

**FY2017-18 Budget Recommended for Adoption
SELECTED SIGNIFICANT CHANGES – APPROVED TO ADOPTED**

GENERAL FUND

Assessor

No change is recommended in the Assessor's overall appropriation level, however, salary and benefit expenditures are reduced by \$300,000 and services and supplies expenditures increased by a similar amount to fund a one-time Growth request in the Department of Technology budget that will provide for the replacement of an out-of-date property tax bill software interface component of the Assessor's tax system. This replacement will minimize inaccurate property tax bills, system patches and maintenance costs. The reduction in salary and benefit costs is possible because of unanticipated vacancies, including the Assistant Assessor position that became vacant when the incumbent was appointed to fill the vacant Assessor position.

District Attorney

A \$217,867 increase in appropriations, \$5,794 increase in revenue and \$212,073 increase in Net County Cost is recommended. The increase in appropriations and Net County Cost will cover the cost of purchasing an Electron Microscope for the Crime Lab that was originally expected to be purchased in FY2016-17 and must now be re-budgeted in FY2017-18. The increase in revenue reflects a revised estimate of the amount of AB109 revenue the County will receive.

Sheriff

An \$869,943 increase in appropriations, \$374,576 increase in revenue and \$495,367 increase in Net County Cost is recommended. The increase in appropriations and Net County Cost is due primarily to funding for an on-going Growth request: \$1,095,154 in appropriations and Net County Cost to implement a two-year pilot program to identify and arrest offenders in areas of the unincorporated County with high incidences of unreported gun shots. The goal is to reduce gun violence against residents of those communities. This program will include contracting for the ShotSpotter technology, which will immediately identify when shots are fired within a three-square mile area, triangulate exactly where the shooting occurred and notify a dedicated team

of Deputies who can respond quickly to the scene. The Growth request includes adding 4 Deputy Sheriff positions.

The Adopted Budget also includes:

- Funding for a Growth request that converts a contracted Cyber Intelligence Analyst position to a regular Information Analyst II position – resulting in the addition of 1 FTE position – with no change in appropriations;
- The cancellation of a \$183,000 Growth request for the purchase of vehicles for deputies providing security services for the Elk Grove Unified School District that was included in the Approved Budget (the District is no longer requesting that the Sheriff provide these vehicles);
- Appropriations related to the receipt of \$45,050 in additional State Privacy and Piracy grant revenue; and
- An \$87,211 reduction in appropriations due to the deletion of one position approved by the Board in July.

The \$374,576 increase in revenue is the net result of the receipt of \$512,576 in additional Public Safety Realignment revenue and the \$45,050 increase in State Privacy and Piracy grant revenue, partially offset by a \$183,050 reduction in revenue from the Elk Grove Unified School District due to the cancellation of the previously approved Growth request for vehicle purchases.

Correctional Health Services

A \$150,000 increase in appropriations, \$45,369 increase in revenue and \$104,631 increase in Net County Cost is recommended. The increase in appropriation will fund one Growth request: \$150,000 for the first year cost to lease-purchase a new clinical management system for the jails. The current system was installed 10 years ago and will no longer be supported by the vendor after March 31, 2018. The purchase cost of the new system over the next four fiscal years will be approximately \$1.8 million. With maintenance fees and other costs, the four-year cost will be approximately \$4.5 million, however approximately \$2.3 million of these costs will be offset by the elimination of maintenance fees for the existing clinical management system, resulting in a net four-year cost of \$2.2 million. In addition, annual maintenance and other costs in year five and beyond will be approximately \$200,000 higher than with the current clinical management system. The annual impact is shown in the following table:

Correctional Health Services

Clinical Software System Costs

	FY2017-18	FY2018-19	FY2019-20	FY2020-21	Future Annual
New System Purchase Costs	\$ 249,480	\$ 598,752	\$ 598,752	\$ 349,272	\$ -
Maintenance Fee/Other Costs	\$ 339,855	\$ 799,612	\$ 799,612	\$ 799,612	\$ 799,612
Total Cost	\$ 589,335	\$ 1,398,364	\$ 1,398,364	\$ 1,148,884	\$ 799,612
Current System Savings	\$ 439,335	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Net Cost	\$ 150,000	\$ 798,364	\$ 798,364	\$ 548,884	\$ 199,612

The increase in revenue is due to the receipt of additional Community Corrections (AB109) Realignment revenue.

