



Fiscal Year 2015-16 Year-End Financial Status Report

County of San Luis Obispo

Introduction

In accordance with the Board's adopted policy related to Ongoing Budget Administration, this Year-End Financial Status Report provides an overview of the County's financial position at the end of Fiscal Year (FY) 2015-16. The purpose of the Report is to provide the Board and public with a clear view of the County's financial position at year-end, compared to the adopted budget and mid-year projections.

The report begins with an overview of the approach that County staff took in preparing the FY 2015-16 budget. The remainder of the report is organized in the following sections:

- Section 1** An overview of the County's financial position at the end of the fiscal year, as well as brief summaries of noteworthy departmental fiscal variances and operational issues.
- Section 2** A listing of all personnel changes approved by the Board of Supervisors during the fourth quarter of FY 2015-16 and reclassification requests.
- Section 3** An update on infrastructure and facilities projects that were completed in FY 2015-16.
- Section 4** Miscellaneous items for the Board's consideration, such as requests for departments for discharge of bad debt.
- Section 5** An overview of departmental goals and performance measures, including results for FY 2015-16.

Board Policy: Ongoing Budget Administration

It shall be the responsibility of the County Administrative Officer to submit Quarterly Financial Status Reports to the Board of Supervisors. These reports shall provide a projection of expenditures and revenues, identifying projected variances. They may also include recommendations and proposed corrective actions, which may include mid-year reductions.

Looking Back – FY 2015-16 Budget Development

FY 2015-16 represented the first year after the conclusion of the County's "Seven Year Pain Plan" which began in FY 2008-09 and ended in FY 2014-15. The Seven Year Pain Plan was designed to navigate through the largest financial downturn in decades. The FY 2014-15 budget increased contingencies from 4% to 4.5% and additions were made to various reserve funds in order to plan for future expenses. The FY 2015-16 budget fully restored contingencies to the historical target of 5%. These improvements not only reflected prudent fiscal management during the economic downturn, but also reflected a growing economy, a healthier housing market, more development activity, and improving tax revenue. The FY 2015-16 budget continued to make one-time additions to reserves for planned future capital expenses. Strategic augmentations to County programs and services comprised \$12.2 million of the budget, \$4 million of which was from the General Fund.

The total number of positions approved during budget hearings was 2,638.25 which was a net increase of 83.50 FTE compared to the FY 2014-15 adopted budget. A net total of 26.50 FTE positions were added during the fiscal year bringing the total number of positions at the end of FY 2015-16 to 2,664.50 FTE.

**Section 1
Overview of Financial Position**

FY 2015-16 revenues for all County funds totaled \$556.9 million and were \$58 million (19%) below the adjusted budget amount. Expenditures for all funds totaled \$547.7 million and were \$131.6 million below the adjusted budget amount. A large factor in the difference between what was budgeted and actual revenues and expenditures realized is from budgeting multi-year capital projects which extend into the next fiscal year.

FY 2015-16 revenues for the General Fund totaled \$438.5 million and were \$12.9 million (10%) below the adjusted budget amount. Expenditures for the General Fund totaled \$428.9 million and were \$53.3 million (11%) below the adjusted budget amount. Although the General Fund received higher than anticipated non-departmental (discretionary) revenue, a combination of lower health services-related program revenues and departmental salary savings were realized, which resulted in both lower revenues and expenditures than budgeted. More information regarding the net impact to the General Fund is provided below.

The following table shows a comparison of the adjusted budget and year-end actuals for both all funds and the General Fund specifically.

Year End Budget-to-Actuals Comparison		
All Funds	FY 2015-16	FY 2014-15
Expenditures	81%	78%
Revenue Realized	91%	90%
General Fund	FY 2015-16	FY 2014-15
Expenditures	89%	92%
Revenue Realized	97%	102%

The summary table on the next page shows the year-end status of all General Fund operating departments/fund centers. Some departments (Health Agency, Social Services, Human Resources, and the Auditor-Controller-Treasurer-Tax Collector-Public Administrator) include more than one fund center and are displayed on the summary table at the agency or departmental level, rather than individually. Internal Service Funds, Enterprise Funds and Special Revenue Funds are not shown, as these fund centers maintain their funding outside of the General Fund. As shown, the total FY 2015-16 General Fund cost for operating departments is approximately \$8.3 million less than their total budgeted amounts, yielding a net savings to the General Fund. A discussion of the main drivers behind the significant overall favorable variance is provided following the summary table.

General Fund Department Contributions – Year End Status

<i>General Fund Department (and Fund Center)</i>	<i>2015-16 Budgeted¹ General Fund support</i>	<i>2015-16 Actual² General Fund support</i>	<i>\$ Change</i>	<i>% Change</i>
County Fire (140)	15,531,195	14,076,826	(1,454,369)	-9%
Health Agency (137, 160, 166, 184)	17,953,052	16,875,579	(1,077,473)	-6%
Planning and Building (142)	7,553,886	6,619,158	(934,728)	-12%
District Attorney (132)	9,292,862	8,418,526	(874,336)	-9%
Probation (139)	9,932,407	9,340,235	(592,172)	-6%
Public Works – Waste Management (130)	1,028,488	552,481	(476,007)	-46%
Central Services (116)	1,683,777	1,212,200	(471,577)	-28%
Assessor (109)	9,488,601	9,023,414	(465,187)	-5%
Sheriff-Coroner (136)	38,881,485	38,489,620	(391,865)	-1%
Social Services (180, 181, 182, 185)	6,612,909	6,286,219	(326,690)	-5%
Information Technology (114)	9,385,591	9,103,194	(282,397)	-3%
Public Works – Special Services (201)	1,655,868	1,442,081	(213,787)	-13%
Veterans Services (186)	745,138	591,063	(154,075)	-21%
Human Resources (105, 112)	3,774,695	3,641,179	(133,516)	-4%
General Services/Facilities Management (113)	5,400,776	5,293,184	(107,592)	-2%
Board of Supervisors (100)	1,690,446	1,587,182	(103,264)	-6%
County Counsel (111)	4,044,104	3,950,580	(93,524)	-2%
Administrative Office (104)	1,822,964	1,729,793	(93,171)	-5%
Auditor-Controller-Treasurer-Tax Collector (107, 108)	5,880,187	5,789,988	(90,199)	-2%
Public Defender (135)	5,472,667	5,389,658	(83,009)	-2%
Agricultural Commissioner (141)	2,233,604	2,170,418	(63,186)	-3%
Farm Advisor (215)	526,999	477,452	(49,547)	-9%
Grand Jury (131)	136,436	106,134	(30,302)	-22%
Non-Department – Other Expenditures (103)	318,000	314,406	(3,594)	-1%
Clerk-Recorder (110)	808,373	806,518	(1,855)	0%
Maintenance Projects (200)	11,171,713	11,170,721	(992)	0%
Contributions to other Agencies (106)	1,310,027	1,316,419	6,392	0%
Emergency Services (138)	162,396	192,134	29,738	18%
Court Operations (143)	(553,986)	(318,455)	235,531	-43%
Child Support Services (134)	-	-	-	0%
Total (Department Savings)	173,944,660	165,647,906	(8,296,754)	-5%
Non-Departmental Revenues (101)	(169,128,221)	(180,466,428)	(11,338,207)	7%
General Fund Net Impact	4,816,439	(14,818,522)	(19,634,961)	

¹ Includes the adopted budget and adjustments.

² Includes encumbrances.

As the preceding table indicates, departments contributed significant General Fund support savings in FY 2015-16. The County's single largest cost component is salary and benefits, comprising 46% of the budget. Much of the savings realized is in this category, and is created by staff vacancies, the necessary time it takes to fill positions, or filling positions at levels lower than budgeted, such as positions that have recently been vacated by a retiring employee.

The County received \$11.3 million (7%) more in non-departmental revenue than was budgeted, or estimated, for FY 2015-16. This represents mostly tax-related revenue sources such as property, sales, transient occupancy, and unitary taxes. Increases were most notably seen in property tax, transient occupancy tax, and revenue from interest.

The above table outlines both departmental savings and non-departmental revenue. The biggest components to the actual FBA, however, is unused contingencies.

In the 3rd quarter of FY 2015-16, the Sheriff-Coroner, County Counsel, and Public Works – Facilities Management reported that they would require General Fund contingencies in a total amount of \$905,789. Of the \$905,789, \$520,000 was needed to cover unbudgeted wage and benefit adjustments for the Sheriff-Coroner. The remaining \$385,789 comprised \$350,000 to County Counsel for unbudgeted litigation expenses and \$35,789 to Facilities Management for unbudgeted expenditures related to the reorganization of Public Works and absorbing responsibility for County facilities. Subsequent to transfer of contingencies, these departments ended the year at a total of \$592,989 below their adjusted General Fund support. This resulted in \$312,800 of contingencies going unused and being returned to the General Fund from these departments at the end of the fiscal year. Salary and benefits savings, and unanticipated revenue are the primary reasons involved. Total unused contingences comprises over half of the FBA, at \$20.8 million of a total of \$40 million.

The actual FBA exceeded estimates by a total of \$5.6 million, primarily due to expenditure savings beyond projected levels, as discussed above. The total FBA is comprised of unused contingencies, higher-than-estimated non-departmental revenue, and departmental savings. More information regarding what comprises the actual FBA can be found in the Auditor-Controller Treasurer-Tax Collector's staff report for final budget actions, to be presented to the Board of Supervisors on September 13, 2016.

