MEETING: February 28, 2012

TO: The Board of Supervisors

FROM: Rick Benson, County Administrative Officer

RE: Approve Mid-Year Adjustments

RECOMMENDATION AND JUSTIFICATION: Approve Mid-Year Adjustments Reducing General Contingency by $35,795.

Please see the attached memorandum, staff report, recommended Mid-Year adjustments, and revenue/appropriations analysis for additional information.

BACKGROUND AND HISTORY OF BOARD ACTIONS: The Board has traditionally reviewed Mid-Year Adjustments.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

FISCAL IMPACT:
General Fund Contingency will be reduced by $35,795.

ATTACHMENTS:
Mid Year Report 1112 (PDF)
Mid-Year 11-12 Staff Report on Requests (PDF)
Mid Year GP Rev 11-12 (PDF)
MidYear Analysis 11-12 revenue (PDF)
MidYear Analysis 11-12 expenditure (PDF)
Mid-Year_Requests_11-12 revised (2) (PDF)

CAO RECOMMENDATION
Requested Action Recommended
RESULT: ADOPTED [UNANIMOUS]
MOVER: Jim Allen, District V Supervisor
SECONDER: Kevin Cann, District IV Supervisor
AYES: Stetson, Turpin, Bibby, Cann, Allen
TO: RICK BENSON, CAO
FROM: MARGIE WILLIAMS, Clerk of the Board
SUBJECT: Approve Mid-Year Adjustments Reducing General Contingency by $35,795 4/5ths Vote Required

RES. 12-105

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on February 28, 2012

ACTION AND VOTE:

11. Administration RES-2012-105

Approve Mid-Year Adjustments Reducing General Contingency by $35,795
4/5ths Vote Required

Rick Benson reviewed the status of the mid-year budget and recommended
adjustments. He also asked for consideration of removing the hiring moratorium
and discussion was held - this would need to come back as a separate agenda item
for the Board to take action. Mary Hodson/Deputy County Administrative
Officer responded to questions from the Board. Shannon Hansen/Parks and
Recreation Manager; Barbara Carrier and Pete Rei responded to questions from
the Board.

RESULT: ADOPTED [UNANIMOUS]

MOVER: Jim Allen, District V Supervisor
SECONDER: Kevin Cann, District IV Supervisor
AYES: Stetson, Turpin, Bibby, Cann, Allen

Cc: All Departments, via email
File
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CAO RECOMMENDATION
February 28, 2012

TO: Board of Supervisors

FROM: Rick Benson, County Administrative Officer

SUBJECT: Midyear Budget Report

This report has been prepared to update your Board on the current status of the Fiscal Year 2011-12 County Budget through the mid-point of the fiscal year. It is based on staff analysis of actual expenditures and revenues for all departments and funds through December 31, 2011.

Attached for your review are reports showing expenditures by department as well as revenue collections through December 31, 2011.

Also included is the report of the Deputy CAO outlining specifics in each budget unit and department. A summary of our analysis and recommendations are outlined below.

Revenues
The County’s overall budget has generally performed as expected through December 31st in comparison with the budget estimates as originally adopted by your Board in August. The three major local sources of revenue generally remain consistent with initial estimates.

While sales tax collections are running slightly ahead of last year we may miss our budgeted figure. They have been fairly stable over the last three years. Secured property taxes are performing as projected last August. They, too, remained stable.

Once again, the transient occupancy tax collections (TOT) are strong. They are running slightly ahead of the pace set last year which was a record level. We do anticipate that these revenues will run ahead of what was budgeted.

When taken as a whole, $11,120,790 has been collected in the general-purpose revenue category. This is 51.5% of the budgeted amount. This compares with $11,053,857 collected last year at this time. General fund revenue from all sources totals approximately 37% which is comparable to last year’s 39% which had been collected at this time.

Expenditures
On the expenditure side, most budget units are operating within their authorized appropriations. However, just over $175,000 has already been used in the contingency account. Most notably $80,000 was taken for the remodel of the building which will house the Health Department and $47,000 was necessary to provide for conflict counsel and juvenile defense. $20,000 is being used to fund the Lake Don Pedro foreclosure process although it is expected that these funds will be returned at a later date.

Adjustments - General
There are several recommended adjustments to the budget which will have no effect on the overall cost of operations. These are routine adjustments which allow the departments to react to
changing circumstances throughout the year. They often entail transferring funds from one expenditure category to another or allow for expenditures when specific funding is identified.

A notable exception to the routine adjustments is in Social Services. The new state realignment plan makes significant changes to funding allocations. There are several adjustments being recommended as a result of this change in the funding source.

