COUNTY OF SAN MATEO

County Manager's Office

Date: January 24, 2008
Board Meeting Date: February 5, 2008
Special Notice/Hearing: None
Vote Required: Majority

TO: Honorable Board of Supervisors

FROM: John L. Maltbie, County Manager by Reyna Farales

SUBJECT: FY 2007-08 County Budget Update

RECOMMENDATIONS

1. Accept the FY 2007-08 County Budget Update;
2. Review key budget assumptions and provide direction regarding the preparation of the FY 2008-09 and FY 2009-10 Budget;
3. Accept the reports on the status of the Sheriff's Office Relief Staffing and the Probation Department's Risk Prevention Program; and
4. Approve an Appropriation Transfer Request (ATR) transferring $1,993,343 from Non-Departmental General Fund Reserves to Salaries and Benefits in the Sheriff's Office budget to cover the cost of negotiated salary increases for Deputy Sheriffs and Correctional Officers for the balance of the fiscal year.

Vision Alignment

Commitment: Responsive, effective and collaborative government
Goal 20: Government decisions are based on careful consideration of future impact, rather than temporary relief or immediate gain.

The FY 2007-08 County Budget Update contributes to this goal by providing information on the County's financial condition for the current fiscal year as well as issues and trends that will significantly affect future budgets. Projections for General Fund deficits and identified solutions are also provided for purposes of budget planning and management.

Background

The Board reviews the current fiscal year budget at mid-year to ensure revenues and expenditures are in accordance with estimates and to provide direction to the County Manager regarding preparation of the next budget. The FY 2008-09 and FY 2009-10 Recommended Budget will be submitted to the Board on May 23. Budget hearings will begin Monday, June 23.

This County Budget Update includes year-end Fund Balance estimates and variance analysis for all County funds, identification of major issues affecting the preparation of the upcoming budget, data for local economic indicators, and projections for general-purpose revenue and Public Safety Sales Tax. It also provides a plan for eliminating the structural deficit over the next five fiscal years.

FY 2007-08 County Financial Status

Based on year-end estimates, the General Fund is expected to begin FY 2008-09 with $284.5 million in Fund Balance. This includes $34.8 million in unanticipated return of prior and current year Education Revenue Augmentation Fund (ERAF) contributions above mandated levels of school funding. The table below provides a summary of all County funds followed by an explanation of significant variances. Major budget issues to consider in preparing the upcoming budget include: elimination of the County's structural deficit; the impact of the Governor's proposed budget; unfunded pension liability and retiree health care costs; Sheriff's overtime/relief costs; the Medical Center's financial situation; and major capital projects on the horizon, including new correctional and re-entry facilities.

FUND BALANCE SUMMARY

The following table provides a summary of updated FY 2008-09 Beginning Fund Balance estimates for the General Fund and other County funds. The total Fund Balance of $367.6 million represents 21.1% of the County's $1.74 billion budget. Significant variances to original Fund Balance estimates for each County agency are explained below.

County Agency by Fund (Dollars in Thousands)	*FY 2007-08 Working Budget*	*FY 2008-09 Budgeted Fund Balance*	*FY 2008-09 Updated Fund Balance*	*Unanticipated Fund Balance Variance **
Administration/Fiscal - General Fund	93,873	12,674	12,608	(66)
Criminal Justice - General Fund	273,061	10,779	8,634	(2,145)
Community Services - General Fund	71,950	6,090	6,539	449
Community Services - Other Funds	169,318	61,465	52,442	(9,023)
Health Department - General Fund	252,037	17,784	18,854	1,070
Health Department - Other Funds	21,020	5,779	5,779	0
Medical Center Gen Fund Contribution	77,217	0	0	0
Medical Center Enterprise Fund	235,722	0	(4,988)	(4,988)
Children, Youth & Family Services - GF	211,521	8,290	10,126	1,836
Non-Departmental - General Fund	244,015	191,353	227,783	36,430
Non-Departmental - Other Funds	90,075	28,435	29,828	1,394
Subtotal General Fund	**1,223,675**	**246,970**	**284,545**	**37,574**
Subtotal Non-General Fund	**516,134**	**95,678**	**83,061**	**(12,617)**
Total ALL Funds	**1,739,809**	**342,649**	**367,606**	**24,957**

* Unanticipated variance represents additions (surplus) or reductions (shortfall) to budgeted FY 2008-09 Beginning Fund Balance based on updated estimates prepared as part of this County Budget update.

Administration and Fiscal

Administration and Fiscal departments are estimated to carry over $12.6 million in Fund Balance, which is approximately $66,000 less than budgeted for next year. The following factors have contributed to the net decrease in projected Fund Balance:

- The shortfall of $142,754 in the Assessor/County Clerk/Recorder is primarily due to a decrease in recording fees as a result of the slow down in the real estate market. Anticipated salary savings due to vacant positions will be used to partially offset the decrease in recording fees.
- The shortfall of $117,394 in the Controller's Office is primarily due to unanticipated recruitment costs for internal auditors, which are hard-to-fill positions.
- Cost savings of $59,273 in the County Manager's Office are primarily due to salary and benefits savings as a result of vacant positions and projects not completed in the current year.
- Cost savings of $90,069 in the Treasurer/Tax Collector's office are primarily due to revenues from the Special Tax Collector Administration Fee and returned check charges, which are higher than anticipated. Costs have been

controlled in the area of general supplies, ongoing construction costs, certain tax system upgrades that remain on hold, and new Interactive Voice Response (IVR) system costs that were less than expected.

- Cost savings of $39,143 in the County Counsel's Office are primarily due to contract expenditures that were less than anticipated.
- Cost savings of $4,831 in the Human Resources Department are primarily due to salary and benefit savings generated by the modified work program. Cost saving measures for other operating expenditures will generate additional savings.

Criminal Justice

Criminal Justice departments are estimated to carry over $8.6 million in Fund Balance, approximately $2.1 million less than budgeted next year. The updated Fund Balance estimate contains $2 million in adjustments to cover midyear Salary and Benefit increases for the Sheriff's Sergeants and Deputy Sheriff's Association (see attached ATR). Within the past three years, both the Probation Department (0.4%) and the Sheriff's Office (0.7%) have used departmental reserves, resulting in both departments falling well below the 2% Reserves Policy requirement. The following factors have contributed to the projected net reduction in Criminal Justice Fund Balance:

- The shortfall of $88,973 in the Sheriff's Office represents an improvement over prior years, due at least partly to salary savings generated by the nine Relief positions added this year and related reductions in overtime expenditures of approximately $500,000.
- Cost savings of $470,472 are expected in the Probation Department; however, it is anticipated the FY 2008-09 Fund Balance target will be missed by nearly $2 million. Over the remainder of the fiscal year, the Department will reduce expenditures in Services and Supplies and Other Charges to generate additional Fund Balance.

Community Services

Community Services, which includes the County Library, Planning and Building, LAFCo, the Parks Department, Public Works, and the Department of Housing is estimated to carry over $59 million in Fund Balance, approximately $8.5 million less than budgeted next year. This represents an increase of $449,000 in General Fund departments and a decrease of $9 million in Non-General Fund departments. The Non-General Fund departments will be able to cover their shortfalls with reserves and meet the 2% reserves requirement. The following factors have contributed to the changes in Fund Balance:

- Cost savings of $99,472 in Public Safety Communications are primarily due to the State assuming two-thirds of the cost of replacing the 9-1-1 system.
- Cost savings of $305,448 in the Housing Department are largely due to delays in housing projects.
- The shortfall of $25,710 in the Structural Fire Protection Fund is due to unanticipated expenditures for motor vehicle mileage and auto liability insurance.
- The shortfall of $35,097 in County Service Area No. 1 is due to an over-estimation of secured property tax revenues in the current fiscal year.
- The shortfall of $82,287 in the Parks Department is principally due to salary and benefit increases.
- The shortfall of $788,430 in the County Library Fund is due to one-time fixed asset and project cost reimbursements. Despite the shortfall, the Library expects to end the year with a Fund Balance of $7.5 million.
- The shortfall of $1.5 million in Vehicle and Equipment Services is due to increased fuel and maintenance costs and a sharp increase in the number of new vehicles purchased during the current fiscal year. Costs for services provided by Vehicle and Equipment Services are fully reimbursed by operating departments.
- The shortfall of $612,163 in the Solid Waste Fund is related to the structural deficit in the Fund, as ongoing expenditures continue to outpace revenues by approximately $2.5 million per year. The County Manager's Office is working with the Department of Public Works, the Sheriff's Office and Environmental Health Services to identify alternative funding sources for County programs that can no longer be sustained by the Fund and will develop recommendations for next year's budget.
- The shortfall of $4.8 million in the Road Fund is primarily due to the deferral of Proposition 1B Transportation Bond proceeds totaling $5 million. Road projects will be put on hold until the State releases the funds.
- The shortfall of $1.2 million in the County Airports Fund is largely due to a decrease of $1 million in loan proceeds from the State for the construction of new hangars at the San Carlos Airport.

Health Department

The Health Department is estimated to carry over $24.6 million in Fund Balance—$18.8 million in General Fund programs and $5.8 million in Non-General Fund programs. The General Fund portion represents an increase of $1.1 million from the amount budgeted for next year, due primarily to savings in salary and automation costs plus increased revenue from State and federal agencies. Partially offsetting these gains, the department is projecting lower than anticipated revenues from the Medi-Cal Federal Financial Participation (FFP), Medi-Cal Administrative Activities (MAA), and Targeted Case Management (TCM) programs, as well as increased contractual services costs.

San Mateo Medical Center

At mid-year the Medical Center is estimating a $5 million deficit by fiscal year end. This deficit can be directly attributed to under-realization of State and patient revenues, as well as overruns in staffing costs (e.g., overtime, extra help, Nursing Registry), medical supplies, and drugs and pharmaceuticals. Further information regarding the Medical Center' s financial status, and how the overruns will be addressed, can be found on page 10 of this report.

Children, Youth and Family Services

Children, Youth and Family Services—which is comprised of First 5 San Mateo County, the Department of Child Support Services, and the Human Services Agency—is estimated to carry over $10.1 million in Fund Balance, approximately $1.8 million higher than budgeted next year, due primarily to salary savings and lower than anticipated costs related to General Assistance and Interim Aid caseloads.

Non-Departmental

Non-Departmental General Fund is projected to end the year with $227.8 million in Fund Balance, approximately $36.4 million higher than budgeted next year. The primary reason for this increase is due to receipt of $56.9 million in ERAF above mandated school funding levels. This results in an additional surplus of $34.9 million, as $22 million is appropriated in the current year budget. In addition, other variances include projected increases in Property Tax In-Lieu of Vehicle License Fees of $1.4 million and Sales Tax of $427,000, and a projected decrease in Property Transfer Tax of $807,000.

The County Manager's Office is currently working with County Counsel on creating an irrevocable trust to fund Retiree Health benefits, also known as Other Post Employment Benefits (OPEB). Once the trust has been set up, the County will transfer the current year's ERAF of $56.9 million into the trust, as well as the $84 million currently held in the Vanguard Fund, thereby reducing the OPEB Unfunded Actuarial Accrued Liability (UAAL) by 83%, from $169.7 million down to $28.8 million. The County will use ERAF in future years to bring the funded percentage of OPEB up to 90%, as well as address unfunded liabilities in the Retirement Fund and future one-time capital and technology initiatives.

The Non-General Fund budget units in Non-Department are comprised of the County's capital, construction and debt service funds. These funds are projected to end the year with $29.8 million in Fund Balance, approximately $1.4 million higher than budgeted next year. These increases are primarily due to higher than anticipated court fees in the Courthouse Construction and Criminal Justice Facility Funds and higher interest earnings in the Debt Service Fund.