Noteworthy Issues

The information below highlights notable issues by department, follows up on issues identified in prior quarters, fees waived by Planning and Building, an update on the Airports budget and enplanement levels, and an update on the Golf program.

Department: Office of Emergency Services (OES)
Fund Center: 138
Issue: Unbudgeted expense
Impact to General Fund: \$29,738

At year-end, General Fund support for OES was over budget by 18% or \$29,738. This was due to activities that were not revenue offset, including work on Cuesta Fire, assisting with the Parkhill Fire damage assessment report, Cambria fire safety preparedness, El Nino participation, and an oil spill training exercise,

among others. In the fourth quarter, there was increased concentration on planning the large scale Nuclear Power Plant (NPP) preparedness exercise occurring in the fall of 2016 and less work on non-revenue offset activities noted above, however, the end result is still an overage of \$29,738.

Department: Court Operations
Fund Center: 143
Issue: Revenue shortfall
Impact to General Fund: \$235,531 less revenue contributed to the General Fund

The Court Operations fund center funds the continuing County obligations to the California Superior Court since the courts separated from counties statewide under the Trial Court Funding Act in the late 1990s. This change restructured the financial and operational relationships between counties and courts,

shifting responsibility for court operations to the California State Judicial Council.

The Trial Court Funding Act also established a Maintenance of Effort (MOE) requirement under which counties must pay a specified amount to the State of California, based on a formula, to support court operations. The MOE amount is paid from this fund center, which receives a revenue allocation drawn from fines and fees collected by the courts. The revenue that remains after the MOE is paid results in a contribution to the General Fund at the end of most years.

The Court Operations budget ended FY 2015-16 with a total General Fund contribution of \$318,451. This is \$235,531 less or 43% less than the \$553,986 contribution adopted in the budget. This change is due almost entirely to revenue factors. The County's required Maintenance of Effort (MOE) payment to support court operations, part of which is collected by the State as revenue reversed out of this fund center, was \$199,608 more than the budgeted amount of \$400,000.

Department: Public Works – Facilities Management
Fund Center: 113
Issue: Unbudgeted expenses
Impact to General Fund: year-end FBA of \$107,594

In the third quarter report, it was projected that this fund center would both exceed its appropriated revenue and expenses and its General Fund support level. This was based on two factors: first, higher expenses were caused by greater demand for utilities and custodial/maintenance services. Those expenses are largely offset by increased

revenue. Second, there were additional staff time billings for assistance from the Department of Public Works during the reorganization of facilities management from the former General Services Department. General Fund contingencies were requested to cover the projected gap of \$35,789. However, this fund center came in below budgeted levels for FY 2015-16, resulting in a net effect on the FBA of \$107,594. This fund center ended up yielding a positive contribution

to the General Fund primarily due to greater demand for facility services from other departments during the year.

Department: Public Works - Roads
Fund Center: 245
Issue: \$2 million revenue shortfall;
decrease in thin overlay maintenance
Impact to General Fund: None

As reported in previous quarters of FY 2015-16, Public Works is experiencing a revenue shortfall for two important sources of revenue for road maintenance:

1. Actual Transportation Development Act (TDA) revenue received is \$615,000 per quarter, about 33% less than the originally budgeted \$925,000. This yielded TDA revenue that was about \$1.2 million less than budgeted for FY 2015-16.

2. State revenue from the Highway User Tax (HUTA) was received at an average of \$638,000 per month, about 9% less than the expected \$700,000. This resulted in a shortfall of \$740,000 compared to what was budgeted for FY 2015-16.

Together, these revenue shortfalls resulted in a reduction of about \$2 million for FY 2015-16 for road maintenance, resulting in 13 fewer miles of thin overlay road maintenance work. In the spring of each year, the department assesses how much of this type of maintenance work it can undertake before year-end. The amount of this type of work conducted, which is performed with the County's own work forces as opposed to contractors, depends on the status of these funding sources. Depending on the trends observed, the Department of Public Works adjusts its planned work as necessary. Although this reduction does not impact the delivery of pavement management program-related improvements, it does reduce road maintenance overall.

As far as pavement management program activities, the department completed 30 miles of micro-surfacing for Los Osos area roads and 8 miles of asphalt overlay in Los Osos and Nipomo in FY 2015-16. The department is currently in progress on 60 miles of micro-surfacing for various roads in Nipomo and San Miguel, chip-sealing on 30 miles of roads in San Miguel, Atascadero, and Nipomo, and asphalt overlay on 16 miles of roads throughout the county.

Department: Planning and Building
Fund Center(s): 142
Issue: Fee Waivers Update
Impact to General Fund: None

The Planning and Building Department reports the total amount of waived fees at the end of each fiscal year. The department's fee schedule authorizes the Planning Director to waive up to \$5,000 in permit processing fees for projects that provide broad public benefit. Evidence of public

benefit may include but is not limited to: 1) the project meets a need previously identified or recognized by the Board of Supervisors; 2) the project replaces another facility that previously provided benefit; 3) the project provides a facility not presently available in the community; 4) the project has generated substantial, obvious community support; or 5) the project would reduce other County costs or increase other County revenues. The Board of Supervisors has the authority to consider other fee waiver requests, in excess of \$5,000, when it considers such waivers to be equitable and in the public interest.

During FY 2015-16, the department, or the Board of Supervisors, waived fees for the following reasons:

Project Fees Waived in FY 2015-16	
Board of Supervisors-approved	\$37,858
County-owned projects	\$4,920
Dry Well Waiver	\$948
Excess CA Law Solar Credit	\$57,134
Grid Alternatives	\$2,543
Public Benefit credit	\$41,327
Urban Reserve credit	\$65,925
Veterans credit	\$835
Total*	\$211,490

This represents 3.6% of actual fees collected.

Health Agency

At year end, the Health Agency overall has General Fund support savings of \$1.1 million; well above the estimated savings of \$517,749 reported to the Board in the FY 2015-16 third quarter financial status report. This significant savings is attributed to General Fund support savings of almost \$1.3 million in Public Health, \$478,835 in Animal Services, and \$190,524 in savings was also seen in the Medically Indigent Services Program (MISP) (a special revenue fund). The savings in Public Health is primarily due to staff vacancies. Savings in the MISP budget is primarily a result of 1.00 FTE Public Health Nurse vacancy and fewer MISP medical payments that offsets a revenue shortfall, due to most claims being within the enrollee's monthly share of cost limit. The savings in Animal Services is due to a combination of expenditure savings (primarily in salaries and benefits) and higher than anticipated revenue.

In the FY 2015-16 third quarter financial status report, staff projected that the Behavioral Health and Law Enforcement Medical Care (LEMC) budgets would exceed their budgeted level of General Fund support at year end by a combined total of \$485,877. However, the two fund centers together exceeded the budgeted General Fund support amount by \$668,265. Savings in the Public Health and Animal Services budgets more than offset this overage, resulting in a \$1.1 million positive impact to the County General Fund.

The issues facing the Behavioral Health and LEMC are discussed below.

<p>Department: Health Agency- Behavioral Health Fund Center: 166 Issue: Revenue shortfall Impact to General Fund: \$529,317</p>
--

At year end, Behavioral Health exceeded its budgeted level of General Fund support by \$529,317 or 6%, primarily due to a shortfall in revenue that is partially off-set by expenditure savings. This is more than the \$362,497 or 4% overage projected in the third quarter. However,

savings in General Fund support elsewhere in the Health Agency, in Public Health, and Animal Services will be sufficient to absorb the full amount of this General Fund impact.

Revenue fell short of budgeted levels by \$3.6 million or 7% at year-end. As indicated in the third quarter financial status report, one of the primary reasons for the revenue shortfall is staff vacancies that would have been offset by reimbursement revenue. Other reasons include a shortfall in State grant revenue for the construction of a Crisis Stabilization Unit (CSU) that will now be realized in FY 2016-17, and a decrease in 2011 Realignment revenue due to a change in methodology in how growth is calculated. At year end, expenditures are under budget by \$3.1 million or 5%. The expenditure savings are largely driven by staff vacancies and unspent

appropriations for the construction of the CSU, that will now be completed in FY 2016-17. The primary expenditure that led to General Fund support exceeding budgeted levels is an unforeseen expense for a State hospital bed placement.

Department: Health Agency-Law Enforcement Medical Care (LEMC)
Fund Center: 184
Issue: Revenue shortfall and unanticipated expenditures
Impact to General Fund: \$138,949

The Law Enforcement Medical Care (LEMC) fund center exceeded its budgeted level of General Fund support by \$138,949 or 7% at year-end due to an overall shortfall in revenue of \$280,281 or 19%. This is more than the \$123,380 projected General Fund overage in the third quarter. The revenue shortfall is partially offset by expenditure

savings totaling \$141,332.

As reported in the third quarter, the revenue shortfall is the result of \$98,325 of Medi-Cal reimbursement revenue not received this fiscal year. This revenue was budgeted due to the implementation of the Affordable Care Act and the expansion of Medi-Cal coverage to childless single adults. Under the Medi-Cal expansion, the State will now reimburse for acute inpatient hospital care provided to Medi-Cal eligible inmates that receive services off the grounds of the correctional facility. However, the State has not yet issued a protocol for claiming reimbursement for these expenses. Additionally, a total of \$182,457 of AB 109 (2011 Public Safety Realignment) funds were not realized due to reduced expenditures and fewer total AB 109 inmate days at the jail than budgeted. Overall expenditures at year-end were \$141,332 or 4% less than budget, primarily due to salary savings totaling \$120,278, the result of staff vacancies.