**Adjustments Required to Maintain Service Levels**

**Administration/Personnel**

Outside Counsel is used in negotiating with our County employee organizations. Several significant issues have been addressed this year which will formally come to your Board in the near future. These negotiations were more time-consuming and involved than initially contemplated. In order to pay for these legal services an additional $40,000 is requested.

**Health/Air Pollution**

As detailed in the staff report from the Deputy CAO there are several changes requested in this budget. A total of $5,710 in the General Fund contribution is requested. Among other factors, the delay in remodeling the new building for the department has led to increased costs.

**Adjustment Reducing General Fund Costs**

**Probation**

Primarily due to the unanticipated availability of grant funds, the Probation Department is able to release $8,915. It is recommended these funds be used to increase the General Contingency Fund. In addition, $1,000 has also been made available from Juvenile Detention due to better-than-expected collection of fees.

**Adjustments-Summary**

As a result of the above mentioned recommended adjustments general fund costs will increase by $35,795. It is recommended that this amount be transferred from contingencies.

**Other Factors To Note**

It is anticipated that the funding for the Alcohol & Drug program within the Human Services Department will not be adequate. As a result, the department is contemplating the layoff of one position. These budget adjustments reflect that action, however, a formal recommendation will be brought your Board at a later date.

The County continues to carry a significant unfunded pension liability. The issuance of pension obligation bonds still does not appear to be a viable option but we are participating in the accelerated payment plan with CalPERS.

We also continue to be concerned with the ongoing health of the National and State economy. Mariposa County is by no means immune to this economic downturn. Reduction in tourist visits along with reduced sales could have a dramatic effect on the County's finances.

**Outlook For 2011-12**

As you know, developing this year’s budget was extremely challenging. For the second year our budget is not structurally balanced. The County's financial position today is very similar to where we were one year ago.

We know that our CalPERS obligation will increase by over $150,000 next fiscal year. Although there has been no negotiated increase to employee benefits, General Fund costs will increase. There is no reason to believe that any of our revenue sources will change substantially. Therefore, it is anticipated that a "status quo" budget for next year will result in a $250,000 shortfall.

It may be premature to take any actions at this time, however if circumstances warrant budget reduction actions will be recommended to your Board.

**Summary**

The approved Fiscal Year 2011-12 budget included a contingency fund in the amount of $402,565. If all recommended budget adjustments are approved, General Contingency would be
decreased by $35,795 bringing the balance to $177,883. This balance is approximately $100,000 lower than last year at this time.

We are fortunate to be able to continue our operations without drastic reductions in services. However, the County budget still needs to be under continuous review.

All of the referenced adjustments are itemized in the attached staff report.

**Recommendation**
It is recommended that your Board receive this report and approve the attached mid year budget adjustments.
To: Rick Benson, County Administrative Officer

From: Mary Hodson, Deputy County Administrative Officer

Subject: Fiscal Year 2011-12 Mid-Year Requests

Listed below are explanations for the requested mid-year adjustments for Fiscal Year 2011-12 by various county departments:

Administration/Personnel: A funding request for legal services to assist in negotiations with county employee organizations regarding employee health benefits was inadvertently omitted from the requested budget. Additionally, negotiations with the Mariposa County Managerial Confidential Organization (MCMCO) have taken longer than anticipated. These additional costs will have a negative impact of $40,000 on General Contingency.

Audits: Funding for the Triennial Audit and Performance Evaluation on the County’s Transit fund was inadvertently omitted from the requested budget. This adjustment increases the funding coming from the Transportation Fund and the appropriate expense line item to pay for the required audits.

District Attorney: DA-Prosecution: There are insufficient grant funds to fully fund a Permanent Part-Time (PPT) Advocate. This adjustment transfers money from the PPT line item to an Extra-Help line item, so that the department can fully utilize the grant funds and provide services to the public. Vertical Prosecution Grants: The State allocated additional revenue for the 2010-11 grant to be utilized in this Fiscal Year. Adjustments include increasing revenue and corresponding increases in personnel costs associated with grant allowable expenses. Victim Witness: Requested adjustments include eliminating the PPT Advocate and increasing Extra-Help to fully utilize available grant funding. The reduction in the Victim Witness Supervisor corresponds to staff time allocated to the Vertical Prosecution Grant.

