011-2012 Final Budget.

The Final Budget is adjusted throughout the year. These adjustments include carrying forward appropriations for obligations from the previous fiscal year, adjustments as part of quarterly financial reports such as this, as well as adjustments approved as part of any separate Board of Supervisors agenda item. Combined, these adjustments result in an adjusted operating budget.

BUDGET OVERVIEW

Comparison of Final Budget by Fund

Fund Type	FY 2011-2012 Final Budget Appropriations	FY 2012-2013 Final Budget Appropriations	Difference	Percent Change
General	\$ 230,029,775	\$ 258,693,372	\$ 28,663,597	12.5%
Special Revenue	501,756,368	574,171,841	72,415,473	14.4%
Capital Projects	18,839,895	792,010	(18,047,885)	-95.8%
Enterprise	61,262,641	63,624,357	2,361,716	3.9%
Internal Service	79,238,424	86,880,094	7,641,670	9.6%
Total	\$ 891,127,103	\$ 984,161,674	\$ 93,034,571	10.4%

Funding Sources of Final Budget by Fund

Fund Type	FY 2012-2013 Final Budget Appropriations	Funding Sources		
		Department Revenue	Department Fund Balance	General Fund Contribution
General	\$ 258,693,372	\$ 79,931,220	\$ -	\$ 178,762,152
Special Revenue	574,171,841	542,931,658	16,197,866	15,042,317
Capital Projects	792,010	1,532,000	(739,990)	-
Enterprise	63,624,357	54,653,519	5,257,441	3,713,397
Internal Service	86,880,094	85,783,931	1,096,163	-
Total	\$ 984,161,674	\$ 764,832,328	\$ 21,811,480	\$ 197,517,866

The net county cost for General Fund budgets consists of \$147.1 million in discretionary revenue, \$8.5 million in unassigned fund balance, \$13.9 million of assigned fund balance, and the use of \$9.2 million from the Teeter Plan assigned fund balance.

General Fund departments were allocated nearly \$13.9 million in net county cost savings from Fiscal Year 2011-2012. General Fund departments that achieved savings in appropriations carried forward 100% of unused net county cost savings from Fiscal Years 2009-2010 and 2010-2011 and 75% of unused net county cost savings from Fiscal Year 2011-2012. Many departments are using savings to address the increase in retirement charges and setting aside funds for further potential increases in retirement charges in Budget Year 2013-2014 and beyond, due to an anticipated change in the retirement plan's earnings assumption rate.

2012-2013 FIRST QUARTER OVERVIEW

Overall Summary of Requested First Quarter Adjustments

The Chief Executive Office's first quarter recommendations include a total increase in appropriations of \$2,082,007 and a decrease in estimated revenue of \$28,294. If approved, the recommendations contained in this report will result in an increase in the use of fund balance of \$2,110,301.

The recommended increases in appropriations are primarily within Behavioral Health and Recovery Services (\$1,568,125), the Sheriff's Department (\$394,930), Library (\$71,158), and Strategic Business Technology (\$52,631). Technical adjustments are also recommended for the District Attorney (decrease of \$4,837), Health Services Agency and Chief Executive Office – Risk Management. Behavioral Health and Recovery Services will be able to address increased psychiatric inpatient hospitalization costs for beds at the Doctors Behavioral Health Center and for vehicle leases associated with the Community Emergency Response Team (CERT) and Mental Health Services Act (MHSA) programs. The Sheriff's Department will replace vehicles, as part of a vehicle replacement plan within Divisions, for the statewide transportation of inmates. The Library will provide additional literacy services in the community through the ReadingWorks program administered by the Stanislaus Literacy Center. Strategic Business Technology will fund an Application Specialist position critical to provide adequate technical support for the Oracle Financial Management System (FMS) funded by a special services agreement through the Health Services Agency.

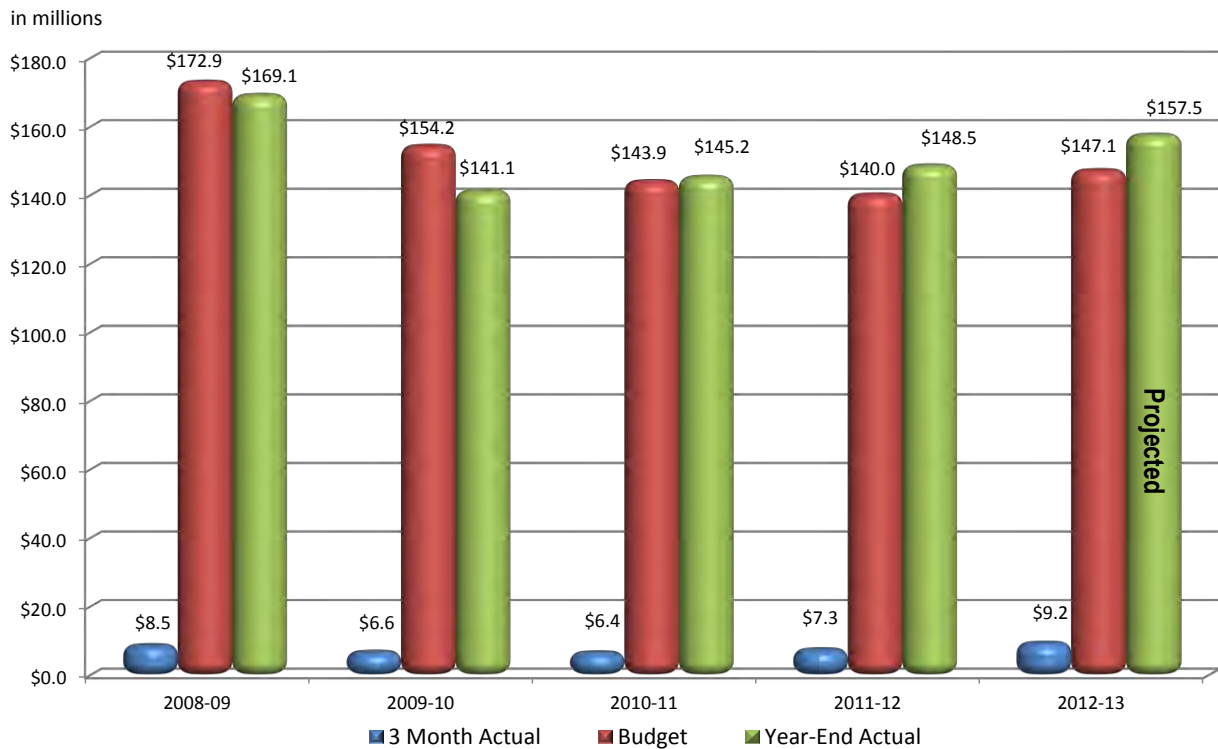
The following chart illustrates the beginning fund balances on July 1, 2012 for the various fund types, as well as the projected fiscal year end balances adjusted for the recommendations contained in this report.

Summary of Fund Balance by Fund					
Fund Type	Beginning Fund Balance on 7/1/2012	Legal Budget Revenue	Legal Budget Appropriations	First Quarter Recommendation Impact to Fund Balance	Projected Fund Balance on 6/30/2013
General Fund	\$ 115,518,780	\$ 227,672,940	\$ 262,127,132	\$ -	\$ 81,064,588
Special Revenue Fund	\$ 211,774,786	\$ 558,639,833	\$ 585,612,237	\$ 1,758,666	\$ 183,043,716
Capital Projects Fund	\$ 22,959,137	\$ 1,532,000	\$ 792,010	\$ -	\$ 23,699,127
Enterprise Fund	\$ 13,023,101	\$ 58,366,916	\$ 65,870,901	\$ -	\$ 5,519,116
Internal Service Fund	\$ 25,007,665	\$ 85,484,927	\$ 88,539,861	\$ 351,635	\$ 21,601,096
Total	\$ 388,283,469	\$ 931,696,616	\$ 1,002,942,141	\$ 2,110,301	\$ 314,927,643

DISCRETIONARY REVENUE

As of first quarter, actual discretionary revenue was \$9.2 million compared to \$7.3 million for the same period one year ago. This amount represents 6.3% of the 2012-2013 Final Budget and 5.8% of the projected year-end actual collections which is above the range used for comparative purposes. For the previous four years, first quarter discretionary revenue has ranged from 4.3% to 5.2% of the total amount budgeted and from 4.4% to 5.0% of the total year actual collections. The following chart shows a five-year history of first quarter activity:

General Fund—Discretionary Revenue Five Year Comparison



The Chief Executive Office closely watches this revenue source and will recommend changes as necessary with the Mid-Year Financial Report in February 2013. Both the 1% sales tax and the Proposition 172 Public Safety sales tax are showing an early trend to be stronger than budgeted. Sales Tax received in lieu of property tax is also up from the Final Budget amounts. In addition, the repayment of the \$7.9 million in property tax revenue borrowed by the State in Fiscal Year 2009-2010 (Proposition 1A suspension) is due in June 2013. In the discretionary revenue discussion for the Final Budget Addendum, we stated that the State has the opportunity to borrow these funds again, and did not include the repayment as revenue in our 2012-2013 budget. Proposition 22, passed in 2010, revised the provisions of the 2009-2010 State Budget and allowed the borrowing only once with the amount to be paid with interest by the end of Fiscal Year 2012-2013.

Partially offsetting the increases is the decrease in property tax revenue and revenue received from property taxes in lieu of vehicle license fees. This is due to the 1.45% decrease in the value of the Assessed Roll as announced by the Assessor. Each year only a small portion of the discretionary revenue posts before the end of the first quarter and adjustments to this budget are normally postponed until six months of actuals are posted. We will continue to monitor discretionary revenue sources and will request adjustments as necessary at the time of the Mid-Year Financial Report and will include the adjustment for Proposition 1A at that time.

CURRENT ISSUES AND CHALLENGES

As discussed in the 2012-2013 Final Budget, the County faces a number of challenges in the coming fiscal years. The following is an update on those that have had significant change or progress through the first quarter of the fiscal year.

Health and Human Services

The rate of psychiatric inpatient admissions has continued to increase dramatically as the community faces a growing population of people with serious mental health problems. The strategic planning effort to develop a broader community based strategy to meet these needs and look for lower cost and more effective options for 24/7 secure care, as well as crisis intervention, is nearing completion. A recommendation will be brought to the Board of Supervisors in November 2012 for consideration.

Foster Care - Public Economic Assistance has an appropriation shortfall of approximately \$6.4 million requiring additional County share match of \$3.3 million. This need is unchanged from Final Budget and funding was established in Match Contingency. Extended Foster Care, implemented with AB 12, extended benefits with new eligibility and program activities, in a phased in approach for Foster Care and Adoptions Assistance (AAP) youth over the age of 18. Impacts from the first and second phase, effective January 1, 2012 and January 1, 2013, which extends the eligibility to the age of 19 and 20 respectively, were factored into the Proposed Budget, adding a combined total of 52 youth to the average monthly caseload. Stanislaus has many dependent youth in foster and group care settings from other counties residing in the County. This has the potential to add as many as 96 youth to our County caseload in the next two years.

In-Home Supportive Services (IHSS) Wages & Benefits has an appropriation shortfall of between \$8.1 to \$8.7 million. The additional County share match required was reported at Final Budget at approximately \$1.5 million. This County share need is going to change with the implementation of the new IHSS Maintenance of Effort (MOE) approved in the final State Budget. The Community Services Agency (CSA) anticipates Community First Choice Option Federal funds reimbursement for Fiscal Year 2011-2012 of approximately \$656,000 in a current year payment adjustment. The Department will continue to monitor actual monthly caseloads, costs and State instructions on the new IHSS financing model to provide an update to the Board at mid-year.

The CalFresh Match Waiver, which provides State General Fund augmentation to assist local outreach efforts, expires in June of 2013, and is not likely to be supported for extension beyond this fiscal year. The MOE Waiver represents an additional \$10.8 million available to CSA for 2012-2013, representing approximately 48% of the entire CSA Cal-Fresh program. While current year funding is assured, there is a risk going into next fiscal year. CSA will have a full report and recommendations related to Match Waiver close-out at mid-year as several mitigating funding scenarios exist linked to Health Care Reform and Medi-Cal.

State Budget Update

The State legislature has recessed and their energy has been fully devoted to the elections on November 6, 2013. All eyes continue to be on the Governor's Proposition 30, which would bring a constitutional guarantee of funding to counties for the public safety 2011 Realignment. Prop 30 would increase sales tax by one-quarter cent for every dollar for four years. It would also increase personal income taxes on upper-income taxpayers for seven years. The initiative is projected to raise about \$6 billion in additional revenue annually through 2016-2017 with smaller amounts in 2017-2018 and 2018-2019. Governor Brown has made the repeated commitment to counties that public safety realignment would be fully funded as long as he is governor. Counties have wanted a constitutional guarantee that would prevent the legislature from cutting the funds for these services that have been transferred to local government. The Governor has stated there would be a need for \$6 billion in budget "trigger" cuts in 2012-2013 if the initiative were

rejected by voters. \$5.4 billion of these cuts are targeted to K-12 education with another \$500 million in cuts between State colleges and the University of California system. If enacted, the triggers would cause K-12 schools to slash their school year by three weeks per year. It is unknown if additional cuts might take place impacting local government or if the Governor will not implement some of the trigger cuts and make additional cuts to local government.

State Controller John Chiang released his monthly report covering California's cash balance, receipts and disbursements in September 2012. Total revenues were \$162.5 million below (2.2 percent) projections and expenditures are over estimates to date by \$1.2 billion (mostly due to a timing issue where the State made early payment to schools). Personal income taxes in the month of September rose \$112.3 million above (2.6 percent) projections, while sales taxes were \$87.5 million below (5.6 percent) projections. Corporate taxes were also down for the month, coming in \$74.8 million below (8.8 percent) projections.