Department of Social Services

At year end, the Department of Social Service (DSS) overall had General Fund support savings of \$326,690, primarily a result of savings in Fund Center 181 – Foster Care and Adoptions. While the Social Services Administration fund center exceeded its budgeted level of General Fund support by \$26,138, the Foster Care and Adoptions fund center budget had \$345,393 of General Fund support savings. Additionally, the CalWORKs and General Assistance budgets had General Fund support savings of \$1,479 and \$5,956 respectively.

The issues facing the department are discussed below.

Department: Social Services - Administration
Fund Center(s): 180
Issue: Revenue shortfall
Impact to General Fund: \$26,138

At year-end, DSS is reporting that revenues for Social Services Administration are under budget by \$2.73 million and expenditures under budget by \$2.70 million (a \$26,138 net difference). Savings in Foster Care and Adoptions, CalWORKs, and General Assistance more than offset the overage,

with a \$326,690 General Fund savings overall for the department.

As reported in the third quarter, 1991 Realignment Vehicle License Fee (VLF) revenue was \$1.4 million under budget. However, 1991 realignment revenue from sales tax receipts exceeded budget by about \$587,000, offsetting a portion of the VLF shortfall. There was an overall 1991 Realignment revenue shortfall of approximately \$832,000, and the department transferred funds from the realignment trust in order to offset the overage. Revenue shortfalls in other accounts are largely attributed to associated expenditures savings.

Department: Social Services - Foster Care and Adoptions
Fund Center(s): 181
Issue: Unanticipated expenditures reported in the third quarter
Impact to General Fund: Savings of \$345,393

The Foster Care and Adoptions fund center completed the year under its budgeted level of

General Fund support by \$345,393. In the third quarter, DSS reported that expenditures for Foster Care and Adoptions were projected to exceed budgeted levels by nearly \$600,000 at year end, with no impact to the County General Fund. The anticipated overage was fully offset by Federal, State, and other revenue, and a budget adjustment was completed in the fourth quarter to increase expenditure appropriation.

While foster care continuing caseloads decreased from 312 in FY 2014-15 to 303 in FY 2015-16 (a 2% decrease), other caseloads increased compared to the prior year as reported in the third quarter. Adoptions cases increased from an average of 613 in FY 2014-15 to a current average of 634 in FY 2015-16 (a 3% increase), and Transitional Housing Placement (THP) Plus cases increased from an average of 10 cases in FY 2014-15 to an average of 13 cases in FY 2015-16 (a 30% increase). Finally, "County Only" caseloads (cases paid solely by the County) increased from an average of 40 cases in FY 2014-15 to an average of 51 cases in FY 2015-16 (a 27% increase). These cases include payments to out-of-state or special care homes for children with intensive needs for daily care and client support, and also costs paid to foster homes while waiting for the Resource Family Approval (RFA) process to become complete. The RFA program standardizes the rules and processes for certifying foster and adoptive parents. The department began implementation of the RFA program in FY 2013-14, and it is being implemented statewide starting in 2016.

Department: Airports
Fund Center: 425
Issue: Budget status and enplanement levels
Impact to General Fund: \$0

As an enterprise fund, Airports relies on the revenues generated by the San Luis Obispo County Regional Airport and Oceano Airport to fund operations and capital expenses. Revenue from passenger enplanements on commercial air carriers is a key indicator of the Airports' fiscal health and outlook. For this reason quarterly

financial status reports include regular updates on the status of the Airports' budget with an emphasis on the number of passenger enplanements.

Airports experienced positive enplanement growth in FY 2015-16, ending the year with a 4.1% increase over last fiscal year. Two flights were added in September of 2015, which increased service to Los Angeles (LAX), and San Francisco (SFO). In February of 2016 a single flight to Phoenix (PHX) was added. This increased activity has resulted in greater fee revenue related to landing, fuel, parking, and hangar usage, which is at 100% occupancy. With Alaska Airlines planned to commence operations in April of 2017, continued growth in the next fiscal year is expected.

Operating revenue has exceeded operating expenditures in each of the last three fiscal years. Although overall the department experienced a decreasing cash balance in FY 2015-16 due to sustaining cash flow needs for the new Airport Terminal construction project, it ended with an operating surplus of \$657,047. When combined with capital project-related expenses, the year ended with a cash balance of -\$85,757. This is primarily due to the lag in which reimbursable project costs from the Federal Aviation Administration (FAA) are billed and received. In accordance with an arrangement with the Auditor and Administrative Office, Airports will be allowed to carry a negative balance for the duration of the Airport Terminal project.

The following table shows enplanement numbers from FY 2007-08 to present, along with annual percentage change in enplanements:

San Luis Obispo County Regional Airport Enplanement Trends						
Fiscal Year	Q1	Q2	Q3	Q4	Cumulative	% Change

2007-08	51,343	48,784	38,794	43,364	182,285	
2008-09	42,697	32,566	26,866	30,619	132,748	-27%
2009-10	32,968	30,873	27,645	33,666	125,152	-6%
2010-11	36,301	36,128	30,496	36,984	139,909	11%
2011-12	35,631	34,493	30,185	33,935	134,244	-4%
2012-13	35,457	31,850	30,354	34,654	132,315	-1%
2013-14	36,753	36,224	34,528	39,600	147,105	11.2%
2014-15	40,345	38,356	35,567	35,290	149,558	1.7%
2015-16	35,617	40,295	36,546	43,286	155,744	4.1%

Department: Parks and Recreation – Golf Courses
Fund Center(s): 427
Issue: Continued decline in rounds played at Dairy Creek; 287,644 deficit
Impact to General Fund: None in FY 2015-16, potential impact in FY 2016-17

As an Enterprise Fund, the Golf program relies on the revenues generated by the County's three golf courses (Dairy Creek, Chalk Mountain, and Morro Bay) to fund its operational and capital expenses. The number of rounds played is a key indicator of Golf's fiscal health and outlook.

As of the end of FY 2015-16, the total number of rounds played for all three courses decreased by 5.9% (6,870 rounds) compared to FY 2014-15. The decrease is primarily due to a decline of rounds played at Dairy Creek Golf Course (-16.9%, or 5,502 rounds). Chalk Mountain experienced a less severe decrease in play of 7.2%, or 2,052 rounds. Morro Bay was the only golf course which had an increase in play, at 1.2%, or 684 rounds.

The Golf program completed the year with a deficit of \$287,644. This is approximately \$200,000 higher than the initial deficit expected; however, it is far less than the amount projected at the end of the third quarter, which was \$555,707. There are two main components to the deficit: the first is related to the mid-year bankruptcy of the previous concessionaire at Dairy Creek Golf Course and unanticipated expenses that were necessary to operate facilities before another concessionaire could be secured, and the second is a continued decline in green fee revenue of 15.5%, related to the reduction in rounds of golf played, noted above. The reduction of green fee revenue is primarily caused by the lack of irrigation water at Dairy Creek.

While the year-end deficit is substantial, it is not as high as was anticipated earlier in the fiscal year. A cash balance of \$778,191 remains which should be sufficient to absorb the projected deficit for FY 2016-17 (at the time of budget preparation, estimated at \$467,231). However, none of the underlying water supply issues at Dairy Creek have changed and the department is currently developing options to help make Dairy Creek financially viable. The Board of Supervisors was presented with the issues and possible courses of action on May 17, 2016. Among the options presented was partial conversion of the golf course to accommodate an event center and a campground. At its May 17th meeting, the Board decided that the General Fund would assist the Golf Program with a subsidy of up to \$485,000 annually, if necessary to maintain operations and existing commitments. This is roughly equivalent to the amount of debt service the Program must make for the next ten years for the initial development of Dairy Creek. The Parks and Recreation Department was tasked with keeping the potential subsidy to a minimum, and also to develop options to increase revenue at Dairy Creek. The department is anticipated to present medium and long-term options for Dairy Creek in November, 2016.

Section 2
Position Changes

During the fourth quarter of FY 2015-16, April 1, 2016 through June 30, 2016, the following reclassification/reorganization changes were approved by the Board of Supervisors. This report also includes a list of all administrative changes approved by the Human Resources Director under the authority of the Board, and current vacancy statistics.

