

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
September 7, 2005
9:30 AM

To: Board of Supervisors
From: County Executive
Subject: Recommended Fiscal Year 2005-06 Final Budget
Contact: Geoffrey B. Davey, Chief Financial/Operations Officer, 874-5803

RECOMMENDATIONS:

1. Receive and file this report.
2. Approve, subject to any changes made before final adoption of the budget, increasing the General Fund Reserves by \$40,087,424 over that of the Fiscal Year 2005-06 Proposed Budget.
3. Conduct a Transient-Occupancy Tax (TOT) Fund Hearing on Tuesday, September 13, 2005, in order to determine discretionary grants to community-based organizations (Attachment I).
4. Approve the attached report from Department of Finance regarding relief of accountability for accounts receivable for the Department of Human Assistance (Attachment II).
5. Approve the attached recommendations from the Sheriff's Department to institute a policy change governing service contracts with cities in which there is a shared command model (Attachment III).
6. Receive and file the attached report back from the Department of Waste Management and Recycling on illegal dumping activities and related programs in the County (Attachment IV).
7. Receive and file the attached report from the Department of General Services regarding the financial status of the Parking Fund and approve the recommendation to shift funding of the employee parking and transit from the Parking Fund to departmental budgets (Attachment V).
8. Following testimony during the scheduled Final Budget Hearings, give specific direction of any changes to the County Executive's Recommended Fiscal Year 2005-06 Final Budget.
9. Approve the attached Fiscal Year 2005-06 Budget Resolutions as prepared by the Department of Finance, as modified by Board changes to the County Executive's Recommended Fiscal Year 2005-06 Final Budget (Attachment VI).

BACKGROUND:

The Board of Supervisors adopted the Fiscal Year 2005-06 Proposed Budget on Thursday, May 12, 2005. The adoption of the Proposed Budget represented a “status-quo” spending plan for the county’s General Fund. As a result, primarily of a robust real estate economy in Sacramento County during the past two years, the county’s General Purpose Financing this year permits the base level of expenditures required to maintain existing programs. For the first time in several years, it was not necessary to reduce programs/services in order to balance the General Fund budget. In addition, in part as the result of the passage of Proposition 1A, there is a stable set of budgetary circumstances in relation to the state budget.

It is customary that at the Final Budget Hearings, the County Executive presents the Board with:

- Actual financial results from the previous fiscal year
- Impacts from the enacted state budget
- Revised base-budget requirements
- Updated revenue estimates for the new fiscal year
- Recommended additional funding based upon available net financing

Although there is additional, short-term financing capacity in the General Fund, we must not lose sight of the longer-term financial outlook. At the low-point of the county’s financial difficulties during the past few years, we sought delay in making otherwise necessary, difficult budget decisions through the refinancing of our bonded debt, in particular our Pension Obligation Bonds (POBs). The latter significantly reduced the county’s POB debt service and postponed the pension funding increases required by the provision of the retroactive service credits given to county employees with the pension benefit enhancements in 2003. However, beginning in Fiscal Year 2006-07, the debt service returns to the levels that would otherwise have been in place for Fiscal Years 2004-05 and 2005-06, and increases steeply in the following two fiscal years. As previously discussed with the Board, the General Fund’s multiyear budget outlook shows significant deficits are likely during Fiscal Years 2006-07 and 2007-08. Extreme caution must be exercised in consideration of additional fund requests this year to avoid exacerbating these anticipated deficits.

DISCUSSION:

I. STATE BUDGET UPDATE

As a result of the passage of Proposition 1A, local governments are now much better positioned to maintain their own fiscal affairs separate from the state’s continuing budget difficulties. For the most part, the state budget did not hold bad fiscal news for Sacramento County. However, the blue-pencil veto by the Governor of the Assessor’s Property Assessment Grant Program removed \$1.554 million of funding from the Assessor’s Office. Otherwise, the primary impacts of the State Budget on the County are positive:

- Early repayment of the \$26.9 million Fiscal Year 2003-04 Vehicle License Fee (VLF) “loan”.

- Return of Proposition 42 Transportation Funds to Sacramento County and other local government jurisdictions across the State.

In anticipation of the originally scheduled repayment of the VLF loan, the County structured its POBs in two separate bond issues to defer payments that would otherwise have been due in Fiscal Years 2004-05 and 2005-06, but with sharply escalating debt service payments beginning in Fiscal Year 2006-07. Following is our scheduled POB debt service payments for the near term:

POB DEBT SERVICE PAYMENTS				
Fiscal Year	1995 and 2003 POBs	2004 POBs	Grand Total	Approximate Net General Fund Share
2005-06	\$22,407,790	\$0	\$22,407,790	\$11,200,000
2006-07	32,917,790	20,819,187	53,736,977	26,850,000
2007-08	43,422,790	21,648,236	65,071,026	32,535,000
2008-09	53,932,790	23,134,835	77,067,625	38,500,000
2009-10	64,442,183	23,756,311	88,198,494	44,100,000

The governing body of the Sacramento County Employees Retirement System (SCERS) will phase-in the impact of actuarial assumption changes approved in early 2005 so that the full impact will not be implemented until Fiscal Year 2006-07. With that phasing-in, the pending increase in employer-paid retirement costs for next year is approximately \$23.0 million in total, with \$11.5 million of that amount being the net General Fund share. To maintain the financial plan authorized by the Board when deferring debt service and other pension costs increases until receipt of the VLF loan repayment from the State, we strongly urge the Board to reserve the \$26.9 million for Fiscal Year 2006-07 and not recognize those funds as being available for funding of growth requests in Fiscal Year 2005-06.

A detailed summary of the projected State Budget impacts to Sacramento County is attached (see Attachment VII).

II. GENERAL FUND FISCAL YEAR 2004-05 YEAR-END RESULTS

The Fiscal Year 2005-06 Adopted Proposed Budget for Sacramento County relied upon estimates of year-end carryover/fund balance for the General Fund and all other funds. In the General Fund, the year-end estimate included in the Proposed Budget was \$70.96 million. This included \$27.84 million estimated in aggregate by the departments for operational carryover, and \$43.12 million projected for non-departmental fund balance related to either general purpose revenue improvement and/or non-departmental expenditure savings. After all year-end transactions were completed, the Fiscal Year 2004-05 financial books closed on July 25, 2005. The unaudited year-end results indicate that actual total General Fund balance/carryover is \$102.56 million (see Attachment VIII-A), an improvement of \$31.6 million. Of that amount, the General Purpose Financing net improvement was approximately \$18.7 million, and the remainder was year-end carryover improvements in departmental operations. A majority of departments/budget units had improvements to their year-end carryover over earlier estimated projections. However, there were several departments/budget units that had results worse than

originally anticipated. Departments which experienced decreased carryovers compared to their earlier estimates have made tentative adjustments to their spending plans to balance their budgets.