Pension Reform

In September of 2012, the Governor signed into law (AB 340 and AB 197), what many consider to be the most far-reaching pension reform in the history of the State of California. This law mandates pension reform statewide, including local government as of January 1, 2013. Based on the analysis completed to date, it appears that the most significant impact will be to new employees hired after January 1, 2013 who do not have reciprocity with another public retirement system. The County is currently in the process of completing an evaluation of the impacts and is working closely with the Stanislaus County Employees' Retirement Association (StanCERA) to assure the County takes all the necessary steps to properly implement the changes required by this new State legislation. A countywide update on reform and its impacts will be distributed to all employees in mid-November.

Jail Construction and Expansion

On September 11, 2012, the State Public Works Board approved the County's Project Scope, Schedule and Costs for the Public Safety Center Expansion project, a significant milestone that allows Stanislaus County to initiate the project and begin the design phase of construction. Stanislaus County was the first County awarded AB 900 Phase II Jail Construction funding. On October 2, 2012, the Board of Supervisors approved awarding the contract for professional architectural design services for Project 1 – construction of 456 new maximum security beds to HOK of San Francisco, California; Project 2 – the new Programs/Day Reporting Facility to WLC Architects, Inc. of Folsom, California; and Project 3 – the Support Facilities, Intake, Release and Transportation to HOK. On an aggressive design build schedule, the facilities could be complete by the Fall of 2016. The long-range model will be adjusted to forecast the cost of opening these expanded jail facilities later in Budget Year 2016-2017. Upon construction completion, the staffing and transition to the new jail facilities will be phased based on the County's economic recovery. Full occupancy of all available jail beds at the Public Safety Center site following AB 900 construction completion may result in an additional 72 positions needed with an increased General Fund obligation of approximately \$7.7 million annually. The Companion Facility and corresponding functions constructed by Public Facilities Fees, if fully staffed, may result in an additional 22 positions needed with an increased General Fund obligation of approximately \$2.3 million.

The Honor Farm Replacement project is underway and it is anticipated that existing staff from the Honor Farm (and staff funded from the Community Corrections Partnership Plan Phase 1 and 2) will operate the

new modern 192-unit facility scheduled to be complete in the Fall of 2013. The Honor Farm should then be closed and an estimate of close out costs will be prepared in the coming months.

Health Insurance

The Medical Self-Insurance Program has completed its first nine months and is on track to end the calendar year within estimates. A rating and reserve projection was performed on Stanislaus County's health benefit program by Ascendant Healthcare in August 2012, which recommended the amount of reserve the County should record for its incurred but not reported (IBNR) and paid liability as of June 30, 2012, and the required funding rate change for the entire medical program in calendar year 2013. The recommendation included in the report was to increase rates by 3.75%, effective January 1, 2013. A recommendation to adjust the Medical Self-Insurance Budget to include the rate increase and employee selections will be included in the 2012-2013 Mid-Year Financial Report once open enrollment results are known, which will include individual employee selections. In addition, a thorough review of the medical self-insurance program will be performed early in 2013, and the overall performance of the program will be reported at that time.



A Safe Community

COUNTY DEPARTMENTS

CEO-OES/Fire Warden

CEO-Capital Projects

CEO-County Operations

District Attorney

Grand Jury

Integrated Criminal Justice Information System

Probation

Public Defender

Sheriff

A Safe Community

OVERVIEW

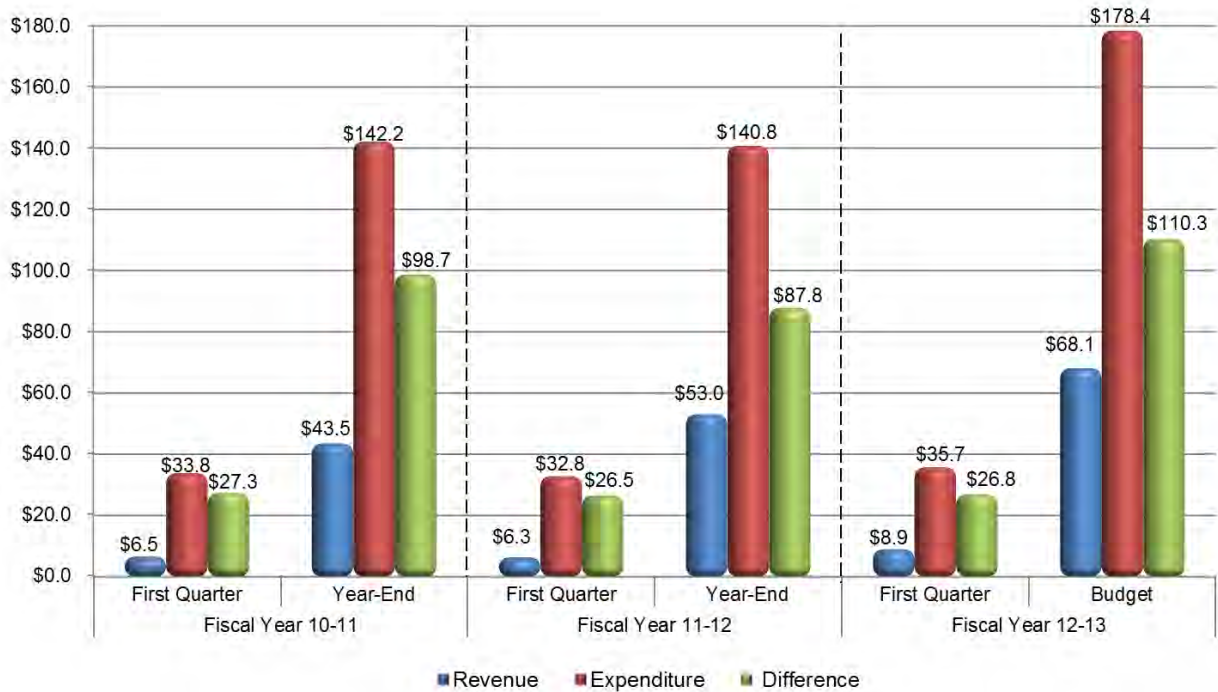
Ensuring a safe community and protecting the safety of the residents of Stanislaus County continues to be a top priority of the Board of Supervisors. Departments assigned to the Board of Supervisors priority area of A Safe Community include: Chief Executive Office - Office of Emergency Services/Fire Warden, District Attorney, Probation, Public Defender and Sheriff. The revenue used to pay for these services comes primarily from local taxes such as property tax and sales tax, fees, franchises, charges for services, and a variety of other discretionary revenue sources. Public Safety Sales Tax revenue (Proposition 172) is also used to partially fund the District Attorney, Probation and Sheriff's Department budgets. These departments also receive dedicated funds for specific grant funded programs.

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Safe Community, as of September 30, 2012, actual revenue collected is \$8.9 million, which represents 13.1% of the estimated annual revenue. This is within the range when compared to the first quarter point of the prior two years when collections were at 14.9% and 11.9% of the final actual revenue. As of September 30, 2012, expenditures are \$35.7 million, representing 20.0% of the budgeted appropriations. Expenditures at the first quarter point of the prior two years were 23.8% and 23.3% of the final actual expenditures, placing this year below the range.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of A Safe Community.

A Safe Community Three Year Comparison



Significant variations this year, compared to the same time period one year ago include:

- ◆ CEO - County Operations Jail Medical Program – A decrease in expenditures of approximately \$600,200 due to the timing of monthly payments towards the Jail Medical Contract;
- ◆ Probation – Community Corrections Partnership Plan - An increase in revenue of approximately \$512,100 mostly as a result of increased AB 109 Criminal Justice Realignment program funding. Consequently, this same budget has an increase in expenditures of \$1,493,300 mostly due to the AB 109 Criminal Justice Realignment program;
- ◆ Sheriff – Court Security - An increase in revenue of \$440,900, mostly due to deferred 2011 Public Safety Realignment revenue from Fiscal Year 2011-2012 that can only be used for Court Security services and an increase in expenditures of approximately \$139,600 due to higher employee Salary and Benefits costs; and
- ◆ Sheriff – Detention - An increase in revenue by approximately \$1,362,500 and expenditures by approximately \$769,500. Both of these increases derive from the AB 109 Criminal Justice Realignment program with the additional expenses related to increased staffing.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

DISTRICT ATTORNEY

Unserved/Underserved Victim Advocacy & Outreach Program: This grant program provides advocacy and outreach for the unserved and underserved victims of crime in the community and is fully dependent on federal “pass-through” Victim of Crimes Act monies received from the California Emergency Management Agency (CalEMA). The Fiscal Year 2012-2013 budget of \$106,821 was established based on a projected award amount. CalEMA has since awarded \$116,420 to the District Attorney’s Office and the Department requests to increase both appropriations and estimated revenue by the amount of \$9,599.

Victim Services Program: This grant program is funded through State penalty assessment funds levied on convicted criminals and from the Federal Victims of Crime Act (VOCA) funds as administered through the California Emergency Management Agency (CalEMA). Funding of \$339,850 is reflected in the 2012-2013 Final Budget and was based on an estimated award amount. CalEMA has now finalized awards and has granted \$320,678 to the District Attorney’s Office. As a result of this reduced award, the Department requests a \$19,172 decrease in estimated revenue and a \$14,436 decrease in appropriations in the current fiscal year. Available fund balance of \$4,736 will fund the difference.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
District Attorney- Unserved/Underserved Victim Advocacy & Outreach Program	\$9,599	\$9,599	\$0	\$0	Additional grant funding received from the California Emergency Management Agency.
District Attorney-Victim Services Program	(\$19,172)	(\$14,436)	\$4,736	\$0	Decrease in grant funding received from the California Emergency Management Agency.
Total	(\$9,573)	(\$4,837)	\$4,736	\$0	

Staffing Requests: The Department is requesting to restore one unfunded Attorney V position and restore one unfunded Criminal Investigator II position. Due to upcoming retirements and the long training period, the department is requesting to restore these positions at this time to maintain the continuity of services. The funding for these positions come from a combination of salary savings from the upcoming retirements and the departmental net county cost savings from previous budget years.

DISTRICT ATTORNEY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Criminal Division	1	1867	Attorney V	Restore unfunded position	Restore vacant position
	1	9721	Criminal Investigator II	Restore unfunded position	Restore vacant position
DISTRICT ATTORNEY CHANGES	2				
Beginning Allocation	121				
Changes in Allocation	2				
Ending Allocation	123				

Summary of Recommendations: It is recommended to decrease appropriations by \$4,837 and estimated revenue by \$9,573, using \$4,736 of fund balance to fund the difference. This will account for the adjustments to the two grant awards as detailed. As of July 1, 2012, the Victim Services fund has a fund

balance of \$4,736. It is also recommended the staffing changes described and outlined in the table above be adopted.

SHERIFF

Cal ID: The Sheriff's California Identification Program is fully funded by a dedicated revenue source resulting from a State-collected \$1 vehicle license fee assessment. The budget is established each year based on estimated revenue plus the use of any fund balance accumulated. The fund balance after fiscal 2011-2012 year-end close was stronger than anticipated due to cost savings in maintenance agreements. The Department is requesting that the \$25,235 in additional fund balance be added to the 2012-2013 appropriations for operating supplies.

Vehicle Theft: The Stanislaus County Auto Theft Task Force (StanCATT) program is also fully funded by a dedicated revenue source resulting from a State-collected \$1 vehicle license fee assessment. Similar to the Cal ID budget, the Vehicle Theft budget uses available fund balance as well as fee revenue when the budget is established each year. The fund balance at the end of fiscal year 2011-2012 was less than expected due to the purchase of additional equipment for the StanCATT unit. The Department is requesting that \$30,305 be reduced from the 2012-2013 appropriations for operating supplies to reflect the decreased fund balance.

Detention: The Civil Division within the Sheriff's Detention budget provides timely and accurate civil process service to the citizens of the County and provides statewide transportation of inmates. Vehicles for this transport are purchased and specifically equipped for law enforcement needs on an ongoing basis using revenue generated in the Civil Process Fee special revenue fund. The special revenue fund is mandated by Government Code Section 26720-26751 and is to be used solely for technical equipment and vehicles for the Civil Division. The vehicles are considered fixed assets of the Detention budget so funds are transferred into this budget from the Civil Process Fee fund in order to make the proper accounting entries. The Sheriff is requesting an increase of \$200,000 in appropriations in the Detention budget for the purchase and equipping of three transport vehicles. These vehicles will be used to replace three existing vehicles in the Civil Division that have over 50,000 miles of use. The three displaced vehicles will then be transferred to the Operations budget or to other divisions within the Detention budget to replace vehicles that Fleet Services has identified as reaching 100,000 miles or have become too expensive to maintain. An increase of \$200,000 in estimated revenue is also requested for the transfer in from the Civil Process Fee budget.

Civil Process Fee: The Sheriff is requesting to increase appropriations by \$200,000 in intrafund transfers in order to properly account for the purchase and equipping of three vehicles for the Detention Civil Division. The vehicles are considered fixed assets of the Detention budget, but funds for purchase are from the Civil Process Fee special revenue fund. The fund balance as of June 30, 2012, is greater than \$1.2 million.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Cal-ID	\$0	\$25,235	\$25,235	\$0	Increase Operating Supplies to properly reflect available fund balance for FY2012-2013 budget.
Vehicle Theft	\$0	(\$30,305)	(\$30,305)	\$0	Decrease Operating Supplies to properly reflect fund balance available for FY2012-2013 budget.
Detention	\$200,000	\$200,000	\$0	\$0	Increase estimated revenue and appropriations for purchase of three vehicles for use in Civil Division.
Civil Process Fees		\$200,000	\$200,000	\$0	Increase appropriations to transfer funds to Detention for Civil Division vehicle purchase
Total	\$200,000	\$394,930	\$194,930	\$0	

Staffing Requests: The Department is requesting to add one block-budgeted Manager III position to the Administration unit. This position will be responsible for the overall Human Resources management functions, including payroll, recruitments, disability management, disciplinary matters, and act as the Department's Equal Employment Opportunity Officer. On March 6, 2007, the Board approved an agenda item 2007-163 for the 2006-2007 Mid-Year Budget to add a Manager III position for Human Resources, and on August 4, 2009, the Board approved an agenda item 2009-519 for a Reduction-in-Force for the same position effective September 5, 2009. The Department has identified a need to bring the Human Resources Manager position back to the Sheriff's Department to effectively oversee the Human Resource function.