Position Allocation Changes Approved by the Board of Supervisors

Fund Center 137 – Animal Services - Allocation Change Approved 4/12/16

Delete	1.00 FTE – 02203 Administrative Assistant Aide, I, II or III
Add	1.00 FTE – 01417 Animal Control Officer

Fund Center 116 – Central Services - Allocation Changes Approved 4/19/16

Delete	1.00 FTE – 08795 Department Administrator
Add	1.00 FTE – 00280 Administrative Services Manager

Fund Center 160 – Public Health – Allocation Changes Approved 4/19/16

Delete	0.75 FTE – 08521 Communicable Disease Investigator
Add	1.00 FTE – 08521 Communicable Disease Investigator

Fund Center 160 – Public Health – Allocation Changes Approved 4/19/16

Delete	0.75 FTE – 00543 Licensed Vocational Nurse
Add	0.75 FTE – 00461 Licensed Psychiatric Technician/Licensed Vocational Nurse I, II, or III

Fund Center 166 – Behavioral Health – Allocation Changes Approved 4/19/16

Delete	32.50 FTE – 08526 Mental Health Therapist I, II, III, or IV
Add	32.50 FTE – 00461 Licensed Psychiatric Technician/Licensed Vocational Nurse I, II, or III

Fund Center 184 – Law Enforcement Medical Care – Allocation Changes Approved 4/19/16

Delete	4.75 FTE – 08528 Licensed Vocational Nurse or Mental Health Therapist
Add	4.75 FTE – 00461 Licensed Psychiatric Technician/Licensed Vocational Nurse I, II, or III

Fund Center 377 – Library - Allocation Change Approved 4/19/16

Delete	35.75 FTE – 02203 Administrative Assistant Aide, I, II, or III
Add	36.75 FTE – 01022 Library Associate I, II, or III
Delete	4.00 FTE - 01013 Library Assistant
Add	9.00 FTE – 01023 Senior Library Associate
Delete	8.00 FTE – 01007 Supervising Library Assistant
Add	1.00 FTE – 01004 Librarian I or II
Add	2.00 FTE – 01024 Librarian
Delete	7.00 FTE – 01011 Librarian III
Add	5.00 FTE – 01025 Coordinating Librarian
Add	3.00 FTE – 01026 Library Branch Manager

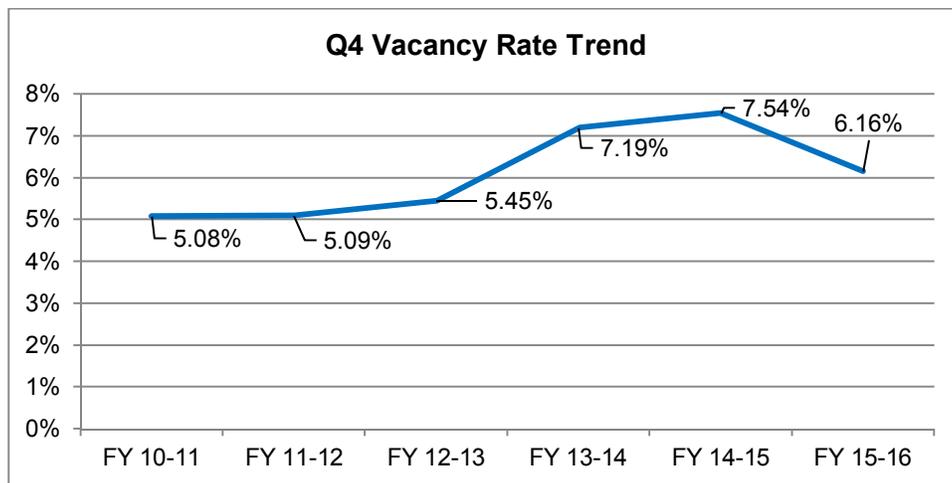
Fund Center 405 – Public Works - Allocation Change Approved 4/19/16

Add	1.00 FTE – 09690 Wastewater Systems Worker III
-----	--

Summary of Position Allocation Changes				
Full Time Equivalent (FTE)	Q1	Q2	Q3	Q4
Quarter Start	2,638.25	2,638.00	2,656.25	2,662.25
Additions	22.50	43.50	10.00	97.75
Deletions	22.75	25.25	4.00	95.50
Quarter End	2,638.00	2,656.25	2,662.25	2,664.50
Net FTE Change	-0.25	+18.25	+6.00	+2.25
% Change	-0.0095%	+0.692%	+0.226%	+0.085%

Employee Vacancy Rate

The County employee vacancy rate was 6.16% in the fourth quarter. This equates to 164 vacant positions. As shown in the chart below, the fourth quarter vacancy rate (6.16%) was lower by 1.38% in comparison to the FY 2014-15 vacancy rate (7.54%) and slightly higher than the six year average (6.09%).



Reclassification Requests

The Human Resources Department (HR) oversees the County's Classification Plan pursuant to Civil Service Commission Rule 5. At times, changes in regulations, business requirements, etc. may result in significant change to duties assigned to individual positions. These may include changes to level of complexity, decision-making authority, and/or scope of the work to be performed. When an employee, department or labor union believes the duties they are permanently assigned outside the scope of their position, a position study may be initiated.

The reclassification process involves a series of steps that may result in HR performing a position study. Based on the study results, HR may determine that the employee is in the correct job classification and that no change is required; that the duties performed more accurately fit a different, existing classification; or that a new classification should be created. Any resulting reclassification recommendations are brought to the Board in the first or fourth

quarter financial status reports or as part of the recommended budget.

During the fourth quarter, HR completed three position studies which resulted in a recommendation to reclassify the incumbents. HR is therefore requesting that the Board of Supervisors approve a resolution amending the Position Allocation List (PAL) for FC 377 – Library and FC 160 – Public Health to reflect changes in the classification of three positions (a PAL change resolution is included as Attachment 3).

Department	Fund Center	Previous Classification	Findings	Human Resources Recommendation
Health Agency	160 – Public Health	Administrative Services Officer II	Reclass	Program Manager I
Library	377 – Library	Administrative Services Officer II	Reclass	Program Manager I
Health Agency	160 – Public Health	Supervising Administrative Clerk I	Reclass	Administrative Services Officer I

**Section 3:
Update on Completed Capital and Maintenance Projects**

The following section provides an overview of Infrastructure and Facilities Projects which were completed within Fiscal Year 2015-16.

Infrastructure Projects

- Fourteen (14) Infrastructure Capital Projects were completed. The total amount expended was \$19,644,651, or 91% of the budgeted funding.
- Seventeen (17) Infrastructure Major Maintenance Projects were completed. The total amount expended was \$7,840,495, or 92% of the budgeted funding.

Facilities Projects

- Eleven (11) Facilities Capital Projects were completed. The total amount budgeted to complete the 11 projects was \$4,317,121 and the actual amount expended totaled \$3,092,778, or 72% of the budgeted funding for the projects.
- Five (5) Facilities Maintenance Projects were completed. The total amount budgeted to complete the 5 projects was \$965,740 and the actual amount expended totaled \$868,830 or 90% of the budgeted funding for the projects. One (1) individual facilities maintenance project was cancelled during the year.
- Twenty-seven (27) Countywide Facilities Maintenance Projects were completed. The total estimated cost to complete the 27 projects was \$850,967 and the actual amount expended totaled \$778,866 or 92% of the estimated cost for the projects. Eight (8) Countywide Facilities Maintenance projects were cancelled during the year.

See the tables below for details.

FY 2015-16 Completed Infrastructure Capital Projects

Note: All projects in this category are in Fund Center 245 – Road Fund.

Project Title	Comments	Amount Funded	Final Cost	% Expended	Funding Source
Asphalt Concrete Overlay 15-16, North County	This project was part of the Department of Public Works Annual Pavement Maintenance Plan and provided asphalt overlay to extend the service life of the pavement. This pavement overlay contract included the following locations: El Pomar Drive, River Road (North), El Camino Real and Neal Springs Road.	3,717,090	3,764,649	101%	Road Fund Pavement Management Program, Nacimiento Operating Fund
Tar Spring Creek Bridge on Branch Mill Road - Bridge Replacement	This construction contract provided for the replacement of the Tar Spring Creek Bridge on Branch Mill Road and roadway improvements to Branch Mill Road. A new single span concrete structure was built to replace a 70-year old steel structure.	3,944,973	3,569,624	90%	Federal Highway Bridge Program, Federal Bridge Tolls, Road Fund
Asphalt Concrete Overlay 14-15, Los Osos	This project consisted of pavement repairs and asphalt overlays on Los Osos Valley Road, Los Olivos Avenue, Pine Avenue, and several roads in the Bay Oaks tract, as well as upgrades to curb ramps to comply with the Americans with Disabilities Act. Although started in FY 2014-15, this project was completed in FY 2015-16.	2,364,507	2,364,575	100%	Road Fund Pavement Management Program
Asphalt Concrete Overlay 15-16, Nipomo	This project was part of the Department of Public Works Annual Pavement Maintenance Plan and provided asphalt overlay to extend the service life of the pavement. This contract provided for pavement overlays on: Orchard Avenue, Division Street, Thompson Road, Mesa Road and Tejas Place.	2,870,124	2,320,222	81%	Road Fund Pavement Management Program

FY 2015-16 Completed Infrastructure Capital Projects

Note: All projects in this category are in Fund Center 245 – Road Fund.

Project Title	Comments	Amount Funded	Final Cost	% Expended	Funding Source
Asphalt Concrete Overlay 15-16, South County	This project was part of the Department of Public Works Annual Pavement Maintenance Plan and provided asphalt overlay to extend the service life of the pavement. This contract provided for pavement overlays on: North Frontage Road, Elm Street, Paso Robles Street, Eucalyptus Road and El Campo Road.	2,401,770	1,954,069	81%	Road Fund Pavement Management Program, Oceano Community Services District
County Service Area 23 (CSA23)/Atascadero Mutual Water Company (AMWC) /Garden Farms Community Water District (CWD) Emergency Intertie Project	This project provided an emergency source of water to Santa Margarita in the event of drought or other emergency by construction of the 2.5 mile, 8-inch pipeline along El Camino Real. The project interconnects the Santa Margarita (CSA23), AMWC and Garden Farms CWD water systems.	2,220,849	1,899,334	86%	Proposition 84 Drought Grant, Emergency Community Water Assistance Grant, San Luis Obispo Flood Control and Water Conservation District Fund
River Road - Road Widening	This safety project provided a shoulder for vehicle recovery on River Road from Magdalena to Mission Lane.	1,563,583	1,383,131	88%	Federal Highway Safety Improvement Program, San Miguel Drainage Improvement Fees, Road Fund
Mission Street, San Miguel Gateway and Pedestrian Improvements - Community Enhancements	This project placed community Gateway Monuments along US 101 at both ends of San Miguel. In addition, sidewalks were installed along the west side of Mission Street.	882,950	867,036	98%	Federal Surface Transportation Program, Road Fund
Installation of Traffic Signals, Nipomo	This contract consisted of the installation of traffic signals and associated improvements at the following intersections: Pomeroy Road at Willow Road and Thompson Avenue at Titan Way (Nipomo High School)	949,851	798,559	84%	Regional State Highway Account, Road Impact Fees-Black Lake Development, Road Fund
Americans with Disabilities Act (ADA) Ramp Construction 2014-15, Los Osos	This project consisted of upgrading curb ramps throughout the Los Osos Community.	238,797	238,796	100%	Road Fund Pavement Management Program

FY 2015-16 Completed Infrastructure Capital Projects

Note: All projects in this category are in Fund Center 245 – Road Fund.