MAJOR BUDGET ISSUES AND UPDATES

The following issues will have a significant impact on the County Budget in the current and subsequent fiscal years:

- **Governor's January Budget Proposal**
- **Criminal Justice**
  - Long-Term Solutions to Jail Overcrowding
  - Women's Jail Facility Planning
  - Sheriff's Overtime/Relief Pool
- **Employee Compensation**
  - Negotiated Salary and Benefits Increases
  - Retirement Contribution Rates and Unfunded Liability
  - Other Post-Employment Benefits (OPEB) and Unfunded Retiree Health Liability

- **San Mateo Medical Center Financial Status**
- **Capital Improvement Projects**
  - Transfer of Court Facilities to the State
  - Ongoing Capital Maintenance (Facility Assessment Study)
  - Solid Waste Fund Reserves
  - Debt Service Projections for Next 20 Years
- **Other Budget Updates**
  - Educational Revenue Augmentation Fund (ERAF) Revenues
  - Fire Protection Fund Revenue Shortfall
  - Alcohol and Other Drug Strategic Plan Implementation
  - Hiring Freeze
  - Budget Communications with Employees and Unions
  - Increased Independent Provider (IP) Hours for Public Authority In-Home Supportive Services

Key Budget Assumptions

Major Budget Issues/Costs:

- No assumptions are made for Governor's January budget proposal; this will be updated as the State budget process continues and more information is known
- Annualized General Fund increases in Salaries and Benefits of $21.9 million in FY 2008-09, with annual increases upwards of $28-$29 million thereafter
- Average Employer Retirement Contribution Rates will decrease from 24.71% to 23.76% effective July 1, 2008; no additional fiscal impact is factored in as a result
- Retiree healthcare costs will increase $5 million next year, with 4% annual growth, to fund annual required contributions for other post-employment benefits
- Debt service payments associated with bonds issued to construct the Youth Services Center will grow from $6.7 million in FY 2007-08 to $8.8 million annually, beginning in FY 2008-09
- Completion of Women's Jail/Local Re-Entry Facility by FY 2010-11 with annual debt service of $8.8 million per year
- Continuation of the $17.1 million loan to the San Mateo Medical Center (not shown in the table on the following page as this loan is already included in the FY 2007-08 baseline budget)
- Continuation of 3% annual increases to Health, Human Services, and Probation agreements with community-based organizations will continue through FY 2012-13
- Sheriff's budget will increase by $1.53 million in FY 2008-09 to add nine positions to the Sheriff's Overtime Relief Unit, bringing the total staffing in the Relief Unit to 27 positions
- Funding for the Alcohol and Other Drug Services Strategic Plan will increase by $750,000, bringing the total annual cost of the Plan to $1.5 million per year
- Private Defender Program contract costs will grow 4% per year through FY 2012-13 based on contract provisions
- Solid Waste Fund deficit could reach $1 million by the end of FY 2008-09 and grow at a pace of $2.5 million per year thereafter (note: Public Works has revised their projections for FY 2008-09 due to the deferral of projects; however, the table on the following page has not been revised as the deferred costs will simply shift to later years, with no material improvement in the Fund's overall status)

Budget Solutions:

- General purpose revenue and Public Safety Sales Tax will grow at an average annual rate of $19.1 million or 5.5% from FY 2008-09 through FY 2012-13 (includes the return of jet fuel sales tax from United Aviation of $600,000 per year beginning in January 2008)
- Public Safety Sales Tax revenue will grow by 2% per year
- Salary and Benefit cost offsets of $6.6 million in FY 2008-09, growing to $41 million by FY 2012-13, from those General Fund operating departments that can generate additional revenue from increased costs through higher State and federal claims, grants, and fees for services

- Teeter revenues, derived from penalties and interest on delinquent property tax payments, of $6 million per year through FY 2012-13
- General Fund operating department budgets will be reduced by $7.9 million in FY 2008-09, $17.9 million in FY 2009-10, $24.3 million in FY 2010-11, $21.1 million in FY 2011-12, and $15 million in FY 2012-13 so that the structural deficit has been eliminated
- Non-Departmental General Fund Reserves totaling $51.9 million will be used during the five-year time frame to reduce the annual reductions to departments
- General Fund Contingencies and Reserves will be spent down to $142.7 million or 13% of General Fund net appropriations by FY 2012-13

FY 2008-09 through FY 2012-13 General Fund Budget Planning

The following table summarizes the General Fund structural deficit and recommended solutions for the next five fiscal years. At the end of FY 2012-13, there will be approximately $142.7 million remaining in Reserves and Contingencies, equivalent to approximately 13% of net appropriations, assuming that ERAF revenues are used for one-time purposes, such as paying down unfunded liabilities, capital improvements and technology initiatives.

General Fund Projected Structural Budget Deficit FY 2009 to FY 2013

Dollars (in thousands)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	TOTALS
Carryover FY 2007-08 Structural Budget Deficit	**$ (24,958)**	**$ (24,958)**	**$ (24,958)**	**$ (24,958)**	**$ (24,958)**	**$ (124,789)**
PROJECTED EXPENDITURE INCREASES						
Salaries and Benefits-Cumulative	$ 21,903	$ 48,549	$ 76,526	$ 105,902	$ 136,747	$ 389,627
Retiree Health Contributions	5,013	5,213	5,418	5,626	5,839	27,109
New Youth Services Center Debt Service Payments	2,098	2,218	2,084	2,151	2,144	10,695
Jail Replacement & Re-Entry Facility Debt Service	0	0	5,750	8,800	8,800	23,350
Community-Based Orgs-3% COLA	1,069	2,170	3,304	4,472	5,676	16,692
Sheriff's Office Relief Staffing Pool	1,525	1,525	1,525	1,525	1,525	7,625
Alcohol and Other Drug (AOD) Strategic Plan	750	773	796	820	844	3,982
Capital Improvements to Existing Facilities	(622)	(497)	(380)	970	1,679	1,151
Technology Maintenance/Upgrade Existing Apps	1,678	2,947	1,022	651	784	7,081
Private Defender Program - Contract	608	1,241	1,899	2,583	3,295	9,626
San Mateo Medical Center Deficit	5,106	10,467	16,096	22,006	28,212	81,886
Structural Fire Fund Deficit	0	1,746	1,860	1,982	2,108	7,696
Solid Waste Fund Deficit	1,027	3,469	6,163	9,112	12,320	32,092
Projected Expenditures Subtotal	**$40,156**	**$79,820**	**$122,062**	**$166,600**	**$209,972**	**$618,611**
PROJECTED REVENUE GROWTH						
General Revenue Growth-Cumulative	$ 20,270	$ 38,451	$ 56,417	$ 75,404	$ 95,473	$ 286,015
Public Safety Sales Tax Rev Growth-Cumulative	794	2,120	3,472	4,852	6,258	17,497
Department Salary and Benefit Increase Offsets	6,571	14,565	22,958	31,771	41,024	116,888
Ongoing Teeter Proceeds	6,000	6,000	6,000	6,000	6,000	30,000
Projected Revenues Subtotal	**$33,635**	**$61,135**	**$88,847**	**$118,027**	**$148,755**	**$450,399**
PROJECTED STRUCTURAL BUDGET DEFICIT	**$ (31,479)**	**$ (43,643)**	**$ (58,173)**	**$ (73,532)**	**$ (86,175)**	**$ (293,001)**
SOLUTIONS						
One-Time Solutions/Reserves	$ 23,609	$ 17,886	$ 8,103	$ 2,345	$ -	$ 51,943
Ongoing Reductions/Revenue-Annual	7,870	25,757	50,070	71,187	86,175	241,058
TOTAL SOLUTIONS	**$ 31,479**	**$ 43,643**	**$ 58,173**	**$ 73,532**	**$ 86,175**	**$ 293,001**

Preliminary Impact of Governor's January Budget Proposal

On January 10, the Governor released his proposed FY 2008-09 State Budget. In addition, the Governor declared a fiscal emergency and called for a special session of the Legislature to consider mid-year budget corrections. Under Proposition 58, the Legislature has 45 days from the call of the special session to respond to the Governor's declaration. While it is unclear what action the Legislature must take to satisfy the requirements of Proposition 58, there is consensus that, absent action, the State will experience a $14.5 billion general budget deficit. The Governor seeks to implement current year reductions by March 1.

The Governor's proposed mid-year budget reductions and proposed FY 2008-09 budget would have a significant impact on County revenues and services. Preliminarily, County staff is projecting budget cuts of $6.5 million that include in part:

- $2.6 million in reductions to Health Department services including Behavioral Health and Recovery Services, Public Health Services, and Aging and Adult Services
- $3.1 million in reductions to Human Services Agency programs including CalWORKS assistance payments, Child Welfare Services, and CalWORKS Eligibility Determination
- $833,000 in reductions for public safety programs including youth crime prevention, juvenile offender programs, and gang reduction activities

In addition, the Governor proposes cash management solutions totaling $8.7 billion. While staff continues to assess the impact of the deferral of payments on the County's cash flow and interest earnings, Public Works has reported that the Governor's proposed five-month suspension of gas taxes would result in an estimated loss of $5 million upon which current activities are based. In addition, Human Services Agency's staff estimates that inadequate prior year cost of doing business adjustments equate to a de facto reduction of $8 million and the Governor's proposals will almost certainly result in that number increasing.

The direction provided to departments at this point is to only include in the County's Recommended Budget those State reductions that have a high degree of certainty. Once the May Revise is out, staff will analyze its impacts and adjust the County budget accordingly in June and again in September. Over the next several months the County Manager's Office will continue to monitor and analyze the Governor's proposals, as well as the Legislature's responses, and keep the Board and departments apprised of potential impacts on County revenues and services.

Criminal Justice

Solutions to Jail Overcrowding Situation – During calendar year 2007, the Maguire Correctional Facility averaged 47.1% over capacity, with an average daily census of 1,012 inmates. The Women's Correctional Center (WCC) averaged 71.4% over rated capacity, with an average daily census of 144 inmates. To relieve overcrowding at the Women's Jail, the Sheriff's Office continues to house overflow female inmates at Maguire when the Maple Street population becomes unacceptable.

The Board Jail Overcrowding Task Force continues to examine short- and long-term solutions to jail overcrowding, by reviewing potential facilities to house excess persons (e.g., North County Detention Facility, La Honda Medium Security Facility, and Maple Street Shelter) plus new and/or expanded programs that will introduce alternatives to incarceration. The goals of these alternatives are stabilizing inmate populations at acceptable levels, while providing essential programming for inmates to successfully return to communities, particularly women. Jail space is limited and should always be used to house those individuals that represent the greatest danger to the general public and themselves. The risk classification of inmates has increased in recent years, with measurably more inmates classified in the Medium to Maximum risk classification. This is attributable to increased gang-related violence and criminal activity.

All of the options being explored are expensive, some more than others. Due to non-use, deterioration and code requirements, the one-time cost of re-opening the North County Detention Facility in South San Francisco and the Medium Security Facility in La Honda would be costly, as would the ongoing staffing and operational costs to run the facilities. The

Sheriff's Office has also explored the possibility of contracting for jail beds with other counties; however, this is also an expensive option that carries significant risks, given the possibility of State inmates being remanded back to local custody due to the overcrowding of State prisons. These issues will be discussed at the Board study session scheduled for the afternoon of February 5.

Women's Jail Facility Planning – The County operates a Women's Correctional Center (WCC) with an average daily inmate population of 144 inmates. The facility is situated on a two-acre parcel of land that is jointly used by the WCC, the Sheriff's Work Program, a Men's Transitional Facility, and a building leased to a local non-profit that operates Maple Street Shelter for the homeless. The existing facility has numerous shortfalls including: insufficient bed space for today's female inmate population; inadequate visiting and child care areas; lack of usable storage for supplies, clothing, and bedding; serious drainage issues, particularly during storms and high tides; lack of recreational space for inmates; and inadequate programmatic space.

Over the past two years, the County has contracted with DMJM to perform a jail population needs assessment; DMJM has sub-contracted with consultant Bobbie Huskey to perform the programming needs component. The work performed by these contractors includes projecting pre-trial and sentenced inmate growth over the next twenty years; identifying programming and community re-entry needs, particularly for women inmates; determining the size of the facility based on projections and programming; and conducting a preliminary evaluation of various site locations for a new jail facility. Consideration must also be given to providing overflow capacity for male inmates, as well as a local re-entry facility to provide temporary housing and programming for inmates released from custody. Research has shown that, without adequate re-entry assistance, released inmates often return to the cycle of crime and dependency that resulted in their original incarceration. DMJM will present their findings and recommendations at the Board study session on February 5.

Sheriff's Overtime/Relief Pool Update – Over the past three years, the Board has authorized the Sheriff to add 27 Relief Staffing Unit positions in response to critical staffing levels and an over-reliance on overtime use for relief staffing needs in three core areas of the Sheriff's Office—Corrections, Patrol, and Inmate Transportation. As of June 23, 2007 the initial nine positions were filled by full-time positions serving relief duty assignments in Maguire (five) and Patrol (four). By January 13, 2008 the first 18 positions were filled by full-time positions: two Correctional Officers, 15 Deputy Sheriffs and one managing Sergeant. Sixteen positions are now working full-time relief duty in Maguire (ten), Patrol (five), and Inmate Transportation (one).