Appropriation for Contingency

A \$3 million increase in appropriations and Net County Cost is recommended to cover likely FY2017-18 cost increases in a number of areas where the exact amount is not yet known. With this adjustment, the Appropriation for Contingency will stand at \$4,958,000.

Clerk of the Board

A \$190,338 increase in appropriations, \$185,129 increase in revenue and \$5,209 increase in Net County Cost is recommended. The increase in revenue and \$185,129 of the increase in appropriations will fund the implementation of a new version of the Agenda Net agenda management system, funded by a Public, Education and Government (PEG) grant from the Metropolitan Cable Commission. The recommended increase in Net County Cost and \$5,209 of the increase in appropriations will provide funding to finish the computer replacement project for department staff that was originally expected to be completed in FY2016-17 and must now be re-budgeted in FY2017-18.

County Executive Cabinet

A \$194,176 increase in appropriations and Net County Cost is recommended due to the transfer of a Principal Planner position from the Department of Waste Management and Recycling to the Office of Budget & Debt Management. This transfer will establish a more appropriate reporting relationship for a position that currently works on organization-wide environmental management issues, as well as provide assistance in coordinating the County's involvement in preparations for the 2020 decennial census, which are already under way, and in certain other areas. Some of the cost of the work performed by the position may be allocated to other departments – such as Waste Management & Recycling – thus reducing the Net County Cost.

Emergency Services

A \$56,843 increase in appropriations and Net County Cost is recommended to cover the cost of grant-related expenditures. The County received grant funds to cover certain costs in FY2016-17 and unspent grant funds are part of the FY2016-17 General Fund ending fund balance.

Financing Transfers/Reimbursements

A \$70,762 decrease in appropriations and Net County Cost is recommended. This is the net result of increases and decreases in transfers to other funds, including: (1) a new \$25,878 transfer to the Development & Code Fund, reflecting revenue in excess of expenditures for certain programs in FY2016-17, when the programs were part of the Community Development budget in the General Fund; (2) a \$96,782 transfer to the Economic Development Fund to cover additional PBID costs resulting from the Board's policy decision regarding PBID funding; (3) an \$83,782 reduction in the amount transferred to the TOT Fund, due to additional identified fund balance in that Fund; and (4) a \$109,699 reduction in the transfer to the Golf Fund, to match the actual FY2016-17 year-end negative fund balance in that Fund, which is lower than the projected amount reflected in the Approved Budget.

Non-Departmental Costs

A \$110,000 increase in appropriations and Net County Cost is recommended to re-budget the balance of the Aerospace Museum project costs that were not spent as anticipated in FY2016-17 (\$60,000) and to fund a one-time Growth request of \$50,000 to provide contribution toward planning for a Measure A renewal ballot measure.

Planning and Environmental Review

A \$151,335 increase in appropriations, \$98,168 increase in revenue and \$53,167 increase in Net County Cost is recommended to fund a Growth request for costs related to implementing the South Sacramento Habitat Conservation Plan, with the revenue coming from the various partners in that project and the Net County Cost representing the County's share of cost.

Court Paid County Services

A \$76,667 increase in appropriations and revenue is recommended to fund a security upgrade identified after the Approved Budget was submitted. Funding will come from the Superior Court.

Data Processing – Shared Systems

An \$18,700 increase in appropriations and Net County Cost is recommended to fund one Growth request: The provision of additional resources to manage the Open Data Initiative, as the number of data sets have increased significantly.

Department of Finance

A \$175,000 increase in appropriations, \$75,000 increase in revenue and \$100,000 increase in Net County Cost is recommended. The increase in revenue and \$75,000 of the increase in appropriations is requested to cover a cost increase related to the purchase of new remittance processing equipment, with funding coming from charges to other agencies. The increase in Net County Cost and \$100,000 of the increase in appropriations is recommended to fund a one-time Growth request to engage an independent auditing firm to conduct a risk assessment study and develop a risk-based model to be used by the County Audit Committee to prioritize audits of County programs and vendors.

Voter Registration & Elections

A \$25,200 increase in appropriations and Net County Cost is requested to fund a one-time Growth request: the purchase of new and replacement security cameras in the extracting and Pitney Bowes rooms, the warehouse and loading dock areas and the ballot drop off box, to increase election integrity and security.