Project Title	Comments	Amount Funded	Final Cost	% Expended	Funding Source
Americans with Disabilities Act (ADA) Ramp Construction 2015-16, Nipomo	This project upgraded curb ramps on Tefft Street and North Frontage Road in the community of Nipomo.	158,148	161,204	102%	Road Fund Pavement Management Program
Cooperative Road Improvement Project - Leonard Place, Cambria	This project is a voter approved, special benefit tax supported, public improvement project that was financed and implemented through the County's Cooperative Road Improvement Program. The scope of this project is Leonard Place, from Ellis Avenue to Richard Avenue and a portion of Richard Avenue from Leonard Place to Ellis Avenue. Total paved distance is approximately 465 feet, and includes the construction of road improvements.	138,623	116,400	84%	Revolving Fund Appropriation Loan
Install Supervisory Control and Data Acquisition (SCADA) System	This project installed a SCADA system to monitor two lift stations in County Service Area 1.	109,999	109,697	100%	County Service Area 1 Reserves
Pedestrian Improvements - Eton Road, Cambria	This project constructed asphalt sidewalks along the northerly side of Eton Road to Burton Drive, and installed three curb ramps - one adjacent to Cambria Nursery and Florist at the intersection, and one each at the southwest and southeast corners of the intersection.	108,986	97,355	89%	Urban State Highway Account, Road Fund
TOTAL COMPLETED FY 2015-16 INFRASTRUCTURE CAPITAL PROJECTS		21,670,250	19,644,651	91%	<i>Note: Unexpended funds remain in Fund Center 245 and are typically re-allocated to other projects.</i>

FY 2015-16 Completed Infrastructure Major Maintenance Projects

Note: All projects in this category are in Fund Center 245 – Road Fund.

Project Title	Comments	Amount Funded	Final Cost	% Expended	Funding Source
Micro-Surfacing of Various County Roads, 2015-16	The surface treatments were performed on streets in the town of San Miguel, the Garden Farm area and Nipomo west of Route 101.	2,252,082	1,983,185	88%	Road Fund Pavement Management Program, Road Fund Reserves-Maria Vista Estates, North Mesa Assessment District
Micro-Surfacing of County Roads in Los Osos, 2014-15	This contract provided for micro-surfacing on 30 miles of roads. It also included resurfacing of the El Moro bike path and South Bay Boulevard bike lanes.	1,278,203	1,251,229	98%	Road Fund Pavement Management Program
Chip Seal of Various County Roads, 2014-15	This project consisted of chip sealing 38 miles of various County maintained asphalt concrete roadways.	1,486,607	1,228,543	83%	Road Fund Pavement Management Program, Salinas Dam Budget
Chip Seal of Various County Roads, 2015-16	This project consisted of chip sealing 30 miles of various County maintained asphalt concrete roadways.	1,290,770	1,209,820	94%	Road Fund Pavement Management Program
Huasna Road Wall Repair	This project consisted of the re-establishment of Huasna Road adjacent to Tar Spring Creek by constructing rock slop protection embankment and pavement widening.	346,703	346,703	100%	Road Fund Maintenance Budget
Santa Margarita Booster Station Reservoir Liner Replacement	This contract provided for the removal and replacement of the Santa Margarita Booster Station Reservoir Liner System of the Salinas Water Project to eliminate significant water loss which occurred due to the deterioration of the previous liner.	305,000	343,399	113%	Salinas Dam Budget
Morretti Canyon Road Bridge Rehabilitation	This rehabilitation work is required to maintain the safe passage of vehicles over the bridge pavement and in order to avoid costly repairs in the future.	275,415	247,575	90%	Road Fund Maintenance Budget
Santa Rosa Creek Road	Major roadway patching on Santa Rosa Creek Road	236,900	236,900	100%	Road Fund Maintenance Budget

FY 2015-16 Completed Infrastructure Major Maintenance Projects

Note: All projects in this category are in Fund Center 245 – Road Fund.

Project Title	Comments	Amount Funded	Final Cost	% Expended	Funding Source
Park Hill Road	Chip seal prep work on Park Hill Road, Santa Margarita	171,708	171,708	100%	Road Fund Maintenance Budget
Ryan Road	Major roadway graveling on Ryan Road, Creston	164,014	164,014	100%	Road Fund Maintenance Budget
Vineyard Drive	Shoulder prep work on Vineyard Drive, Paso Robles	145,676	145,676	100%	Road Fund Maintenance Budget
Thompson Avenue	Micro seal prep work on Thompson Avenue, Nipomo	109,679	109,679	100%	Road Fund Maintenance Budget
Price Canyon Road	Work under this contract involved removal of trees within the limits of the Price Canyon Road Widening project.	188,503	106,655	57%	Road Fund Maintenance Budget
Upper Los Berros Road	Roadway base repair on Upper Los Berros Road, Arroyo Grande	101,795	101,795	100%	Road Fund Maintenance Budget
Soda Lake Road	Major roadway patching on Soda Lake Road, South of Highway 58	66,988	66,988	100%	Road Fund Maintenance Budget
Various County Roads	Roadway prep work on various County roads	63,641	63,641	100%	Road Fund Maintenance Budget
El Camino Real	Chip seal prep work on El Camino Real	62,985	62,985	100%	Road Fund Maintenance Budget
TOTAL FY 2015-16 INFRASTRUCTURE MAJOR MAINTENANCE PROJECTS		8,546,669	7,840,495	92%	<i>Note: Unexpended funds remain in Fund Center 245 and are typically re-allocated to other projects.</i>

FY 2015-16 Completed Facilities Capital Projects

Note: All projects in this category are in Fund Center 230 – Capital Projects.

Project Title	Comments	Amount Funded	Final Cost	% Expended	Funding Source
Parks - Nipomo - Park Master Plan Development (Project 300030)	EIR Certified and Master Plan approved by the Board on December 18, 2012. Master Plan Project Complete.	300,000	230,930	77%	100,000 Public Facilities Fees - Parks; 200,000 Quimby Fees - South County Sub-Fund
Courts - Courthouse Annex - Courtroom ADA Remediation (Project 300041)	On-going multi-year project with funding currently in project 350115. Work completed in FY 2015-16 included walk-off carpet at the Courthouse Annex entrances (Palm & Monterey Streets) and remodeling of the 2nd Floor restrooms.	181,003	122,075	67%	Courthouse Construction Fund
General Government - North County - "One Stop" Service Center (Extension of North County Regional Center Project 300048) (Project 320035)	Renovate 7,000 square feet of the 2nd Floor of the Atascadero Library into a North County "One Stop" location for County Services (Building, Clerk, Assessor, Library).	1,766,600	1,512,664	86%	Original funding 5,185,162 from project 300048; less 825,762 PFF Gen Govt orig funding source eliminated in FY11-12 budget process; less 1,092,800 (32% of Capistrano property purchase); less 1.5M transferred to project 320030
Information Technology - SLO - Data Center Remodel (Project 320038)	Remove the existing abandoned HVAC units, duct, patch roof and install new ceiling.	190,844	188,682	99%	182,000 Building Replacement Reserve; 8,844 General Fund
Parks - Santa Margarita Lake - Upgrade Existing Boat in Camps (Project 320046)	Project included new boat docks, self-composting toilets and a project funding monument sign. Work occurred at the Kuhs and Sapwi camps within the Santa Margarita Lake park.	395,957	284,741	72%	378,500 CA Dept of Boating and Waterways Grant; 17,457 Parks Reserves
Parks - Santa Margarita Lake - Construct New Boat-in Campsites (Project 320047)	Constructed three (3) boat-in campgrounds (Kuhs, Sapwi, Chipik) with new docks, composting toilets and camp accessories. Project came in well under budget due to efficient use of internal design and architectural services, and the JOC program.	662,043	277,529	42%	609,500 CA Dept of Boating and Waterways Grant; 52,543 Parks Reserves
General Government - SLO - Upgrade or Replace NGC Fire Alarm System (Project 320048)	Project cancelled with 14-15 JOC contractor due to timing and performance issues. Funds moved to Government Center Repairs Project 350122 and is under construction with the FY 2015-16 JOC contractor.	513,600	182,989	36%	General Government Building Replacement Fund

FY 2015-16 Completed Facilities Capital Projects

Note: All projects in this category are in Fund Center 230 – Capital Projects.