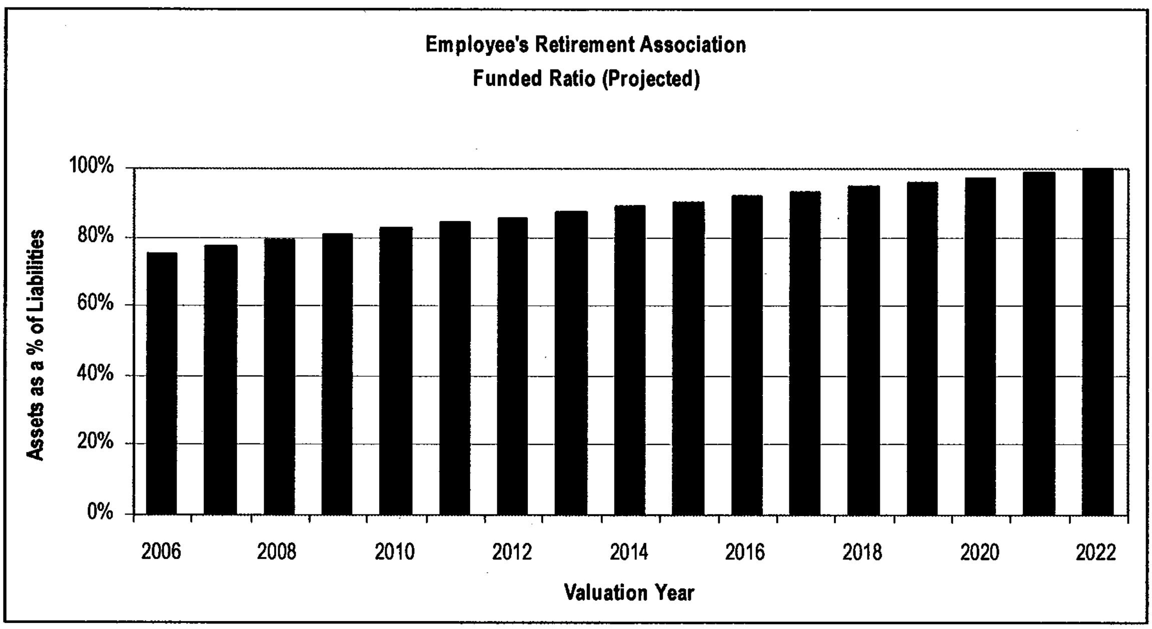
It is estimated that savings in overtime costs of $500,000 will be realized in the second half of the year. In FY 2008-09, with a full year of 18 relief positions working and the incremental additions of the nine positions added in the third and final phase of the program, there should be a steady decline in relief overtime worked and overtime expenditures, which has exceeded $10 million the past three years. Once fully implemented, a 27-position Relief Staffing Unit will offset overtime use by approximately 46,000 hours per year and save the County approximately $3 million per year in overtime expenses.

Employee Compensation

Negotiated Salary and Benefits Increases – Based on current Memoranda of Understanding with all bargaining units and the recently concluded salary surveys for the Deputy Sheriff's Association and Sergeants, Salaries and Benefits for the entire County are projected to increase by $30,481,171 in FY 2008-09 for a total of $709.4 million. The General Fund will increase by $21.9 million for a total of $535 million. This includes existing negotiated salary increases and related benefits, increases in employee health benefits costs, and other estimated labor costs. The chart below shows budgeted Salaries and Benefits for the past two years, the current FY 2007-08 budget adjusted to include the mid-year increases for the Sheriff's Deputies and Sergeants of 7.7% and Correctional Officers of 7.2% totaling $1,993,343, and estimates for the next two years for the entire County and the General Fund. The large increases in FY 2006-07 were the result of the negotiations and a 25% increase in the County's Retirement Contribution rates based upon an actuarial study conducted in March 2006.

Fund Level	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
All Funds	564,625,714	629,000,596	678,894,478	709,375,649	737,750,675
All Funds % Inc	7.2%	11.4%	7.9%	4.5%	4.0%
General Fund	425,434,956	473,529,895	513,071,391	534,974,470	556,373,449
General Fund % Inc	6.7%	11.3%	8.4%	4.3%	4.0%

Retirement Contribution Rates and Unfunded Pension Liability – As of June 30, 2006, the County's Unfunded Actuarial Accrued Liability (UAAL) for retirement was $576.1 million with a funded ratio of 75.4%. The UAAL remained relatively static in FY 2006-07 at $578.8 million, however the funded ratio increased to 77.4%. The primary reason for the increase was due to a higher actuarial accrued liability and a higher County payroll. This higher payroll also reduces the Average Employer Contribution Rate the County must pay in subsequent years. As a result, the Average Rate will drop from 24.71% in FY 2007-08 to 23.76% in FY 2008-09. Based on current actuarial assumptions and a 15-year amortization schedule, the following chart illustrates the County's timeline for achieving a funded ratio of 100% by 2022.



Other Post Employment Benefits (OPEB) and Unfunded Retiree Health Liability – On December 4, 2006, the County transferred $79 million to Vanguard's Balanced Index Fund (Institutional Shares) to obtain a higher rate of return while the County evaluates its options for pre-funding post retirement medical benefits. As of December 31, 2007, the balance in the Vanguard Fund is $84 million. The approximate rate of return over the past twelve months is 6.3%.

A new actuarial study was conducted as of January 1, 2007 that shows an Unfunded Actuarial Accrued Liability (UAAL) in OPEB benefits of $169.7 million. The new study picked up the enhanced retiree health benefits negotiated with represented employees in November 2006. The study determined that the County's Annual Required Contribution (ARC) for OPEB would approximate $15.8 million per year; however, the study did not, and could not, factor in the Vanguard funds in the valuation until such time those funds are deposited into an approved and irrevocable OPEB trust. The County is currently reviewing several trust options, including CalPERS and SamCERA. The County's goal is to establish the OPEB trust by the end of this fiscal year and transfer the Vanguard funds into the new trust, as well as the current year's ERAF allocation of $56.9 million, thereby reducing the UAAL by 83%, down to $28.8 million. The County will use ERAF in future years to bring the funded percentage up to 90%. The Actuary's best estimate is that the Vanguard funds would reduce the ARC from $15.8 million to $10 million per year. Amortizing these costs over a predetermined number of years and depositing them in an approved trust, much like retirement contributions are handled, will result in higher cost at the beginning of the amortization cycle but yield savings over the long run.

San Mateo Medical Center Midyear Financial Status

The Medical Center is projecting a $5 million deficit for FY 2007-08. This is in addition to the General Fund subsidy of $54.5 million and a loan of $17.1 million. There are two areas that are driving this deficit. The first is the escalating cost of labor, primarily due to the increasing use of overtime and the Nursing Registry. The other is a shortfall in patient revenue due to aggressive volume forecasts, an imbalanced payer mix, and continued challenges in collecting revenue.

The overall financial outlook of the Medical Center continues to worsen as expenses outpace revenue growth. General Fund support of the Medical Center has gone from $16.8 million in FY 1998-99 to an estimated $72 million in FY 2007-08. Without significant changes, this figure will continue to rise at a pace that the General Fund cannot sustain.

The Medical Center's management team is taking immediate action to balance spending with revenues by implementing The Balance Initiative. The goal of the initiative is to close the projected deficit by the end of the current fiscal year by identifying $5 million in expense reductions and revenue enhancements. The initiative is not meant to be a one-time effort, but rather a continuing framework developed to balance budgets and actual performance in future fiscal years.

The Medical Center is also partnering with the County Manager's Office, the Health Department, and The Health Plan of San Mateo to evaluate and implement strategic recommendations by Healthcare Management Associates (HMA). HMA performed an assessment of the healthcare delivery system in San Mateo County and will be presenting their findings and recommendations for improvement, both operationally and financially, at the February 5, 2008 Board meeting. This strategic direction will serve as a platform to stabilize the financial status of SMMC.

Capital Improvement Projects

Transfer of Court Facilities to the State – In last year's mid-year report, the Board was apprised of the State's intention of assuming ownership and responsibility of the County's court facilities including the Hall of Justice and the Traffic Annex in Redwood City, the Central Courthouse in San Mateo, the Youth Services Center on Tower Road, and the Northern Courthouse in South San Francisco. Where there are shared-use facilities, such as the Hall of Justice, Youth Services Center, and the Northern Courthouse, the County would only transfer title and/or responsibility for the space in those facilities that is currently occupied by the Court.

The Trial Court Facilities Act of 2002 (Senate Bill 1732 [Escutia]) established a framework and procedures to carry out the transfer of court facilities from the counties to the State. The Act established a term date of June 30, 2007 for the transfers to occur. Approximately 110 facilities out of 450 facilities statewide have been transferred. Now that statutory authority to execute transfer agreements has expired, no further agreements can be carried out. To that end, the County Supervisors Association of California (CSAC) and the Administrative Office of the Courts (AOC) have worked together on AB 1491, the Court Facility Reauthorization Measure. This measure, in its current draft, would extend the transfer deadline to December 31, 2009 and establish incentives aimed at expediting transfers. The incentives would be based on inflationary adjustments to the County Facility Payment (CFP), a new Maintenance of Effort provision that the County will be assuming. The County's estimated combined CFP for all court facilities will approximate $1,450,000 per year, the largest portion related to the Hall of Justice at $890,000. Depending on when the transfers occur, the CFP amounts could be adjusted upward by as much as 8%.

Finally, counties must assume liability for facilities transferred to the State with a seismic rating of five or greater. Counties basically have two options in this regard; either make repairs to bring the facilities to level four, or assume liability for future seismic activity over the next 35 years. Currently, the Central Branch and Northern Branch courthouses in San Mateo and South San Francisco, respectively, have seismic ratings of five. The County would need to either make seismic repairs to those facilities or carry earthquake insurance. The County is currently contracting with an outside firm to provide soil samples at both locations to determine the type and extent of engineering that would be required to bring those facilities into compliance. If it is deemed that repairs will take some time to complete, putting the County at risk of inflationary adjustments to the CFP, the County may negotiate the transfers with the intent of doing the repairs post transfer.

The transfer of court facilities to the State will eventually require the relocation of County services within the Redwood City campus, including a new office building to house the administrative departments in the Hall of Justice as well as space for the Sheriff's Office and 9-1-1 Dispatch Services. This build-out has been incorporated in the County Center Master Plan that was updated four years ago. As the Board is aware, the County has purchased the Lebsack and First American Title buildings on Marshall Street for this purpose.

Ongoing Capital Maintenance (Facility Assessment Study) – Public Works has contracted with Applied Management Engineering, Inc. (AME) for a countywide facility assessment study to evaluate the condition of all County-owned facilities. AME has completed its work for most county-owned facilities and is finishing up assessments of Parks facilities and the Hospital. The information should be provided to the County in the coming weeks. The assessments will provide a baseline Facility Condition Index (FCI) number for each facility. The Capital Projects and Parks staff recently received training on the Facility Condition Information System (FCIS). The system uses all of the data gathered by AME and develops projections of costs and improvements that will be required in each budget year in order to maintain the facilities, thereby assisting Public Works in prioritizing long-term maintenance and capital improvement projects for all County facilities.

Requests for capital improvement projects submitted by departments, along with the information provided by the FCIS system, will be the basis for developing recommendations for the FY 2008-09 Capital Improvement Program (CIP), which will also include County infrastructure projects that are funded by Enterprise, Special District, and Utility funds, such as roads, airports, sewers, etc.