In addition, the Chief Executive Office previously received a request to complete a classification study for one Legal Clerk IV position in the Patterson contract city. A study has been completed and based on the job duties and responsibilities of this position, a recommendation to reclassify and upgrade the position to a block-budgeted Supervising Legal Clerk II is being made.

The Chief Executive Office also previously received a request to add a new position and classification to provide autopsy support services at the Coroner Facility. The new position and classification will be titled Forensic Autopsy Technician. In general, the Forensic Autopsy Technician will coordinate the removal and care of the deceased, perform post mortem examinations, and assist the Forensic Pathologist during an autopsy. Currently the Stanislaus County's Sheriff's Department performs an estimated 600 autopsies annually and provides additional autopsy services to Mariposa and Tuolumne Counties. Presently the Deputy Sheriff-Coroners and the Forensic Pathologist are performing the technician-level duties. This new position will allow the Deputy Sheriff-Coroners and Forensic Pathologist to perform work more appropriate to their classification with the Forensic Autopsy Technician performing the technical and support level work. This new classification will be represented by AFSCME Local 10 in the Technical Services Bargaining unit (B) in order to mirror other similar classifications countywide. The salary range will be established at \$16.79 - \$20.77 hourly. The addition of this new classification is essential for the department to provide efficient services and further supports the Board Priority of providing a safe community.

SHERIFF'S DEPARTMENT STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Administration	1	NEW	Manager III	Add new position	Manager III-block-budgeted
Operations	1	NEW	Forensic Autopsy Technician	Add new classification/ Add new position	New classification of Forensic Autopsy Technician; AFSCME BU B; Salary range \$16.79-\$20.77
SHERIFF'S DEPARTMENT CHANGES	2				
Beginning Allocation	579				
Changes in Allocation	2				
Ending Allocation	581				
SHERIFF'S DEPARTMENT TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Contract Cities	1	8539	Legal Clerk IV	Reclassify upward	Supervising Legal Clerk II-block-budgeted

Summary of Recommendations: It is recommended to increase estimated revenue by \$200,000 and increase appropriations by \$394,930 resulting in an increased use of fund balance of \$194,930. The Cal ID spendable fund balance as of July 1, 2012 is \$126,428 with an approved use of \$101,193 included in the Final Budget, leaving an available balance of \$25,235 which will fund the requested appropriations increase. The Vehicle Theft spendable fund balance as of July 1, 2012, is \$60,103 with an approved use of \$90,408 included in the Final Budget, leaving a projected deficit of \$30,305. The requested decrease in appropriations will remedy the deficit situation. The Civil Process Fee spendable fund balance as of July 1, 2012, is \$1,203,939 which is more than adequate to fund the \$200,000 appropriations request. It is also recommended that the staffing changes described and outlined in the table above be adopted.

SUMMARY

Overall, appropriations and estimated revenue for A Safe Community are recommended to increase by \$390,093 and \$190,427 respectively. This will result in an additional use of \$199,666 in special revenue fund balance.



A Healthy Community

COUNTY DEPARTMENTS

Area Agency on Aging/Veterans' Services

Behavioral Health and Recovery Services

Child Support Services

Children and Families Commission

Community Services Agency

Health Services Agency

A Healthy Community

OVERVIEW

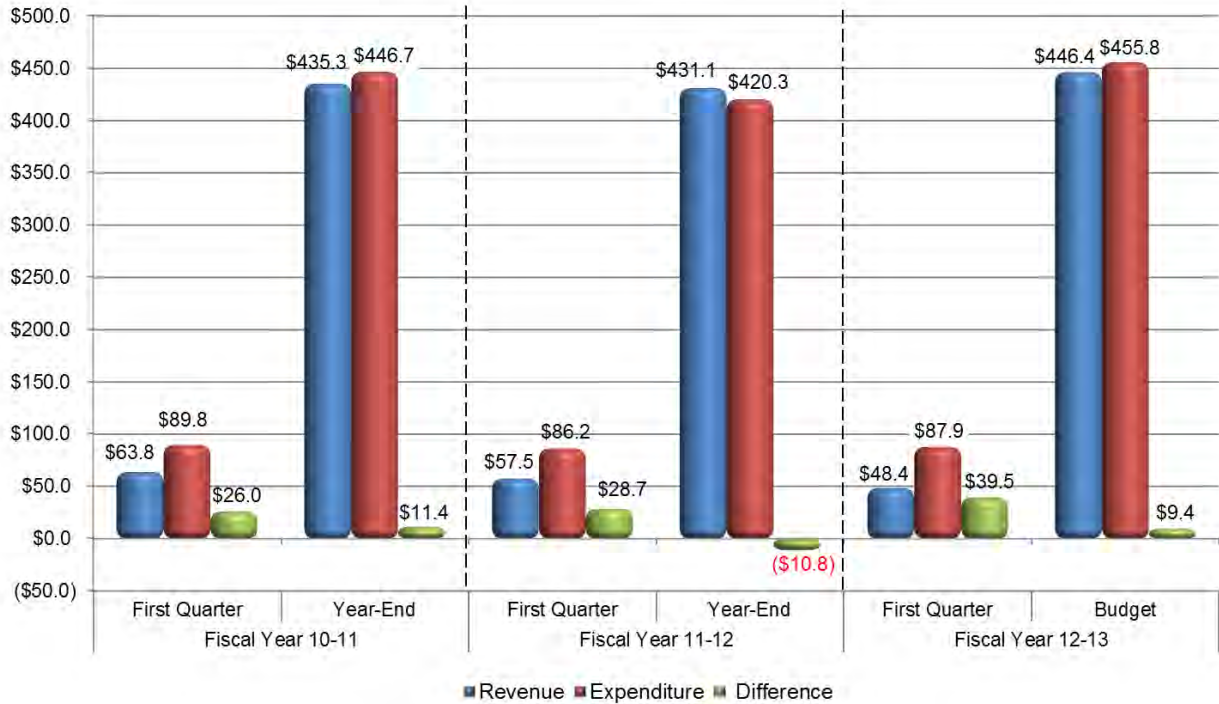
The Board of Supervisors priority area of A Healthy Community is vital to the quality of life for County residents. The departments assigned to this priority area are focused on protecting and promoting the health and well-being of County residents including preventing disease, disability and death. Protecting emotional safety focuses on the social problems that include homelessness, incarceration and fragmented families with financial and emotional needs. The departments assigned to this priority area include: Area Agency on Aging and Veterans' Services, Behavioral Health and Recovery Services, Child Support Services, Children and Families Commission, the Community Services Agency and the Health Services Agency. The major funding sources for these programs include Federal and State funding and, where required, local discretionary funds are used primarily to match other governmental funding in support of these programs.

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Healthy Community, as of September 30, 2012, actual revenue is \$48.4 million, which represents 10.8% of the estimated annual revenue. This is below the range when compared to the first quarter point of the prior two years when collections were 14.7% and 13.3% of the final actual revenue. As of September 30, 2012, expenditures are \$87.9 million, representing 19.3% of the budgeted appropriations. Expenditures at the first quarter point of the two prior years were 20.1% and 20.5% of the final annual expenditures, placing this year's expenditures below the range.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of A Healthy Community.

A Healthy Community Three Year Comparison



Significant variations this year, compared to the same time period one year ago include:

- ◆ Behavioral Health and Recovery Services – Mental Health – A \$1.5 million decrease in revenue is primarily the result of 2011 Realignment and how the Department is receiving funding in Fiscal Year 2012-2013. Last year, as part of AB100, the Department received allocations in the first quarter for Early and Periodic Screening, Diagnosis and Treatment (EPSDT), Special Education Pupils (SEP) and Managed Care. This year, EPSDT and Managed Care are being funded through 2011 Realignment based on actual sales tax collections. The SEP allocation was one-time funding in Fiscal Year 2011-2012. In Fiscal Year 2012-2013, the Department will be invoicing the schools directly for services provided to this population;
- ◆ Behavioral Health and Recovery Services – Alcohol and Drug – A \$611,621 increase in estimated revenue is primarily the result of a change in accounting practice. Effective this fiscal year, Drug Medical revenue is accrued each month, which results in an increase in reported revenue from last fiscal year. There is also an increase in estimated revenue due to the Child Welfare Services (CWS) augmentation that began in November 2011. The increase of \$760,653 in expenditures is primarily due to the Department's contract with Aegis Medical Systems, Inc. for Narcotic Replacement Therapy services. BHRS did not incur this contract expense until October 2011, compared to the first quarter of Fiscal Year 2012-2013 in which there has been three full months of expense. The CWS augmentation has also increased expenditures;

- ◆ Behavioral Health and Recovery Services – Managed Care – A \$744,035 increase in expenditures due to the continued increase in psychiatric inpatient hospitalization;
- ◆ Behavioral Health and Recovery Services – Mental Health Services Act (MHSA) – An increase of \$567,350 in estimated revenue as a result of MHSA Innovation Projects and their corresponding revenue. In Fiscal Year 2011-2012, due to delays in the Request for Proposals (RFP) review and contract awards, only approximately six months of costs were funded by MHSA Innovation revenues, whereas this fiscal year, these projects are funded for the entire year by MHSA Innovation funding;
- ◆ Child Support Services – Overall, a decrease in revenue of approximately \$3.7 million is due to the timing of the transfers of revenue during the first quarter of 2011/2012. One of those transfers was for the prior fiscal year, but wasn't booked until after the fourth quarter was closed. This timing had an impact of making revenue for 2011/2012 appear inflated by the amount of the one claim;
- ◆ Community Services Agency - Services and Support - An increase in revenue of approximately \$1.5 million is due to a delay in the receipt of C-IV Projects costs last Fiscal Year. The increase in expenditures of \$3.4 million is also related to the delay in receipt of C-IV Project costs, in addition to more timely vendor/invoice payments in Welfare to Work contracted services and salary costs in line with projected appropriations;
- ◆ Community Services Agency - Public Economic Assistance - A decrease in revenue of \$5.8 million is due to a one-month delay in receipt of Federal and State funding;
- ◆ Community Services Agency - In-Home Supportive Services (IHSS) Provider Wages - A decrease in revenue of \$500,000 is due to one-time 1990/1991 Realignment growth money that was received last year. Expenditures are down \$1.1 million as the result of a one-month delay in the county share invoice/payment that will be right-sized in October;
- ◆ Health Services Agency - Clinics and Ancillary Services - A decrease in estimated revenue of approximately \$660,000 and expenditures of approximately \$711,000 is a direct result of a change in physicians providing specialty care in the Clinics;
- ◆ Health Services Agency - Indigent Health Care Program - A decrease in expenditures of approximately \$410,000 is a direct result of the use of cash basis accounting as of the First Quarter in Fiscal Year 2012-2013, versus accrual basis accounting that was used in Fiscal Year 2011-2012; and
- ◆ Health Services Agency - Public Health - A decrease of approximately \$450,000 in expenditures is a result of a decrease in salaries and benefits due to vacancies resulting from retirements and resignations, a decrease in grant funded purchases that were made in Fiscal Year 2011-2012 related to the Emergency Preparedness Program as well as from other Financing Uses related to the Hospital Preparedness Program.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

BEHAVIORAL HEALTH AND RECOVERY SERVICES

Behavioral Health and Recovery Services: The Department is requesting an increase in appropriations and estimated revenue in the amount of \$11,250 for two new vehicle leases for the Community Emergency Response Team (CERT) program funded by Mental Health Services Act (MHSA) one-time discretionary funds. CERT staff provides crisis intervention and assessment services at area hospital emergency departments for Medi-Cal beneficiaries and uninsured County residents. Additionally, the vehicles may be used to transport clients to out of area hospitals. As such, the vehicles are used extensively and have high wear and tear. The two leased vehicles will replace two existing heavily used vehicles and will provide staff with more reliable vehicles to better serve County residents and staff transportation needs. After a thorough analysis by the Department, it was determined that leasing is a better option. By leasing vehicles, the department has a continually budgeted monthly outlay for lease costs instead of one major capital outlay at the point of purchase. At the end of the lease, the Department is able to purchase the vehicle for a nominal fee. The amount for Fiscal Year 2012-2013 is estimated to be \$11,250 (\$18,000 per car/24 month lease) x 7.5 months x 2 cars). Funding for the remainder of the lease period will be included in future budgets. All Behavioral Health and Recovery Services vehicle requests have been discussed with the County's Fleet Service Manager, who is in support of the requests.