Project Title	Comments	Amount Funded	Final Cost	% Expended	Funding Source
General Services Agency - SLO - Upgrade and add new Building Automation Controls (Project 320052)	Project cancelled and funding shifted to 350074.12 for project administration and construction of the Energy Conservation Measures and Energy Management Control Systems.	8,625	8,625	100%	Capital Projects Fund – Facilities Planning Reserve Designation
Parks-Shandon - CW Clarke Tennis Court rehabilitation and repurpose (Project 320065)	Asphalt re-surfacing of tennis courts, repair and painting of basketball court, replacement of handball wall and basketball backboard.	61,500	49,368	80%	Quimby Fees
AG Commissioner - SLO - Construct Outdoor Pest Detection Workstation (Project 320075)	Construction of an outdoor pest detection workstation which included a metal building and two (2) work stations and vehicle bays. Provides for inspection and disposal of vegetation and bug samples in an area outside the general office facility.	113,700	108,037	95%	General Fund
Airports - Oceano - Airport Layout Plan Update (Project 330021)	Oceano (L52) Airport Layout Plan updated to include Public Works project entitled "Oceano Drainage Project at Hwy 1 & 13th Street"	123,249	127,138	103%	FAA Grant and Airports Enterprise Fund
TOTAL FY 2015-16 COMPLETED FACILITIES CAPITAL PROJECTS		4,317,121	3,092,778	72%	<i>Note: Unexpended funds remain in Fund Center 230 and are typically re-allocated to other projects.</i>

FY 2015-16 Completed Facilities Major Maintenance Projects

Note: All projects in this category are in Fund Center 200 – Maintenance Projects.

Project Title	Comments	Amount Funded	Final Cost	% Expended	Funding Source
Parks - San Miguel - Repair Rios Caledonia Walls (Project 350094)	Rios Caledonia was a multi-phased seismic retrofit and restoration project. The final phase of the project was completed in FY 2015-16. The work consisted of restoration of the north exterior adobe and the seismic retrofits.	162,000	155,859	96%	100,000 Parks Operating Fund; 62,000 Parks Project Reserves
Information Technology - Rocky Butte - Replace Generator Set (Project 350095)	The emergency generator at the Information Technology Communication Site located at Rocky Butte was replaced.	60,400	60,400	100%	General Fund
Information Technology - Various - Communication Infrastructure Maintenance (Project 350098)	The emergency generators at the Information Technology Communication Sites located at San Antonio Peak, Cuesta Peak, and Black Mountain were replaced. The HVAC equipment at the Information Technology Communication Sites located at Tassajara Peak, Black Mountain, Lopez Lake, Rocky Butte, Main Vault, and the Cal Fire Headquarters were replaced.	283,200	268,892	95%	General Fund
General Government - Courthouse Annex - Replace Courthouse Annex Air Handlers (Project 350103)	Completed installation of air handlers on the 2nd and 3rd floor of the Courthouse Annex including abatement of asbestos.	336,440	336,124	100%	General Fund
General Government - SLO - New Government Center - Auditor/Treasurer/Tax Collector Office Consolidation (Project 350109)	Removed the existing wall between the Auditor and Tax Collector's office. Constructed two new offices, new conference room and expanded the kitchen area.	123,700	123,698	(100%)	76,143 General Fund; 47,557 Fund Center 200 – Countywide Department Relocation
TOTAL FY 2015-16 COMPLETED FACILITIES MAINTENANCE PROJECTS		965,740	868,830	90%	<i>Note: Unexpended funds remain in Fund Center 200 and are typically re-allocated to other projects.</i>

FY 2015-16 Completed Countywide Facilities Maintenance Projects

Note: All projects in this category are in Fund Center 200 – Maintenance Projects.

Project Title	Estimated Cost	Final Cost	Variance	% of Estimated Cost Expended
Countywide Community Buildings Renovations - General Government – Cambria - Joslyn Center-Replace Railing, windows, and entry gate	27,154	27,168	(14)	100%
Countywide Community Buildings Renovations - General Government – Cambria - Joslyn Center-Replace Carpet in Main Hall	8,200	8,189	11	100%
Countywide Community Buildings Renovations - General Government - Arroyo Grande - Replace Commercial Gas Stove and Heater Curtains at SCRC	14,000	5,806	8,194	41%
Countywide ADA Compliance – Library - Morro Bay - Construct ADA Compliant Site Improvements	97,000	86,953	10,047	90%
Countywide ADA Compliance – Probation – SLO - Casa Loma ADA Parking	35,000	40,751	(5,751)	116%
Countywide ADA Compliance - General Government – COC - ADA striping at JSC	1,500	665	835	44%
Countywide ADA Compliance - General Government – COC - ADA sidewalk at JSC	18,000	17,118	882	95%
Countywide Library Renovations - Morro Bay - Install new countertops	3,500	5,773	(2,273)	165%
Countywide Library Renovations – Nipomo - Patch and paint Nipomo Library interior	12,720	12,475	245	98%
Countywide Library Renovations – SLO - Remodel Plan	5,000	8,204	(3,204)	164%
Countywide Library Renovations - Cambria - Install New Stone Veneer	41,400	37,807	3,593	91%
Countywide Library Renovations - Cambria-Fencing	6,593	6,593	(0)	100%
Countywide Library Renovations - Morro Bay-Replace Rain Gutters at Morro Bay Library	9,300	9,300	-	100%
Countywide Library Renovations - Santa Margarita - Arbor repair	1,000	1,148	(148)	115%
Countywide Energy and Water Conservation - General Government – Various - PGE Sustainable Solutions Turnkey (SST) Program	250,000	183,460	66,540	73%
Countywide Maintenance Projects - General Government - SLO - Grand Jury Replace Deteriorated Sewer Line	10,000	28,917	(18,917)	289%

FY 2015-16 Completed Countywide Facilities Maintenance Projects

Note: All projects in this category are in Fund Center 200 – Maintenance Projects.

Project Title	Estimated Cost	Final Cost	Variance	% of Estimated Cost Expended
Countywide Maintenance Projects - General Government - AG - Vets Hall Electrical Panel Repairs and Code Compliance Upgrades	25,000	10,076	14,924	40%
Countywide Maintenance Projects - Health - SLO - Replace PH Fire Alarm	80,000	60,565	19,435	76%
Countywide Maintenance Projects - General Government - SLO-Install Backwater Valves at CH & NGC	24,000	63,293	(39,293)	264%
Countywide Maintenance Projects - Probation - COC - Remodel Restrooms and Repair Shower Pans	60,000	46,815	13,185	78%
Countywide Maintenance Projects - Sheriff - COC-Replace West Housing HVAC	25,000	27,546	(2,546)	110%
Countywide Maintenance Projects - General Government - Kimball - Replace Window Tint	7,500	6,569	931	88%
Countywide Maintenance Projects - Sheriff - COC - Honor Farm Laundry Smoke Detectors and Mechanical Room Vent	24,100	23,852	248	99%
Countywide Maintenance Projects - Probation - COC-Replace 11 Locks at JSC	10,000	13,124	(3,124)	131%
Countywide Maintenance Projects - General Government - SLO - DSS - Repair HVAC	45,000	37,955	7,045	84%
Countywide Maintenance Projects - General Government - SLO - Courthouse Annex - Relocate Fire Sprinkler Head	5,000	3,747	1,253	75%
Countywide Maintenance Projects - General Government - Santa Margarita - Community Building Septic Tank Bollards	5,000	4,998	2	100%
TOTAL COMPLETED COUNTYWIDE FACILITIES MAINTENANCE PROJECTS	850,967	778,866	72,101	92% <i>Note: Unexpended funds remain in Fund Center 245 and are typically re-allocated to other projects.</i>

Section 4
Miscellaneous Issues

Discharge of Bad Debt:

Requests to discharge bad debt are presented to the Board in accordance with Government Code requirements. The action relieves the requesting department from active pursuit of receivables, but does not release the responsible parties from the debt owed. Requests to discharge bad debt are only submitted to the Board for action after an extensive effort has taken place and the department has reached the conclusion that the debt will not be collected. If a department's collection efforts are unsuccessful, cases are often turned over to the County's contract collection agency. The following requests for relief from accountability have been submitted to the Board for consideration.

- Request for Relief from Accountability in the amount of \$388.53 on behalf of County Service Areas 23 (Fund 2503501000) and 10A (Fund 2501500000) accounts that have been determined non-collectible.
- Request for Relief from Accountability in the amount of \$25,256.95 on behalf of Fund Center 180 – Social Services for non-collectable debt for CalWORKs, CalFresh and General Assistance programs.
- Request for Relief from Accountability in the amount of \$7,637 on behalf of Fund Center 160 – Public Health for Public Health's Environmental Health Services accounts that have been determined non-collectible.
- Request for Relief from Accountability in the amount of \$7,269 on behalf of Fund Center 160 – Public Health for Public Health Laboratory accounts that have been determined to be non-collectable.

Miscellaneous:

The following requests have been submitted to the Board for consideration.

- Request to accept cash donations made to Parks in the amount of \$20,326.92;
- Request to accept cash donations made to Animal Services in the amount of \$11,420; and
- Request to 1) declare forty-three (43) vehicles as surplus; 2) authorize removal from the County's fleet; and 3) authorize their sale to recover value in accordance with County Code Section 2.36.030(5).

Memos from each of the requesting departments are included in Attachment 2.