Regional Parks

A \$305,899 increase in appropriations, \$50,000 increase in revenue and \$255,899 increase in Net County Cost is recommended. The increase in appropriations is due primarily to funding for \$391,078 in Growth requests, partially offset by an \$85,179 reduction in lease costs due to delays in approval of a lease for new Department offices. The Growth requests include: (1) \$193,000 in one-time Net County Cost to destroy 10 abandoned wells on Regional Parks property to comply with a mandate from the Environmental Management Department; (2) \$88,078 in one-time Net County Cost to pay Regional Parks share of the cost of an Americans with Disabilities Act (ADA) Transition Plan being developed for the County in accordance with federal law; (3) \$60,000 in on-going Net County Cost to pay Gibson Ranch, LLC, based on new agreement terms approved by the Board; and (4) \$50,000 in one-time grant revenue to purchase a tractor for use on the American River Parkway.

Code Enforcement

A \$311,448 increase in appropriations, \$70,000 increase in revenue and a \$241,448 increase in Net County Cost is recommended to fund two on-going Growth requests: (1) \$58,000 in appropriations and Net County Cost to provide additional funding to the Department of Transportation to cover the full cost of the Residential Parking Permit Program (bringing the total amount of funding for this Program to \$108,000); and (2) \$253,448 in appropriations, \$70,000 in additional fee revenue and \$183,448 in Net County Cost to add two Code Enforcement Officer positions to deal with the anticipated workload increase related to enforcement of the County's marijuana ordinance.

Child Support Services

A \$596,252 increase in revenue and decrease in Net County Cost is recommended to correct for an accrual error made in FY2016-17. Due to staff turnover at the end of FY2016-17, the Department inadvertently failed to accrue \$596,252 in revenue to cover the last quarter of expenditures, with the result that that amount of Net County Cost was used to fund the program and the General Fund's ending fund balance was \$596,252 lower than it would otherwise have been. This adjustment will correct for that error.

Health & Human Services

A \$5,312,613 increase in appropriations, \$3,850,993 increase in revenue and \$1,461,610 increase in Net County Cost is recommended. The increase in appropriations is the net result of increases and decreases in a number of programs, including:

- A \$361,854 increase in support to the Department of Human Assistance and Sacramento Housing and Redevelopment Agency (SHRA) for the Bringing Families Home Program, funded by grant revenue.
- A \$1,183,666 reduction for the Nurse Family Partnership and Maternal and Adolescent Health Programs, including the elimination of 6.6 vacant Public Health Nurse positions due to a reduction in federal funding (the County's policy is not to backfill reductions in categorical funding). These reductions will reduce the number of low income pregnant women and their children receiving services.
- A \$6,073,562 increase in net appropriations and \$2,790,480 in Net County Cost to fund the following Growth requests:

- \$3,634,820 for three on-going Growth requests related to foster care Continuum of Care Reform, including addressing capacity issues at the County's Centralized Placement Support Unit (CPU) at the Children's Receiving Home, providing mental health and other services to foster care youth and wrap-around services to families as children transition from higher levels of care to home-based care. Funding will come from State and federal revenue and \$2,067,410 in Net County Cost.
- \$440,000 for a one-time Growth request for a software upgrade for computers used by Child Protective Services (CPS). The existing software is no longer supported by the vendor and the upgrade is required by the State Department of Social Services. If this upgrade is not completed by March of 2018 the Child Welfare Case Management System will no longer work on the County's computers. Funding will come from federal revenue and \$253,000 in Net County Cost.
- \$600,000 reflecting the first year of a three year plan to refresh all personal computers (PCs) in Child Protective Services. The warranties on all PCs will expire by April of 2018. Funding will come from federal revenue and \$447,000 in Net County Cost.
- \$18,070 for an on-going Growth request to provide three new virtual servers for the Public Health Laboratory Information Management System. These are needed to meet HIPAA requirements related to adequate back-up and recovery for health-related data. Funding will come from Net County Cost.
- \$5,000 for an on-going Growth request to provide the five local hospital systems with the Cardiac Arrest Registry to Enhance Survival (CARES). CARES utilizes an internet data base system that assists in tracking EMS patient outcomes at hospitals and response intervals for first responders and EMS. The goal is to improve EMS treatment and pre-hospital survival. Funding will come from Net County Cost.
- \$1,375,672 for an on-going Growth request to provide enhanced tobacco education activities designed encourage people to stop using tobacco products. Funding will come from a four-year grant from Proposition 56 tobacco tax revenue.