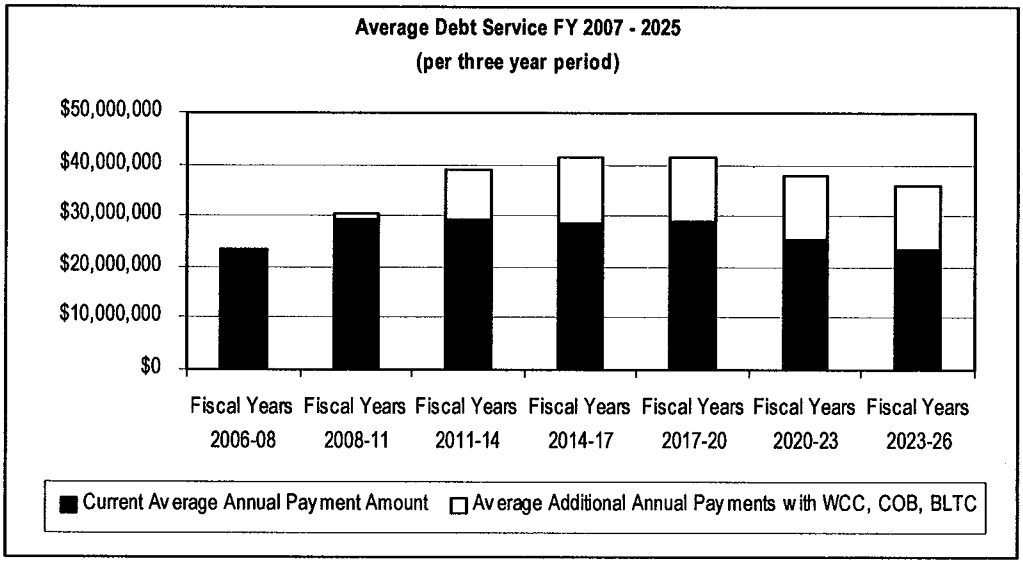
Debt Service Projections for Next 20 Years – The County's annual debt service obligation for FY 2007-08 of $28.7 million will increase by $2.1 million in FY 2008-09 to $30.8 million when payments for the Youth Services Center increase to $8.8 million. In future years, the County will likely finance new projects that will significantly affect the amount of debt service payments over the next 30 years. New facility construction will certainly include a new Women's Correctional Center (WCC) and local Re-Entry facility, and may include a new County Office Building (COB) and replacement of the Burlingame Long Term Care Facility.

One planning scenario includes completion of the new Women's Correctional Center/Re-Entry Facility in FY 2010-11, new County Office Building in FY 2012-13, and new Long Term Care Facility in FY 2016-17. Cost assumptions based on this scenario were made by evaluating buildings of similar size and design and projecting debt service payments over a 30-year amortized period. Cost calculations use current construction costs estimates and are based on the following design assumptions:

- The Women's Correctional Facility construction costs are based on a 500 inmate capacity facility and no land acquisition expenses. Total project cost is estimated at $155 million.

- The County Office Building construction costs are based on comparing construction costs for 555 County Center with assumptions made for inflation, increased construction costs and without land acquisition expenses. Total project cost is estimated at $55 million. (Please note that this project can't move forward until the County and the Court have reached agreement on the transfer of court facilities at the Redwood City campus.)

- The Long Term Care Center costs are based on an industry standard of $300,000 per bed with the assumption that the replacement facility would house 285 beds and have no land acquisition expenses. Total project cost is estimated at $86 million.

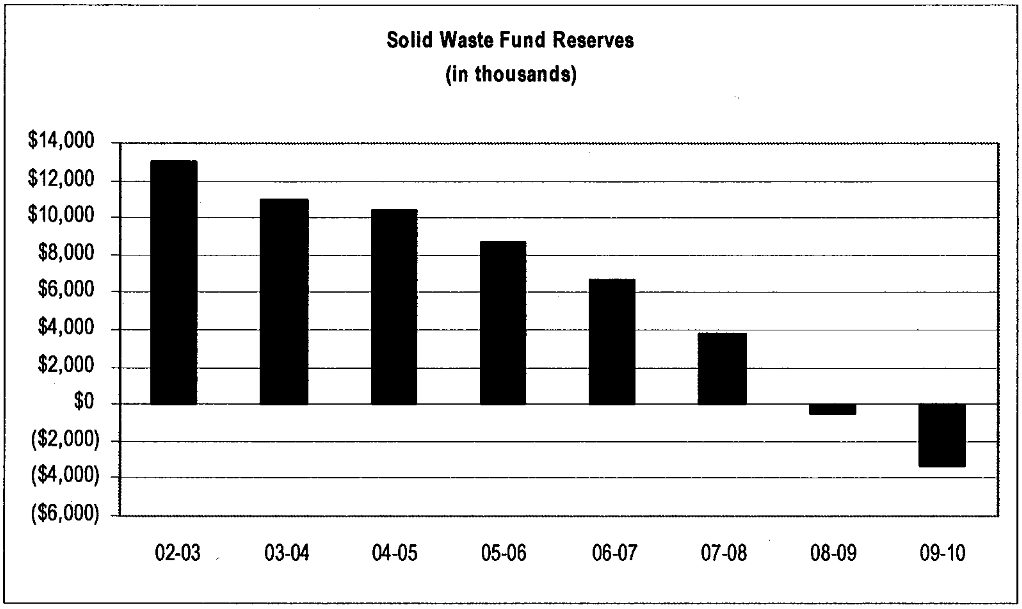


Other Budget Updates

Educational Revenue Augmentation Fund (ERAF) Revenues – In January 2008, the County received $56.9 million in ERAF revenues. This distribution includes ERAF from the April and December 2007 tax payments. The County will budget $28.8 million in FY 2008-09. This amount represents the anticipated ERAF from the upcoming April 2007 property tax distributions. As noted in other sections of this report, the County intends on using ERAF to pay down unfunded liabilities that have accrued in the Retiree Health and Retirement trust funds, as well as one-time capital improvements and technology initiatives and upgrades.

Fire Protection Fund Revenue Shortfall – The Board approved a final budget change last September to provide supplemental General Fund support for the Structural Fire Protection Fund due to a decline in property tax revenues. Fund Balance and Reserves in the Fire Fund were also used to balance the budget. Revenues from the Fund are used to pay for a contract with the California Department of Fire Protection and Forestry (CAL FIRE) to provide fire protection services in the unincorporated area. The Board Finance and Operations Committee is currently developing a plan that could include a combination of new revenue, reductions in services provided by CAL FIRE, and/or General Fund support.

Solid Waste Fund Reserves – The revised projection for the Solid Waste Fund shows that the anticipated deficit for FY 2008-09 will be $522,184 instead of the $1,027,184 that was originally forecasted. The primary reason for this change is due to the delay in the construction of the improvements needed to close the Pescadero Landfill. This project was budgeted for $1,480,000 in FY 2007-08 and $505,000 in FY 2008-09. Due to delays in completing the design work and securing approvals by the San Francisco Bay Regional Water Quality Control Board, construction will not begin until FY 2008-09. The additional mitigation work planned for FY 2008-09 will then be moved forward to FY 2009-10.



Alcohol and Other Drug Strategic Plan Implementation – After the Board of Supervisors adopted Strategic Directions 2010 in November 2006, several service redesign efforts have been initiated. Prevention strategies shifted to supporting community-based partnerships that focus on environmental and policy strategies to reduce the impact of alcohol and drug related problems. For the first time in many years, all treatment services were included in a Request for Proposals (RFP) process. As specified in the strategic plan, services were prioritized to the four specific priority populations. An increased emphasis on identifying and integrating evidenced-based practices and incorporating a quality improvement framework was highlighted. Treatment services have begun the shift from an acute care model to a continuing care and support model. This change reflects the latest research, which identifies addiction as a chronic relapsing disease. As called for in the strategic plan, a steering committee comprised of key stakeholders has met for the past year. The committee has responsibility for reviewing the progress of the strategic plan, reviewing community level alcohol and other drug related data to identify trends, and advocating for policy change.

The Board directed the County Manager to allocate $1.5 million annually to support the initiatives contained in the Plan. In the current fiscal year, $750,000 has been included and an additional $750,000 will be appropriated in FY 2008-09. This funding has expanded residential and day treatment capacity for women with young children, adults returning to the community from jail, and youth residential treatment. In addition, ten supportive housing units have been funded for clients served through the Homeless Outreach Team and the HOME project.

Hiring Freeze Update – A Countywide hiring freeze was implemented on December 10. Departments have been directed to maintain a 2% reserve and 5% vacancy rate during the hiring freeze in order to accomplish the goals of generating salary savings, keeping positions vacant to plan for future service reductions, and avoiding layoffs as the County works toward eliminating the structural budget deficit. The current County vacancy rate is 9.6%. Human Resources and the County Manager's Office are jointly reviewing vacancy plans and working with departments on managing toward the reserve and vacancy targets.

Budget Communications with Employees and Unions – A County Budget News Intranet site was launched on January 7 at http://intranet/budgetnews to provide County employees with updates during the budget process. The Frequently Asked Questions (FAQ) section will be updated on a weekly basis. Beginning on January 22, employees can now submit questions and revenue enhancement/cost savings suggestions on this Web site. Responses to questions will be posted in the FAQs, and suggestions will be referred to employee work groups that will created to develop budget solutions according to the five-year plan to eliminate the structural budget deficit by FY 2013.

Meetings with labor organizations to provide an update on the County budget were held during the weeks of January 14-30. Another round of meetings will be scheduled at the end of February to provide updates on the County and State budgets, hiring freeze, and suggestions received from employees on the County Intranet.

Increased Independent Provider (IP) Hours for Public Authority In-Home Supportive Services – The mid-year estimates are based on the budgeted number of Independent Provider (IP) hours. Aging and Adult Services (AAS) is experiencing an increase in the number of clients enrolling in the In-Home Supportive Services (IHSS) program and is analyzing the corresponding increase in IP hours expected in FY 2007-08. AAS will be submitting an Appropriation Transfer Request (ATR) to the Board of Supervisors in February to reflect the increased costs and corresponding State, Federal, and Realignment revenues to fund the increase.

LOCAL ECONOMIC INDICATORS

The following indicators provide information on current local economic activity compared to prior years and state/national trends. Trends in the data assist in generating projections for general purpose revenue such as property tax, sales tax, and transient occupancy tax:

- Bay Area Consumer Price Index (CPI)
- Housing Affordability Index
- Median Home Price and Home Sales
- Foreclosure Activity
- Office Space Availability and Asking Rates per Square Foot
- Assessment Appeal Filings
- Building Permits Issued
- Unemployment Rate
- PeninsulaWorks Visits
- Emergency Room Visits
- Enrollment in WELL, Medi-Cal, Healthy Families and Healthy Kids
- Public Assistance Caseloads
- San Francisco International Airport – Total Passengers
- Jail and Juvenile Hall Populations

Bay Area Consumer Price Index (CPI)

The Consumer Price Index (CPI) measures the change in the price of goods over time. The change in the index is referred to as the rate of inflation, and is used in assumptions for calculating future costs. In FY 2008 a decrease of one-half percentage point, from 3.3% to 2.8%, is projected for both the Bay Area and California CPIs. The national CPI is forecast to increase very slightly, from 2.6% to 2.7%. Bay Area CPI is projected to decrease further to 2.2% in FY 2009 due to expected reductions in home construction and a leveling of gasoline, fuel, and utilities costs.

General CPI Fiscal Year	*Bay Area % Change*	*California % Change*	*U.S. % Change*
2009*	2.2%	2.7%	1.9%
2008*	2.8%	2.8%	2.7%
2007	3.3%	3.3%	2.6%
2006	2.7%	4.3%	3.8%
2005	1.7%	3.3%	3.0%
2004	0.9%	1.9%	2.2%
2003	1.9%	2.6%	2.2%
2002	3.2%	2.9%	1.8%
2001	5.5%	4.3%	3.4%
2000	4.2%	3.2%	2.9%
1999	3.6%	2.5%	1.7%
1998	3.4%	2.0%	1.8%
1997	3.0%	2.3%	2.9%

Source: FY96 to FY06 Bureau of Labor Statistics.
*FY08 to FY09 CA Dept of Finance for CA and U.S.; Governor's Budget Forecast November 2006 for Bay Area.

First-Time Housing Affordability Index

The housing affordability index is the most fundamental measure of housing well-being in the state. The percentage of first-time buyers in the Bay Area who can afford to purchase a median-priced home in the third quarter of 2007 was 18%, down from 22% during the same time period in 2006. San Mateo County continues to be one of the least affordable places to buy a home in California. Only 17% of first-time buyers can afford to buy a home in the county as of the third quarter in 2007, down from 20% in 2006 and 24% in 2007.

