

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS

BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA: 5.B.22
AGENDA DATE: June 26, 2018

SUBJECT:

Approval of Fiscal Year 2017-2018 Year-End Budget Adjustments for the Chief Executive Office - Risk Management Division Medical Self-Insurance Fund, an Update to 2017-2018 Year-End Carryover Appropriations, and to Establish a New Capital Project Fund for Alternate Emergency Operations Centers Within the County

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2018-0332

On motion of Supervisor Chiesa Seconded by Supervisor Olsen
and approved by the following vote,

Ayes: Supervisors: Olsen, Chiesa, Monteith, and Vice-Chairman Withrow

Noes: Supervisors: None

Excused or Absent: Supervisors: Chairman DeMartini

Abstaining: Supervisor: None

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:

ATTEST:


ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Chief Executive Office

BOARD AGENDA:5.B.22
AGENDA DATE: June 26, 2018

CONSENT:

CEO CONCURRENCE: YES

4/5 Vote Required: Yes

SUBJECT:

Approval of Fiscal Year 2017-2018 Year-End Budget Adjustments for the Chief Executive Office - Risk Management Division Medical Self-Insurance Fund, an Update to 2017-2018 Year-End Carryover Appropriations, and to Establish a New Capital Project Fund for Alternate Emergency Operations Centers Within the County

STAFF RECOMMENDATION:

1. Authorize the Chief Executive Officer and Auditor-Controller to increase appropriations for the Chief Executive Office – Risk Management Division Medical Self-Insurance Fund.
2. Authorize the Chief Executive Officer and Auditor-Controller to carry over appropriations for Probation as identified in this report.
3. Direct the Auditor-Controller to establish a new Capital Project Fund and authorize a transfer of funds from the CEO – County Facilities budget and the Agricultural Commissioner budget for Alternate Emergency Operations Centers within the County and modernization of Harvest Hall.

DISCUSSION:

Fiscal Year 2017-2018 Year-End Budget Adjustments

In preparation for the fiscal year ending June 30, 2018, the Chief Executive Office – Risk Management Division has performed an analysis of actual revenue and expenditures recorded to date in the Medical Self-Insurance fund. Based on this analysis the Department has determined a budget adjustment to increase appropriations is needed due to an unanticipated spike in medical claims paid during the month of May 2018, which occurred subsequent to the Fiscal Year 2017-2018 Third Quarter Financial Report. The request to increase appropriations in the Medical Self-Insurance budget has been reviewed by the Chief Executive Office and the following budget adjustment is recommended for Fiscal Year 2017-2018 year-end close.

The Medical Self-Insurance budget provides medical insurance for approximately 3,600 participants, including full-time County employees, COBRA participants, pre-Medicare retirees, and their families. Claims are paid on a fee-for-service basis at rates established based on underwriting for the programs. Purchased stop-loss insurance for each individual participant provides funding for catastrophic medical and pharmaceutical claims in excess of the County's deductible per participant per calendar year.

In the Fiscal Year 2017-2018 Midyear Financial Report, the Board approved a request to increase appropriations approximately \$2 million to cover a large amount of medical claims that occurred during the transition of the County's medical third party administrator POMCO Administrators, Inc. to UMR, Inc., and an increase in stop-loss insurance premiums for the 2018 policy renewal. An increase to estimated revenue in the amount of \$161,888 was also approved.

Since the Midyear and Third Quarter Financial Reports, another substantial rise in the number of medical claims and payments occurred in May 2018, bringing actual costs for the month, less stop-loss insurance reimbursements, to \$6.9 million, the highest monthly cost since the County's medical self-insurance program began on January 1, 2012. Risk Management staff are working with the County's medical plan consultants to determine the cause of this unexpected rise in medical payments. The consultants have verified the claims paid in May were reimbursed at the correct rates for allowable services for eligible participants. Other factors such as possible delays in claims payments related to the UMR, Inc. transition are being researched.

June 2018 costs and accruals, projected based on historical trends and recent months of actual costs, are estimated to be approximately \$6.4 million. As of the May 31, 2018 Oracle financial report, approximately \$4.7 million remains unspent in the Medical Self-Insurance fund, leaving a projected deficit of approximately \$1.7 million. Due to the increased cost of claims for May and June, an increase of \$1.7 million in appropriations, funded using department retained earnings, is recommended for the Medical Self-Insurance budget. The retained earnings balance, inclusive of the Midyear Financial Report adjustment, is projected at \$3.5 million currently and available to fund the \$1.7 million increase to appropriations.

Fiscal Year 2017-2018 Carryover Appropriations

On June 12, 2018, the Board of Supervisors approved the Fiscal Year 2017-2018 Carryover Appropriations as part of a year-end budget adjustment agenda item. Since then, an addition to the carryover list has been identified. The Probation Department is very close to completion of the previously approved Proximity Card project. This project will increase personnel safety by providing proximity card readers at entrance doors to work facilities and individual building rooms. A request for proposal (RFP) has concluded and the project is anticipated to be completed in the first part of Fiscal Year 2018-2019. Carryover appropriations of approximately \$75,000 are recommended to complete the project.