The \$3,850,993 increase in revenue is the net result of increases and decreases in a variety of sources, including:

- A \$2,705,147 increase in Foster Care Title IV-E Waiver revenue, which was reflected in the Probation Department's Approved Budget but is being reallocated to the Health & Human Services budget because the Probation Department has determined that certain activities are not claimable. This revenue is used to offset Net County Cost and free up Social Services Realignment revenue which, in turn, is being re-allocated to the IHSS Provider Services budget to offset Net County Cost.
- A net decrease of \$1,378,199 in Realignment revenue due in part to the reallocation of \$724,505 to IHSS Provider Payments noted above and in part to revised Realignment revenue estimates.
- A \$1,181,744 decrease in federal funding for the Nurse Family Partnership and Maternal Child and Adolescent Health programs.
- \$361,854 in additional grant funding for the Bringing Families Home Program.
- A \$3,283,082 increase in federal and State revenue to help fund Growth requests.

Human Assistance – Administration

A \$1,061,190 increase in appropriations, \$689,973 increase in revenue and \$371,217 increase in Net County Cost is recommended. The recommended increase in appropriations is due primarily to a \$1.2 million increase in salary and benefit costs as the result of an agreement with the union representing welfare supervisors and a \$365,000 increase in CalWORKS services contract costs, partially offset by an \$110,000 reduction in indirect cost charges to the Department and a \$400,000 reduction in expenditures (and Net County Cost) needed for various homeless programs, including:

- A \$100,000 reduction in salary costs reflecting the time needed to fill vacant positions;
- A \$50,000 reduction in expenditures related to the semi-annual homeless count since that will not occur this year; and
- A \$250,000 reduction in the contract with Sacramento Steps Forward reflecting a change in approach to providing services.

The net increase in revenue is due to the projected receipt of an additional \$4.98 million in CalWORKS Single Allocation revenue partially offset by a \$3,090,000 decrease in the CalFresh Allocation and \$1,210,000 decrease in

funding for the Homeless Initiative from private sources that was included in the Approved Budget, but which we no longer believe will be available. The latter reduction is back-filled with Net County Cost, including redirecting \$400,000 from the reduced expenditures for homeless programs noted above and \$810,000 in additional Net County Cost.

Human Assistance – Aid Payments

A \$10,181,618 increase in appropriations, \$13,096,146 increase in revenue and \$2,914,528 decrease in Net County Cost is recommended. The increase in appropriations is the net result of increases and decreases in a number of assistance programs, including:

- A \$6.3 million increase in Foster Care costs associated with the implementation of Continuum of Care Reform, Phase 2, which will result in increased reimbursement rates, and a \$3.3 million increase in Foster Care Wraparound program costs due to recent instructions from the California Department of Social Services raising Wraparound rates, partially offset by a \$3.3 million decrease in Foster Care assistance costs due to data showing program caseloads trending downward.
- A \$2.1 million increase in CalWORKS costs due to the repeal of the “once in a lifetime” Homeless Assistance regulation.
- A \$1.9 million increase in the Cash Assistance Program for Immigrants and Refugee Cash Assistance Program based on updated caseload and average cost per case data.
- A net decrease of \$957,517 in the General Assistance program due to updated caseload and average cost per case data.
- A net increase of \$752,027 in the Adoptions, KinGAP and Approved Relative Caregiver programs due to updated caseload and cost per case data.

The recommended increase in revenue is the net result of revenue increases from a number of sources, including:

- An increase of \$6.3 million in revenue (\$3.17 million in State revenue and \$3.17 million in Protective Services Realignment revenue) to cover the costs of implementing Continuum of Care Phase 2 rate increases.

- A \$7.9 million increase in federal revenue, largely due to updated caseload and cost data for the CalWORKS and Foster Care Wraparound programs.
- A net \$2.6 million increase in State revenue, largely due to updated case costs in the Foster Care Assistance and Cash Assistance for Immigrants programs.
- A net decrease of \$4.1 million in CalWORKS 1991 Child Poverty reimbursement revenue based on updated caseload, cost per case and cost sharing ratio data.

IHSS Provider Payments

A \$724,505 increase in revenue and decrease in Net County Cost is recommended. This reflects the use of 1991 Social Services Realignment revenue that was being used in the Health & Human Services Budget, but is no longer needed to fund that budget because of the receipt of additional Title IV-E Foster Care Waiver revenue.

