



Fiscal Year 2011-12

Second Quarter Financial Status Report

County of San Luis Obispo

In accordance with the Board's adopted policy related to Ongoing Budget Administration, this Second Quarter Financial Report provides an overview of the County's financial position at the end of the second quarter of Fiscal Year 2011-12. The second quarter timeframe is October 1, 2011 through December 31, 2011. The purpose of the Second Quarter Financial Report is to provide the Board and public with information about the County's financial position at end of the second quarter for the current fiscal year.

The Second Quarter Financial Report is organized in following sections:

Section 1 - Provides an overview of the County's financial position at the end of the second quarter, as well as brief summaries of noteworthy departmental fiscal and operational issues.

Section 2 - Provides a big picture analysis of second quarter revenue receipts by category (e.g., taxes, charges for services, etc.) and fund (e.g., General Fund, Road Fund, etc.) as well as a review of contingency, designation and reserve activity.

Section 3 - Lists all personnel changes approved by the Board of Supervisors during the fourth quarter.

Section 4 - Provides an update on all of the Federal stimulus funding received as of the end of first quarter FY 2011-12.

Section 5 - Provides miscellaneous financial items for the Board's consideration, such as requests from departments for acceptance of gift funds and donations, discharge of bad debt and miscellaneous budget augmentations.

Section 6 - Provides an update on the implementation of the 2011 Public Safety Realignment Plan approved by the Board of Supervisors on October 11, 2011.

Section 7 - Provides an update on the Capital Improvement Projects (CIP) managed by the General Services Agency.

Section 8 - Provides an update on the Capital Improvement Projects (CIP) managed by the Public Works Department.

**Board Policy #11:
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.

Section 1: Overview of Financial Position

As shown on the chart below, expenditure and revenue patterns for the second quarter are typical for this portion of the fiscal year. The revenue realization rates shown in the tables below are typical for the second quarter due to the time lag involved in billing cycles and receipt of reimbursements, and because some of the largest revenue sources, property taxes are an example, are historically realized closer to the end of the fiscal year.

The following table compares the current year and prior year second quarter expenditures and revenues for All Funds and the General Fund.

Expense & Revenue <u>All Funds</u> Comparison		
	Second Quarter FY 2010-11	Second Quarter FY 2011-12
Expenditures	39%	40%
Revenue Realized	33%	36%
Expense & Revenue <u>General Fund</u> Comparison		
	Second Quarter FY 2010-11	Second Quarter FY 2011-12
Expenditures	45%	43%
Revenue Realized	35%	37%

Based on the evaluation of the financial information provided by departments for the second quarter, all departments report that they anticipate remaining within their budgeted General Fund level.

The second quarter fiscal report identifies five noteworthy issues. Three of these are follow-up reports on issues identified in the first quarter report. These include issues related to the budgets of the Sheriff's Office, the Planning and Building Department, and the Reprographics Division of the County General Services Agency. Both the Sheriff and Planning report that their situation has improved, and both departments now project that they will end the year within their budgeted level of General Fund support. Reprographics reports that its current year situation has improved somewhat, but its long-term status remains in question.

Two new issues are identified based on reports from Airports and the Department of Social Service in the second quarter. While both issues are projected to have no impact on the General Fund, they represent trends that could potentially become important as time goes on.

Noteworthy Issues Identified in the Second Quarter.

Department: Sheriff -Coroner
Fund Center: 136
Issue: Greater than budgeted expense.
Potential Impact to GF: None.

The Sheriff's Office projects that it will now end the year at or below its budgeted level of General Fund support for FY 2011-12 due to Prop 172 revenue (the ½ cent sales tax for public safety), which is projected to end the year 7% or

approximately \$800,000 higher than budgeted. Previously, at the end of the first quarter, the Sheriff's Office had projected that it might end the year approximately \$300,000 over its budgeted level of General Fund support, due to unbudgeted expenditures for garage charges and fuel. The Sheriff's expenditure budget may need to be increased before year end to accommodate these and other un-budgeted expenditures.