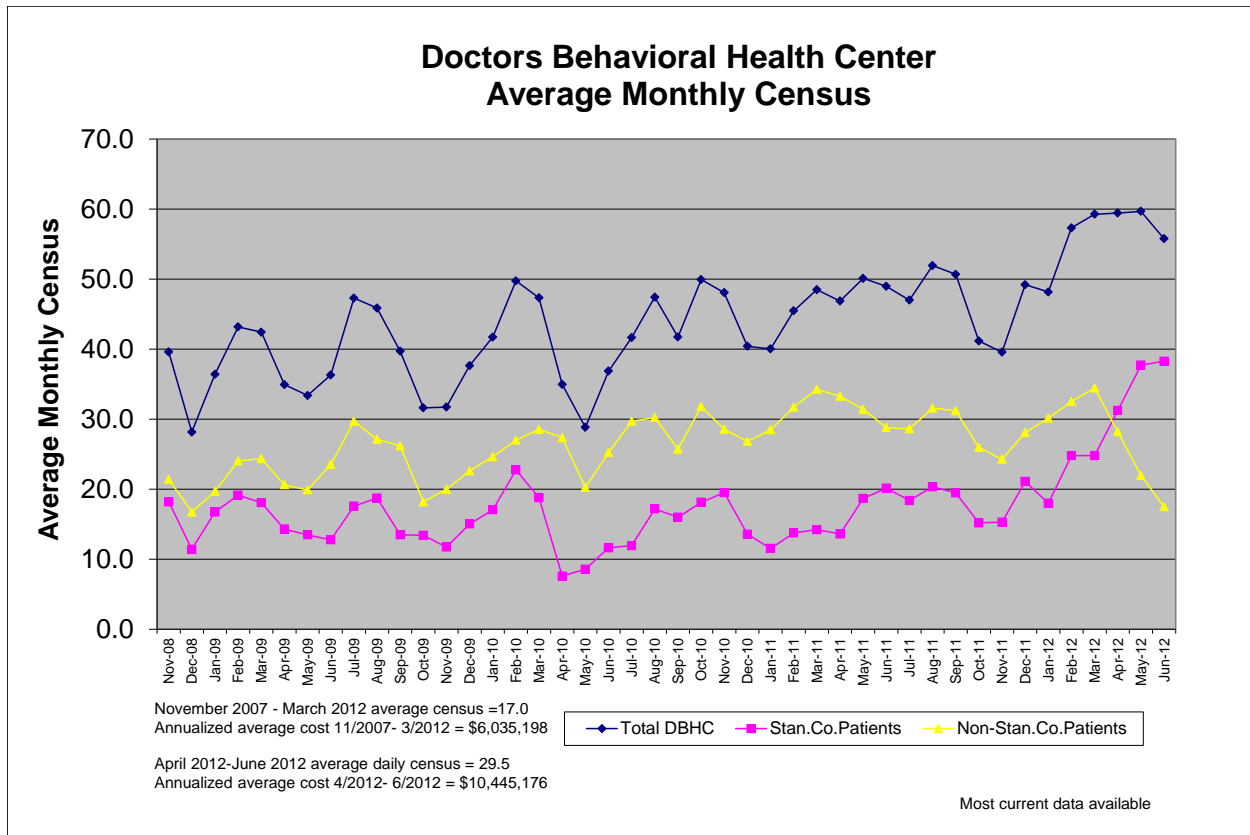
Alcohol and Drug: The department is requesting an increase in appropriations in the Alcohol and Drug Program budget for costs related to the Mental Health Services Act (MHSA) Technological Needs Electronic Health Record (EHR) share of non-mental health program costs. MHSA funds can only be used to pay for the portion of the MHSA Technological Needs Electronic Health Record Project (EHR) benefitting mental health programs and consumers. The estimated cost for the non-mental health portion of the EHR for the remainder of Fiscal Year 2012-2013 is \$59,000 of which \$26,550 will be funded by the Alcohol & Drug budget unit and \$32,450 which will be funded by the Stanislaus Recovery Center (SRC) budget unit. The funding source will be fund balance. The department has set aside dollars within the fund balance in anticipation of these appropriations.

Managed Care: The Department is requesting an increase in appropriations of \$1.5 million in the Managed Care budget for psychiatric inpatient hospitalization costs related to the utilization of beds at Doctors Behavioral Health Center. The budget for psychiatric inpatient hospitalization costs was based on an average daily census of 20 beds per day in County and 7 beds in out-of-county hospitals. The average daily census for in County beds in the first two months of the fiscal year has increased by 35% from the number originally included in the 2012-2013 Final Budget. Unfortunately, during recent months, the Department has seen the census continue to rise even higher. The analysis of this trend leads the Department to believe that if the average daily census continues to rise, appropriations for psychiatric inpatient hospitalization can reach \$8.7 million by March 2013. The increase of \$1.5 million is approximately 85% of what the department anticipates needing for Fiscal Year 2012-2013. At this time, BHRS is opting to increase appropriations to the projected amount necessary to extend through the mid-year budget process.

Funding for this increase will come from Department fund balance. The Department is aware that this is not a sustainable funding source and with continued use, fund balance can be depleted early in Budget Year 2013-2014. In collaboration with the Chief Executive Office and area hospitals, the Department is in the process of developing a Strategic Plan for 24/7 Secure Mental Health Services that will go to the Board

of Supervisors for approval in November 2012. The Strategic plan will include collaborative processes that specifically address the areas of lowering costs, secure mental health capacity, and creating a continuum of care in partnership with local hospitals.

In the interim, the Department will continue to monitor costs closely and return to the Board with any necessary adjustments.



Stanislaus Recovery Center: In conjunction with the request to the Alcohol and Drug Program budget, BHRS is requesting an increase in appropriations of \$32,450 in the Stanislaus Recovery Center budget for costs related to the MHSA Technological Needs EHR share of non-mental health program costs. The funding source will be fund balance. The department has set aside dollars within the fund balance in anticipation of these appropriations.

Mental Health Services Program: The Department is requesting an overall net decrease in appropriations and estimated revenue of \$2,125 for costs related to the Mental Health Services Act (MHSA) Technological Needs Electronic Health Record (EHR) share of non-mental health program costs and MHSA Community Services and Supports (CSS) program vehicle leases.

The Department is requesting a decrease in appropriations and estimated revenue of \$59,000 in the MHSA budget. MHSA funds can only be used to pay for the portion of the MHSA Technological Needs Electronic Health Record Project (EHR) benefitting mental health programs consumers. Public Facilities Fees in the amount of \$253,478 were awarded on June 29, 2010 to fund the non-mental health/substance use programs portion of the EHR. As of October 2012 these Public Facilities Fees will be fully expended. The

estimated cost for the non-mental health portion of the EHR for the remainder of Fiscal Year 2012-2013 is \$59,000, of which \$26,550 will be transferred to the Alcohol & Drug budget; and \$32,450 to the Stanislaus Recovery Center budget. The Department anticipates that the on-going maintenance costs associated with the EHR system will be absorbed in future budgets as the substance use caseloads continue to decline.

The Department is requesting an increase in appropriations and estimated revenue of \$56,875 for nine new vehicle leases in the MHSA budget. MHSA funding must be used within three years of its allocation. Funding not used reverts to the State for redistribution to other Counties. In September, BHRS received an estimated \$2,253,305 in redistributed funds. This allocation is one-time discretionary funding that must also be used within the three-year timeframe. When MHSA was implemented in Fiscal Year 2006-2007, several vehicles were purchased for program use. A vast majority of BHRS services, especially MHSA services, are provided in the community. As a result, vehicles are heavily used to transport consumers, and visit consumers and families in areas that may not be safe for staff to use personal vehicles. Approximately \$56,875 of the one-time funds will be used to lease nine new vehicles in the MHSA budget. Two additional vehicles will be leased for the CERT program in the Mental Health Services budget. The leased vehicles, consisting of four vans and five sedans, will replace existing heavily used vehicles that have exceeded their depreciable life and will provide staff with more reliable vehicles to better serve MHSA clients and staff transportation and safety needs. Seven of the older vehicles will be redistributed to non-MHSA programs that do not have funding to purchase new vehicles. In addition, working with Fleet Services, the Department has decommissioned five vehicles due to age, high mileage, and/or service history. These decommissioned vehicles have not been replaced.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Mental Health	\$11,250	\$11,250	\$0	\$0	Increase appropriations and estimated revenue using one-time MHSA reallocation funds for 2 new vehicle leases for Community Emergency Response Team (CERT) MHSA mobile reponse component
Alcohol & Drug	\$0	\$26,550	\$26,550	\$0	Increase appropriations, funded by departmental fund balance for non-mental health programs share of cost for EHR
Managed Care Fund		\$1,500,000	\$1,500,000		Increase appropriations for increased inpatient hospitalization utilization
Stanislaus Recovery Center	\$0	\$32,450	\$32,450	\$0	Increase appropriations, funded by departmental fund balance for non-mental health programs share of cost for EHR
Mental Health Services Act (MHSA)	(\$2,125)	(\$2,125)	\$0	\$0	Net decrease in appropriations and estimated revenue of \$2,125 for costs related to MHSA Technological Needs EHR share of non-mental health programs costs and MHSA Community Services and Supports program vehicle leases.
Total	\$9,125	\$1,568,125	\$1,559,000	\$0	

Summary of Recommendations: It is recommended to increase revenue by \$9,125 and increase appropriations by \$1,568,125, resulting in an increased use of fund balance of \$1,559,000. As of July 1, 2012, the combined fund balance total of all Behavioral Health and Recovery Services budgets is \$22,020,893. An approved use of \$4,392,669 included in the Final Budget left a balance of \$17,768,224.

Some BHRS budgets have negative fund balances which are covered by the primary Mental Health budget, where the majority of the fund balance resides. A greater part of the fund balance is committed to previously approved projects and projected liabilities, leaving an unobligated fund balance of approximately \$1.8 million. With the approval of the requested appropriations increase, the revised projected unobligated fund balance in the Mental Health budget will be approximately \$200,000.

HEALTH SERVICES AGENCY

The Health Services Agency – Public Health is requesting to transfer \$71,000 in appropriations from Salaries and Benefits into Fixed Assets to cover the anticipated cost of removal and replacement of existing floor coverings at 820 Scenic Road in Modesto. The current flooring is in poor repair and creates a safety hazard. The Department has identified salary savings in the current year that will fund all associated expenditures for this project.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Health Services Agency Public Health	\$0	(\$71,000)	(\$71,000)	\$0	Decrease Salaries & Benefits by \$71,000.
Health Services Agency Public Health	\$0	\$71,000	\$71,000	\$0	Increase Fixed Assets by \$71,000.
	\$0	\$0	\$0	\$0	
Total	\$0	\$0	\$0	\$0	

Summary of Recommendations: It is recommended to transfer \$71,000 in appropriations from Salaries and Benefits into Fixed Assets to fund flooring removal and replacement costs.

SUMMARY

Overall, appropriations and estimated revenue for A Healthy Community are recommended to increase by \$1,568,125, and \$9,125 respectively. This is funded through the use of \$1,559,000 of available departmental fund balance.



A Strong Local Economy

COUNTY DEPARTMENTS

Alliance Worknet
CEO-Economic Development Bank
Library

A Strong Local Economy

OVERVIEW

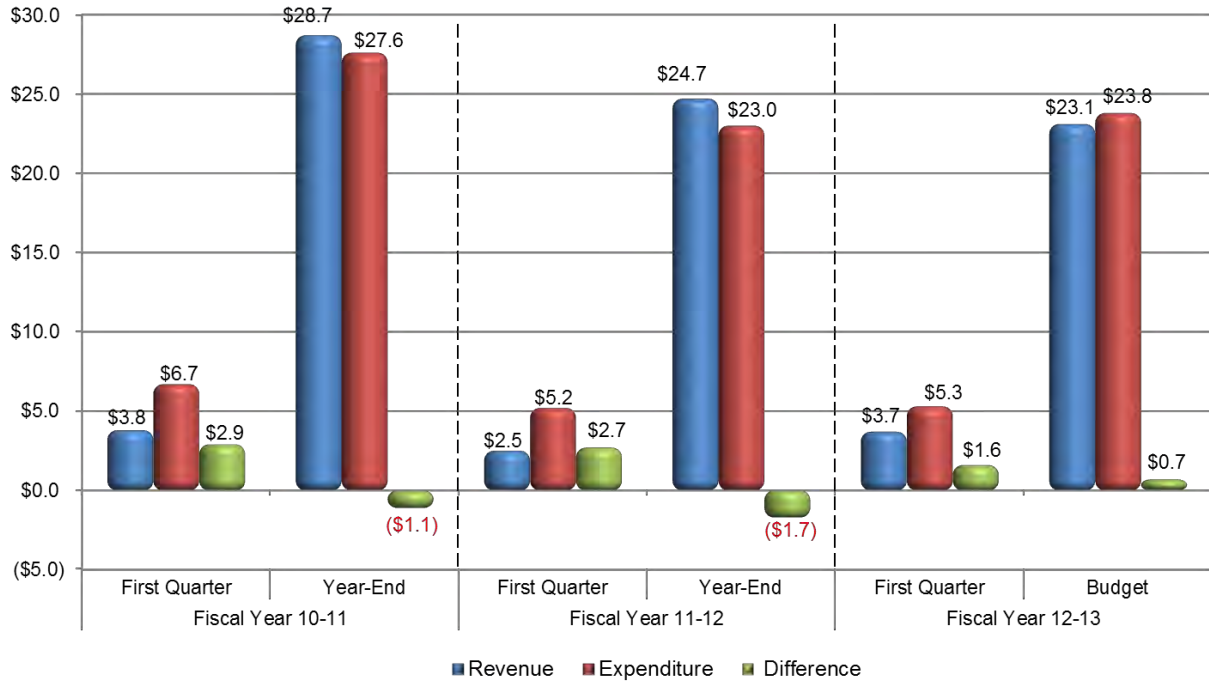
The Board of Supervisors priority area of A Strong Local Economy recognizes the critical role that County government can play in supporting a local economy that promotes, protects, and sustains our agricultural economies while providing for more diversified economic opportunities that will strengthen our local economy and provide for a better, more stable, quality of life for our residents. Supporting job creation, providing a wide range of employment and training services, and educational resources are key aspects of A Strong Local Economy. Departments and programs assigned to this priority area include: Alliance Worknet, Chief Executive Office - Economic Development Bank, and the Library. The Alliance Worknet's major funding source is Federal funds (Workforce Investment Act), while the Library is supported by a special 1/8 cent sales tax and a contribution from the General Fund.