As recommended, the IHSS Provider Payments Budget does not reflect the impact of the change in the IHSS MOE approved by the Legislature as part of the State's FY2017-18 Adopted Budget. At the time this Budget was prepared, the State had not yet provided estimates of the impact on counties in FY2017-18 and future years.

Juvenile Medical Services

A \$2 million increase in appropriations and revenue is recommended to account for expenditures and revenue related to the FY2016-17 Medi-Cal Intergovernmental Transfer (IGT). The Approved Budget included revenue and expenditures related to the FY2015-16 IGT, but the State has changed the timing for requesting IGTs and FY2017-18 will include two years' worth of requests. The net gain to the County from this transaction will be received in FY2018-19.

Probation

A \$234,300 increase in appropriations, \$827,365 decrease in revenue and \$1,061,665 increase in Net County Cost is recommended. Approximately \$54,000 of the increase in appropriations and revenue is due to the inadvertent failure to include revenue and expenditures related to vending machine sales and Youth Detention Facility phone usage in the Approved Budget. The remaining \$773,000 decrease in revenue is the net result of a

\$2.7 million decrease in Title IV-E Waive Foster Care revenue due to a determination that certain activities are not claimable (this revenue being reallocated to Health & Human Services), partially offset by a \$1.3 million increase in Title IV- E non-waiver revenue due to a determination that certain activities are claimable, a \$235,750 increase in State funding to address the increase in the Post Release Community Supervision population caused by Proposition 57 and \$287,732 increase in Public Safety Realignment revenue. \$180,000 of the increase in appropriations and Net County Cost will fund one Growth request: the replacement of two servers that support all of the Department's programs. The two existing servers are at the end of their useful life and are not compatible with the upgraded security camera system being installed at the Youth Detention Facility (YDF).

OTHER FUNDS

Economic Development

A \$3,544,049 increase in appropriations, \$1,314,500 increase in revenue and \$2,229,549 increase in the use of fund balance is recommended. Most of the increase in appropriations and use of fund balance and approximately \$929,000 of the increase in revenue is due to the timing of construction projects at the former McClellan Air Force Base and other economic development projects. Approximately \$1.3 million of the additional revenue is to correct for a posting error of negative interest in FY2016-17 that resulted in a lower than appropriate ending fund balance.

Airport System

A \$13,746,100 increase in appropriations, \$67,200 increase in revenue and \$13,678,900 increase in use of fund balance is recommended, due primarily to:

- A \$4,969,900 increase in services and supplies costs related to the addition and re-budgeting of various projects;
- An \$8,756,000 increase in inter-fund transfers to the Airport Capital Outlay Fund for facility/infrastructure construction projects and equipment purchases, due partly to the re-budgeting for costs that were originally expected to be incurred in FY2016-17 (approximately \$5.9 million) and to the inclusion of funding for a number of new projects (approximately \$2.8 million).

Capital Construction

An \$8,172,974 increase in appropriations, \$2,068,923 increase in revenue and \$6,104,051 increase in use of fund balance is recommended.

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. If a project is grant funded, reimbursement for the current fiscal year may be delayed into the following fiscal year.

Awarded contract encumbrances do not automatically roll into the following fiscal year. This means that a large cash balance may be reflected in year-end balances. CCF needs to re-budget these projects and fund them with this fund balance. An estimate is made in the June Recommended Budget on contract encumbrance amounts. After fiscal year-end close, adjustments are necessary to account for the difference between estimates and actuals. A portion of the fund balance is also attributable to projects funded in the previous fiscal year that were not completed and need to be re-budgeted in the following fiscal year. The Adopted Budget includes approximately \$9.9 million in re-budgeted appropriations for 41 projects.

In addition to the need to re-budget for projects not completed in FY2016-17, there are increases and decreases in costs for various projects. The Approved Budget reflects the net impact of approximately \$3.57 million in project cost reductions for 21 projects and approximately \$1.1 million in project cost increases for 7 projects.

Lastly, the Adopted Budget includes approximately \$421,119 in additional appropriations to fund part of the cost of preparing an Americans with Disabilities Act (ADA) Transition Plan, as required by law, and an additional \$285,611 for facilities master planning efforts.