As previously reported, the Sheriff's fuel expenditures are projected to exceed budget by \$182,000 (43%) by year end. This increase is the combined effect of per gallon cost for fuel that is higher than what was assumed in the budget, and an increase in mileage costs and in miles driven. The Sheriff's garage charges are also projected to exceed budget by \$97,000 (13%), due in part to unanticipated expenditures for repair and modifications to several Sheriff's vehicles. The Sheriff's Office continues to work with County Fleet to determine how to mitigate these increases.

The average daily inmate population of the county jail has regularly exceeded 650 inmates since before the beginning of the current fiscal year. Over the last three years, the daily population has averaged approximately 550 inmates per day. This year's increase has driven up expenditures for related expenses, such as food, clothing and general household expense associated with running the jail. The Sheriff's Office projects that expenditures for these items may exceed budgeted levels by \$227,000 at year end.

It should be noted that the increase in the inmate population actually pre-dates the implementation of the 2011 Public Safety realignment passed by the State Legislature this fiscal year. Under 2011 Realignment, inmates that formerly would have served time in state prison now serve their time in county jails. This includes the sentences for certain lower level felonies and state parolees who violate the terms of their release state prison. Realignment didn't take effect until October 2011, four months after the start of the year. In October, the average daily inmate population was already at 664. (See Section 6 of this report for more information related to the 2011 Public Safety Realignment.)

The increase in these expenses, combined with the unbudgeted increase in expenditures for fuel and garage charges, suggest that the Sheriff's Office will likely need a budget adjustment to increase its expense budget before the end of the fiscal year. The Sheriff and the Administrative Office will continue to monitor this issue in the third quarter.

As reported in the first quarter, expenditures for overtime and temp help had exceeded budgeted levels. Although there was sufficient salary savings from vacancies to offset these increased expenditures in the first quarter, the Sheriff's Office continues to monitor these

expenses. Spending on overtime is expected to decline as vacant positions are filled in the second half of the year, and the Sheriff projects that overall salary expenditures will be within budgeted levels by year end.

Overall, the Sheriff's Office projects that it will end the year at or below its budgeted level of General Fund support.

Department: Planning and Building
Fund Center: 142
Issue: Revenue shortfall
Potential Impact to GF: None.

The Planning and Building Department's budget situation has improved and, as of the end of the second quarter, the Department reports that its budget is now on track to end the year at or below its budgeted level of General Fund support.

At the end of the first quarter Planning reported that overall revenues were projected to fall short of budgeted levels by approximately \$439,000 (8%). This would have resulted in an estimated \$300,000 impact to the General Fund at year end. The Department projects that this impact will now be offset by two factors: (1) improved revenue expectations, mainly due to \$73,000 in fees from some large projects that are now underway, and (2) \$231,000 of additional expenditure savings now expected by year end.

Overall, Planning and Building revenues at the end of the second quarter are 41% of the budgeted amount. It is typical for the department to have realized less than 50% of budgeted revenues at mid-year due to the time lag involved in grant funding. Grant funds are typically received after expenditures are incurred and it is not unusual for reimbursement to occur late in the fiscal year or in the subsequent fiscal year. Any unused grant funds are carried over into the following fiscal year.

Revenue from building permits realized as of the end of the second quarter was 48% of budgeted levels. This compares to 56% of budgeted revenues realized during the same period last year. Despite the slowdown in building fee revenue in the first quarter, higher than expected number of large projects are applying for building permit and revenue from these projects has helped mitigate the projected shortfall in revenue.

Given the current pace, it is possible the revenue from these projects will exceed budgeted amounts and help mitigate shortfalls in other revenue sources. In addition, the upswing in pre-application meetings continues and could be a sign that there will be more land-use permit applications filed this year than was anticipated in the budget.