These departments/budget units with decreased carryover include the following:

BUDGET UNIT	DEPARTMENT	AMOUNT
5810000	Child Support Services	\$ 70,549
4210000	Civil Service Commission	679
5510000	Conflict Criminal Defender	79,783
7410000	Correctional Health Services	169,956
5710000	Data Processing-Shared Systems	93,228
6610000	Planning and Community Development	117,827

Certain budget units that reflect mandated countywide costs also came in with lower/negative carryover balances, such as In-Home Support Services (IHSS) Provider Payments and Health-Medical Treatment. These budget units will require additional General Purpose Financing allocation for Fiscal Year 2005-06 to offset the lower/negative carryover.

Attachment VIII-B reflects the Fiscal Year 2004-05 year-end results for General Fund departments/budget units, including the change from the amounts previously included in the Fiscal Year 2005-06 Adopted Proposed Budget for carryover, and the resultant recommended Carryover Reserve component for each department/budget unit which will be set aside for those departments to utilize in Fiscal Year 2006-07.

III. SUMMARY OF SIGNIFICANT NET COST ADJUSTMENTS IN THE GENERAL FUND TO THE ADOPTED PROPOSED BUDGET FOR THE RECOMMENDED FINAL BUDGET CAUSED BY APPROVED STATE BUDGET AND CERTAIN LOCAL FUNDING ISSUES

The most significant change between Proposed and Final Budget in the General Fund is the early receipt of \$26,863,859 in VLF revenues that were loaned by the County to the State during Fiscal Year 2003-04. This loan had been promised to be repaid by the State to cities and counties in August 2006. As part of this year's state final budget deliberations, the Governor reached agreement with Legislative leaders to repay the funds a year early. As previously discussed, the county structured its POB debt service in anticipation of the receipt of the VLF funds in 2006. The early receipt of the VLF loan repayment necessitates setting aside those funds for use in Fiscal Year 2006-07.

Following is a summary of the other net cost General Fund adjustments to the Fiscal Year 2005-06 Adopted Proposed Budget as recommended in the County Executive's Recommended Fiscal Year 2005-06 Final Budget:

INCREASED NET COST ADJUSTMENTS

(Amounts expressed in millions)

BUDGET UNIT/ DEPARTMENT	DESCRIPTION	NET AMOUNT
3610000 Assessor	State elimination of Assessor Property Assessment Grant Program.	\$1.554
7410000 Correctional Health Services	Based on current caseloads, Correctional Health caseloads will be higher than estimated at Proposed Budget. This will result in large increases in utilization of local hospitals. Additionally, local hospitals annually are raising their rates according to the most current Hospital Consumer Price Index (CPI), the result of which is unavoidable cost increases to the County.	2.912
7410000 & 7200000 Correctional Health Services & Department of Health and Human Services (DHHS)	County Counsel has issued an opinion that the 340B Federal Program for Pharmacy Pricing Discount may only be offered to specific clients at the Primary Care Center. As a result, both DHHS (Mental Health and Juvenile Medical Services) and Correctional Health Services are not eligible to participate in the program, resulting in increased pharmacy costs at those three facilities.	0.964
5040000 Court/County Contribution	Mandated increase in county payment to the State for trial court operations.	0.353
8100000 & 8700000 Department of Human Assistance (DHA)- Administration & DHA-Aid Payments	During the past year, DHA has over-collected state and federal revenue as a result of the conversion to California Welfare Information Network (CalWIN) and for the over billing that occurred for employee dental insurance. These over-collections will be corrected during Fiscal Year 2005-06.	3.459
8100000 DHA- Administration	When the Homeless Programs were shifted from the Sacramento Housing and Redevelopment Agency (SHRA) to the County, there were outstanding account receivables which are now uncollectible. This represents the write-off of these accounts. A more detailed explanation of this matter can be found in the discussion regarding Community Services Fund (Budget Unit 8600000).	1.900
6470000 Golf (Fund 018)	During the past few years, this fund has experienced a downturn in revenue believed to be the result of competition with other golf courses. For Fiscal Year 2004-05, this trend was exacerbated by the extremely wet spring and higher than normal temperatures in early summer. Until a permanent solution is determined, it is necessary that the General Fund make a short-term loan to this fund for the shortfall.	0.400

BUDGET UNIT/ DEPARTMENT	DESCRIPTION	NET AMOUNT
5770000 Non-Departmental Costs	Terminal Pay was not budgeted in the Fiscal Year 2005-06 Adopted Proposed Budget. This appropriation will be used to offset anticipated expenses for retiring county employees.	\$5.000
	Additional appropriation for labor contract negotiations.	3.000
	There will be an increase in the interest payment charged by SCERS' that was not budgeted in the Fiscal Year 2005-06 Adopted Proposed Budget as a result of a reconciliation of the county's prepayment of Fiscal Year 2004-05 employer contributions.	0.113
	Additional appropriation for the Countywide Overhead and Information Technology audits.	0.100
5700000 Non-Departmental Revenues	Reduction in anticipated revenues from Utility User Taxes, partially traceable to a reduction in land line telephone services purchased by our constituents.	1.000
	Reduction in anticipated revenues from Cable TV Franchise fees, largely due to the incorporation of Rancho Cordova.	0.628
	In prior years, a portion of TOT was used for core General Fund programs. The Fiscal Year 2005-06 Recommended Final Budget reduces that use to allow TOT funds for cultural/civic programs.	0.400
6700000 Probation	Additional appropriation to offset the increase in debt service associated with the remodeling of the Warren E. Thornton Youth Center (WETYC).	0.084
General Fund – Reserves	In anticipation that staffing in DHA may be shifted between programs during Fiscal Year 2005-06 as a result of CalWIN implementation, a General Fund Reserve increase is being recommended to mitigate cost shifts/subvention reductions that may occur if our claiming on federal/state funded programs is reduced.	1.176
	TOTAL	\$23.043

DECREASED NET COST FACTORS

(Amounts expressed in millions)

BUDGET UNIT/ DEPARTMENT	DESCRIPTION	NET AMOUNT
5700000 Non-Departmental Revenues	Increase in Tax Revenue Anticipation Notes (TRANS) revenue for Fiscal Year 2005-06 based upon actual sale/investment results.	\$3.568
	Reduction in appropriation needed to fund the Cost-of-Living Adjustment (COLA) for Fiscal Year 2005-06.	3.101
	Based on higher Sales Tax collections in Fiscal Year 2004-05, estimated collections for Fiscal Year 2005-06 were revised.	2.850

BUDGET UNIT/ DEPARTMENT	DESCRIPTION	NET AMOUNT
5700000 Non-Departmental Revenues (continued)	Greater than anticipated revenue from the sale of 22 acres at the Bradshaw Complex to the Sacramento Regional County Sanitation District (SRCSD).	\$1.700
	Revised estimate of Secured Property Tax collections for Fiscal Year 2005-06.	0.966
	Estimated revenue from the sale of the Elk Grove Court House.	0.511
	General Revenue improvement from the Teeter Plan property tax delinquencies.	0.500
	Higher than estimated Secured Property Tax collections for Fiscal Year 2004-05.	5.830
	Higher than estimated Interest Earnings for Fiscal Year 2004-05.	4.966
	Unusually high Property Transfer Tax collections in Fiscal Year 2004-05.	3.983
	Greater Sales Tax collections in Fiscal Year 2004-05 than anticipated.	3.038
	Higher than estimated fines and penalty revenues for Fiscal Year 2004-05.	1.515
	Net change in available fund balance not attributable to departments for Fiscal Year 2004-05.	0.292
6700000 & 7400000 Probation & Sheriff	Reduction in allocation to fund an additional position in County Counsel's Office.	0.179
	TOTAL	\$32.999

Based upon the \$23.043 million in unavoidable cost increases since the adoption of the Fiscal Year 2005-06 Proposed Budget and the \$32.999 million in previously unanticipated financing improvements, as outlined above, there is a net amount of \$9.956 million of unallocated funds available for allocation to growth requests in the General Fund for the Fiscal Year 2005-06 Final Budget Hearings.