**Section 5
Goals and Performance Measures**

The County’s “Results Based Decision Making” initiative is the tool used to identify performance measurements that help to link local government activities and spending to results that benefit the community. Below is a summary of the performance measure results achieved by departments. A complete listing of final Goals and Performance Measures achieved by departments at the conclusion of FY 2015-16 is available in the Clerk-Recorder’s Office and on the County’s website at:

http://www.slocounty.ca.gov/admin/Resources/FY_2015-16_Performance_Measure_Results.htm

Out of a total of 221 measures, 35 (16%) were met, 89 (40%) exceeded their target, and 86 (39%) did not meet their targets. There is no data available to report on 11 (5%) of the measures, which is largely due to comparative data not yet being available from the State or comparator counties.

All County department performance measures are grouped together by functional areas, which categorize the types of services that individual departments provide. The performance measure results in each of the tables below were determined precisely - measures are listed as ‘met’ only if actual results matched the target exactly and measures were listed as ‘exceeded’ or ‘not met’ even if there was very slight (i.e. 0.1%) variation from the adopted target. This method of evaluation and determination allows for no variation from very specific targets and in part explains why 40% of measures were “not met.”

FY 2015-16 performance measure results are generally consistent with results from the prior fiscal year. As noted above, 86 (39%) of the targets were not met in FY 2015-16 which is slightly higher compared to the 80 (37%) targets not met in FY 2014-15. Eighty-nine (40%) measures exceeded their targets; an increase compared to the 82 (38%) measures that exceeded their targets in FY 2014-15. It is important to note that the increase in measures “not met” does not necessarily indicate a decrease in performance level as some departments use stretch targets and some performance measures have changed from the prior year. Of those not met, 33 (38%) measures were within 5% of their target.

The following are highlights of performance measures by functional areas. Not all fund center’s performance measures are discussed in this document. As noted above, a complete listing of final performances and results achieved can be found on the County’s website or in the Clerk Recorder’s Office.

Land Based Functional Area						
Fund Center	Department	Number of FY 15-16 Performance Measures	Met	Exceeded	Not Met	Data unavailable
141	Agricultural Commissioner	6	0	2	2	2
142	Planning & Building	12	2	1	9	0
201	Public Works- Special Services	7	2	2	3	0
245	Public Works- Roads	6	0	5	1	0
405	Public Works	2	0	1	1	0
Total Land Based		33	4	11	16	2
		100%	12%	33%	48%	6%

Out of a total of 33 measures, 11 (32%) exceeded their targets, 4 (12%) were met, and 16 (48%) did not meet their targets. Of those not met, 4 were within 5% of meeting their target. There is no data available to report on 2 (6%) of the measures. The discussion below highlights some of the factors affecting performance measures for the departments of Planning and Building, Public Works, and Public Works - Roads.

Planning and Building has twelve performance measures (one measure has eight sub measures), which measures the services provided to achieve the department's mission to promote the wise use of land and help to build great communities. Of the twelve measures, 2 (17%) of the measures were met, 1 (<1%) exceeded targets, and 9 (75%) were not met.. Due to the rebounding economy, Planning and Building has seen an increase in building, land use activity, large controversial projects and appeals, which continue to increase the overall department workload. In addition, there has been an increase in the number of state codes and local regulations (i.e. new Residential Code, State Green Code, new Energy Code, Regional Water Quality Control Board (RWQCB) storm water regulations and new California Environmental Quality Act (CEQA)/Cultural Resource protection requirement that are being incorporated into the permit review process. Performance measure #2 consists of eight sub measures and tracks the percentage of project types processed within established time lines for representative project types. One out of the eight sub measures was met, one exceeded department targets, and six were not met. The percentage targets for each sub measure are the department's goals that remain high; however, the department acknowledges the majority of targets will be difficult to achieve. While six out of the eight sub measures did not meet the target, five improved from the previous year, two remained the same, and one did decreased from the FY 2014-15. As increased activity and implementation of code changes continues to impact review times, the department will continue to implement efficiencies wherever possible and evaluate the feasibility of current targets.

Public Works has two performance measures relating to delivery of capital projects on time and within budget. The department experienced significant challenges during FY 2015-16, due to the assumption of responsibility for the County's facilities after the dissolution of General Services. Historically, Public Works has delivered roads, bridges, or utilities infrastructure projects. However, in FY 2015-16, the department had to also meet the needs of other County department projects, including Airports and Parks. Many of these new responsibilities included management of projects to address emergent needs or opportunities that benefited the County. Shifting staff time and resources involved the re-arrangement of priorities and adjusting the department's organizational structure to adapt to the new service area of facilities management. Looking forward, the department will continue to evaluate its structure after absorbing these functions. It will also invest in project management training and expanding its database for tracking capital projects. The department will be revising its project delivery performance measures for FY 2017-18 to convey more information on quantity, quality, and outcomes.

Roads has six measures relating to the condition of infrastructure and collision rates. All measures were exceeded aside from the number of collisions at signalized intersections. The Department continuously monitors signal timing and adjusts when and where necessary. New intersections built mid-year will also need to be monitored and adjusted to match local traffic conditions.

The adopted FY 2015-16 target for the Pavement Condition Index was 63 for all County-maintained paved roads. Actual results consisted of a system-wide average of 64 due to a greater amount of one-time funding provided to the pavement management program, which is administered by documenting road conditions, forecasting pavement maintenance, and scheduling maintenance funds for the road system. This management program is designed to provide the greatest return on investment of County funds. The department received a sizeable one-time General Fund contribution of \$3 million for FY 2015-16, and this in conjunction with Road Fund reserves amounted to an investment of approximately \$11.1 million.

Public Protection Functional Area						
Fund Center	Department	Number of FY15-16 Performance Measures	Met	Exceeded	Not Met	Data unavailable
130	Waste Management	1	0	0	1	0
132	District Attorney	10	0	3	6	1
134	Child Support Services	4	0	0	1	3
135	Public Defender	2	1	1	0	0
136	Sheriff	10	2	2	6	0
137	Animal Services	5	1	3	1	0
138	Emergency Services	5	2	2	1	0
139	Probation	6	0	4	2	0
140	County Fire	7	0	1	6	0
Total Public Protection		50	6	16	24	4
		100%	12%	32%	48%	8%

Out of a total of 50 measures, 16 (32%) exceeded their targets, 6 (12%) were met, and 24 (48%) did not meet their targets. Of those not met, 9 were within 5% of meeting their target. There is no data available to report on 4 (8%) of the measures.

Performance measures tracking response times for Sheriff and County Fire operations declined from the prior year. The Sheriff's Office fell short of response time targets for all three of its Patrol Beats: Coast Station, South Station and North Station. Average response times in the Coast Station area of the county were only one percentage point short of the target of 70%. Average times in the other two areas fell short of their targets by more than five or more percentage points.

County Fire's average response times for units to arrive on scene also declined from the prior year, falling short of targets by more than five percentage points in most cases. In FY 2015-16 the first County Fire unit arrived on scene in urban areas on average within seven minutes 73% of the time; in suburban areas within eight minutes 54% of the time, and in rural areas within 15 minutes 85% of the time. The five year average dollar value of property losses by fire in the area served by County Fire was \$24,350 per thousand population in FY 2015-16, compared to \$35,987 per thousand nationally in 2014, the most recent year for which data is available. There have been no fire-related deaths in the area served by County Fire since 2010.

In FY 2015-16, the crime rate in San Luis Obispo for serious offenses, including violent crimes (homicide, forcible rape, robbery and aggravated assault), property (burglary and motor vehicle theft) and arson, was lower than 60% of other California counties of similar size. According to the District Attorney's Office, San Luis Obispo County has consistently ranked lower than the statewide average crime rate since 2008.

In FY 2015-16, the number of aggravated assaults in the county increased from 250 to 351. The Sheriff's Office reports its arrest rate on cases of this type was 80%, compared to 82% last year, and was far higher than the statewide arrest rate of 54%. The Sheriff's Office responded to two homicides in FY 2015-16, compared to one in the prior year. The Sheriff's arrest rate for homicides was 100% in each of past three years, compared to a national arrest rate of 61.5%.

Health and Human Services Functional Area						
Fund Center	Department	Number of FY 15-16 Performance Measures	Met	Exceeded	Not Met	Data unavailable
160	Public Health	9	1	4	4	0
166	Behavioral Health	8	2	3	3	0
180	Social Services	10	0	3	6	1
184	Law Enforcement Medical Care	2	0	0	2	0
186	Veterans Services	3	0	3	0	0
350	Medically Indigent Services Program	1	0	1	0	0
375	Driving Under the Influence (DUI)	3	0	1	2	0
Total Health and Human Services		36	3	15	17	1
		100%	8%	42%	47%	3%

Out of a total of 36 Health and Human Services performance measures, 15 (42%) exceeded their targets, 3 (8%) were met, and 17 (47%) did not meet their targets. Additionally, 1 (3%) measure could not be reported on because the required data was not available. Overall, the results are generally consistent with results from prior years, although there is an increase in the number of measures that are “met” or “exceeded” compared to the prior year, primarily due to Behavioral Health meeting or exceeding more of its measures. Less than half of all measures (47%) tracked for Health and Human Services were not met, which is 3% less than the measures not met in FY 2014-15 (50%). The following are some highlights of measures for this functional area.