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Local Economy, as of September 30, 2012, actual revenue collected is \$3.7 million, which represents 16% of the estimated annual revenue. Revenues at first quarter of the prior two years were 13.2% and 10.1% of actual revenues, placing this year's revenues above the range. As of September 30, 2012, expenditures are \$5.3 million, representing 22.3% of the budgeted appropriations. This is below the range when compared to first quarter of the two prior years when collections were 24.3% and 22.6% of actual expenditures.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of A Strong Local Economy.

A Strong Local Economy Three Year Comparison



Significant variations this year, compared to the same time-period one year ago include:

- ◆ Alliance Worknet – an increase in revenue due to the timely cash draw down requests to the State for Workforce Investment Act (WIA) allocation and StanWORKs Welfare-to-Work contract. In the past, these funds had been received in the second quarter.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

ALLIANCE WORKNET

Staffing Requests: The Department is requesting to unfund one vacant Accountant III position. As mentioned in the 2011-2012 Third Quarter Budget, after a planned retirement, the position was to be unfunded in Fiscal Year 2012-2013 for salary savings.

The Department is further requesting to restore one unfunded Staff Services Analyst position due to increased workloads in the contracts monitoring unit. The addition of this position will assist the Department in effectively maintaining the integrity of its program contracts with internal and external customers and meet federally required performance goals. The cost of the position will be absorbed within the current budget.

ALLIANCE WORKNET STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Alliance Worknet	-1	2239	Accountant III	Unfund vacant position	Unfund vacancy
	1	2843	Staff Services Analyst	Restore unfunded position	Restore vacant position
ALLIANCE WORKNET CHANGES	0				
Beginning Allocation	82				
Changes in Allocation	0				
Ending Allocation	82				

Summary of Recommendations: It is recommended the staffing changes described and outlined in the table above be adopted.

LIBRARY

In August 2012, the Stanislaus Literacy Center was awarded \$71,158 from the California Library Literacy Services (CLLS) to fund the ReadingWorks adult literacy program for Fiscal Year 2012-2013. The ReadingWorks program is a partnership between the Library and Stanislaus Literacy Center that provides individualized tutoring for adults, GED preparation classes, and family literacy programs. In January 2012, the State had indicated that funding may not be available to support the program. Without this funding, the program will have to be severely cut since more than 61% of the program funding is from the State. In order to preserve the program, a one-time federal emergency funding of \$41,544 from the Library Services and Technology Act (LSTA) was awarded to Stanislaus Literacy Center, which was included in the Library's Final Budget. The State has now provided additional funding that will allow the literacy program to sustain its operations in Fiscal Year 2012-2013.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Library	\$71,158	\$71,158	\$0	\$0	Increase CLLS State funding for Stanislaus Literacy Center to fund ReadingWorks program.
Total	\$71,158	\$71,158	\$0	\$0	

Summary of Recommendations: It is recommended to increase revenue and appropriations by \$71,158 to fund the ReadingWorks adult literacy program.

SUMMARY

Overall, appropriations and estimated revenue for A Strong Local Economy are recommended to increase by \$71,158 for the Stanislaus Literacy Center.



A Strong Agricultural Economy/Heritage

COUNTY DEPARTMENTS

Agricultural Commissioner
Cooperative Extension

A Strong Agricultural Economy/Heritage

OVERVIEW

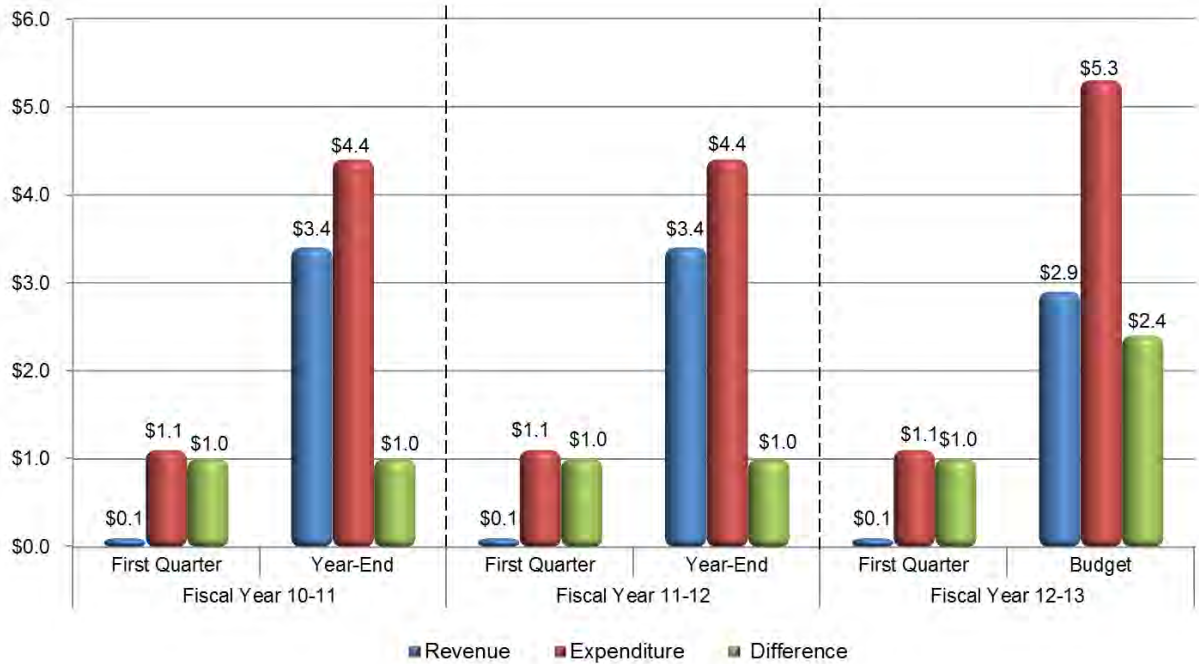
The Board of Supervisors priority area of A Strong Agricultural Economy/Heritage recognizes the vital role of the County's number one industry that generates over \$3 billion per year for County residents. Farmland conversion, air pollution, soil salinity and drainage, agricultural water supply and water quality, and preservation of our unique agriculture heritage are key aspects of A Strong Agricultural Economy/Heritage. Departments assigned to this priority area include: Agricultural Commissioner's Office and Cooperative Extension. The major funding source for these County budgets includes contributions from the General Fund. The Agricultural Commissioner receives State funding for a number of programs as well as charges for specific services. While not part of the County budget, Cooperative Extension's University of California advisors are funded through the University of California system.

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage, as of September 30, 2012, actual revenue collected is \$84,163, which represents 2.9% of the estimated annual revenue. This is within the range when compared to first quarter of the prior two years when collections were each at 2.9% of the actual revenue. As of September 30, 2012, expenditures are \$1.1 million, representing 20.8% of the budgeted appropriations. Expenditures at the first quarter point of the prior two years were each 25% of the final actual expenditures, placing this year's expenditures just below the range.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through a General Fund contribution or the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage.

A Strong Agricultural Economy/Heritage Three Year Comparison



There were no significant variations this year, compared to the same time-period one year ago.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

There are no recommended budget or staffing changes for this priority area.

SUMMARY

Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Strong Agricultural Economy/Heritage are projected to meet budget at year-end. There are no recommended budget changes for this priority area.



A Well Planned Infrastructure System

COUNTY DEPARTMENTS

Environmental Resources
Parks and Recreation
Planning and Community Development
Public Works

A Well Planned Infrastructure System

OVERVIEW

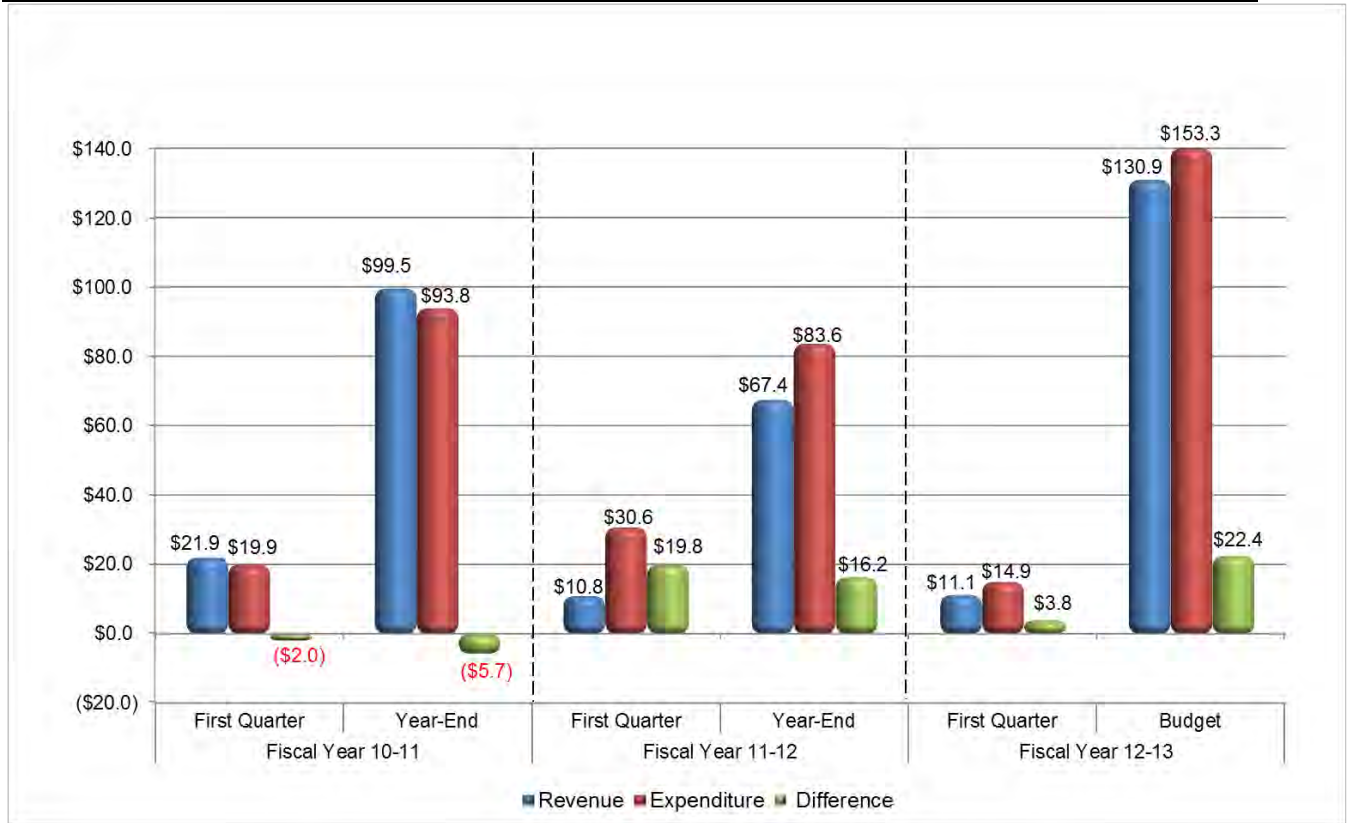
The Board of Supervisors priority area of A Well Planned Infrastructure System is essential to the quality of life for the residents of Stanislaus County and to the maintenance and expansion of a robust economy. Water quality, effective liquid and solid waste disposal, recreational opportunities, and regional approaches to transportation circulation are critical to A Well Planned Infrastructure System. Departments assigned to this priority area include: Environmental Resources, Parks and Recreation, Planning and Community Development, and Public Works. Environmental Resources and Planning and Community Development's Building Services Division are supported primarily through fees and Charges for Services. The General Fund primarily funds the Parks and Recreation Department and Planning and Community Development's Planning Division. The Planning and Community Development's--Community Development Division and the Redevelopment Agency are funded by special revenue grants and tax increment payments. On February 1, 2012, the Redevelopment Agency was dissolved and the Successor Agency was created. The Public Works Department primary sources of funding are derived from Charges for Services and State and Federal funding for transportation and roads.

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of A Well Planned Infrastructure System, as of September 30, 2012, actual revenue collected is \$11.1 million, which represents 8.5% of the estimated annual revenue. This is below the range when compared to first quarter of the prior two years when collections were 22% and 16% of the actual revenue. As of September 30, 2012, expenditures are \$14.9 million, representing 9.7% of the budgeted appropriations. Expenditures at the first quarter of the prior two years were 21.2% and 36.6% of the actual expenditures, placing this year's expenditures below the range.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through a General Fund contribution or the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of A Well Planned Infrastructure System.

A Well Planned Infrastructure System Three Year Comparison



Significant variations this year, compared to the same time period one year ago include:

- ◆ Department of Planning and Community Development Special Revenue Grants – An increase in revenue and expenditures due to new funding allocated for the Community Development Block Grant (CDBG) and the Emergency Solutions Grant (ESG) in Fiscal Year 2012-2013; and
- ◆ Department of Public Works Road and Bridge – An increase of \$49 million in budgeted revenue and expenditures as a result of two major projects scheduled to begin construction in Fiscal Year 2012-2013; SR99 Kiernan Interchange project and Claribel Road Widening.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

There are no recommended budget or staffing changes for this priority area.

SUMMARY

Overall, appropriations and estimated revenue for the Board of Supervisors priority area of A Well Planned Infrastructure System are projected to meet budget at year-end. There are no recommended budget changes for this priority area.