First-Time Buyer Housing Affordability Index	*3rd Quarter 2005*	*3rd Quarter 2006*	*3rd Quarter 2007*
California	28%	24%	24%
United States	61%	60%	61%
SF Bay Area	29%	22%	18%
Sacramento	40%	39%	46%
Santa Clara	33%	26%	21%
Monterey Region	19%	17%	16%
Alameda County	27%	23%	23%
Contra Costa County	30%	17%	16%
San Francisco	21%	17%	15%
Marin County	23%	21%	20%
San Mateo County	**24%**	**20%**	**17%**
San Joaquin County	34%	32%	NA
Stanislaus County	38%	36%	NA

Source: CA Association of Realtors www.car.org

Median Home Price

The number of homes sold in the Bay Area is at a 20-year low, down by 39.5% from last December. Median home prices are down by 4.9% compared to the prior year, when prices were up by 0.5%. The median price paid for a Bay Area home was $587,500 in December 2007 compared to $618,000 a year ago. Homes sold in San Mateo County were down by 31.7%. The median home price dropped slightly by 0.2% to $733,500 compared to $735,000 last year. Prices of homes in the county continue to be one of the highest in the Bay Area and the state. Recent reports on California real estate activity indicate a slowdown in sales of expensive homes financed by "jumbo" loans, which are down by 69.8% from last year.

Bay Area Counties	*Number of Homes Sold December 2006*	*Number of Homes Sold December 2007*	*Number of Homes Sold % Change*	*Median Price December 2006*	*Median Price December 2007*	*Median Price % Change*
Bay Area	8,372	5,065	-39.5%	$618,000	$587,500	-4.9%
Alameda	1,589	983	-38.1%	589,000	540,000	-8.3%
Contra Costa	1,788	971	-45.7%	569,500	505,000	-11.3%
Santa Clara	2,106	1,265	-39.9%	656,000	655,000	-0.2%
San Mateo	**685**	**468**	**-31.7%**	**735,000**	**733,500**	**-0.2%**
San Francisco	589	445	-24.4%	745,000	731,000	-1.9%
Marin	268	193	-28.0%	804,750	760,500	-5.5%
Napa	127	72	-43.3%	590,000	590,000	0.0%
Solano	622	360	-42.1%	439,500	370,000	-15.8%
Sonoma	598	308	-48.5%	525,000	410,000	-21.9%

Source: DataQuick Information Systems www.dqnews.com/RRMain.shtm

Foreclosure Activity

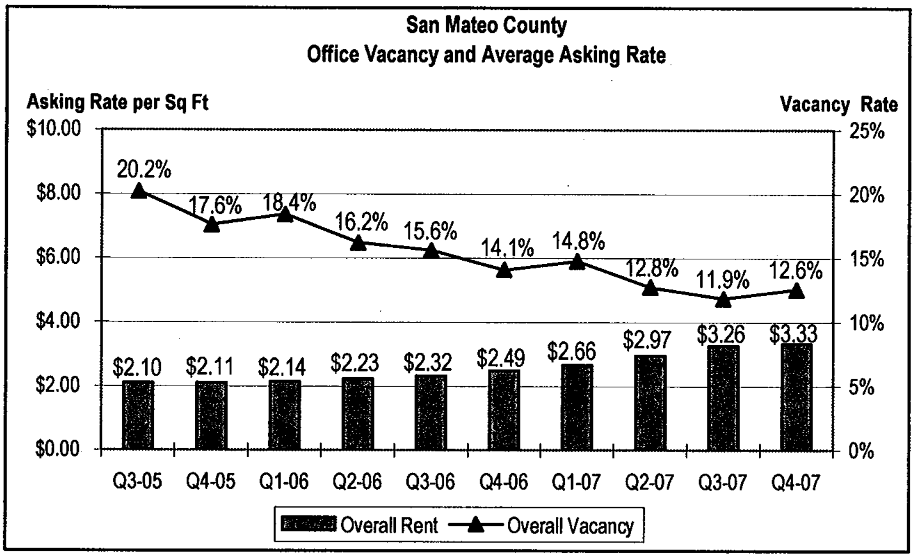
Mortgage default notices are up sharply statewide, with lending institutions issuing 81,550 notices in the last quarter of 2007. Defaults were a record in 42 of the 58 California counties, with the highest rates in Merced, Stanislaus and San Joaquin counties. The lowest rates of default are in San Mateo, San Francisco and Marin counties, indicating minimal impact on overall property values in these counties from at-risk home loans.

Notices of Default	***4th Quarter 2006***	***4th Quarter 2007***	***% Change***
California	37,994	81,550	114.6%
SF Bay Area	5,362	12,704	136.9%
Sacramento	2,635	5,807	120.4%
Santa Clara	874	2,162	147.4%
Monterey Region	291	1,048	260.1%
Alameda County	1,173	2,573	119.4%
Contra Costa County	1,511	3,805	151.8%
San Francisco	173	334	93.1%
Marin County	101	224	121.8%
San Mateo County	**339**	**625**	**84.4%**
San Joaquin County	1,293	3,746	189.7%
Stanislaus County	909	2,594	185.4%

Source: DataQuick Information Systems www.dqnews.com/RRMain.shtm

Office Space Availability

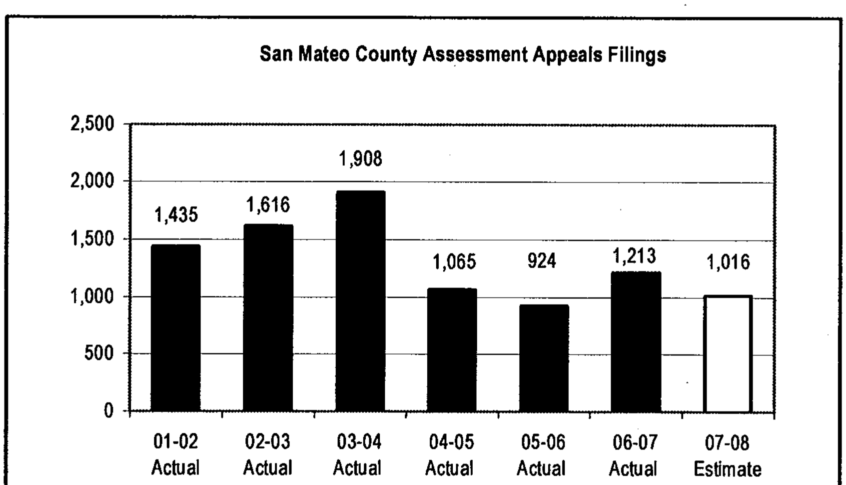
Vacancy rates in the San Mateo County office market showed continued recovery during the past twelve months, dropping from 14.1% for the fourth quarter of 2006 to 12.6% by the fourth quarter of 2007. The change is the result of significant absorption of space available for sublease. Available sublease space declined year to year by about 445,000 square feet while available direct space increased by nearly 200,000 square feet. The sublease activity fueled a drop in vacancy in the central part of the county from 16.4% at the end of 2006 to 11.8% at the end of 2007. Overall vacancy in other areas of the county edged upward during the same period, including an increase in the northern submarkets from 10.6% to 13.5%. As large blocks of affordable sublease space have been absorbed, the average asking rate in the county has soared during the year from $2.44 to $3.33 per square foot by the end of 2007. Although average time on market has dropped from 27.1 to 22.7 months, net absorption dropped 59% year to year, including negative absorption in the first and fourth quarters.



Source: NAI BT Commercial

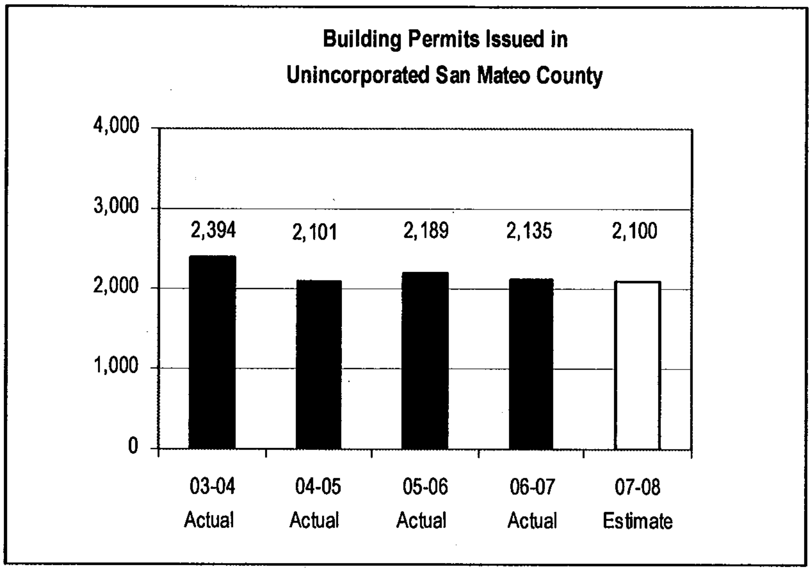
Assessment Appeals Filings

There were 916 assessment appeals filed with the Assessment Appeals Board as of December 2007 and another 100 are estimated by year-end, representing a decrease of 197 filings or 16.2% from FY 2006-07 appeals. The filing period for appeals is from June 2 through September 17. Appeals received after the deadline are primarily appeals of Supplemental or Escape Assessments. There are currently 1,544 open appeals of which 1,198 were filed in the past two years.



Building Permits

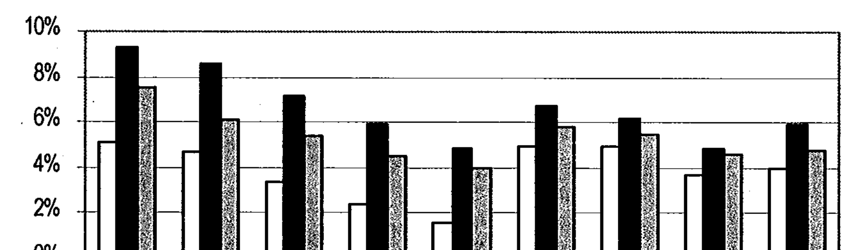
It is estimated that the number of building permits issued by the end of the fiscal year will continue to show a downward trend in development. This trend reflects current economic conditions, including a continuing downturn in real estate sales, interest rates, fallout from the sub-prime mortgage crises, and concerns that the U.S. economy could slide into a recession. Current permit activity indicates that the majority of building permits processed are for improvements to existing homes and structures.



Source: San Mateo County Planning and Building Department

Unemployment Rate

Unemployment rates at the local, state and national levels are up from last year. San Mateo County unemployment is up from 3.3% in December 2006 to 4.0% in December 2007, with 15,000 unemployed, up from 12,200. The county continues to have one of the lowest unemployment rates in the state, second only to Marin County with 3.9% unemployment in December 2007.