Many of the performance measures tracked by the Health and Human Services departments are influenced by external factors. While services offered by these departments can have a positive effect on these measures, it is important to note that the results are not fully within the department’s control. For example, Public Health tracks the rate of reported retail foodborne disease outbreaks, the percentage of low birth weight infants, and the birthrate of adolescent females ages 15-17. Public Health met its target for retail foodborne disease outbreaks per 1,000 county population at 0.72, and exceeded the target of 9.0 for the birth rate of adolescent females ages 15-17 per 1,000 with a result of 6.9. However, the percentage of low birth weight infants was over the target of 6.1% by 0.4%. While the rate of low birth weight babies was higher than the target, the three-year average for San Luis Obispo County remains below the statewide average.

Behavioral Health and the Department of Social Services (DSS) also track measures that are influenced by external factors. For example, Behavioral Health measures the percentage of patients discharged from the Psychiatric Health Facility (PHF) that are re-admitted within 30 days. In FY 2015-16, the result was 7.2%, which exceeded the target of 11% by 3.8%. This suggests that PHF patients are adequately stabilized prior to their release; however, other factors such as psychiatric medication adherence play a role in readmission rates. DSS tracks measures related to target caseloads. For example, the average number of cases per In-Home Supportive Services (IHSS) Social Worker was 112 cases, which is 25% below the target of 150 cases. However, caseload can vary significantly depending on the number of calls and nature of the cases. DSS also tracks the percentage of foster children placed with all of their siblings in out-of-home care, which was 52% for FY 2015-16. While the result is above the statewide average of 50%, it falls short of the target by almost 16%. The results can vary from year to year based on several factors such as the nature of sibling relationships and the severity of abuse.

Community Services Functional Area						
Fund Center	Department	Number of FY 15-16 Performance Measures	Met	Exceeded	Not Met	Data unavailable
215	Farm Advisor	5	0	4	1	0
305	Parks and Recreation	4	0	2	2	0
377	Library	8	1	3	4	0
425	Airport	4	0	2	1	1
427	Golf	4	0	2	2	0
Total Community Services		25	1	13	10	1
		100%	4%	52%	40%	4%

Out of a total of 25 measures, 13 (52%) exceeded their targets, 1 (4%) was met, and 10 (40%) did not meet their targets. Of those not met, five were within 5% of meeting their target. There is no data available to report on 1 (4%) of the measures.

Results in this functional area have declined somewhat compared to the prior year. In FY 2014-15, 26% of measures did not meet their goal. In FY 2015-16, this number grew to 40%. The discussion below highlights some of the performance measure results.

The performance measures tracking customer satisfaction (information gathered primarily through surveys) were exceeded in the Golf, Farm Advisor, and Library fund centers. Parks reported that a total of 93% of customers surveyed rated their parks and recreation experience as satisfactory or better, which was slightly below the target goal of 95%, but still a high rating. Golf also reported that 93% of its customers surveyed (out of 427 responses) rated their recreation experience as satisfactory or better, which was slightly above target for the Golf Program. The Farm Advisor reported that the customer satisfaction for their programs exceeded the adopted target by 1.3% (95% to 96.3%). Evaluations completed by 622 program participants indicated that the programs were high-quality and responsive to community desires.

For Golf, two of the measures not met were due to higher than targeted operating costs per golf round (at \$25.90, or 22% above the target) and fewer golf rounds played (at 112,044, or 9% below target). Although operating revenue per golf round exceeded the target (at \$23.88/round, or 8.5% above target) due in large part to increased concession rental payments generated by the Morro Bay Golf Course, this measure alone gives an incomplete picture of cost recovery for the Golf Program. For that reason, this measure has been replaced in FY 2016-17 with a measure for overall percentage of cost recovery for the Program.

The Farm Advisor has a total of five performance measures; one measure's target was not met while four have exceeded their targets. The "County's fiscal contributions to the Farm Advisor budget" was over its target slightly. This measure tracks the County's contribution to the department's budget on a per acre basis in comparison to benchmark counties. While this target was exceeded, it should be noted that the benchmark counties per acreage costs also increased. It is believed that this is related to the continuing drought and the reduction in associated revenues. Participation in 4-H leadership programs exceeded its target by 2% (22% when compared to the adopted target of 20%). The department continues to focus on educational and awareness efforts in order to increase members' participation in leadership projects. The measure for the number of community contacts provided by volunteers exceeded its target by 44%, or 828 contacts. While the outreach programs include a weekly Tribune column, blogs, and website postings, this measure captures only face-to-face contacts through one-on-one problem solving telephone helplines, help tables at community events such as farmer's

markets, and through workshops and presentations (e.g., monthly “Advice to Grow By” workshops at the Garden of the Seven Sisters Demonstration Garden).

Fiscal and Administrative Functional Area						
Fund Center	Department	Number of FY 15-16 Performance Measures	Met	Exceeded	Not Met	Data unavailable
100	Board of Supervisors	2	0	0	0	2
104	Administrative Office	6	2	2	2	0
107	Auditor-Controller	7	4	1	2	0
108	Treasurer/Tax Collector	6	4	2	0	0
109	Assessor	4	0	2	2	0
110	Clerk Recorder	8	0	6	2	0
275	Organizational Development	3	1	1	1	0
Total Fiscal and Administrative		36	11	14	9	2
		100%	31%	39%	25%	6%

Out of a total of 36 Fiscal and Administrative performance measures, 11 (31%) targets were met, 14 (39%) exceeded their targets, and 9 (25%) did not meet their targets. In general, the results are an improvement over the prior year with five more measures exceeding their target in FY 2015-16 than in FY 2014-15. The Board of Supervisors’ two (2) measures track citizen satisfaction with triennial surveys. The next surveys are planned for FY 2016-17. The following is notable information related to performance measures that track the County’s financial health and stability.

The Administrative Office has a measure which tracks the ratio of General Fund backed annual debt service to the annual General Fund budget. The County’s target follows industry standards, which is to keep this ratio below 5%. In addition, a ratio under 5% is considered favorable by bond rating agencies and would indicate that the County manages its debt well. Despite several years of budget difficulties, the County has been able to consistently exceed this target. FY 2015-16 results show that the County slightly exceeded its set target of 3.0%, with a ratio of 2.6%.

The Auditor-Controller has two measures which track the results of audits performed by outside auditors. These measures target clean or favorable audits on the Countywide Cost Allocation Plan and the Comprehensive Annual Financial Report (CAFR), and have consistently been met, which helps to assure the public and investors that the County’s financial statements are reliable and accurate. However, the two measures that track the number of audits performed for various County programs and funds as well as the audits of concessionaire, service providers, and transient occupancy tax were not met. Both measures were under target by 10% and 2.7% respectively, due a combination of transitioning to a new outside auditing firm and complex audit issues.

The Treasurer-Tax Collector has a measure which relates to the credit rating of the Treasury pool. In FY 2015-16, the County maintained the highest (“AAA/VI”) rating available from Fitch Ratings, Inc. This credit rating assures the investors that the County pays its financial obligations and meets all safety and liquidity goals for the treasury investment pool. Another measure tracks the percentage of annual current secured property taxes owed that is not collected. The result of 0.89% (\$4,704,413) of property taxes not collected exceeded the target of 1.2%.

The Assessor has a measure that tracks the number of assessment appeals filed for every 1,000 assessments. When property owners disagree with their property’s assessed value, they may file for an assessment appeal hearing with the Assessment Appeals Board. The number of real property appeals is used as an indicator of accuracy and equity among assessments. A low number of appeals is associated with a greater degree of accuracy and the property owner’s satisfaction with their assessments. During FY 2015-16 the number of assessment appeals filed was 158, which equates to 0.85 assessment appeals for every 1,000 property assessments. This is slightly lower than the adopted target due to public service excellence combined with strong market conditions. Based upon the most recent California State Board of Equalization’s Report of Budgets, Workloads, and Assessment Appeals Activities for Assessor’s Offices (statistics for FY 2013-14), San Luis Obispo County continues to have the lowest number of assessment appeals filed among comparable counties.

Support to County Departments Functional Area						
Fund Center	Department	Number of FY15-16 Performance Measures	Met	Exceeded	Not Met	Data unavailable
105	Risk Management	10	6	2	2	0
111	County Counsel	5	1	1	3	0
112	Human Resources	7	0	6	1	0
113	Public Works – Facilities Management	5	1	4	0	0
114	Information Technology	7	2	3	2	0
116	Central Services	4	0	2	1	1
407	Fleet Services	3	0	2	1	0
Total Support to County Depts		41	10	20	10	1
		100%	24%	49%	24%	2%

Out of a total of 41 measures, 20 (49%) exceeded their targets, 10 (24%) were met, and 10 (24%) did not meet their targets. The results are an improvement over the prior year with three more measures exceeding the target in FY 2015-16 than in FY 2014-15. Nearly all departments in this functional area have made improvement in the number of measures exceeded. The discussion below highlights some of the performance measure results.

Risk Management met many of its targets related to serious injuries, liability claims, and worker’s compensation claims. The County has consistently done better than the California State Association of Counties (CSAC) Excess Insurance Authority average for these indicators.

One of County Counsel’s performance measures tracks the number of days it takes to respond to requests for legal advice and/or contract review. The measure for percentage of projects in which advice or contract review was completed within five working days was slightly under its target (by 1%) due to the complexity or the amount of information needed to provide sound legal advice on some of the requests. In FY 2015-16, County Counsel handled 3,464 requests for legal advice; of that amount, 3,145 were processed within the target of five working days.

Public Works – Facilities Management exceeded most of its targets. Most performance measures in this fund center relate to timely maintenance repairs.