Efficient Delivery of Public Services

COUNTY DEPARTMENTS

Assessor
Auditor-Controller
Board of Supervisors
Chief Executive Office
Clerk-Recorder
County Counsel
General Services Agency
Strategic Business Technology
Treasurer-Tax Collector

Efficient Delivery of Public Services

OVERVIEW

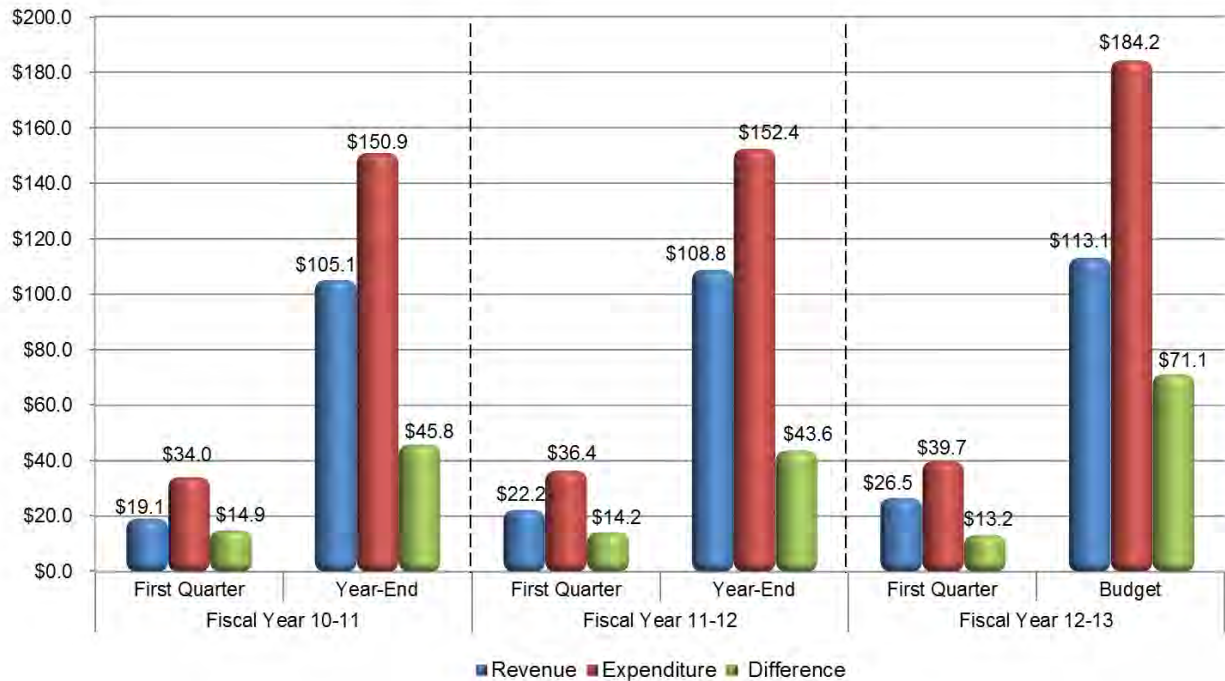
The public expects government to be responsive to their needs and to conduct business efficiently. County departments provide services to a diverse customer base. To serve these customers efficiently, it is important to consistently understand and review how to improve County services. Departments assigned to the Board of Supervisors priority area of Efficient Delivery of Public Services include: Assessor, Auditor - Controller, Chief Executive Office, Clerk-Recorder/Elections, County Counsel, General Services Agency, Strategic Business Technology and Treasurer-Tax Collector. The revenue used to pay for the majority of these services comes from local taxes such as property tax and sales tax, fees, franchises, charges for services, and a variety of other discretionary sources.

DEPARTMENTAL REVENUE AND EXPENDITURES

For the departmental budgets that are part of the Board of Supervisors priority area of Efficient Delivery of Public Services, as of September 30, 2012, actual revenue collected is \$26.5 million, which represents 23.4% of the estimated annual revenue. This is above the range when compared to first quarter of the prior two years when collections were 18.1% and 20.4% of the final actual revenue. As of September 30, 2012, expenditures are \$39.7 million, representing 21.5% of the budgeted appropriations. Expenditures at first quarter of the prior two years were 22.5% and 23.9% of the final actual expenditures, placing this year's expenditures below the range.

The following chart provides a comparison of revenue, expenditures and the difference between the two which is funded through a General Fund contribution and the use of fund balance/retained earnings. This comparison shows first quarter and year-end for a three-year period, including the current year, for the departments assigned to the Board of Supervisors priority area of Efficient Delivery of Public Services.

Efficient Delivery of Public Services Three Year Comparison



Significant variations this year, compared to the same time period one year ago include:

- ◆ Chief Executive Office – Debt Service – An increase in revenue of approximately \$2.7 million and a decrease of approximately \$985,000 in expenditures. The revenue increase is due in the timing of bringing in all of the approved Public Facility Fees and Criminal Justice Facility Funding and expenditures are lower due to the delay in the payments to the trustees;
- ◆ Chief Executive Office – Risk Management Medical Self Insurance – An increase in revenue of approximately \$1.4 million due to the inclusion of COBRA participants, special district employees, early retirees, and employees’ share of cost in the medical self-insurance fund effective January 1, 2012. The increase in expenditures of approximately \$3.2 million reflects the self-insured plan design, in that claim costs were expected to be greater in the second half of the calendar year as participants begin to satisfy their plan deductibles. Another reason for the variance is that in the fully-insured model, insurance premiums were paid at a consistent rate each month, regardless of claim activity. This differs from the self-insured model, as claims are paid as they are incurred and as a result are less predictable. Also, as mentioned previously, the inclusion of an additional 450 participants in the plan increases expenditures and liability in the program; and
- ◆ Chief Executive Office – Risk Management – General Liability Self-Insurance – An increase of approximately \$1.5 million in expenditures due to timing related to litigation defense and resolution of various claims against the County. The General Liability program operates with significant variances in

expenditures and revenues on a quarterly basis due to the timing of trials and/or settlements of the various liability claims with the County. This fund is monitored closely throughout the year and is considered for adjustment if necessary during the Mid-Year and Third Quarter budget reviews.

FIRST QUARTER ISSUES AND RECOMMENDATIONS

AUDITOR CONTROLLER

Staffing Requests: The Department is requesting to unfund one vacant Application Specialist II position and unfund one vacant Accounting Supervisor position as part of the department’s on-going strategy of restructuring positions based on recent staffing changes and evaluating existing needs.

AUDITOR CONTROLLER STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Auditor Controller	-1	2057	Application Specialist II	Unfund vacant position	Unfund vacancy
	-1	2151	Accounting Supervisor	Unfund vacant position	Unfund vacancy
AUDITOR CONTROLLER CHANGES	-2				
Beginning Allocation	36				
Changes in Allocation	-2				
Ending Allocation	34				

Summary of Recommendations: It is recommended the staffing changes described and outlined in the table above be adopted.

CHIEF EXECUTIVE OFFICE

Staffing Requests: The Department is requesting to double-fill the Manager IV position in the Finance and Operations Division for a maximum of three months. The current Manager IV is retiring in March 2013. This crucial position is responsible for complicated areas of budgeting including discretionary revenue, salary projections, and fund balance tracking. The double-fill of this position will allow for on-the-job training between the incumbent and his replacement, so the replacement may learn the critical functions of the position. This action will allow for a smooth transition and provide continuity of services for this key position. The Department has sufficient existing appropriations to fund the double fill.

CHIEF EXECUTIVE OFFICE TECHNICAL ADJUSTMENTS TO POSITION ALLOCATION					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Operations and Services	1	1632	Manager IV	Double fill position	Double fill up to 3 months

CHIEF EXECUTIVE OFFICE – RISK MANAGEMENT DENTAL SELF-INSURANCE

The Chief Executive Office – Risk Management Division requests to decrease its estimated revenue and increase the use of retained earnings by \$188,031 to partially offset dental rates effective January 1, 2013. The Dental Self-Insurance Fund currently has a \$988,578 retained earnings balance. As part of the determination of 2013 rates for medical, dental, and vision plans, retained earnings in both the dental and vision funds were reviewed for capacity to offset medical rates. This analysis concluded that dental rates could be reduced by 10% and vision rates reduced by 50% for calendar year 2013 to assist in keeping employees’ and departments’ total health increases to a minimum. This is a one-year rate decrease for both the dental and vision plans. With the recommended use of retained earnings, it is projected that this

fund will end the fiscal year with a retained earnings balance of \$640,732, including the planned use of retained earnings in the Recommended Final Budget and after accounting for all liabilities known to the program.

CHIEF EXECUTIVE OFFICE – RISK MANAGEMENT VISION CARE SELF-INSURANCE

The Chief Executive Office – Risk Management Division requests to decrease its estimated revenue and increase the use of retained earnings by \$163,604 to partially offset vision rates effective January 1, 2013. The Vision Self-Insurance Fund currently has an \$848,019 retained earnings balance. As part of the determination of 2013 rates for medical, dental, and vision plans, retained earnings in both the dental and vision funds were reviewed for capacity to offset medical rates. This analysis concluded that dental rates could be reduced by 10% and vision rates reduced by 50% for calendar year 2013 to assist in keeping employees' and departments' total health increases to a minimum. This is a one-year rate decrease for both the dental and vision plans. With the recommended use of retained earnings, it is projected that this fund will end the fiscal year with a retained earnings balance of \$684,415 after accounting for all liabilities known to the program.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
CEO - Risk Management Division Dental Self-Insurance	(\$188,031)	\$0	\$188,031	\$0	Decrease revenue and increase the use of retained earnings to partially offset dental rates effective January 1, 2013.
CEO - Risk Management Division Vision Care Self-Insurance	(\$163,604)	\$0	\$163,604	\$0	Decrease revenue and increase the use of retained earnings to partially offset vision rates effective January 1, 2013.
Total	(\$351,635)	\$0	\$351,635	\$0	

STRATEGIC BUSINESS TECHNOLOGY

The Strategic Business Technology Department is requesting to increase revenue and appropriations in the amount of \$52,631 to restore an unfunded position to support the Oracle Financial Management System. County Departments have requested resources to provide additional reporting needs and support to the end users that use Oracle Financials. This position is funded by a special services agreement with the Health Services Agency through mid-Budget Year 2013-2014. The department is currently working on a second special services agreement to provide the remaining portion of funding needed in Budget Year 2013-2014. If an additional agreement is not secured for Budget Year 2013-2014, the remaining portion of funding will be included in the Cost Allocation Plan (CAP) charges to departments.

Budget Unit	Recommended				Description
	Revenue	Appropriations	Fund Balance/ Retained Earnings	Net County Cost	
Strategic Business Technology	\$52,631	\$52,631	\$0	\$0	Increase appropriations to cover 6 months of cost for an Application Specialist III position. Funded by a special services agreement with the Health Services Agency.
Total	\$52,631	\$52,631	\$0	\$0	

Staffing Requests: The Department is requesting to restore one unfunded Systems Engineer II position from Telecommunications and transfer the position to the Strategic Business Technology budget. The Department is further requesting to reclassify this position downward to a block-budgeted Application Specialist III.

The Strategic Business Technology (SBT) Department currently has one Senior Software Developer providing the support and services for the Oracle Financial Management System. Customers have requested additional services from SBT in providing reports and end user support. In the past, these services have been provided by the Auditor Controller Office. Both departments agree by adding this resource to SBT it will allow the customers' needs to be met, leverage senior staff skills, and provide a backup resource for the Oracle Financial Management System. A block-budgeted Application Specialist III is the appropriate classification to provide this application and end-user support.

STRATEGIC BUSINESS TECHNOLOGY STAFFING RECOMMENDATIONS AFFECTING ALLOCATION COUNT					
BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
SBT-Telecommunications	0	1552	Systems Engineer II	Restore unfunded position/ Transfer out	Restore vacant position/Transfer to Strategic Business Technology
Strategic Business Technology	1	1552	Systems Engineer II	Transfer in/ Reclassify downward	Transfer from SBT- Telecommunications/Application Specialist III-block-budgeted
SBT CHANGES	1				
Beginning Allocation	23				
Changes in Allocation	1				
Ending Allocation	24				

Summary of Recommendations: It is recommended to increase revenue and appropriations by \$52,631 to restore an unfunded position to support the Oracle Financial Management System. It is also recommended to adopt the staffing changes described and outlined in the table above.

SUMMARY

Overall, appropriations and estimated revenue for Efficient Delivery of Public Services are recommended to increase by \$52,631 and decrease by \$299,004 respectively. This is funded through the use of \$351,635 of available departmental retained earnings.

CONCLUSION

The First Quarter Financial Report shows the County is well-positioned to move forward and there are minor budget adjustments that have been highlighted in this report. County staff will continue to monitor the 2012-2013 Fiscal Year Final Budget and be prepared to make appropriate recommendations and changes at the Mid-Year Budget Report. Staff will closely watch the November 6, 2012 election to respond to any potential local impacts of the statewide vote on Proposition 30. If more urgent budget adjustments need to be made before the Mid-Year Budget Report, staff will bring appropriate and timely recommendations to the Board of Supervisors for consideration.