Fire: Because of low fire activity in the summer of 2011, revenue received for providing fire suppression aid to other agencies is requested to be reduced. Minimal new housing construction and major remodels have also necessitated a reduction in the Fire Warden Review revenue line item. The use of Volunteer Fire Fighters in aiding other agencies was minimal resulting in a significant reduction in this line item. The department is requesting several increases in service/supply line items as a result of
this reduction. Notable is the request to purchase a generator for the new Bridgeport Fire Station. These requested adjustments have no impact on the General Fund. Fire Special Grants: Revenue associated with a Homeland Security Grant that the Board approved applying for is requested to be recognized. This grant will provide funding for the Health department to implement various health/safety outreach programs; allow the Sheriff’s department to implement a law enforcement canine program (the Sheriff will be providing additional information on this program in the near future); purchase updated shears and jaws of life for Fire Rescue vehicles.

Health: APSA/CUPA: Because of an unanticipated reduction in State allocations to this program, revenue is requested to be reduced in addition to the amount of funding being transferred out to the Health operating budget. Health/Air Pollution: There are various requested adjustments to revenue line items to reflect changes in State allocations, revised grant allocations, and to correspond with actual receipts received to date relating to fees. To correspond with these revenue adjustments there are number of requested changes to expense line items. It should be noted that the increase in Rents/Leases Buildings is to account for the unanticipated continuation of leasing the existing office space, due to the delay in remodeling the new Health building. These adjustments have a negative impact of $5,710 on General Contingency. Pacific Bell Settlement: The department is requesting to increase revenue and appropriations to account for interest earnings that were not budgeted. Realignment Health: Adjustments include updating revenue estimates based on revised State allocations and a corresponding reduction in appropriations and the amount of funding being transferred to the Health operating budget. Tobacco Cessation: The department is requesting to adjust appropriations in order to transfer out additional funding to the Health operating budget to offset program costs.

Human Services: There are numerous changes to the Alcohol & Drug, Behavioral Health, Mental Health Services Act, Social Service Programs, Social Services, and Wraparound budgets due to implanting the 2011 Realignment funding guidelines. The majority of the changes reflect modifications in funding sources for specific programs. Additionally, a new fund – Human Services 2011 Realignment is also being established to account for this new revenue source and to transfer the funding to the eligible programs. There is no impact to the General Fund with any of the requested changes.

Alcohol & Drug and Behavioral Health: In addition to changes in the funding sources, the department is anticipating a reduction in the workforce in the coming months, due in part to funding constraints and the need to provide services to clients from “outside” sources – rehabilitation clinics, telepsychiatry services, etc. Changes in personnel allocations will be brought back for formal Board approval at a later date. Other changes in services and supply line items are based on current demand for services; the unanticipated need to continue with lease payments on the Stroming Building; and in an increase in administrative overhead expenses by having more routine operating costs paid directly from the Human Services Administration budget. The Friday Night Live (FNL) Mentoring grant was completed in the previous fiscal and all revenue and appropriations associated with this grant were collected and paid out in the previous
fiscal year. Staff had inadvertently re-budgeted for this grant award, but the revenue and costs were accounted for to the previous fiscal year.

**Energy Assistance Grant:** Revenue is requested to increase to account for additional grant awards. To correspond with this additional revenue a number of salary/benefit and service/supply line items are requested to increase accordingly. It should be noted that these increases are to fund existing positions and bring salary/benefit accounts to the proper funding levels. Funding that was to be transferred to the Building Department is also eliminated as this department is unable to provide the necessary assistance with this program.

**Human Services Realignment 2011:** This is a new fund established to collect and distribute the revenue according to the program guidelines. The appropriate revenue and appropriation line items are requested based on allocation amounts received from the State. **Human Services Administration:** Requested changes include revisions of how certain routine operating costs are accounted for and then charged to other Human Services departments. Cellular phone costs will now be directly charged to specific departments that utilize this tool. Office expense, copy machine, and other routine operating costs are being consolidated and paid directly from this budget and then apportioned out to the other Human Services departments through administrative overhead charges. Because of the recent move to the new building, many of the operating costs were truly estimates and adjustments are needed to correspond with actual expenses.

**Mental Health Services Act:** A number of appropriation line items are adjusted including a request to recognize salary savings from a vacant position; an increased use of the Extra-Help clerical pool; budgeting for the Innovation project contract that is being managed by Fresno State; an increase in the need for Telepsychiatry services; to account for escrow and closing costs associated with the Family Services Center; and the unanticipated continuation of the lease payments on the Stroming building. **Social Service Programs:** Requested changes reflect the change in funding sources from the traditional Realignment to the new 2011 Realignment and an increase in the cost for Transitional Housing Placement.