IV. RECOMMENDED ADDITIONAL REQUESTS IN GENERAL FUND

Pursuant to a process established by the County Executive, departments submitted a large number of additional funding requests. The total amount of General Fund additional requests exceeded \$64.0 million, including \$37.0 million from the Sheriff's Department. Because of the difficult budget circumstances forecast for Fiscal Years 2006-07 and 2007-08, and in order not to exacerbate anticipated deficits, the County Executive's Office is recommending a limited amount of additional funding within the General Fund for Fiscal Year 2005-06. There are also some additional requests that are totally offset by new (categorical) revenues that fully offset (self-fund) their net cost. Attachment IX-A summarizes the additional General Fund requests received from departments with net cost/cost mitigation. Attachment IX-B summarizes the recommended General Fund additional requests with full revenue offsets.

Following is a summary of the County Executive's recommended additional General Fund requests, summarized by Budget Priority Area, that have a net cost/cost offsets, or are totally offset by additional (categorical) revenues:

**RECOMMENDED ADDITIONAL GENERAL FUND ITEMS WITH NET COSTS
AND/OR COMPLETE COST MITIGATION**

PRIORITY ZERO-MANDATES		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNT
5510000 Conflict Criminal Defenders	Conversion of existing contract expenses for clerical services to 1.0 permanent clerical position with no net cost increase.	\$ 0
7410000 Correctional Health Services	Additional funding for contract with University of California, Davis (UCD) for Jail Psychiatric Services will provide 5.0 additional UCD staff as requested by UCD.	448,334
	Pharmacy Automation Project to improve delivery of medications within correctional facilities-Adult Facilities.	292,282
7200000 DHHS	Purchase of one minivan vehicle to be used in dental hygiene program, offset by reduction in employee transportation expenses.	0
	Pharmacy Automation Project to improve delivery of medications at public facilities.	787,354
	Additional 4.0 positions for Tuberculosis (TB) Chest Clinic to better coordinate TB control efforts and contact investigations.	443,982
7230000 Juvenile Medical Services	Pharmacy Automation Project to improve delivery of medications within correctional facilities-Juvenile Facilities.	249,176
6700000 Probation	Additional 2.0 positions to convert Information Technology (IT) contractors to permanent positions, totally offset by savings in contractor expenses.	0
	Additional 18.0 positions to improve compliance with Federal Title IV-E regulations regarding claiming requirements and to mitigate audit liability.	1,321,953
6910000 Public Defender	Additional 6.0 positions to comply with new mandates (California Rules of Court 1479 and Welfare and Institutions Code 779 and 1720) involving conservatorship cases and changes in housing locations.	561,722
7400000 Sheriff	Additional 23.0 positions to staff interim additional prisoner housing facility (Roger Bauman Facility) at Rio Cosumnes Correctional Center-capital refurbishment costs to be paid through transfer of Inmate Welfare Funds.	1,710,859
	PRIORITY ZERO TOTAL	\$ 5,815,662

PRIORITY 1-DISCRETIONARY LAW ENFORCEMENT		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNT
5800000 District Attorney	Backfill expired state grant funding for Crime Lab Cold-Hit Program.	\$ 743,070
	Backfill expired state grant funding for High-Tech Crimes Prosecution.	168,604
	Add 1.0 Juvenile Court Prosecutor position, offset by presumed additional revenues from departmental fee review.	0
	Add 2.0 positions for IT staffing and evidence/equipment management to be offset by reduction in contract IT staffing/clerical investigations support.	0
	Add 2.0 positions (1.0 Prosecutor and 1.0 Investigator) for "Cold-Hit" homicide and sexual assault cases.	301,281
7400000 Sheriff	Add one-time funding for Sheriff's Patrol Overtime (Central Division and Other).	500,000
	PRIORITY 1 TOTAL	\$ 1,712,955

PRIORITY 3-QUALITY OF LIFE		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNT
5110000 Financing- Transfers/ Reimbursements	Economic Development--Establish General Fund appropriation for economic development programs.	\$ 691,250
6400000 Regional Parks, Recreation & Open Space	Contribution to Deer Creek Hills Master Plan to match private fundraising to allow completion of a master plan for the Deer Creek Hills reserve.	75,000
6610000 Planning and Community Development	Creation of 1.0 Code Enforcement Volunteer Coordinator position to assist code enforcement efforts through trained volunteer reporters.	82,730
	To revise the county's current Zoning Code to make it easier to read and user friendly on the Internet.	100,000
	To prepare Commercial Corridor Plans for reinvigorating the county's aging commercial corridors and Specific Plans.	500,000
	To continue legal efforts to enforce the county's Zoning Code against non-compliant Adult Businesses.	400,000
	PRIORITY 3 TOTAL	\$ 1,848,980

PRIORITY 4-GENERAL GOVERNMENT		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNT
5730000 County Executive Cabinet	Internal Services Agency-Ombudsman for Agency focusing on General Services and Human Resources.	\$ 25,000
4810000 County Counsel	Additional 1.0 position for Deputy County Counsel services to the Sheriff and Probation departments.	179,233
5770000 Non-Departmental Costs	Shift funding of subsidizing employee parking in the UP Lot to departments from the Parking Fund.	92,400
	Shift funding of Employee Transportation Coordinator functions to departments from Parking Fund.	82,235
5710000 Data Processing- Shared Systems	General Fund support for Geographic Information Systems (GIS).	200,000
	PRIORITY 4 TOTAL	\$ 578,868
	FUNDED/COST OFFSET GRAND TOTAL	\$ 9,956,465