**STAFFING RECOMMENDATIONS
FISCAL YEAR 2012-2013 FIRST QUARTER BUDGET--ATTACHMENT B**

DEPARTMENT	BUDGET UNIT	POSITIONS	POSITION NUMBER	CLASSIFICATION	REQUEST	RECOMMENDATION
Alliance Worknet	Alliance Worknet	-1	2239	Accountant III	Unfund vacant position	Unfund vacancy
		1	2843	Staff Services Analyst	Restore unfunded position	Restore vacant position
Auditor Controller	Auditor Controller	-1	2057	Application Specialist II	Unfund vacant position	Unfund vacancy
		-1	2151	Accounting Supervisor	Unfund vacant position	Unfund vacancy
Chief Executive Office	Operations and Services	0	1632	Manager IV	Double fill position	Double fill up to 3 months
District Attorney	Criminal Division	1	1867	Attorney V	Restore unfunded position	Restore vacant position
		1	9721	Criminal Investigator II	Restore unfunded position	Restore vacant position
Sheriff	Administration	1	NEW	Manager III	Add new position	Manager III-block budgeted
	Contract Cities	0	8539	Legal Clerk IV	Reclassify upward	Supervising Legal Clerk II-block budgeted
	Operations	1	NEW	Forensic Autopsy Technician	Add new classification/add new position	New classification of Forensic Autopsy Technician; AFSCME BU B; Salary range \$16.79-\$20.77
Strategic Business Technology	SBT-Telecommunications	0	1552	Systems Engineer II	Restore unfunded position/ Transfer out	Restore vacant position/ Transfer to Strategic Business Technology
	Strategic Business Technology	1	1552	Systems Engineer II	Transfer in/ Reclassify downward	Transfer from SBT-Telecommunications/ Application Specialist III-block budgeted
CHANGES TO POSITION ALLOCATION REPORT		3				
TOTAL CURRENT AUTHORIZED POSITIONS		3,803				
Unfund Vacant Positions		-3				
Restore Unfunded Positions		4				
Add New Positions		2				
RECOMMENDED AUTHORIZED POSITIONS		3,806				

**Contract Summary Sheet
All Funds
Contracts over \$100,000**

Attachment C

Department	Budget Unit	Contractor	Brief Description of Service Provided or Position Held	Previous contractual amount	Proposed Contract Amount	Cumulative Contract Total
Chief Executive Office	Office of Emergency Services	Dan Davis	Emergency Management Planning Services	\$112,000 7/1/10-12/31/12	\$30,000 1/1/13-6/30/13	\$142,000
Chief Executive Office	Office of Emergency Services	Dave Funk	NIMS/ICS Training and Emergency Management Planning Services	\$148,108 7/1/10-12/31/12	\$52,000 1/1/13-12/31/13	\$200,108
Chief Executive Office	Office of Emergency Services	Chris Holmer	Emergency Management Planning Services	\$105,000 3/1/10-2/28/13	\$35,000 3/1/13-3/15/14	\$140,000
Chief Executive Office	Operations and Services	Don Phemister	Construction Management	\$182,000 2/1/12-1/31/13	\$76,440 2/1/13-6/30/13	\$258,440
Community Services Agency	Services and Support	Center of Human Services	Differential Response and Hutton House	\$223,508 7/1/10-6/30/12	\$150,000 7/1/12-6/30/13	\$373,508
Community Services Agency	Services and Support	Goodwill Industries of San Joaquin Valley	Vocational Training	\$200,000 7/1/10-6/30/12	\$75,000 7/1/12-3/31/13	\$275,000
Library	Library	Stanislaus Literacy Center	Literacy Services	\$263,582 7/1/10-6/30/12	\$185,000 7/1/12-6/30/13	\$448,582

*Contract totals listed that are less than \$100,000 represent separate contracts where the total contracted services with vendor exceed \$100,000

A scenic landscape at sunset. The sky is filled with orange and yellow clouds, with the sun low on the horizon. In the foreground, a river flows through a green field, reflecting the warm colors of the sky. The overall mood is peaceful and serene.

FIRST QUARTER FINANCIAL REPORT 2012-2013

Monica Nino
Chief Executive Officer

First Quarter Goals

First Quarter
FY 2012-2013

- **Provide quarterly revenue and expenditure summaries for County programs**
- **Recommend adjustments to County budgets since the adoption of the Final Budget in September 2012**
- **Identify and provide status of the County's ongoing challenges and issues based on current information**

Board Priority Areas

First Quarter
FY 2012-2013

The 2012-2013 First Quarter Report is organized by the seven Board of Supervisors Priorities of:

A Safe Community;

A Healthy Community;

A Strong Local Economy;

Effective Partnerships;

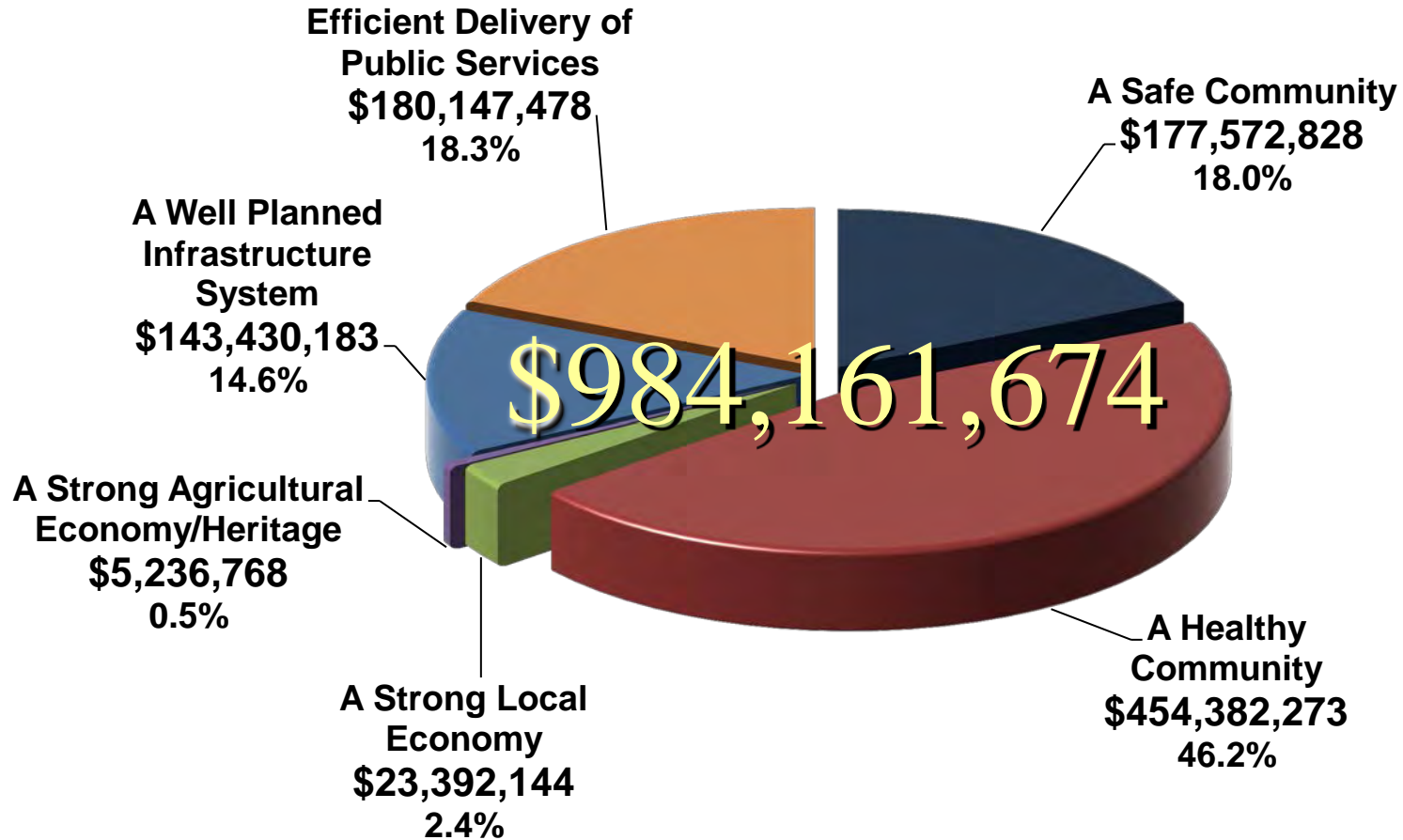
A Strong Agricultural Economy/Heritage;

A Well Planned Infrastructure System; and

Efficient Delivery of Public Services

Final Adopted Budget 2012-2013

First Quarter
FY 2012-2013



Adjustments by Priority

First Quarter
FY 2012-2013

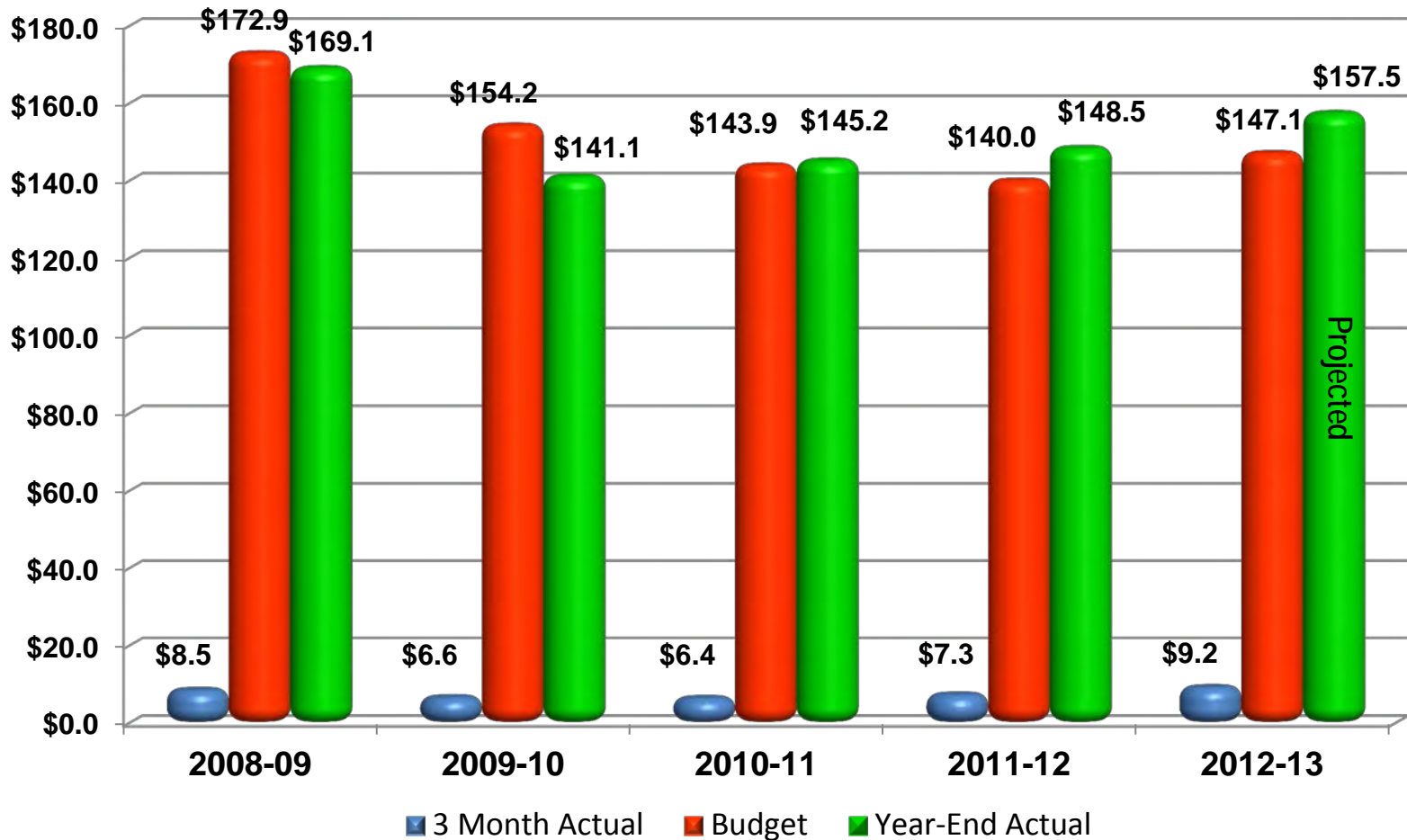
	Recommended Appropriations	Recommended Revenue	Use of Recommended Fund Balance / Retained Earnings	Appropriations for Contingencies
A Safe Community	\$390,093	\$190,427	(\$199,666)	\$0
A Healthy Community	\$1,568,125	\$9,125	(\$1,559,000)	\$0
A Strong Local Economy	\$71,158	\$71,158	\$0	\$0
A Strong Agricultural Economy/Heritage	\$0	\$0	\$0	\$0
A Well Planned Infrastructure System	\$0	\$0	\$0	\$0
Efficient Delivery of Public Services	\$52,631	(\$299,004)	(\$351,635)	\$0
Total	\$2,082,007	(\$28,294)	(\$2,110,301)	\$0

Discretionary Revenue

First Quarter
FY 2012-2013

General Fund—Discretionary Revenue Five Year Comparison

in millions



A Safe Community

First Quarter
FY 2012-2013

COUNTY DEPARTMENTS

CEO-OES/Fire Warden

CEO-Capital Projects

CEO-County Operations

District Attorney

Grand Jury

Integrated County Justice Information System

Probation

Public Defender

Sheriff

A Safe Community

First Quarter
FY 2012-2013

	Recommended Appropriations	Recommended Revenue	Recommended Fund Balance / Retained Earnings	Appropriations for Contingencies
A Safe Community	\$390,093	\$190,427	(\$199,666)	\$0

District Attorney:

- **\$9,599 increase in appropriations and revenue for Victim Advocacy & Outreach Program grant due to an increased grant award from CalEMA.**

A Safe Community

First Quarter
FY 2012-2013

District Attorney:

- **\$19,172 decrease in revenue and a \$14,436 decrease in appropriations for the Victim Services Program due to a decreased grant award from CalEMA. Fund balance of \$4,736 will be used for the difference.**
- **Restore one unfunded Attorney V position in the Criminal Division and restore one unfunded Criminal Investigator II position in the Criminal Division.**

A Safe Community

First Quarter
FY 2012-2013

Sheriff:

- **\$25,235 increase in appropriations using fund balance for Cal-ID Program. Fund balance is used to enhance operations for the County's use of statewide fingerprint identification system.**
- **\$30,305 decrease in appropriations and use of fund balance for Vehicle Theft program. Fund balance was lower than expected so expenditures needed to be decreased.**

A Safe Community

First Quarter
FY 2012-2013

Sheriff:

- **\$200,000 increase in appropriations and revenue for Detention services for purchase and equipping of three transport vehicles.**
- **\$200,000 of revenue from the Civil Process Fees will be transferred to Detention to fund the purchase. Civil Process Fees is a special revenue fund to be used solely for technical equipment and vehicles.**

A Safe Community

First Quarter
FY 2012-2013

Sheriff:

- Add one new Manager III position for Human Resources and one new Forensic Autopsy position.
- Reclassify upward a Legal Clerk IV to a Supervising Legal Clerk II.