As noted earlier, Planning and Building is now projected to end the year with more expenditure savings than was expected in the first quarter report. This savings is expected from two sources: (1) salary savings from five positions that will be held vacant for the remainder of the year, totaling approximately \$288,000, and (2) \$50,000 from special studies that will not be completed this year.

Department: Social Services Administration
Fund Center: 180
Issue: Unbudgeted expenditures
Potential Impact to GF: None.

At the end of the second quarter, looking at the combined financial status of the Department of Social Services (DSS) four fund centers, it is projected that the department will end the year \$376K below its budgeted level of General Fund support due to a combination of savings and unanticipated revenue.

Despite the overall projected savings at year end, the Department reports that costs for In Home Supportive Services (IHSS), which provides domestic and personal care services to elderly, blind and disabled persons, have run higher than budgeted, and that this expenditure item could exceed budgeted levels by as much as \$500,000 (13%) over the budgeted \$3.86 million for the County's share of IHSS by year end. The increase is driven by an increase in participant care hours over the prior year.

Beginning February 1, in order to more closely regulate the approval of additional IHSS hours, an additional step of review has been added to the process for approving increases to authorized hours. Requests for increased hours now go through a two-step review, which provides an additional check to ensure increased hours are warranted. In addition, new case authorizations are now approved by supervisory staff. It is too soon to determine if the new process will mitigate the increase in hours, but the department will provide an update in the third quarter report.

Department: Reprographics
Fund Center(s): 406
Issue: Revenue decline due to reduced service demand
Potential Impact to GF: None.
(Potential impact to GF in future years.)

As noted in the first quarter, declining demand for the services provided by the Reprographics Division of the General Services Agency, which operates as an internal service fund and charges for its services, is driving a substantial decline in revenues. At the end of the second quarter, the gap between expense and revenue is now projected to be \$58,000, which is

substantially less than the \$92,000 initially projected in the first quarter. The gap was reduced due to a slight uptick in revenues, including one-time revenue received from the sale of surplus equipment.

However, the longer term outlook for Reprographics continues to indicate a decline in demand for copy and print services and related revenues. Over the past five years, the number of job requests processed by Reprographics has declined by over 40%. The business dynamics for Reprographics are not expected to improve in the future, indicating that in future years the full operational cost for Reprographics will not be recovered through the revenues generated by this ISF. This dynamic is the result of fundamental shifts in departmental business processes and driven by three primary factors:

1. Increased use of electronic communications (i.e. email),
2. Increased use of departmental copiers and printers, and
3. Selective outsourcing for copying and printing needs by departments.

Reprographics currently has an unallocated cash balance which will be used to bridge the gap during the current fiscal year. Current projections indicate that Reprographics will use more than half of the cash balance leaving approximately \$40,000 for operating cash in the future. Without a substantial increase in revenues or reduction in expenditures, it is likely that Reprographics will use all of their unallocated cash and be in a deficit situation in the next fiscal year. There is little room to further reduce expenses without reducing the number of staff positions in Reprographics. There are currently three full-time positions in Reprographics.

The General Services Agency (GSA) and Administrative Office have been monitoring the declining revenue trend in Reprographics. In response, GSA recently hired an independent consultant to assess Reprographics' current business, perform a cost analysis, and provide a review of industry trends. The consultant collected feedback from County departments on their current and expected future use of both Reprographics and outside vendors. Market costs for the service volumes currently handled by the County were collected from three local vendors. The resulting report found that a consolidated contract with an outside vendor could potentially reduce the annual County cost for copy and print services by \$200,000 or more, compared to FY 2009-10 figures. Since FY 2009-10 usages of Reprographics has dropped and any future savings could be less.

Looking forward, the County has two options to meet its print and copy needs. The first is to keep the current Reprographics program in place. This would mean higher charges to County departments or a subsidy from the County General Fund, or a combination of the two. Higher charges to departments may increase the use of outside vendors as departments seek to reduce their costs. This would potentially cause a further decline in Reprographics revenues requiring additional General Fund dollars, which would potentially leave less General Fund available to fund other County operations. The second option is to enter into a consolidated County-wide contract with a private copy and print vendor. This option would result in overall savings to the County and reduced costs to County departments.