**RECOMMENDED ADDITIONAL GENERAL FUND ITEMS WITH FULL REVENUE
OFFSETS**

PRIORITY ZERO-MANDATES		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNT
7200000 DHHS	Child Protective Services-Additional 6.0 positions to implement Team Decision Making and reduce placement changes and the number of foster care re-entries. Cost is totally offset by additional Child Welfare Services Revenues.	\$ 477,435
	Foster Care Licensing-Additional 1.0 position to plan, implement and monitor implementation of the Family to Family research-based strategies to improve the recruitment, training and support of the foster families. Cost is totally offset by increased revenues.	98,030
	Dental Program-additional 0.5 position and vehicle to work toward better dental health and dental hygiene habits for 28,250 children. Offset by reduced costs in extra help and increase in Medi-Cal revenues.	10,000
4410000 Voter Registration & Elections	Additional supplies for new voting machines (tables, transport bags, etc.). Funded by federal Help America Vote Act (HAVA) revenues.	264,000
	PRIORITY ZERO TOTAL	\$ 849,465

PRIORITY 1-DISCRETIONARY LAW ENFORCEMENT		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNT
6400000 Regional Parks, Recreation & Open Space	Additional park ranger funding, including mowing lawn areas, trashcan emptying, and restroom service at Delta-area parks. Cost is totally offset by increased park fee revenues.	\$ 15,867
7400000 Sheriff	Additional 2.0 positions to collect funds for Work Release Program. Fully funded by presumed additional fees to be collected.	162,062
	PRIORITY 1 TOTAL	\$ 177,929
PRIORITY 2-SAFETY NET		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNT
8100000 DHA- Administration	Cottages at McClellan to house additional disabled adults. Cost is totally offset by increased Temporary Assistance for Needy Families (TANF) revenues.	\$ 73,000
	PRIORITY 2 TOTAL	\$ 73,000
PRIORITY 3-QUALITY OF LIFE		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNT
6610000 Planning & Community Development	Code Enforcement to pay for additional lease costs at new leased facility. Funded by additional fees generated from Code Enforcement activities.	\$ 69,300
	Moving costs to relocate Code Enforcement staff to leased facility. Funded by additional fees generated from Code Enforcement Activities.	39,000
6400000 Regional Parks, Recreation & Open Space	Additional reallocation of 1.0 Park Maintenance Supervisor position to 1.0 Associate Landscape Architect position. Funded by additional plan review fees.	16,132
	PRIORITY 3 TOTAL	\$ 124,432
PRIORITY 4-GENERAL GOVERNMENT		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNT
3240000 County Clerk/ Recorder	Additional 4.0 positions, and one-time funding for extra-help/overtime and automation improvements (total of four requests) to reduce customer response time for registering, indexing, microfilming of birth/death/marriage records. Cost is totally offset by County Clerk/Recorder Trust Fund increased revenues.	\$1,177,828

BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNT
3230000 Department of Finance	Additional 2.0 positions and extra help funds for 8.0 Student Intern positions to fund reduced overtime expenses and backlogs in tax collections, tax accounting, general accounting, audit and payment services. Funded by new revenues from the County Clerk-Recorder.	\$ 274,778
4010000 Board of Supervisors	Additional 0.5 position. Convert current 0.5 position to 1.0 Deputy Clerk position. Funding provided from a transfer from the Municipal Services Agency (MSA).	29,550
	PRIORITY 4 TOTAL	\$ 1,482,156
	SELF-FUNDED GRAND TOTAL	\$ 2,706,982

V. RECOMMENDED INCREASES TO GENERAL FUND RESERVES

The Office of Budget and Debt Management recommends that the additional carryover for most General Fund departments (\$12,047,245) between Proposed and Final Budget be added to our General Fund Reserves as a financing source for Fiscal Year 2006-07. This conforms to budget policy of the previous two fiscal years. The funds would be specifically earmarked for the departments who earned the additional carryover. The exception to this recommendation is the additional carryover for the Voter Registration and Elections Department, which had unused grant funds (\$1,079,136) that must be spent on voter equipment modernization in Fiscal Year 2005-06, and has therefore been rebudgeted in that department for Fiscal Year 2005-06.

We are also recommending that the one-time \$26.86 million revenue received in early August 2005 from the State’s early repayment of our 2003-04 VLF loan be reserved to mitigate the scheduled increase in our POB debt service in Fiscal Year 2006-07.

Lastly, as noted previously, in anticipation that staffing in DHA may be shifted between programs during Fiscal Year 2005-06 as a result of CalWIN implementation, we are recommending an additional General Fund Reserve increase of \$1.176 million to mitigate against cost shifts/subvention reductions that may occur if claiming on federal/state funded programs is reduced as a result of the shift of staff. The Countywide Services Agency and DHA will report back to the Board midyear with recommendations on CalWIN issues.

VI. RECOMMENDED GROWTH REQUESTS IN NON-GENERAL FUND BUDGET UNITS

In the Non-General Fund departments, we are recommending a limited amount of additional funding requests, all of which are funded through categorical (enterprise) sources. Attachment IX-C summarizes the recommended Non-General Fund additional requests. Following is a summary of the recommended Non-General fund additional requests:

RECOMMENDED ADDITIONAL NON-GENERAL FUND ITEMS

PRIORITY ZERO-MANDATES		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNTS
3100000 Capital Construction Fund (CCF)	Repairs and remodeling at Roger Bauman Facility to allow reopening of the facility to alleviate jail overcrowding. Funded by Inmate Welfare Trust Funds.	\$ 2,300,000
2300000 Construction Management and Inspection Division	Additional 14 vehicles for inspection staff to perform inspections regarding code compliant structures and facilities. Funding to be provided by permit fees and Sacramento Regional County Sanitation District (SRCSD) reimbursements.	92,840
3350000 Environmental Management	Additional 1.0 position, additional automation, and facility planning work. Funded by fees collected by regulated facilities/businesses.	791,327
2900000 Roads	Additional capitol construction program for the Road Fund (005). Funded by Proposition 42 funds restored in State Budget.	2,765,250
2600000 Transportation	Additional 3.0 positions for engineering planning, programming and capitol project design services on transportation projects. Funded by Measure A Sales Tax, Road Fund and developer fees.	266,706
2550000 Water Quality	Additional 11 vehicles for staff working on maintenance/operations for County Sanitation District No. 1 (CSD-1) collector and interceptor pipelines. Funded by CSD-1 fees.	119,636
2560000 Water Quality- Sacramento Regional Wastewater Treatment Plant (SRWTP)	Additional 6 vehicles for staff working on maintenance/operations of Sacramento Regional, Courtland and Walnut Grove Treatment Plants. Funded by SRCSD.	34,988
2510000 Water Resources	Additional 3 vehicles for maintenance and operations of water supply and drainage maintenance facilities. Funded by Water Agency and Stormwater Utility fees.	38,544
	PRIORITY ZERO TOTAL	\$ 6,409,291
PRIORITY 2-SAFETY NET		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNTS
8600000 Community Services	Foster Care academic performance, building maintenance/expansion at Mather, and for the Cottages at McClellan which provides housing for disabled adults. Funded by federal grants and client fees.	\$ 166,930
	PRIORITY 2 TOTAL	\$ 166,930