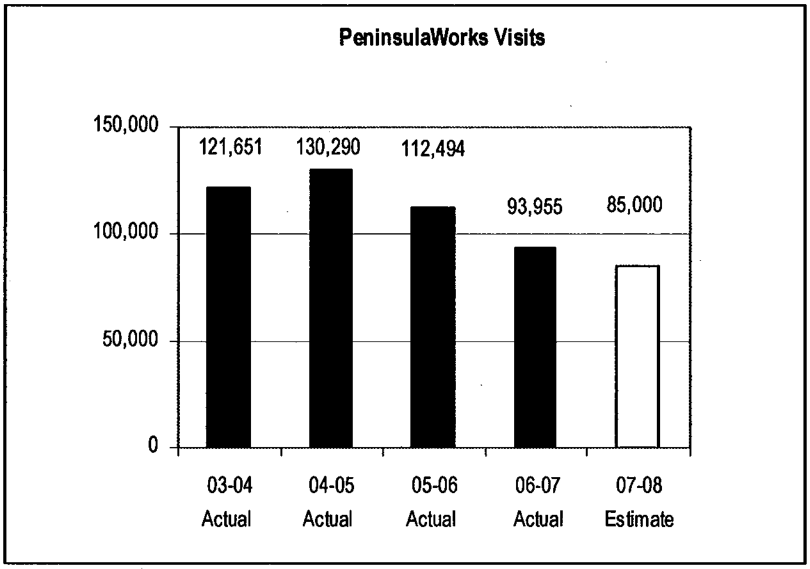


	1992	1994	1996	1998	2000	2002	2004	2006	Dec-07
San Mateo	5.1%	4.7%	3.4%	2.4%	1.6%	5.0%	5.0%	3.7%	4.0%
California	9.3%	8.6%	7.2%	5.9%	4.9%	6.7%	6.2%	4.9%	5.9%
U.S.	7.5%	6.1%	5.4%	4.5%	4.0%	5.8%	5.5%	4.6%	4.8%

Source: CA Employment Development Department http://www.labormarketinfo.edd.ca.gov

PeninsulaWorks Visits

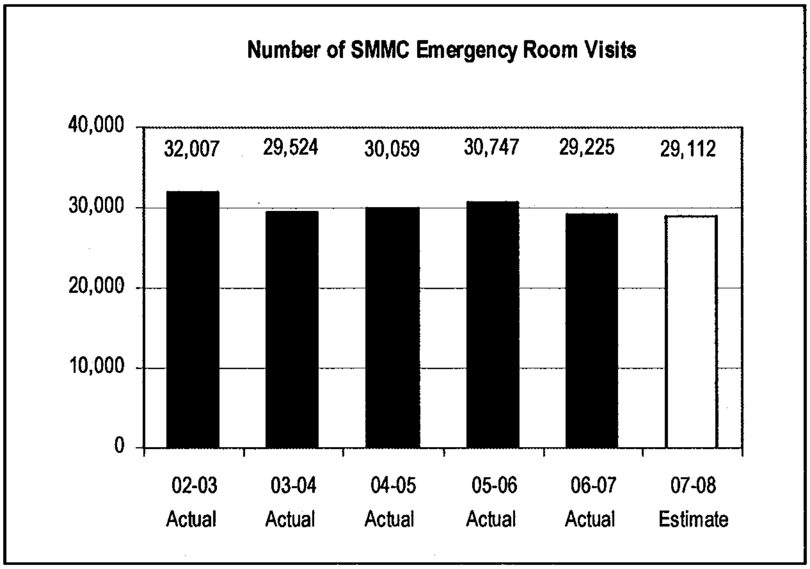
An improving unemployment rate in San Mateo County over the past two fiscal years is reflected in the declining utilization of the County's PeninsulaWorks Centers. The number of clients seeking career counseling, skills assessment, and job search assistance has fallen from 130,290 to 93,955 over this period, a decrease of approximately 14%. Estimated client visits are expected to continue to drop next fiscal year; however, if the economy moves into a recession, an increase during the second half of FY 2007-08 might be seen.



Source: Human Services Agency

Emergency Room (ER) Visits

ER visits at the Medical Center have decreased by 2,782 visits or approximately 8.7% over the five-year period from FY 2002-03 through FY 2006-07, largely due to efforts in providing patient access to primary care physicians and educating them on better care. A visit program was also implemented to monitor regular ER patients in their homes. The Medical Center forecasts 29,112 visits this fiscal year, a slight decrease of 0.4% from last year.

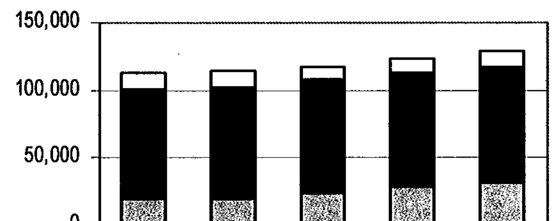


Insurance Enrollments

The Health Department continues to lead efforts in identifying individuals who are eligible for health insurance, successfully enroll them in the appropriate program, and assist them in accessing needed preventive care. Several community enrollment sites have been established throughout the County and application assistance is available seven days a week including evening and weekends. The enrollment locations include schools, family centers, and all free and low-cost clinics in the County. There are over 50 Certified Application Assistors (CAAs) in the County assisting families with both enrollment and re-enrollment into the various health programs. With One-e-App, the web-based application processing system, CAAs have conducted phone enrollments with families unable to come in for in-person appointments. The Health Department has also partnered with community-based organizations to conduct new member orientations throughout the County in which important information on preventive care is discussed and families are encouraged to utilize their health benefits.

In addition, the WELL Program—the County's Section 17000 program that provides coverage for healthcare services at SMMC facilities at little or no cost for persons living below 200% of the federal poverty line and who are not eligible for other programs—continues to support the County's indigent population. In FY 2005-06, tighter screening and documentation requirements led to a decrease in WELL Program enrollments and an increase in other assistance programs. More recently, however, WELL enrollments have begun to increase again—by approximately 7% in FY 2006-07, with a similar increase being forecast for FY 2007-08. It is anticipated that other coverage programs will see an increase as well.

Number of Eligible San Mateo County Adults Enrolled in Health Insurance

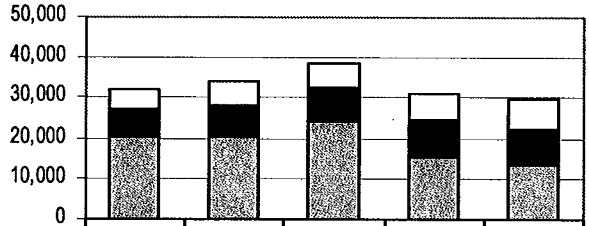


	03-04 Actual	04-05 Actual	05-06 Actual	06-07 Actual	07-08 Estimate
County WELL Program	12,029	13,054	9,686	10,407	11,182
Medicare	81,865	82,597	83,289	84,741	86,218
Medi-Cal	19,257	19,200	24,468	27,874	31,754

Source: Health Department, Human Services Agency

Another key element of this effort is the Children's Health Initiative, which will have enrolled an estimated 7,200 children in the Healthy Kids insurance program by FY 2007-08.

Number of Eligible San Mateo County Children Enrolled in Health Insurance



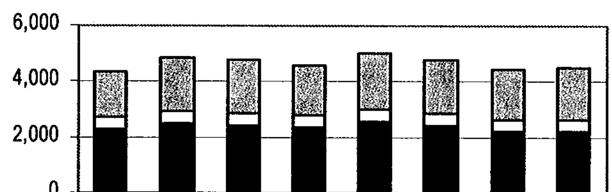
	03-04 Actual	04-05 Actual	05-06 Actual	06-07 Actual	07-08 Estimate
Healthy Kids	4,861	5,805	6,073	6,315	7,200
Healthy Families	7,074	8,049	8,585	9,246	8,800
Medi-Cal	20,358	20,346	24,058	15,397	13,500

Source: Health Department, Human Services Agency

<u>Public Assistance Caseloads</u>

The caseload data for June 2007 shows a 6% decrease in the number of Food Stamps cases compared to June 2006, while caseloads for CalWORKs also decreased by 8.8%, from 2,405 to 2,194. The General Assistance caseload increased by 9.3% over the same period.

Public Assistance Caseloads

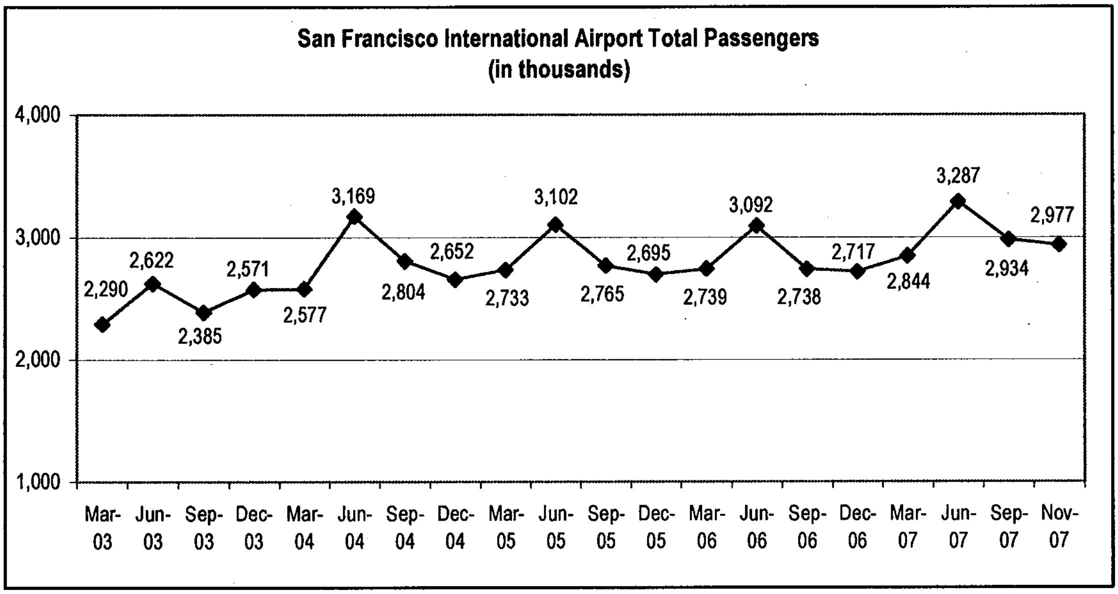


	Jan 04	Jun 04	Jan 05	Jun 05	Jan 06	Jun 06	Jan 07	Jun 07
Food Stamps Cases	1,637	1,918	1,951	1,806	1,990	1,969	1,786	1,847
GA Cases	401	456	429	448	459	439	424	480
CalWORKS Cases	2,288	2,471	2,406	2,325	2,542	2,405	2,205	2,194

Source: Human Services Agency

San Francisco Airport – Total Passengers

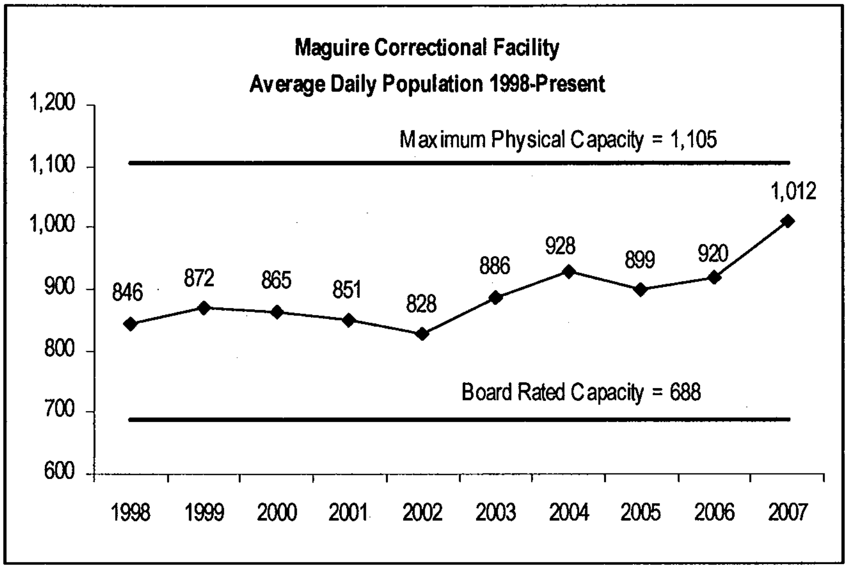
A significant portion of the County's unsecured property tax and sales tax revenues come from businesses at San Francisco International Airport, so it is important to monitor patterns in airport activity. In November 2007, the total number of passengers arriving and departing from the airport was up by 9.8% at 2.93 million compared to last November at 2.67 million. Passenger activity is above prior year levels with 6.5% growth. There were 32.9 million total passengers from January to November 2007 compared to 30.9 million in the prior year.