Department of Technology

A \$421,711 increase in appropriations and revenue is recommended to fund \$103,011 in increased costs related to the Agenda Net upgrade for the Clerk of the Board and two Growth requests: (1) a one-time \$300,000 Growth request to replace an out-of-date property tax bill software interface

component of the Assessor's tax system; and (2) an on-going \$18,700 Growth request to cover costs related to the Open Data Initiative Application.

General Services/General Services Capital Outlay

A \$6,343,837 increase in appropriations, \$1,474,551 increase in revenue and \$4,869,286 increase in use of fund balance is recommended. Approximately \$4.15 million is due to the re-budgeting of vehicle and equipment purchases that were originally expected to occur in FY2016-17 and new equipment for vehicles addition and upgrades include in the Approved Budget. The remaining appropriation increase reflects the appropriation of retained earnings for maintenance projects and contingencies and re-budgeting projects not completed in the previous fiscal year.

Liability/Property Insurance

A \$115,000 increase in appropriations and revenue is recommended to fund one Growth request: the Personnel Services Department's share of cost for the ADA Transition Plan the County is preparing.

Parking Enterprise

A \$923,565 increase in appropriations and use of fund balance is recommended to re-budget the costs of on-going repair projects and implementation of the new parking system at the Downtown Public Parking Garage that were originally expected to occur in FY2016-17.

Park Construction

A \$1,300,696 increase in appropriations, \$209,987 increase in revenue and \$1,090,709 increase in use of fund balance is recommended, due primarily to: (1) the re-budgeting of \$1,090,709 in appropriations and use of fund balance to cover the cost of flood repairs, the Farm to Futures Park development project the Wilton Restroom project and various Measure A projects that were originally expected to occur in FY2016-17; and (2) the inclusion of funding for two grant-funded Growth requests: \$129,487 for the Velensin-Horseshoe Lake Restoration Project – Phase 2 and \$80,500 for the American River Parkway Fire Day Camp Campsite Improvements at River Bend Park Project.

Golf

A \$77,597 decrease in appropriations, \$187,266 decrease in revenue and \$109,669 increase in the use of fund balance is recommended. The Approved

Budget included a \$441,000 General Fund contribution to this Fund to make-up for an estimated FY2016-17 negative ending fund balance of \$334,000 and backfill projected FY2017-18 revenue decreases. That General Fund contribution was accounted for as a reimbursement, thus effectively reducing appropriations by that amount. The FY2016-17 actual Golf Fund ending balance came in \$109,669 higher than the Approved Budget estimate, allowing for an equivalent reduction of the General Fund reimbursement and increase in net Golf Fund appropriations. At the same time, the Regional Parks Department is projecting that Golf Fund revenues will decrease by an additional \$187,266 based on updated green and cart fee and food and beverage sales trends. To mitigate this loss of revenue, the Adopted Budget reflects \$187,266 in appropriation reductions, including a reduction in the cost of purchasing goods for re-sale, since sales are down, a reduction in the incentive payment to a fee manager since contractual revenue targets are not being met and a reduction in funding for grounds maintenance extra help and supplies. The \$77,597 reduction in appropriations is the net impact of the \$109,669 increase in appropriations due to the reduction in the General Fund reimbursement and the \$187,266 decrease in appropriations to balance the additional reduction in revenue. At this level of funding, the Department believes that the golf courses can be maintained at a sustainable level.

Roads

An \$8,463,522 increase in appropriations, \$6,210,392 increase in revenue and \$2,253,130 increase in the use of fund balance is recommended. The increase in appropriations is the net result of increases and decreases in spending on capital and maintenance projects, due primarily to a shift in project timelines (such as for the Asphalt Concrete Overlay Project 2017- Federal, the Fulton Avenue Overlay Project and the Old Florin Town Streetscapes – Phase 2), funding for additional materials for road maintenance projects financed with additional SB 1 revenue, funding for parcel acquisition for the Franklin Bridge Replacement Project, \$2.26 million in funding to cover increased labor rates for County employees, and approximately \$236,000 to cover miscellaneous services and supplies cost increases.

The increase in revenue is due to the projected receipt of additional federal and state funding as a result of the shifts in capital projects and the receipt of an additional \$1,335,576 in gas tax revenue, including approximately \$700,000 in additional SB 1-related revenue, based on revised estimates from CSAC of SB 1 funding.

Exhibit A includes the list of construction and maintenance projects being financed with SB 1 funds in both the Roads and Transportation Funds.