Based on this analysis, the General Services Agency plans to phase out Reprographics over the next 12 to 18 months and establish a consolidated contract with a copy and print vendor to be used by all departments. This timeline will allow sufficient time to develop a contract and implement an orderly transition from in-house services to a private provider.

<p>Department: Airports Fund Center: 425 Issue: Revenue decline due to reduced number of enplanements. Potential Impact to GF: None.</p>
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At the end of the second quarter, operational revenues and expenditures for Airports are projected to be below budgeted levels at year end.

Enplanements in the first half of the fiscal year declined 3% compared to the same period last year. In June of 2011 US Airways downgraded two of three 90-seat flights per day to 50-seats. This downgrade is the result of a contract change in another market that forced US Airways to move the larger jets to other locations. The larger jets are expected to return to San Luis Obispo sometime after July 1, 2012. Airport management continues to work with the airline to increase capacity to previous levels.

The following table shows enplanement numbers from FY 2007-08 to the present.

Enplanements	Q1	Q2	Q3	Q4	Cumulative	Year to Year 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	12%
2011/12	35,631	34,493			70,124	-3%*

* Compares the first two quarters of FY 2010-11 to the first two quarters of FY 2011-12.

Several revenue sources are projected to fall short of budget by a combined total of \$143,000 by year end. These include parking, fuel flow fees, federal funding for airport security, and rental revenue. Savings on operational expenditures are projected to offset \$97,000 of the shortfall, leaving a gap of \$46,000. Revenues applied to capital expenses are also projected to end the year \$11,000 under budget, leaving a total revenue/expenditure gap of \$57,000. The Airport currently has approximately \$530,000 in unallocated operational cash and will use a portion to offset the gap at year end.

Although enplanements and Airport revenues show a decrease, the overall fiscal health of the Airport has improved from prior fiscal years. Maintaining and expanding commercial air service is essential to improving the Airport's fiscal position. Updates will be provided in future quarterly financial reports.

Section 2: Status of Funds, Contingencies and Reserves

REVENUE SCHEDULE ANALYSIS SECOND QUARTER FOR FISCAL YEAR 2011-2012

I. GENERAL:

The Auditor-Controller's Office has prepared the following Schedules that are attached at the back of this report.

Schedule 1: Comparative Statement of County Funds - Revenue Status

Schedule 2: Comparative Statement of Contingencies and Reserves

These schedules are the focus of the following discussion. Generally, comments are limited to material deviations from the prior year or from what would appear to be normal performance.

II. SCHEDULE 1: Comparative Statement of County Funds - Revenue Status

A. Summary

Total budgeted revenues for all funds are \$501.6 million. At the end of the second quarter \$181.6 million or 36% of estimated revenues were realized, compared to 33% for the same period in the prior year. Taxes and government aid do not follow even monthly flows.

B. Specific Comments - Revenue Status by Type

Taxes-Current Property: Collections of property tax revenue were 57% at the end of the second quarter, compared to the prior year's realization rate of 56%.

Taxes- Other than Current Property: At the end of the second quarter 20% of estimated revenue was realized, compared to 18% in the prior year. Included in this revenue classification are Transient Occupancy Tax (Bed Tax), Property Transfer Tax, Property Tax In-Lieu of Sales Tax and Property Taxes In-Lieu of Vehicle License Fees. The majority of these revenue sources are expected to meet budget. The known exception is Property Tax In-Lieu of Sales Tax, which is determined by the State Department of Finance in August and based on estimates for the current fiscal year. Last year, the State's estimate was low, and an adjustment or true-up will be included in the current year revenue. At this time no sales tax related to the two solar plants currently under construction has been received.

Licenses and Permits: The amount realized is 40% of estimates compared to last year's realization rate of 42%. Revenue sources in this class include Franchise Fees, Plan Check Fees and Land use Permits. Plan Check Fees increased by \$189,000 over the same period last year. Building Permit revenue is down by \$238 thousand compared to last year, even though the budget for that revenue increased over last year.