Source: SFO Media Office http://www.flysfo.com/about/stat/pdf/as200511.pdf

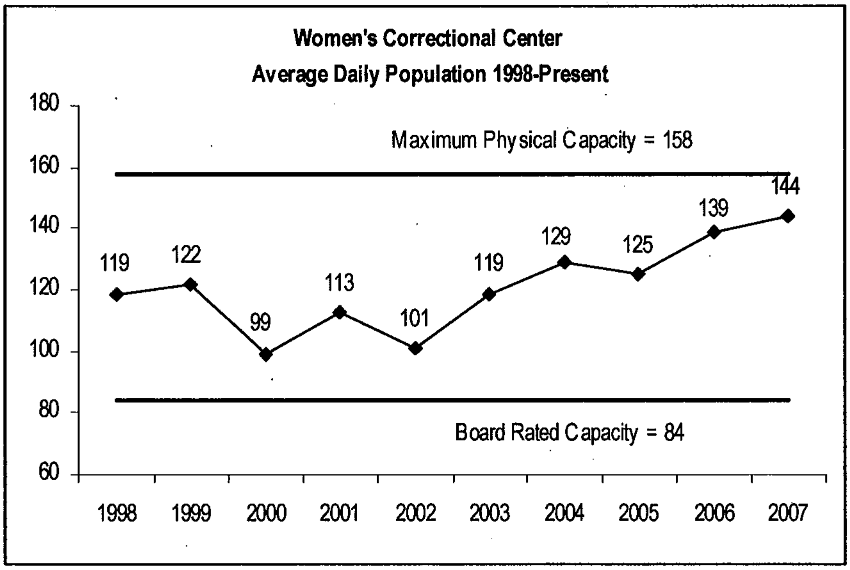
Jail Populations

Following a drop from the peak of the Maguire Average Daily Population (ADP) in mid-2004, when population levels approached 1,000 inmates, the ADP has risen again. The reason for the increase is related primarily to the rise in gang-affiliated inmates. This rise is both a reflection of increased gang activity in the County as well as the success of the Gang Suppression Task Force. The increase in gang-affiliated inmates presents its own set of jail management issues. In addition, overflow from the Women's Correctional Center (WCC) has periodically been sent to Maguire to ensure a safe and manageable population at WCC. The Sheriff, the County Manager's Office and the Board's Jail Overcrowding Task Force continue to monitor jail population trends and seek alternatives to custody that can reduce inmate population and/or average length of stay. As you can see on the chart below, between 1998-2007 the average daily population at Maguire has increased 19.6%, from 846 inmates in 1998 up to 1,012 inmates in 2007.



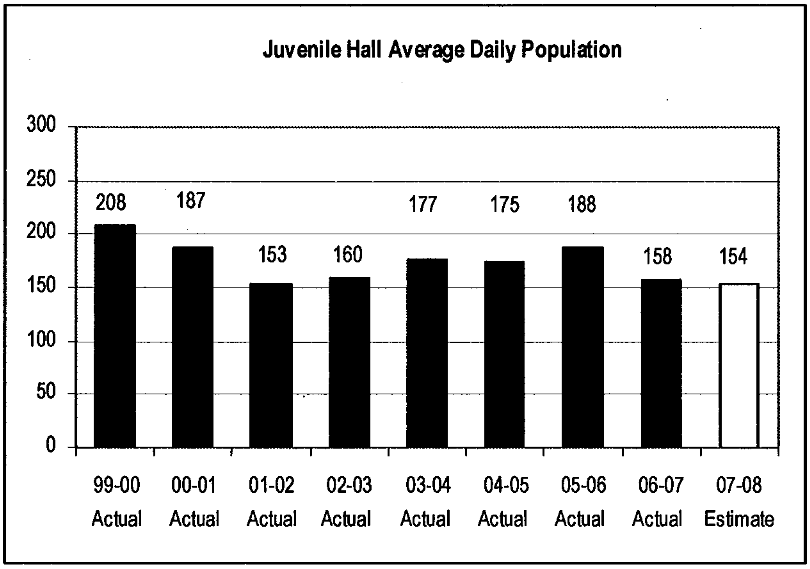
Source: Sheriff's Office Daily Population Report (CJIS)

While the female admissions grew at an average annual rate of two percent, ADP for women increased by 2.8% on an annual basis during 1998-2007. On January 19, 2008, the ADP reached 157 women, which is 87% over the rated capacity of 84. Some of the reasons for this increase are due to limited alternatives to jail for women offenders, limited intermediate out-of-custody sanction options, and limited treatment options for women who either can't pay for treatment, have children, or both.



Juvenile Hall Population

The Average Daily Population at the Juvenile Hall has dropped from a high of 188 juveniles in FY 2005-06 to a current ADP of 154. The Hall population has decreased despite an increase in referrals from the gang suppression task force and the Court's decision to keep the most serious offenders in San Mateo County (thus reducing the number of youth remanded to the California Youth Authority and increasing our own commitments at the hall and camps). The reduction in ADP is the result of continued successful implementation of Electronic Monitoring (EM) for lower-risk offenders, increased diversion through the Risk Prevention Program and Assessment Center and the opening of the Margaret J. Kemp Girls Camp. The goal is to close one unit and operate the Juvenile Hall with a stable population of 135 to 140. The ADP is expected to continue to decline as a result of EM for post-adjudicated youth, and a new mandate to handle the majority of technical violators with sanctions other than detention. The department will continue to actively develop community-based alternatives to detention to support this effort and minimize disproportionate minority confinement. We expect the Girls Camp ADP to steadily increase over the next year to its capacity of 30 and Camp Glenwood to continue to operate at near capacity of 56.



Source: Probation Department Institutions Management

HISTORICAL AND CURRENT YEAR GENERAL REVENUE TRENDS

The table below shows historical receipts and current year estimates for general revenue and Public Safety Sales Tax. Average annual growth without Education Revenue Augmentation Fund (ERAF) was $17.5 million or 7.1% over the last five years. ERAF, which has been returned to the County since FY 2003-04, contributing over $244 million through the current fiscal year, has been set aside in Reserves and used for one-time purposes such as contributions toward unfunded liabilities. Revenue growth with ERAF averaged $28.9 million or 10.7% annually over the last five years.

Revenue Source (In Thousands)	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Estimated	Average Annual Growth
AMOUNTS (In Thousands):						
Secured Property Tax	$121,498	$129,370	$139,153	$154,067	$165,511	$10,453
Unsecured Property Tax	12,182	10,349	8,963	8,705	8,705	(746)
Sales Tax (includes property tax in-lieu)	14,319	14,372	14,834	16,702	17,408	615
Transient Occupancy Tax	632	700	772	907	1,073	97
Vehicle License Fees (VLF)	37,955	3,724	0	0	0	(9,943)
Property Tax In-Lieu of VLF	0	50,074	62,238	63,081	67,938	13,588
Other Revenue (without ERAF)	30,382	30,652	60,892	55,144	52,513	3,435
TOTAL without ERAF	**$216,967**	**$239,242**	**$286,851**	**$298,607**	**$313,148**	**$17,498**
ERAF Transfers-Returned to County	24,841	47,526	62,716	52,109	56,875	48,814
TOTAL with ERAF	**$241,808**	**$286,768**	**$349,567**	**$350,716**	**$370,023**	**$28,873**
GROWTH RATES:						
Secured Property Tax	7.3%	6.5%	7.6%	10.7%	7.4%	7.9%
Unsecured Property Tax	-2.0%	-15.0%	-13.4%	-2.9%	0.0%	-6.7%
Sales Tax (includes property tax in-lieu)	-0.1%	0.4%	3.2%	12.6%	4.2%	4.1%
Transient Occupancy Tax	7.1%	10.8%	10.2%	17.6%	18.3%	12.8%
Vehicle License Fees (VLF)	-23.7%	-90.2%	-100.0%	0.0%	0.0%	-42.8%
Property Tax In-Lieu of VLF	0.0%	0.0%	24.3%	1.4%	7.7%	6.7%
Other Revenue (without ERAF)	-14.0%	0.9%	98.7%	-9.4%	-4.8%	14.3%
TOTAL % Change without ERAF	**-3.9%**	**10.3%**	**19.9%**	**4.1%**	**4.9%**	**7.1%**
TOTAL % Change with ERAF	**7.2%**	**18.6%**	**21.9%**	**0.3%**	**5.5%**	**10.7%**

FIVE-YEAR FY 2009-13 GENERAL REVENUE PROJECTIONS

Given historical revenue patterns (adjusted for one-time events), current trends and forecasts for local and state economic data, as well as growth factors from the Assessor's Office, general revenues are projected to grow an average of $19.1 million or 5.5% annually for the next five years. Beginning in FY 2008-09, the County will begin using ongoing Teeter revenues of $6 million to help fund debt service and capital improvement projects. Teeter revenues are generated through the payment of interest and penalties that accrue based on delinquent property tax payments. With Teeter, general revenues are projected to grow an average of $20.3 million or 5.8% over the next five years. Finally, the County will appropriate the anticipated ERAF revenues from the April 2008 property tax distributions of $28.8 million; however, no assumptions for ERAF are made beyond FY 2008-09.

Revenue Source (In Thousands)	FY 08-09 Projected	FY 09-10 Projected	FY 10-11 Projected	FY 11-12 Projected	FY 12-13 Projected	Average Annual Growth
AMOUNTS (In Thousands):						
Secured Property Tax	$177,376	$188,906	$200,240	$212,254	$224,990	$11,896
Unsecured Property Tax	8,879	9,057	9,238	9,423	9,611	181
Sales Tax (includes property tax in-lieu)	19,174	19,701	20,245	20,809	21,392	797
Transient Occupancy Tax	1,247	1,309	1,375	1,443	1,516	88
Property Tax In-Lieu of Vehicle License Fees	72,694	77,419	82,064	86,988	92,207	4,854
Teeter Revenues	6,000	6,000	6,000	6,000	6,000	1,200
Other Revenue (without ERAF)	54,049	55,208	56,403	57,635	58,906	1,279
TOTAL without ERAF	**$339,419**	**$357,599**	**$375,565**	**$394,553**	**$414,621**	**$20,295**
Total w/o ERAF or Teeter	**$333,419**	**$351,599**	**$369,565**	**$388,553**	**$408,621**	**$19,095**
ERAF Transfers-Returned to County	28,817	0	0	0	0	10,171
TOTAL with ERAF	**$368,236**	**$357,599**	**$375,565**	**$394,553**	**$414,621**	**$49,560**
GROWTH RATES:						
Secured Property Tax	7.2%	6.5%	6.0%	6.0%	6.0%	6.3%
Unsecured Property Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sales Tax (includes property tax in-lieu)	10.1%	2.7%	2.8%	2.8%	2.8%	4.2%
Transient Occupancy Tax	16.2%	5.0%	5.0%	5.0%	5.0%	7.2%
Property Tax In-Lieu of Vehicle License Fees	7.0%	6.5%	6.0%	6.0%	6.0%	6.3%
Teeter Revenues	100.0%	0.0%	0.0%	0.0%	0.0%	20.0%
Other Revenue (without ERAF)	2.9%	2.1%	2.2%	2.2%	2.2%	2.3%
% Change without ERAF	**8.4%**	**5.4%**	**5.0%**	**5.1%**	**5.1%**	**5.8%**
% Change w/o ERAF or Teeter	**6.5%**	**5.5%**	**5.1%**	**5.1%**	**5.2%**	**5.5%**

SAN MATEO COUNTY
COUNTY MANAGER'S OFFICE

DATE: February 5, 2008

TO: Board of Supervisors

FROM: John L. Maltbie, County Manager
Greg Munks, Sheriff

SUBJECT: Sheriff's Office Relief Staffing Unit Update

RECOMMENDATION

Accept this report on the Sheriff's Relief Staffing Unit.

BACKGROUND

In 2005, the Board authorized the Sheriff to add nine relief staffing unit positions in response to critical staffing levels and an over-reliance on overtime use for relief staffing needs in three core areas of the Sheriff's Office: Corrections, Patrol and Inmate Transportation.

In 2007, the Board authorized the Sheriff to add an additional 18 positions – nine in FY 2007-08 and nine more in FY 2008-09, for a total of 27 relief positions along with the existing overtime budget, as a comprehensive solution to meeting relief staffing coverage needs and reducing reliance on overtime.

At the June 2007 Recommended Budget hearings, only preliminary data was available on the status and impact of the first nine Relief Staffing Unit positions, which began filling relief work in April 2007.

This mid-year report provides an update on the first 18 positions of the three-phase Relief Staffing Unit Program.

STATUS OF RELIEF STAFFING UNIT

As of June 23, 2007, the initial nine positions were filled by full-time positions serving relief duty assignments in Maguire (five) and Patrol (four).

As of January 13, 2008, all 18 positions were filled by full-time positions: two Correctional Officers, 15 Deputy Sheriffs and one managing Sergeant. Sixteen of the 17 sworn relief members are now working full time relief duty: 10 in Maguire, five in Patrol, and one in Inmate Transportation. The 17th member began military leave in November, and is currently serving in Iraq for one year. The 18th member is a Sergeant who serves as the Relief Staffing Unit supervisor but has been able to provide some backfill relief in Maguire during the second quarter when one Sergeant was out on disability leave.

These first 16 relief staff assigned to designated team shifts in Patrol, Maguire or Inmate Transportation, have primarily supported team shortages by filling position vacancies and backfilling disability leaves.

Once the department catches up with filling its existing vacancies, it is expected the Relief Staffing Unit will primarily provide relief coverage for permanent staff on disability, military leave, parental leave, long-term training, or vacation leave.