Transportation

A \$1,362,604 increase in appropriations, \$1,263,397 increase in revenue and \$99,207 increase in the use of fund balance is recommended, due primarily to the re-budgeting of costs for capital projects originally expected to occur in FY2016-17. The Adopted Budget also includes one on-going Growth Request: a \$58,000 increase in costs for the Residential Parking Permit Program, reflecting the actual demand for services. This increase is funded by a contribution from the General Fund.

Development and Code Services

A \$44,251 increase in appropriations and revenue is recommended. This increase is the net result of funding for an on-going \$147,630 Growth request to add one Associate Civil Engineer position in the Site Improvement and Permits Program, partially offset by an increase in reimbursements from other funds, that have the effect of reducing net appropriations, and the re-budgeting of \$19,310 to cover costs of the Civitas contract for the PBID program that was originally anticipated to be spent in FY2016-17. The Growth request is related to a growth in the plan review workload due to increased development activity. The increase in reimbursements includes \$96,811 from the Economic Development Fund for the County's share of PBID costs (of which, \$77,000 was erroneously budgeted as revenue in the Approved Budget) and \$25,878 from the General Fund that was reflected as revenue in the Approved Budget.

Roadways

A \$1,828,256 increase in appropriations, \$469,105 increase in revenue and \$1,359,151 increase in use of fund balance is recommended, due to shifts in capital project timelines as a result of construction work not being completed as planned in FY2016-17. Projects with re-budgeted appropriations include the Fair Oaks Boulevard-Landis Avenue to Engle Road Project and the Hazel Avenue at US 50 Highway Interchange project.

Transportation – Sales Tax

A \$5,704,976 increase in appropriations, \$3,173,553 increase in revenue and \$2,531,423 increase in use of fund balance is recommended, due primarily to shifts in project timelines as a result of construction work not being completed as planned in FY2016-17. Projects with re-budgeted appropriations include the Countywide Sidewalk Improvements – Phases 1 and 2, Howe Avenue Safe

Routes to School – Phase 2, Madison Avenue – Main ADA Improvements and Hazel Avenue – Phase 2.

Solid Waste Enterprise

A \$1,171,325 increase in appropriations, \$1,344,503 increase in revenue and \$173,178 reduction in use of fund balance is recommended. The main reasons for the increase in appropriations include:

- A \$975,000 increase in SWA revenue, due to delays in program implementation and additional SWA revenue collections, with \$173,000 being transferred to reserves and \$802,000 transferred to the General Fund as a discretionary reimbursement; and
- Funding for three Growth requests: (1) \$281,062 to add three Transfer Equipment Operator positions at the North Area Recovery Station (NARS) facility due to increased tonnage, with revenue coming from additional fee revenue (NARS has been experiencing an increase in tonnage now for some time, with material coming both from commercial accounts and individual loads); (2) \$72,642 to add one Scale Attendant position at NARS to deal with the increase in tonnage; and (3) \$15,543 to pay Waste Management's share of cost for the ADA Transition Plan the County is preparing.

Water Agency Zone 11/Water Agency Zone 13/Water Agency Enterprise/Water Resources

A \$10,431,768 increase in appropriations, \$6,144,881 increase in revenue and \$4,287,157 increase in use of fund balance is recommended. The main reasons for these increases include:

- A \$5.27 million increase in appropriations, a \$1.58 million increase in revenue and a \$3.69 million increase in the use of fund balance in the Water Agency Zone 11 Fund, due primarily to a \$2.2 million increase in reimbursement payments to developers, a \$2.1 million transfer to the Water Resources Fund to cover costs related to the Elder Creek Phase 4 capital project, and a \$900,000 increase in construction services and supplies costs for flood risk reduction activities in the Beach Stone Lakes area, including raising home foundations, filling basements and constructing flood walls around homes. The revenue increase is due primarily to a \$2 million increase in anticipated development fee revenue, partially offset by revenue reductions in certain areas.

- A \$5.3 million increase in appropriations, \$4.6 million increase in revenue and \$731,000 increase in the use of fund balance in the Water Resources Fund, due primarily to an increase of \$5.19 million in home elevation grant pass-through payments and local share of cost for two Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Programs.

The Water Agency Enterprise Fund budget also includes funding for one Growth request: \$70,888 to cover the cost of upgrading a light fleet vehicle being replaced to a Ford F-550 service truck with cabinets and a 5,000 pound crane that will better meet the Water Resources Department's needs.