PRIORITY 3-QUALITY OF LIFE		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNTS
3870000 Economic Development & Intergovernmental Affairs	Additional appropriation for job attraction, retention and expansion activities. Funded by transfer from General Fund.	\$ 691,250
PRIORITY 3 TOTAL		\$ 691,250
PRIORITY 4-GENERAL GOVERNMENT		
BUDGET UNIT/ DEPARTMENT	DESCRIPTION	GROSS AMOUNTS
3400000 Airport Enterprise	Planning work at Sacramento International Airport. Funded by Federal Aviation Administration (FAA) grant revenue.	\$ 1,275,179
	To accomplish solid waste landfill cleanup at Franklin Field and to develop master plan for Executive Airport and Franklin Field. Partially funded by state grant revenue.	679,300
	To complete hazmat remediation and to prepare buildings for demolition at Mather Airport. Funded by federal grant revenue.	210,000
3480000 Airport Capital Outlay	Capital Improvement Plan for Sacramento County Airport System. Funded by federal grant revenue.	1,310,294
PRIORITY 4 TOTAL		\$ 3,474,773
NON-GENERAL FUND GRAND TOTAL		\$10,742,244

Attachment IX-D summarizes the not recommended additional requests received from both General Fund and Non-General Fund departments for 2005-06 Final Budget.

VII. SUMMARY OF FISCAL YEAR 2005-06 RECOMMENDED FINAL BUDGET

The following table summarizes the 2005-06 Recommended Final Budget for the General Fund:

<u>2005-06 Recommended Final General Fund Budget</u>							
(Amounts Expressed in Millions)							
	Appro-	Estimated	Net	Carry-		2004-05	2005-06
	priations	Revenues	Cost	Over	Allocation	Percent of	Percent of
						Allocation	Allocation
ELECTED OFFICIALS							
Assessor	\$ 16.29	\$ 7.92	\$ 8.37	\$ 2.48	\$ 5.89	0.90%	1.08%
Board of Supervisors	3.90	0.67	3.23	0.49	2.74	0.60%	0.50%
District Attorney	57.06	19.98	37.08	1.86	35.22	6.70%	6.43%
Sheriff	318.33	185.14	133.19	6.24	126.95	24.20%	23.17%
Correctional Health Services	34.08	19.47	14.61	0.06	14.55	1.90%	2.66%
Emergency Operations	10.06	9.84	0.22	0.21	0.01	0.00%	0.00%
SUBTOTAL	\$ 439.72	\$ 243.02	\$196.70	\$ 11.34	\$ 185.36	34.30%	33.84%
COUNTYWIDE SERVICES							
Child Support Services	\$ 33.05	\$ 33.05	\$ 0.00	\$ 0.00	\$ 0.00	0.00%	0.00%
Health and Human Services	437.96	408.31	29.65	7.16	22.49	2.80%	4.11%
Health Treatment Account	38.42	19.40	19.02	0.00	19.02	3.00%	3.47%
Human Assistance-Admin.	248.32	221.52	26.80	0.72	26.08	4.70%	4.76%
Human Assistance-Payments	364.05	316.00	48.05	0.00	48.05	12.40%	8.77%
IHSS Provider Payments	48.48	41.15	7.33	0.00	7.33	1.90%	1.34%
Probation	97.54	48.65	48.89	10.20	38.69	7.60%	7.06%
Public Defender	22.02	0.66	21.36	0.58	20.78	4.30%	3.79%
Other	93.83	19.98	73.84	5.08	68.76	15.70%	12.55%
SUBTOTAL	\$1,383.67	\$1,108.72	\$274.94	\$ 23.74	\$ 251.20	52.40%	45.85%
GENERAL							
GOVERNMENT/CF/OO	10.60	5.15	5.45	0.96	4.49	0.80%	0.83%
INTERNAL SERVICES	89.39	39.61	49.78	2.48	47.30	7.70%	8.63%
MUNICIPAL SERVICES	34.21	18.60	15.61	2.25	13.36	2.00%	2.44%
CONTINGENCIES	5.00	0.00	5.00	0.00	5.00	1.10%	0.91%
RESERVE CHANGES	41.11	0.00	41.11	0.00	41.11	1.70%	7.50%
TOTAL	\$2,003.70	\$1,415.10	\$588.59	\$ 40.77	\$ 547.82	100.0%	100.0%

The total requirement for departmental appropriations and the recommended reserve increases are \$2.003 billion, placing the county's General Fund over \$2.0 billion for the first time. Approximately 80.0 percent of total appropriations (spending) are for departments of elected officials and for countywide services programs. All other programs, the contingency, and the reserve increases amount to 20.0 percent of the total appropriations. Most of the general government and human resources programs provide at least some support to the elected department heads and countywide services programs.

The financing for the expenditures and reserve increases may be summarized:

(Amounts Expressed in Millions)

Departmental Revenues	\$1,415.10	70.62 percent
Carryover	40.78	2.04 percent
General Purpose Financing	547.82	27.34 percent
Total Financing	\$2,003.70	100.00 percent

Over 70.0 percent of the financing comes from departmental revenues which predominately come from state and federal sources. Carryover of \$40.78 million represents 2.04 percent of total financing and is being made available for departmental use.

The General Purpose Financing is not dedicated to any specific program or function. The General Purpose Financing makes up 27.34 percent of overall financing in the General Fund and consists of non-departmental general revenues (such as property tax, sales tax, vehicle license fees, utility tax, etc.), transfers in from other funds, and reserve changes. Certain expenditures, such as interest expense on the annual cash-flow borrowing and tax collection fees, are netted against the financing sources.

VIII. TRANSIENT-OCCUPANCY TAX FUND--ALLOCATIONS TO COMMUNITY AND CIVIC PROGRAMS

Fund balance decreased by \$19,074 from Adopted Proposed Budget primarily due to a prior-year adjustment to tax collections of \$24,998. Actual tax collections for Fiscal Year 2004-05 were \$13,455 higher than estimated in the Proposed Budget; and the actual amount was 1.0 percent higher than Fiscal Year 2003-04 collections. Trends in recent occupancy levels and room rates lead to expectations of further increased tax collections. As a result, tax revenue projections for Fiscal Year 2005-06 have been increased by \$91,299, reflecting 1.5 percent anticipated growth over Fiscal Year 2004-05 year-end actual. The total available financing for Fiscal Year 2005-06 is \$8,696,895, an increase of \$13,656 from the Adopted Proposed Budget. Current requests for funding total \$9,096,548 which is \$399,654 more than is available considering the \$3,064,054 transfer to the General Fund approved in the Adopted 2005-06 Proposed Budget. **If the Board approves all TOT funding requests, it is recommended that the shortfall be covered by reducing the General Fund transfer by \$400,000 from \$3,064,054 to a total of \$2,664,400.** Attachment I indicates the prior-year level of funding commitments, county funding approved in the Proposed Budget from the TOT Fund, and all known requests for TOT funding.

IX. FISCAL YEAR 2004-05 YEAR-END RESULTS FOR OTHER FUNDS

• Community Services Fund

Community Services (Budget Unit 860000) (Fund 012) fund balance was \$205,733 greater than estimated for the Adopted Proposed Budget, which resulted in a \$205,733 reduction in General Fund transfers to this budget unit.