Capital Project for Alternate Emergency Operations Center and Harvest Hall Modernization

On December 12, 2017, the Board of Supervisors approved Brown, Reynolds, Watford (BRW) Architects of San Francisco, California, to perform the Phase III Site Analysis for the additional or alternate Emergency Operations Center (EOC) and to modernize Harvest Hall. Staff are anticipating the planning and design phase to be completed in December 2018. It is envisioned that when completed, Harvest Hall will become a multipurpose facility which will meet the needs of the County, the community, include new technology, and be easily converted between convention and meeting space into an EOC.

Harvest Hall was opened in 1998 as part of the Stanislaus County Agricultural Center. The shared use meeting facility is heavily used and booked, on average, over eight hours daily, seven days per week. Roughly half of the room bookings are for Stanislaus County agencies, the remaining bookings for non-County functions ranging from business meetings and trainings to 4-H Club meetings and educational testing space. There are currently \$327,287 in unused appropriations in the Fiscal Year 2017-2018 Agricultural Commissioner's budget. Given the routine use and management of Harvest Hall by the Agricultural Commissioner's office and the agricultural community, it has been determined that savings recognized in the Agricultural Commissioner's budget would be contributed to help fund this project.

Savings from the Agricultural Commissioner will combine with funds previously set aside in the CEO – County Facilities budget to establish a new Capital Project Fund for the development of an alternate EOC and modernization of Harvest Hall. The funding from CEO – County Facilities was previously listed on the carryover appropriations table provided with the June 12, 2018 Board agenda item. However, by establishing the Capital Project Fund now, the funding reserved for this project will no longer need to be carried forward into Fiscal Year 2018-2019 through the funds available process. Staff will return to the Board of Supervisors at a later date for consideration of detailed plans and specifications for the project and approval to proceed to the next phase.

POLICY ISSUE:

According to County Code 2.08.050, the Chief Executive Office is responsible for the evaluation of the annual budget adopted by the Board of Supervisors and County government expenditures and revenues to ensure they are consistent with the annual budget. All requests for changes in the annual budget shall first be submitted to the Executive Officer, who shall transmit them to the Board of Supervisors together with recommendations.

Additionally, Government Code Section 29125 provides that transfers and revisions to the adopted appropriations may be made by an action formally adopted by the Board of Supervisors at a regular or special meeting by a 4/5 vote.

The Board of Supervisors also has the authority to establish new Capital Projects Funds.

FISCAL IMPACT:

The recommended budget adjustment will increase the Chief Executive Office – Risk Management Division Medical Self-Insurance budget by \$1.7 million and will be funded by existing retained earnings, as detailed in the attached budget journal (Attachment 1). There is no impact to the County General Fund.

The carryover appropriations for the Probation department are estimated at \$75,000 and will adjust the legal budget for Fiscal Year 2018-2019. The actual amount carried forward will be identified in the 2018-2019/2019-2020 Final Budget.

The actual cost for the alternate EOC project is not yet known and will depend heavily on the architects' final recommendations. The CEO - County Facilities budget contains \$2,231,727 in approved appropriations for the modernization of Harvest Hall, which will include the expansion and development of an alternate EOC. Staff are recommending to establish a new Capital Project Fund and to transfer existing project funds from CEO – County Facilities, along with \$327,287 in Fiscal Year 2017-2018 savings identified in the Agricultural Commissioner's budget, as outlined in the attached journals (Attachments 2 and 3).

BOARD OF SUPERVISORS' PRIORITY:

Approval of the recommended actions supports the Board of Supervisors' priorities of *Delivering Efficient Public Services and Community Infrastructure* and *Supporting Strong and Safe Neighborhoods* by ensuring sufficient appropriations are available to continue funding for the County's health insurance programs through the remainder of the fiscal year, ensuring sufficient appropriations are carried forward for the Probation Proximity Card project, and creating a new Capital Project Fund for the development of an alternate EOC and the modernization of Harvest Hall.

STAFFING IMPACT:

Existing staff in the respective departments will continue to manage the budget responsibilities covered by the recommended actions.