Operational Impact

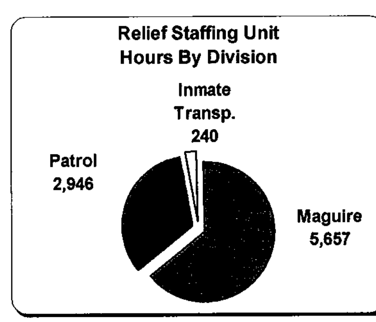
The first nine positions have assisted the department in staffing mandated posts. Prior to the establishment of the Relief Staffing Unit, divisions were unable to backfill all vacant core posts due to staffing shortages (not enough volunteers to backfill overtime). These initial nine have closed that gap. The second group of positions assumed relief duties last month, following completion of their training, and is expected to significantly improve the backfill capacity of the Relief Staffing Unit, as well as an anticipated offset in overtime of $500,000 this fiscal year.

From personnel and operational management perspectives, an adequately sized Relief Staffing Unit helps the department address critical relief staffing issues the Sheriff's Office has faced the past several years, including safety issues related to backfilling with off-duty officers to fill necessary positions. The Relief Staffing Unit allows division managers to better plan position replacement, consistently assigning one person to cover an entire 12-hour shift where a lack of volunteer overtime signups often leave part of the shift uncovered.

Additionally, the establishment of the Relief Staffing Unit has provided the department with the ability to meet its training obligations and provide capacity building within the Sheriff's Office by having the Relief Staffing Unit serve as a cross-training unit for new Deputy Sheriffs upon completing their formal training, including Police or Correctional Academy, Jail Training and Field (Patrol) Training. In years past, a typical path for a new hire would have been a multi-year assignment at Maguire. New Deputies now get functional experience in Patrol and Inmate Transportation as well as in the jail while serving in the Relief Staffing Unit. As a result, new officers will be better well-rounded and skilled at earlier stages in their careers with the department, providing core units with "utility" workers who can readily support department needs with comprehensively trained personnel.

Overtime Reduction Impact

For the first 12 pay periods of this fiscal year, the Relief Staffing Unit, which had nine full-time staff in the first quarter and 10 full-time staff in the second quarter, worked 8,843 relief hours: 5,657 hours in Maguire; 2,946 hours in Patrol; and 240 hours in Inmate Transportation (the newest assignment, which began in November).



July 1 – December 15

RSU worked 8,843 relief hours.

Overtime dropped 9,429 hours from the same period last year, in the three divisions using RSU.

RSU = Relief Staffing Unit

Compared with the same 12 pay periods last year, (and after adjusting for overtime duty for Maguire's Overflow Housing Unit which added 4,032 hours this year), overtime was down 9,429 hours in Maguire, Patrol and Inmate Transportation combined. Maguire charged 8,005 fewer overtime hours; while Patrol charged 1,025 fewer overtime hours and Inmate Transportation charged 399 fewer overtime hours. It should be noted that, due to fluctuating vacancy rates in these divisions between this year and last, there is not a direct correlation between Relief Staffing Unit hours worked and overtime hours reduced.

Relief requirements are tracked by hours because hours and not dollars are the measure used to determine post coverage need. Overtime dollars are influenced by other factors (raises, shift differentials, etc.), while hours remain constant. A 24/7 post requires 8,760 hours of staff coverage. Relief staffing is required to cover those hours when a deputy is on leave for vacation, training, sick or other leave. The next section reports projections for year-end overtime against the FY 2007-08 budget.

YEAR END PROJECTION FOR OVERTIME EXPENSE

Year-To-Date Expenses

FY 2008 Total Overtime Budget	FY 2008 Expenses First 6 Months	% Budget Expended (50% Fiscal Year Elapsed)
$7,007,950	$5,016,230	72% (73% last year at this time)

Year End Projected Expenses

FY 2008 Total Overtime Budget	FY 2008 Expenses Projection	% Budget Expended Projection
$7,007,950	$9,682,946	138% (150% last year at this time)

The projected $2.7 million over-budget in overtime represents the $1.5 million cost for the final nine positions to be added to the FY 2008-09 budget, plus an estimated $1.2 million overtime backfill for vacant Deputy Sheriff positions in the three core divisions requiring overtime. This latter cost is offset by savings in the permanent salaries and benefits budget.

- Expense projections are based on the adopted budget's 3% COLA effective January 13, not the revised 7.2%/7.7% actual COLAs announced by the Human Resources Department the first week of January 2008. Year-end expenses will be higher, but at the time of writing this report, a revised budget adjustment was not available.
- Expense projections include estimated savings of $500,000 in the second half of the year when the Relief Staffing Unit operates with 16 members (up from 10 in the first half).

PROJECTED IMPACT WITH 27-POSITION RELIEF STAFFING UNIT

Having a pool of permanent relief staff moves the department toward more adequate staffing levels for core duties and alleviates challenges the department has faced in meeting post coverage needs with overtime, reduces liability related to staff shortages, and better positions the Sheriff's Office to adequately respond to emergencies or other public safety events in the County.

A 27-position Relief Staffing Unit will offset overtime use by approximately 46,000 hours of the approximately 135,000 minimum relief hours needed. In FY 2008-09, with a full year of 18 relief positions working and the incremental additions of the nine positions added in the third and final phase of the program, we will continue to see a steady decline in relief overtime worked, and will also begin to see a drop in total overtime expenditures, which has exceeded $10 million the past three years.

FISCAL IMPACT

The net fiscal impact, beginning in FY 2010, will be a reduction in overtime expenditures commensurate with the full implementation of a 27-position Relief Staffing Unit. This will allow the Sheriff's Office to function within its current overtime budget allocation. The Sheriff's Office will continue to provide updates to the Board on the cost and hourly overtime savings generated by the Relief Staffing Unit, at mid-year and at the June Budget Hearings, through next fiscal year and annually thereafter as required.

COUNTY OF SAN MATEO
Inter-Departmental Correspondence

Probation Department

DATE: January 28, 2008
BOARD MEETING DATE: February 5, 2008
SPECIAL NOTICE/HEARING:
VOTE REQUIRED: N/A

TO: Honorable Board of Supervisors

FROM: Loren Buddress, Chief Probation Officer

SUBJECT: Risk Prevention Program Report Back

RECOMMENDATION:
Accept this report back on our Risk Prevention Program (RPP) per your request from the September 25, 2007 Probation Budget presentation.

BACKGROUND:
At the September 25, 2007 Board of Supervisors' meeting, Probation was directed to clarify several fiscal issues related to the Risk Prevention Program (RPP) and to report back on progress.

DISCUSSION:
Since the beginning of FY07-08, Probation has made changes to the fiscal management of the Risk Prevention Program. First, to assist school districts and police departments in budgeting for RPP services, dues were calculated based on the previous year's service levels and COLAs, and invoices were distributed before the school year. Invoices are adjusted semi-annually based on actual hours provided so that payment is directly tied to level of service.

To make this biannual billing process accurate and effective, Probation has implemented a method for Probation Officers to track their hours on campus providing direct support to a particular school/district. These on campus hours include:

- Supervising first-time offenders diverted from the criminal justice system.
- Informally counseling youth who have behavioral difficulties.
- Assessing and assisting family members.
- Supporting the schools during school, after-school and summer school functions.

- Providing information on juvenile law, community resources, and youth gangs.
- Facilitating classroom presentations, counseling groups and parent meetings.
- Reducing truancy, minimizing gang activities, drug use, and disruptive behavior.

Tracking hours of service provides a measure of consistency and quality assurance, especially when discussing Probations' levels of service with each district.

Second, Probation has met with most school districts, cities and police departments in the county to discuss RPP's services, purpose and cost-sharing practice. Based on conversations following the September 25th Board of Supervisors' meeting, the San Mateo Police Department paid their bill for FY06-07 and FY07-08. In a meeting on October 22, 2007, San Mateo Union High School District (SMUHSD) and Superintendent Miller agreed to pay $40,000 for RPP in FY07-08 and reduce the levels of service accordingly. As a result, RPP continues to serve SMUHSD, but at a reduced level (on some campuses only one day per week). When asked about AB113 School Safety and Violence Prevention money, totaling $1,217,424, we were told that the funds were allocated to the YMCA for School Resource Officer.

Finally, to formalize the cost-sharing agreements and service provision, Probation developed Memorandums of Understanding (MOUs) with the Redwood City and Ravenswood School Districts for FY07-08. In FY08-09, Probation will create an MOU template to use with all participating school districts and police departments. These MOUs will specify service responsibilities, hours of service tracking as well as invoicing and payment terms.

RPP service levels will be maintained only when participant payments are received. A nonpayment protocol has been developed. Specifically, a 30-day grace period will be granted followed by a notice of nonpayment letter. If necessary, a meeting will be convened to restate the MOU terms. If nonpayment issues persist, Probation will work with the County Manager's Office, County Counsel and the Board of Supervisors in developing an action plan, which may include suspending service.

Stakeholder payments are discounted based on revenue from Juvenile Probation and Camps Funding (JPCF, previously TANF). Since FY 05-06, these funds have been spread equally across all participating schools. Proposed state budget cuts may limit Probation's ability to maintain staffing and may require cost-sharing reassessment. The MOUs will need to address reduced service levels in the event that State cuts occur and the agencies receiving services are not able to absorb the balance.

The Probation Department wishes to express our appreciation for the continued strong support of the police departments, cities and the school districts. As an on-campus partner, Probation will provide high quality prevention, intervention, and diversion services to protect public safety and create healthy environments for youth.

FISCAL IMPACT:
There is no fiscal impact to accepting this report.

COUNTY OF SAN MATEO
APPROPRIATION TRANSFER REQUEST

REQUEST NO. ATR8 031

DEPARTMENT Sheriff's Office /Non-Departmental

DATE 01/28/2008

1. REQUEST TRANSFER OF APPROPRIATIONS AS LISTED BELOW:

	CODES			
	FUND OR ORG.	ACCOUNT	AMOUNT	DESCRIPTION
From	80110	8612	$1,993,343.00	Non-Departmental General Fund Reserves
To	3000B	Various	$1,993,343.00	Please see attached

Justification. (Attach Memo if Necessary)

To increase Salary and Benefits in the Sheriff's Budget to cover mid-year Salary increases for Sheriff's Sergeants, Deputies and Correctional Officers.

DEPARTMENT HEAD
BY: Jim Saco DATE 01/28/08

2. ☒ Board Action Required ☐ Four-Fifths Vote Required ☐ Board Action Not Required

Remarks:

COUNTY CONTROLLER
BY: [signature] DATE 1/30/08

3. ☒ Approve as Requested ☐ Approve as Revised ☐ Disapprove

Remarks:

COUNTY MANAGER
BY: Reyna Farrales DATE 1/29/08

DO NOT WRITE BELOW THIS LINE — FOR BOARD OF SUPERVISORS' USE ONLY

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

RESOLUTION TRANSFERRING FUNDS

RESOLUTION NO. ____________

RESOLVED, by the Board of Supervisors of the County of San Mateo, that

WHEREAS, the Department hereinabove named in the Request for Appropriation, Allotment or Transfer of Funds has requested the transfer of certain funds as described in said Request; and

WHEREAS, the County Controller has approved said Request as to accounting and available balances, and the County Manager has recommended the transfer of funds as set forth hereinabove:

NOW, THEREFORE, IT IS HEREBY ORDERED AND DETERMINED that the recommendations of the County Manager be approved and that the transfer of funds as set forth in said Request be effected.

Regularly passed and adopted this ________ day of ______________, 19____.

Ayes and in favor of said resolution: Supervisors: ______________

Noes and against said resolution: Supervisors: ______________

From:			
80110-8612	$	1,993,343	Non-Departmental General Fund Reserves
To:			
3000B- Various	$	1,993,343	
3000B- Various (Breakdown)			
30137-4128	$	1,037,182	Regular Pay Adjustments
30137-4629	$	537,322	Benefits Adjustments
31021-4117	$	314,994	Extra Compensation - Perm Position
30136-4153	$	828	Sheriff's 84 plan
31021-4329	$	102,602	Retirement-Adjustments
30136-4329	$	414	Retirement-Adjustments
	$	1,993,343	

Justification:

To increase Salary and Benefits in the Sheriff's budget to cover mid-year salary increases for Sheriff's Sergeants, Deputies, and Correctional Officers.