Over the past few years this fund accumulated uncollectible accounts receivables totaling \$1,948,047, which have only recently been quantified. This fund is a Special Revenue Fund and cannot reflect a negative fund balance. Absent alternative revenue sources, DHA staff who manage this fund, petitioned for and received relief of accountability and restoration of the fund balance to not less than zero. As a result of the write-off, the necessary General Fund transfer to this fund must be increased by \$1,948,047 to offset the write-off of the uncollectible accounts receivables. The attached report from the Department of Finance (Attachment II) recommends the Board approve the request for relief of accountability for these receivables.

Uncollectible Accounts Receivables

This fund's uncollectible accounts receivables first came to light in 2003 when DHA staff initiated its first review of the Community Services Fund balance sheet since implementation of COMPASS. At that time, DHA staff discovered the accumulation of an \$18.0 million accounts receivable balance with insufficient supporting documentation. Upon discovering this situation, DHA staff undertook a significant effort to reconcile all the fund's balance sheet accounts. After a six-week effort, reconstructing the detailed accounts receivables and reviewing detailed cost accounting records and billing files, DHA staff made every effort to maximize revenue recovery and was able to collect all but approximately \$1.9 million of the accounts receivables.

Of the remaining outstanding \$1.9 million accounts receivables, DHA staff determined that \$209,417 represents program expenditure reimbursements due from SHRA that could not be collected because of missed deadlines to submit invoices to SHRA. The remaining \$1,738,630 is the result of accounting errors where revenue was overstated and collections on existing accounts receivables were understated.

Accounting Issues

As a Special Revenue Fund, this fund is required to be balanced (annual revenues equal to annual expenditures). Management of this fund is by DHA staff. In an effort to balance this fund, DHA staff assumed that any expenditures in excess of revenue at fiscal year-end must be covered by revenue; therefore, they made accounts receivable revenue accruals entries each fiscal year to record enough revenue to balance the fund. However, several Community Services programs are partially funded by Interfund Transfers from the DHA-Administration (Budget Unit 8100000). Therefore, the year-end revenue accrual was overstated by the amount that should have been transferred from DHA-Administration budget.

- **Economic Development & Intergovernmental Affairs Fund**

Fund balance decreased by \$563,201, mainly due to revenues which were budgeted for Fiscal Year 2004-05 but are now expected to be received in Fiscal Year 2005-06. Fiscal Year 2005-06 revenues have been increased accordingly to account for the decreased fund balance. The General Fund and TOT Fund contributions are not affected by these changes.

- **Tobacco Litigation Settlement Fund**

Fund balance was \$2,283,184 at year-end which was \$65,103 higher than was estimated due to lower than anticipated program costs. These funds will be retained in order to accumulate a sufficient fund balance to provide level funding over the life of the bonds.

- **Teeter Fund**

The Teeter Plan of Tax Apportionment resulted in a higher than anticipated gain for the County in Fiscal Year 2004-05 and a higher fund balance. An unbudgeted transfer was made at the end of the fiscal year for a net improvement of \$2,277,348 to the General Fund. This amount has been included in the year-end General Fund Balance.

- **Golf Fund**

Fund balance decreased by \$400,819 primarily due to lower revenues as a result of reduced number of rounds played and decrease in pro shop concessions. An expenditure decrease of \$460,428 reflects revised calculation of the COLA for employees, increased audit charges and increases related to the Mather Golf Course Irrigation Project. These increases are totally offset by decreases in services and supplies accounts and a \$400,000 one-time loan (Interfund Reimbursement) from the General Fund. A revenue increase of \$77,479 reflects a proposed fee increase as well as anticipated improvement in weather conditions in Fiscal Year 2005-06. The Reserve Release has decreased by \$137,088 due to the estimated increased revenue and the loan from the General Fund. MSA is currently working on a plan to repair the financial imbalance within the Golf Fund. It is anticipated that a full report on the issues that have lead to this condition and the recommendations to restore the fund to solvency, including the repayment terms of the General Fund loan, will be presented to the Board during the upcoming fiscal year.

- **Insurance Funds**

There have been no significant changes to the Workers' Compensation, Liability/Property, or Unemployment Insurance funds. Therefore, there have been no changes to these funds' charges to county departments.

In Fiscal Year 2003-04, the dental insurance benefit was changed from a self-insured program to a plan provided by a dental insurance carrier. Under the self-insured program, funds collected from charges to county departments were deposited into the Dental Insurance Internal Services Fund (ISF) and used to pay dental insurance claims. Utilization of a plan provided by a dental insurance carrier made use of the Dental Insurance ISF unnecessary. Charges to county

departments for dental insurance coverage previously deposited into the Dental Insurance ISF are now used to pay dental insurance premiums directly to the carrier. Therefore, steps have been taken to prepare the Dental Insurance ISF for eventual closure. In Fiscal Year 2004-05, most of the fund's retained earnings were distributed back to the contributing county departments based on an analysis of their contributions to the fund. In Fiscal Year 2005-06, the fund's remaining retained earnings will be transferred from the Dental Insurance ISF to the Employee Benefits Administration budget in order to pay closing and other administrative costs of the old self-insured program. Once the balance in the fund has been reduced to zero, the fund will be closed.

X. FISCAL YEAR 2004-05 YEAR-END RESULTS FOR CAPITAL CONSTRUCTION FUND

The Capital Construction Fund (CCF) typically budgets projects based on anticipated expenditures. Often the design, engineering and construction are not completed within the fiscal year in which a project is authorized, or, on occasion, the succeeding fiscal year. Those encumbered funds have a significant effect on the fund balance. When a large project is financed, CCF typically provides the financing for the expense and receives reimbursement for those expenses. Since the revenue is received in arrears, the revenue is not listed as a balancing entry for the encumbrance. This may have the effect of creating a large negative fund balance.

Prior to Fiscal Year 2002-03, construction contract encumbrances were liquidated at year-end and then rebudgeted, which resulted in a fund balance unaffected by multiyear construction contracts. That practice was changed in Fiscal Year 2002-03. From that point on, multiyear construction contracts have been encumbered for the entire amount of the contract, negatively impacting year-end fund balances. Late in Fiscal Year 2002-03, two significant projects were awarded, the Juvenile Courthouse and Visitor Center (\$27.1 million), and WETYC Expansion project (\$7.8 million). As a result of these project awards and other encumbrances, CCF ended Fiscal Year 2002-03 with a large encumbrance of \$42.6 million, resulting in a negative fund balance of \$40,236,851. As expenses were recorded in Fiscal Year 2003-04, the encumbrances were liquidated and the negative fund balance was reduced to \$21,826,825. Late in Fiscal Year 2004-05, another multiyear construction contract was awarded, the Juvenile Hall 90-Bed Expansion project (\$25.6 million). With that award and other contracts, the negative fund balance increased to \$33,291,031 at year-end.