CONTACT PERSON:

Jewel Warr, Senior Management Consultant (209) 525-6333

ATTACHMENT(S):

1. CEO-RMD 2017-2018 Year-End Budget Journal
2. Capital Project Journal (A)
3. Capital Project Journal (B)

Database	FMSDBPRD.CO.STANISLAUS.CA.US.PROD	DO NOT CHANGE
Balance Type	Budget	DO NOT CHANGE
Data Access Set	County of Stanislaus	DO NOT CHANGE
Ledger	* List - Text County of Stanislaus	DO NOT CHANGE
Budget	List - Text LEGAL BUDGET	DO NOT CHANGE
Category	* List - Text Budget - Upload	DO NOT CHANGE
Source	* List - Text CEO AJ	
Currency	* List - Text USD	
Period	List - Text JUN-18	DO NOT CHANGE
Batch Name	Text	ENTER AS MMM-YY (ALL CAPS FOR MMM) EX: NOV-11
Journal Name	Text JV CEO CP000533	
Journal Description	Text Creation of a New Fund for Alt EOC	
Journal Reference	Text	
Organization	List - Text Stanislaus Budget Org	DO NOT CHANGE
Chart Of Accounts	Accounting Flexfield	DO NOT CHANGE

Upl	Fund (4 char)	Org (7 char)	Account (5 char)	GL Project (7 char)	Location (6 char)	Misc. (6 char)	Other (5 char)	Debit incr appropriations decr est revenue * Number	Credit decr appropriations incr est revenue * Number	Line Description Text	
		0100	0010100	52030	0000000	000000	000000	00000		223,675	ENROLEE FRINGE BEN
		0100	0010100	81000	0000000	000000	000000	00000		3,002	EQUIP
		0100	0010100	80311	0000000	000000	000000	00000		47,610	ON SITE IMPROV
		0100	0010100	83990	0000000	000000	000000	00000		53,000	ALARM/SECUTIY
		0100	0010100	85850	0000000	000000	000000	00000	327,287		XFR OUT
		0100	0016091	61830	0000000	000000	000000	00000		2,231,727	MAJOR ALT/REPAIRS
		0100	0016091	85850	0000000	000000	000000	00000	2,231,727		XFR OUT
		2093	0061150	50000	0000000	000000	000000	00000	50,000		SALARIES
		2093	0061150	50120	0000000	000000	000000	00000	50,000		PSC SALARIES
		2093	0061150	62400	0000000	000000	000000	00000	50,000		MISC EXP
		2093	0061150	62600	0000000	000000	000000	00000	500		OFFICE SUPPLIES
		2093	0061150	62630	0000000	000000	000000	00000	250		OUTSIDE PRINTING
		2093	0061150	63000	0000000	000000	000000	00000	5,000		PROF/SP SERVICES
		2093	0061150	63640	0000000	000000	000000	00000	10,000		LEGAL SERVICES
		2093	0061150	65000	0000000	000000	000000	00000	5,000		PUBLICATIONS
		2093	0061150	80300	0000000	000000	000000	00000	2,388,264		CONSTRUCTION
		2093	0061150	46660	0000000	000000	000000	00000		2,559,014	XFR IN

Totals: 5118028 5118028
 Tip: This is not the end of the Template. Unprotect the sheet and insert as many rows as needed.

Explanation: Transfer approved funds in the CEO County Facilities Budget for Alt EOC and Harvest Hall and Transfer FY 17/18 AG Commisioner Department Savings to a new Capital Project Fund

Requesting Department	CEO	Data Entry	Auditors Office Only
Andrew Johnson	Patricia Hill Thomas		Brenda Kiely
Prepared by	Supervisor's Approval	Keyed by	Prepared By Approved By
6/19/2018	6/20/2018		6/21/2018
Date	Date	Date	Date

Database FMSDBPRD.CO.STANISLAUS.CA.US.PROJ
 Balance Type Actual
 Data Access Set County of Stanislaus

DO NOT CHANGE
 DO NOT CHANGE
 DO NOT CHANGE

Ledger * List - Text County of Stanislaus
 Category * List - Text Transfer
 Source * List - Text CEO AJ
 Currency * List - Text USD
 Accounting Date * List - Date 6/27/2018
 Batch Name Text
 Journal Name Text
 Journal Description Text Creation of a New Fund for Alt EOC
 Journal Reference Text
 Chart Of Accounts Accounting Flexfield

DO NOT CHANGE

DO NOT CHANGE
 ENTER AS MM/DD/YY EX: 11/01/11

DO NOT CHANGE

Upl	Fund (4 char) * List - Text	Org (7 char)	Account (5 char)	GL Project (7 char)	Location (6 char)	Misc. (6 char)	Other (5 char)	Debit * Number	Credit * Number	Line Description Text
	0100	0016091	85850	0000000	000000	000000	00000	2,231,727		XFR OUT
	0100	0010100	85850	0000000	000000	000000	00000	327,287		XFR OUT
	2093	0061150	46660	0000000	000000	000000	00000		2,559,014	XFR IN
								2559014	2559014	

Totals: Tip: This is not the end of the Template. Unprotect the sheet and insert as many rows as needed.

Explanation: Transfer approved funds in the CEO County Facilities Budget for Alt EOC and Harvest Hall and Transfer FY 17/18 AG Commissioner Department Savings to a new Capital Project Fund

Departments Outside Auditors' Office		Data Entry	Auditors Office Only	
Andy Johnson	Becky Meredith		Brenda Kiely	
Prepared by	Supervisor's Approval	Keyed by	Prepared By	Approved By
6/22/2018	6/22/2018			6/21/2018
Date	Date	Date	Date	Date