**Social Services:** Requested changes in revenue line items reflect the change in funding source from the traditional realignment to the 2011 Realignment. Appropriation changes include a greater use of the subsidized employee program; an increase in Overtime due to workload and meeting State reporting deadlines as well as after-hours call outs relating to child/adult protective services; budgeting for retiree costs formerly accounted for in the Employment/Community Development budget; budgeting for known Unemployment and Accrued Benefit charges; directly paying for cellular phone costs used by employees in this department; and accounting for one-time set up costs associated with moving into the new building.

**Library:** Requested changes include transferring funding within the budget to account for more visits by staff to the branch libraries to meet service demands. These changes have no impact to the General Fund.
Probation:  ADAPT:  This grant was completed in the previous fiscal year, but the department received a close out payment after the State had completed its audit.  The department is requesting that this unanticipated revenue be transferred out to the Probation operating budget.  **Juvenile Detention:**  Revenue collected from Juvenile Hall fees is greater than estimated and the department is requesting to recognize this unanticipated revenue.  This will have a positive impact on the General Fund and increase General Contingency by $1,000.

Probation:  Requested revenue changes include recognizing the unanticipated revenue from the ADAPT grant and a slight reduction in grant revenue.  Appropriation changes include the department gaining approval of a grant extension to September 2012 and to use these grant funds for existing personnel costs rather than program costs.  Overall, these requested changes increase General Contingency by $8,915.

Revenue & Recovery:  The department is requesting to recognize unanticipated revenue to cover an increase in bank charges that are exceeding the budgeted amount.  **Youthful Offender Block Grant:**  The savings to be realized from implementing furloughs was mistakenly omitted from the Final Budget changes and the department is requesting changes in appropriations to correct this mistake.

Public Works:  **Coulterville Service Area:**  Requested changes include reducing this fund’s Contingency to offset unanticipated expenses related to an increase in Utilities, sewer repairs, and State Water Resources Control Board fees.  **Facilities Maintenance:**  The department is requesting to recognize salary savings from a vacant position and to use this savings for additional Extra-Help to assist with maintenance needs this spring.  The cost for structural engineering services for Courthouse repairs/maintenance is greater than budgeted and the Maintenance Building line item is reduced to offset this expense.

Fleet:  Between the submittal of the Requested Budget for Fiscal Year 2011-12 and the adoption of the Final Budget, a portion of the Congestion Mitigation and Air Quality (CMAQ) grant was completed and this change in revenue and appropriations was not accounted for in Final Budget adjustments.  The department is now requesting a reduction in grant revenue and a corresponding reduction in appropriations.  **Hazardous Material Clean Up:**  Revenue that was budgeted to be received this fiscal year was accrued back to the previous fiscal year.  To account for this accrual, revenue and appropriations are adjusted accordingly.

**Heavy Equipment Replacement:**  During Final Budget hearings it was noted that the department would not be fully collecting for depreciation/replacement charges on heavy equipment in the Road fund.  The department is requesting to recognize this deferral by reducing revenue and appropriations.  It should be noted that the County Vehicle line item in the Road fund was reduced during Final Budget hearings to recognize this deferral.
**Parks & Recreation:** The department is requesting to recognize salary savings from a vacant Permanent Part-Time Recreation Coordinator position to offset the cost of Extra-Help due to this vacancy as well as operating costs including maintenance costs on the ice machine, supplies for art classes, the purchase of a replacement refrigerator and ice machine. **Public Transportation Modernization, Improvement and Service Enhancement (PTMISA) Projects:** Additional grant revenue is available for this project and the department is requesting to recognize this revenue and to purchase a generator for the Fleet Shop to use during power outages.

**Roads:** Additional Federal revenue is available for eligible bridge projects and the department is requesting to recognize this revenue and increase appropriations. Additionally, this fund’s Contingency is requested to decrease to offset expenses associated with temporary out-of-class pay and the cost of Materials to repair/maintain county roads.

**Solid Waste & Recycling:** A number of changes are requested in appropriation line items including recognizing salary savings from a vacant position and using this savings to increase Extra-Help to assist with the workload caused by the vacancy; reducing the Soil Cover line item to offset an increase in hauling costs associated with the Don Pedro Transfer Station. **Transportation Planning:** This fund’s Contingency is requested to be decreased to offset the cost of the Triennial Audit that was inadvertently omitted from the budget. Other changes in appropriations include budgeting for the services of the Assistant Public Works Director - Support Services in the correct line item.

**Treasurer/Tax Collector/County Clerk:** Treasurer/Tax Collector. The department is requesting to recognize unanticipated revenue to offset expenses for publishing the annual tax sales and membership dues that were greater than estimated.