The Recommended Final Budget has been adjusted to account for the increased negative fund balance with a balancing revenue amount. It is anticipated that the revenue for the multiyear projects will be proceeds from the issuance of Certificates of Participation (bonds), Tobacco Litigation Settlement Funds, and Library Funds. Some of these revenues will be realized concurrent with the expense in future years to fund the multiyear contracts.

XI. FISCAL YEAR 2004-05 YEAR-END RESULTS FOR MUNICIPAL SERVICES AGENCY (MSA) GOVERNMENTAL/ENTERPRISE FUNDS

MSA adjustments to the Recommended Final Budget generally reflect changes resulting from the Fiscal Year 2004-05 Available Fund Balance at year-end. Overall, there is a net increase in appropriations of \$115.4 million. The most significant changes between the Adopted Proposed Budget and the Recommended Final Budget are due to transportation and water supply projects.

County Roads, Roadways, and Transportation Sales Tax increased by \$39.6 million. These funds involve a construction program that is adopted as a long-range plan (five to seven years) and are managed through a series of approved annual expenditure plans. Due to the multiple-year demands of the projects, the annual budget represents the portion of the five to seven year construction plan that can reasonably be accomplished in the current fiscal year. Actual project expenditures generally differ from the budget due to many factors affecting project life cycles, i.e. environmental issues, public discussion, legal opinions, right-of-way acquisitions, availability of consultants and contractors, and weather. Consequently, adjustments are almost entirely due to the necessity of rebudgeting for work that was planned, but could not be accomplished in Fiscal Year 2004-05. To support the additional work, Transportation Department is requesting 3.0 positions for final budget.

Water Resources funds have increased by \$59.9 million. These funds have experienced a significant increase in larger, multiyear water supply and drainage construction projects. Due to contract obligations, many of the projects have been budgeted in their entirety even though only a portion of the projects will be completed in a given year. This has resulted in higher than anticipated expenditures and the need for reserve releases. Water Resources Department has also entered into many reimbursement agreements which often require the rebudgeting of funds.

The remaining net increase of \$15.9 million is primarily due to the reimbursement of Building Inspection fees to the City of Rancho Cordova and project timing and/or reimbursement agreements for the following special districts: McClellan Community Facilities District, Laguna Creek Ranch/Elliott Ranch, Antelope Public Facilities Financing Plan, and Laguna Community Facilities District.

The changes between the Proposed and Final Budget for MSA in the Governmental and Enterprise funds are summarized in Attachment X.

XII. FISCAL YEAR 2004-05 YEAR-END RESULTS FOR AIRPORTS ENTERPRISE

The changes to the Sacramento County Airport System's budget reflect a continued emphasis on long-term planning. Notable changes to the proposed budget are as follows:

Operating Expenses

Operating expenses increased by a net of \$2,406,477 which reflects an increase of \$2,303,116 in services and supplies that include:

- \$500,000 rebudgeted for a contribution towards environmental review and engineering services associated with extension of the light rail line to Sacramento International Airport;
- \$130,208 to pay for water usage upon connection to the City of Sacramento's water supply;
- \$200,000 for concession marketing expenses, which are totally offset by revenues paid by Sacramento International Airport terminal concessionaires for this purpose;
- \$813,800 in professional services including development of Executive Airport and Franklin Field master plans, an Americans with Disabilities Act (ADA) transition plan, a wildlife management plan, and the Airport System's contribution toward the Central Human Resources, IT, and General Overhead audit; and
- \$456,400 in land improvement for building demolition at Mather Airport; Franklin Field landfill cleanup; and rubber removal on runways at International Airport.

These increase in services and supplies are partially offset by a reduction of \$103,012 in salaries and benefits which reflects the deletion of 2.0 vacant secretary positions.

In addition, there are the following changes:

- \$100,000 in capital expenses are budgeted in the operating budget.
- \$120,373 increase in expenditures reflects COLAs.

Revenue

Revenue projections are increased by \$2,405,422. Changes include:

- An increase of \$1,921,483 in federal grant revenue for the Executive Airport and Franklin Field master plans and for the Mather runway pavement rehabilitation project; and
- An increase in airline revenues, based on the most recent airlines rates and charges calculation, of \$483,939. This increase is comprised of \$824,000 in terminal rents and \$834,000 in loading bridge fees which is totally offset by a reduction in landing fees of \$1,141,061 and reduction in Preferential Aircraft Parking Position (PAPP) fees of \$33,000.

Capital Budget

The Sacramento County Airport System is increasing its capital budget by \$1,310,294. This increase reflects a variety of changes such as:

- An increase in the city water connection project by \$1,600,000 (from \$5,991,422 to \$7,591,422);
- An additional \$1,778,098, which was originally to be budgeted in Fiscal Year 2006-07, for runway pavement rehabilitation at Mather Airport;
- An increase of \$1,368,000, which was originally to be budgeted in Fiscal Year 2006-07, for the design and construction documents phase of the terminal modernization project;
- A decrease of \$1,700,000 due to the elimination in mitigation land acquisition costs, paid for in Fiscal Year 2004-05; and
- A decrease of \$1,750,000 due to the deferral until Fiscal Year 2006-07 to budget costs for the Common Use Terminal Equipment (CUTE), Phase II project, and the Common Use Self-Service (CUSS) kiosk project.

XIII. FISCAL YEAR 2004-05 YEAR-END RESULTS FOR SPECIAL DISTRICTS

All district budgets as requested are balanced. Following is a brief summary of year-end results for the county's special districts:

- **CSA 4B**

Fund balance decreased by \$13,833 due to higher than anticipated expenditures and lower revenue collections. An expenditure decrease of \$18,963 reflects a reduction in improvement projects and other services. An expenditure increase of \$1,290 reflects a provision for reserve. A revenue decrease of \$3,840 reflects reduced property tax and interest income.

- **CSA 4C**

Fund balance increased by \$24,259 due to lower than anticipated expenditures. An expenditure increase of \$24,259 reflects a provision for reserve.

- **CSA 4D**

Fund balance decreased by \$3,667 due to lower than anticipated property tax revenues. An expenditure decrease of \$1,484 reflects a reduction in anticipated improvements. The reserve release increased \$2,183 due to decreased fund balance.

- **Del Norte Oaks Park Maintenance District**

Fund balance increased by \$3,787 due to lower than anticipated expenditures. Revenues decreased by \$594 due to reduced property tax and interest income. The provision for reserve increased by \$3,193 due to increased fund balance.

- **Fish and Game Propagation**

Fund balance increased by \$12,566 due to lower than anticipated expenditures. An expenditure decrease of \$6,598 reflects a reduced contribution to the Effie Yeaw Nature Center. The provision for reserve increased \$1,066 due to higher fund balance. The reserve release decreased \$18,098 due to increased fund balance.

- **Carmichael Recreation and Park District**

Fund balance increased by \$211,185 due to lower than anticipated expenditures. Revenues have increased by \$861,097 due primarily to state grants and other miscellaneous revenue. Expenditure increase of \$1,072,282 reflects increases in salaries and benefits, building improvements and equipment.