A Healthy Community

First Quarter
FY 2012-2013

COUNTY DEPARTMENTS

Area Agency on Aging/Veterans' Services

Behavioral Health and Recovery Services

Child Support Services

Children and Families Commission

Community Services Agency

Health Services Agency

A Healthy Community

First Quarter
FY 2012-2013

	Recommended Appropriations	Recommended Revenue	Recommended Fund Balance / Retained Earnings	Appropriations for Contingencies
A Healthy Community	\$1,568,125	\$9,125	(\$1,559,000)	\$0

Behavioral Health and Recovery Services:

- The request to acquire the 11 vehicles discussed in the report is being withdrawn and the department will return to the Board at a later date regarding this request.

A Healthy Community

First Quarter
FY 2012-2013

Behavioral Health and Recovery Services:

- **\$26,550 increase in appropriations for Alcohol & Drug program to pay for a portion of the Electronic Health Record (EHR) system for non-mental health program costs.**
- **\$32,450 increase in appropriations for Stanislaus Recovery Center to also help pay for a portion of the Electronic Health Record (EHR) related to the MHSA for non-mental health program costs.**

Behavioral Health and Recovery Services:

- **Transfer of \$59,000 in appropriations from MHSA to the Alcohol and Drug (AD) Program and Stanislaus Recovery Center (SRC) budgets for MHSA Electronic Health Record share of non-mental health program costs. Revenue to fund the appropriation will come from AD and SRC department fund balance.**

A Healthy Community

First Quarter
FY 2012-2013

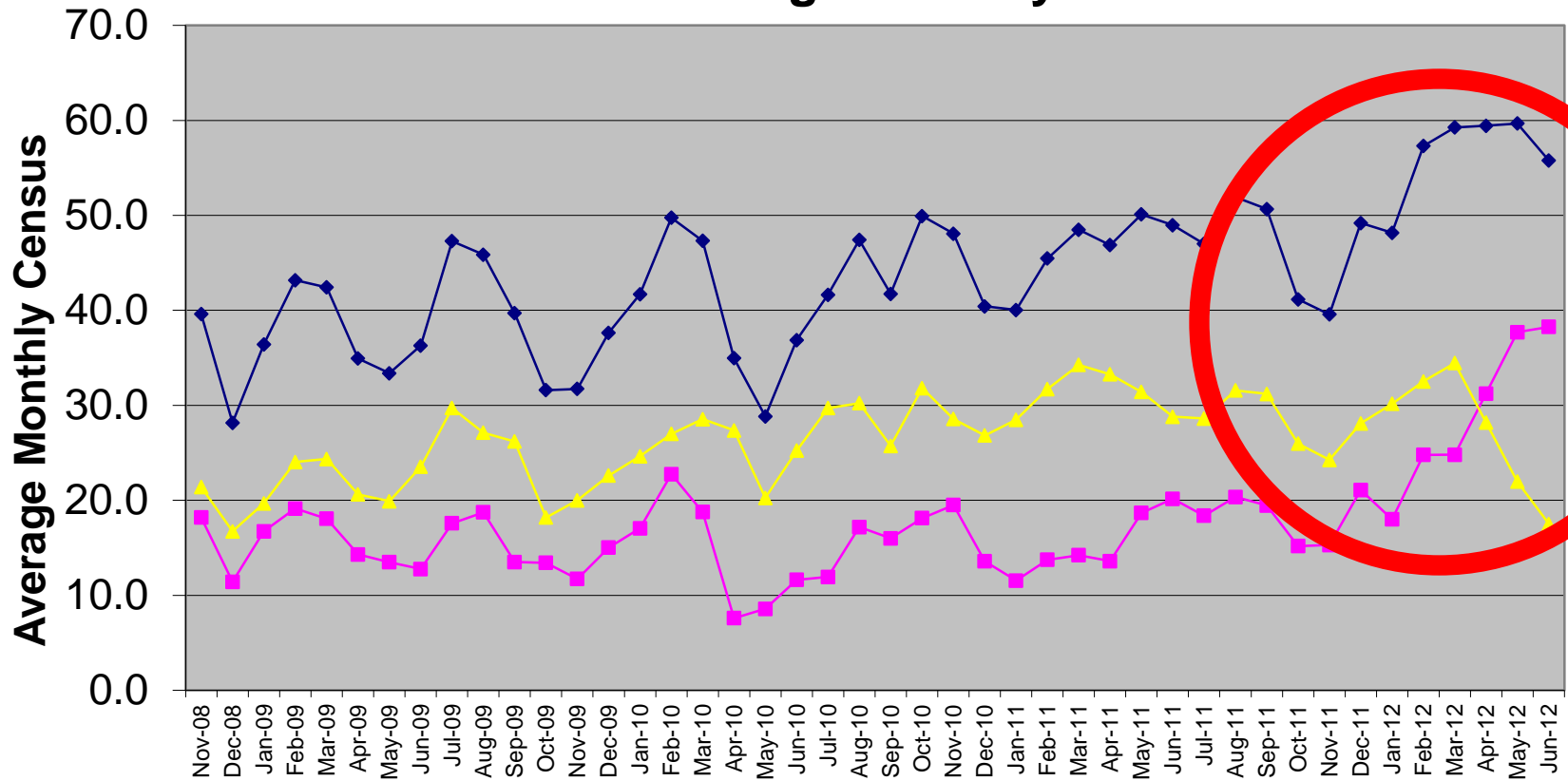
Behavioral Health and Recovery Services:

- **\$1.5 million increase in appropriations and use of fund balance for Managed Care to be used for inpatient hospitalization costs related to bed use at Doctors Behavioral Health Center (DBHC).**
- **Average daily census for in-County beds in first two months of the FY has increased 35% from number included in the 2012-2013 final budget.**

A Healthy Community

First Quarter
FY 2012-2013

Doctors Behavioral Health Center Average Monthly Census



November 2007 - March 2012 average census = 17.0
Annualized average cost 11/2007- 3/2012 = \$6,035,198

April 2012-June 2012 average daily census = 29.5
Annualized average cost 4/2012- 6/2012 = \$10,445,176

◆ Total DBHC ■ Stan.Co. Patients

Behavioral Health and Recovery Services:

- **Trend analysis shows if daily census continues to rise, appropriations for hospitalization could reach \$8.7 million by March, 2013. \$1.5 million increase is projected to extend through the mid-year budget process.**
- **Funding will come from Department fund balance. This is not a sustainable funding source.**

A Healthy Community

First Quarter
FY 2012-2013

Health Services Agency (HSA):

- **\$71,000 transfer from Public Health Salaries and Benefits into Fixed Assets to cover the cost of removal and replacement of existing floor coverings at 820 Scenic Road in Modesto. Currently, the flooring needs repair and is a safety hazard.**

A Strong Local Economy

First Quarter
FY 2012-2013

COUNTY DEPARTMENTS

Alliance Worknet

CEO-Economic Development Bank

Library

A Strong Local Economy

First Quarter
FY 2012-2013

	Recommended Appropriations	Recommended Revenue	Recommended Fund Balance / Retained Earnings	Appropriations for Contingencies
A Strong Local Economy	\$71,158	\$71,158	\$0	\$0

Library:

- **\$71,158 increase in appropriations and revenue to fund the ReadingWorks adult literacy program. The Stanislaus Literacy Center received an award of \$71,158 from the California Library Literacy Services to fund the ReadingWorks program for Fiscal Year 2012-2013.**

A Strong Local Economy

First Quarter
FY 2012-2013

Alliance Worknet:

- **Restore one unfunded Staff Services Analyst position. The position will assist with increased workloads in the contract monitoring unit.**
- **Unfund one vacant Accountant III position.**

A Strong Agricultural Economy/Heritage

First Quarter
FY 2012-2013

COUNTY DEPARTMENTS

**Agricultural Commissioner
Cooperative Extension**

There are no recommended first quarter budget adjustments for this priority area.

A Well Planned Infrastructure System

First Quarter
FY 2012-2013

COUNTY DEPARTMENTS

Environmental Resources

Parks and Recreation

Planning and Community Development

Public Works

There are no recommended first quarter budget adjustments for this priority area.

Efficient Delivery of Public Services

First Quarter
FY 2012-2013

COUNTY

DEPARTMENTS

Assessor

Auditor-Controller

Board of Supervisors

Chief Executive Office

Clerk-Recorder

County Counsel

General Services Agency

Strategic Business

Technology

Treasurer-Tax Collector

Efficient Delivery of Public Services

First Quarter
FY 2012-2013

	Recommended Appropriations	Recommended Revenue	Recommended Fund Balance / Retained Earnings	Appropriations for Contingencies
Efficient Delivery of Public Services	\$52,631	(\$299,004)	(\$351,635)	\$0

Chief Executive Office:

- **\$188,031 decrease in revenue using retained earnings for the Risk Management Dental Self-Insurance program to decrease employee dental rates by 10% for calendar year 2013.**
- **\$163,604 decrease in revenue using retained earnings for the Risk Management Vision Self-Insurance program to decrease employee vision rates by 50% for calendar year 2013.**

Efficient Delivery of Public Services

First Quarter
FY 2012-2013

Chief Executive Office:

- **Double fill one Manager IV position for a period up to three months to provide training and facilitate a smooth staff transition for an upcoming retirement on the budget team.**

Strategic Business Technology (SBT):

- **\$52,631 increase in appropriations and revenue for six months of cost to restore an unfunded position.**
- **Restore one unfunded Systems Engineer II and reclassify downward to a block-budgeted Application Specialist III. This position will support the Oracle Financial Management System and will be funded from a special services agreement with the Health Services Agency.**

Efficient Delivery of Public Services

First Quarter
FY 2012-2013

Auditor Controller:

- **Unfund one vacant Application Specialist II position and unfund one Accounting Supervisor position.**

Staffing Recommendations

First Quarter
FY 2012-2013

First Quarter Staffing Adjustments	
Total Current Authorized Positions	3,803
Add New Positions	2
Unfund Vacant Positions	-3
Restore Unfunded positions	4
Total Authorized Positions with Approval of the Recommended First Quarter Budget	3,806

Current Issues & Challenges

First Quarter
FY 2012-2013

Behavioral Health and Recovery Services:

- **The rate of psychiatric inpatient admissions for in-County beds at DBHC continues to increase.**
- **There is a strategic planning effort underway to develop a broader community-based strategy to meet needs and decrease costs.**
- **Staff anticipate more funding may be needed and possibly requested at the mid-year review if utilization continues to grow.**
- **Fund balance would be used for the additional utilization, but is not a sustainable funding source.**

Current Issues & Challenges

First Quarter
FY 2012-2013

Community Services Agency:

- **Foster Care Assistance still has an anticipated shortfall of approximately \$6.4 million.**
- **Eligibility and age enhancements have impacted this.**
- **Regulatory changes mean there is the potential for as many as 96 youth from outside of Stanislaus County to be added to the County caseload over the next two years.**

Current Issues & Challenges

First Quarter
FY 2012-2013

Community Services Agency:

- **In-Home Supportive Services (IHSS) Provider Wages and Benefits has an appropriation shortfall of \$8.1 to \$8.7 million. The County share will change with the implementation of the new IHSS Maintenance of Effort (MOE).**
- **The CalFresh Match Waiver of \$10.8 million is at risk for Fiscal Year 2013-2014. The waiver expires in June 2013.**

Current Issues & Challenges

First Quarter
FY 2012-2013

November Election:

- **Proposition 30, the Governor's tax initiative, will be voted on during the Presidential election. If the initiative fails, there are large trigger cuts that may impact schools. Also, the Governor or legislature may target local government for funding cuts, although this has not been stated.**

Current Issues & Challenges

First Quarter
FY 2012-2013

Pension Reform:

- Pension reform will take effect on January 1, 2013. County staff are analyzing the reform and it appears it will mostly be impacting new employees hired after January 1, 2013 who do not have reciprocity with another public retirement system.

Current Issues & Challenges

First Quarter
FY 2012-2013

Sheriff:

- **Work on the three jail construction and expansion projects continues. The projects are:**
 - **Construction of 456 new maximum security beds;**
 - **The new Programs/Day Reporting Facility;**
 - **The Support Facilities, Intake, Release and Transportation facility.**
- **Work also continues on the Honor Farm replacement of 192-beds which should be completed in fall of 2013.**

Current Issues & Challenges


First Quarter
FY 2012-2013

Chief Executive Office:

- **The Medical Self-Insurance Program has completed its first nine-months. The recommended rate increase for January 1, 2013 is 3.75%.**
- **A report of the performance of the plan will be completed at the end of the calendar year, and will be presented in early 2013.**
- **Budget adjustments reflecting open enrollment selections will be included in the Mid-Year Report.**

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Staff Recommendations

First Quarter
FY 2012-2013

- 1. Accept the Chief Executive Officer's First Quarter Financial Report for Fiscal Year 2012-2013.**
- 2. Authorize the Chief Executive Officer and the Auditor-Controller to make the necessary adjustments as recommended in the First Quarter Financial Report, *except for the vehicle acquisition request for Behavioral Health and Recovery Services.***

Staff Recommendations

First Quarter
FY 2012-2013

- 3. Amend the Salary and Position Allocation Resolution to reflect the recommendations included as part of the First Quarter Financial Report, as outlined in the Staffing Impacts section of this report and detailed in Attachment B to be effective with the start of the November 17, 2012 pay period.**

Staff Recommendations

First Quarter
FY 2012-2013

- 4. Approve contracts and/or agreements listed on Attachment C in cumulative amounts of \$100,000 or greater since July 1, 2010.**

A landscape photograph of a sunset over a river. The sun is a bright yellow circle on the horizon, partially obscured by a low ridge. The sky is filled with orange and red clouds, with a layer of white clouds just above the sun. The river in the foreground reflects the orange light of the sunset. The background shows a flat landscape with some distant structures and hills under a hazy sky. The word "Questions?" is written in a large, white, sans-serif font in the center of the image.

Questions?