- **Mission Oaks Recreation and Park District**

Fund balance increased by \$281,224 due to lower than anticipated expenditures and higher revenue collections. An expenditure increase of \$10,843 reflects increases in services and supplies accounting services and COMPASS costs, offset by a reduction in salaries and benefits costs. The reserve provision has increased by \$270,381 due to the higher fund balance.

- **Mission Oaks Maintenance/Improvement District**

Fund balance increased by \$192,260 due to the postponement of maintenance and improvement projects to Fiscal Year 2005-06. Revenues have increased by \$200,000 due to an increased Urban Parks Grant. An expenditure increase of \$467,634 reflects an increase in landscape maintenance and improvement projects, equipment costs and contingency. Provision for reserve decreased by \$75,374 due to increased landscape projects.

- **Natomas Fire District**

Fund balance increased by \$1,442,303 due to a contract payment to the City of Sacramento being expended in Fiscal Year 2005-06 rather than at the end of Fiscal Year 2004-05. An expenditure increase of \$1,442,303 is due to a contract payment to the City of Sacramento being expended in Fiscal Year 2005-06 rather than at the end of Fiscal Year 2004-05.

- **Sunrise Recreation and Park District**

Fund balance increased by \$794,691 due to lower than anticipated expenditures and higher revenue collections. Revenues have increased by \$6,845,000 due to the anticipated issuance of COPs to help finance construction of Joint Use Facilities with the Roseville Joint Unified School District, a Workforce Housing Reward Grant for improvement at two park sites, and increased transfer of park development fees for the Joint Use Facilities.

XIII. REPORT FROM SHERIFF'S DEPARTMENT REGARDING POLICY CHANGE GOVERNING SERVICE CONTRACTS WITH INCORPORATED CITIES IN REGARD TO COST RECOVERY FOR SHARED COMMAND MODELS

At the Proposed Budget Hearing, the Board was presented with a policy recommendation from the Sheriff and the County Executive's Office to modify the full-cost recovery policy governing contracts with cities for municipal services. The policy request was withdrawn by the Sheriff's Department immediately prior to the hearings, partially in response to deliberations by two of our contract cities (Citrus Heights and Elk Grove) over establishing their own police forces. The policy recommendation has been revised to apply only to contract cities that utilize a shared command model of service delivery. The County Executive's Office recommends approval of the attached report (Attachment III) from the Sheriff's Department requesting the policy change. The policy change would result in a reduction in Sheriff's departmental revenue for Fiscal Year 2005-06 of \$267,477.

XIV. REPORT BACK FROM DEPARTMENT OF WASTE MANAGEMENT & RECYCLING ON ILLEGAL DUMPING ACTIVITIES & RELATED PROGRAMS

During the Proposed Budget Hearings, the Board directed the Department of Waste Management & Recycling to report back at the Final Budget Hearings regarding the growing problem of illegal dumping activity in the unincorporated area and their programs to combat the problem. The attached report (Attachment IV) provides the Board with detailed information concerning the problem, and suggests the Board may wish to hold a workshop outside the budget hearings to discuss potential approaches to mitigate the growing problem with illegal dumping.

XV. REPORT BACK FROM DEPARTMENT OF GENERAL SERVICES ON FISCAL STATUS OF PARKING FUND, AND RECOMMENDATIONS TO TRANSFER FUNDING OF EMPLOYEE PARKING AND TRANSIT SUBSIDIES, EMPLOYEE TRANSPORTATION COORDINATOR FUNCTION TO DEPARTMENTAL BUDGETS

The attached report (Attachment V) from the Department of General Services regarding the financial status of the Parking Fund recommends shifting funding of the employee subsidies for the UP Parking Lot, Transit Subsidies and the Employee Transportation Coordinator function from the Parking Fund to departmental budgets. Approval of this recommendation is consistent with the County Executive's budget recommendations for additional funding. The net impact of the shift in funding is anticipated to be approximately \$349,270, of which the General Fund share would be approximately \$174,635.

XVI. ADOPTION OF BUDGET RESOLUTIONS

We recommend that, following the conclusion of the Final Budget Hearings, the Board adopt the attached resolutions (Attachment VI) which approve the Final Budget for 2005-06 and direct the Department of Finance to finalize the tabulations which are necessary. Those tabulations will reflect the Fiscal Year 2005-06 Recommended Final Budget as modified by actions taken by the Board during the Final Budget Hearings. Due to legal requirements, the Board must adopt its Fiscal Year 2005-06 budget resolution in this manner in order to meet this year's deadline, which is Sunday, October 2, 2005.

XVII. SCHEDULE FOR FINAL BUDGET HEARINGS

Following is the schedule for the Final Budget Hearings:

September 7, Wednesday 9:30 a.m.	<u>Overview, New Requests and Disagreed Items</u>
September 13, Tuesday 2:00 p.m.	<u>Transient-Occupancy Tax</u>
September 14, Wednesday 2:00 p.m.	<u>Five-Year Capital Improvement Plan</u>
September 15, Thursday 9:30 a.m.	<u>Reports Back and Final Deliberations</u>

If necessary-September 16 Friday, 9:30 a.m. Continue Final Deliberations (if necessary)

Respectfully submitted,

TERRY SCHUTTEN
County Executive

GBD/LFH:js

cc: Robert A. Ryan, Jr., County Counsel; Agency Administrators; Department Heads; County Executive Analysts; Department Administrative and Fiscal Staff

Attachments

- I. Transient-Occupancy Tax Fund Allocation Summary
- II. Report From Department Of Finance On Relief Of Accountability For Accounts Receivable For The Department Of Human Assistance
- III. Report From Sheriff's Department Regarding Recommended Policy Change Governing Service Contracts With Incorporated Cities In Regard To Cost Recovery For Shared Command Models Of Service Delivery
- IV. Report Back From Department Of Waste Management And Recycling On Illegal Dumping Activities And Related Programs
- V. Report Back From Department Of General Services Regarding Parking Fees
- VI. Final Budget Resolutions
- VII. Summary Of Projected State Budget Impacts To Sacramento County
- VIII-A. Fund Balance Analysis, Year-End Results For General Fund Departments
- VIII-B. Changes In Carryover Between Proposed And Final Recommended, Carryover Reserve For Certain General Fund Budget Units
- IX-A. Summary Of CEO Recommended General Fund Additional Requests For 2005-06 Final Budget With Net Cost/Cost Mitigation
- IX-B. Summary Of CEO Recommended General Fund Additional Requests For 2005-06 Final Budget With Full Revenue Offsets
- IX-C. Summary Of CEO Recommended Non-General Fund Additional Requests For 2005-06 Final Budget
- IX-D. Summary Of CEO Not Recommended Additional Requests Received From Departments For 2005-06
- X. Municipal Services Agency's Governmental/Enterprise Funds Financing Changes
- XI. Final Budget Schedules (Binders)