Fines, Forfeitures and Penalties: The amount realized is 36% compared to last year's realization rate of 29%. A settlement of \$500,000 received in August accounts for most of the difference between fiscal years.

Revenue – Money and Property Use: Realized revenue in this class is 130% compared to the 29% realization rate in the prior year. This is largely the result of the collection of Rents and Concessions revenue that was not budgeted. Total interest revenue earned by the General Fund was \$75,112 compared to \$42,457 in the same quarter prior year. The average rate of return during the second quarter was .4840% compared to .3660% in the prior year.

Aid from Government Agencies: The amount realized is 29%, compared to 25% for the prior year. Aid from government agencies does not follow even monthly revenue flows but catches up in the third and fourth quarters. There are a number of variances from the prior year including the timing of transfers and accrual reversals. Some of these differences result in increased revenue and some in decreases but most are expected to even out before the end of the fiscal year.

Charges for Current Services: The amount realized is 41%, compared to 43% in the prior year. Road Impact Fee revenue is significantly lower, \$2.803 million, than the prior year due to payments received related to a large project in Nipomo in the prior year. The Sheriff's Court Security Billings is no longer accounted for in this revenue class as that revenue is part the of the State's 2011 Realignment and is included in the Aid from Government Agencies class, resulting in a \$1.292 million decrease from prior year. Those decreases were partially offset by Environmental Health Services revenue which was higher in the current year by \$945,000.

Other Revenues: The amount realized in this class increased by \$2.464 million over the prior year. This was due mainly to the sale of County owned property in California Valley.

C. Specific Comments - Revenue by Fund

General Fund: The General Fund realized 37% of estimated revenue as of the end of the second quarter, compared to 35% in the prior year.

Road Fund: The Road Fund realized 29% of estimated revenue in the period compared to 13% in the prior year. This is mainly a timing issue as revenue is recognized as projects progress.

Public Facility Fees: The Public Facility Fee Fund realized 46% of revenue in the current fiscal year, compared to 67% in the prior year. Actual revenue decreased approximately \$225,000 from the prior year, reflecting the decrease in building permits issued for new construction.

Countywide Automation Replacement: Revenue realized in the current year is 36% compared to 24% in the prior year. This is mainly due to \$565 thousand received for new contracts for right of way access with two telecommunications carriers. This revenue was not budgeted in the current year but will be budgeted going forward.

Impact Fees – Traffic: Revenue was realized at 88% in the current year compared to the prior year when 92% was realized in the period. This revenue source is based on building permit activity within Road Improvement Areas of the County. Actual revenue decreased by approximately \$2.8 million from the prior year.

SCHEDULE 2: Comparative Statement of Contingencies and Reserves

A. Contingencies

During the second quarter contingencies were reduced by \$440,000 to fund expenses associated with a new contract with Community Health Centers of the Central Coast. An additional \$35,000 transfer was made to County Counsel to cover the costs of outside counsel.

As of December 31, 2011, the balance in General Fund Contingencies was \$14,092,086.

B. General Reserves

The Government Code provides that General Reserves may not be used during the operating year unless the Board of Supervisors deems that there is a state of emergency. Since no emergency has occurred to date, all balances of reserves are as adopted.

C. Designations and Other Reserves

The Board of Supervisors may choose to designate portions of available funding for a specific future purpose. Such designations reflect tentative plans, which are subject to change. It is this flexibility that distinguishes designations from reserves.

\$1,720,000 GENERAL GOVERNMENT BUILDING REPLACEMENT FUND: The designation was increased for the amount received from the Sale of County Owned Properties in the Unincorporated Area of California Valley.

\$(236,662) ROAD IMPACT FUND: To increase appropriation to transfer the remaining funds from the San Luis Obispo Fringe Area Road Improvement Fee Mitigation Account to the City of San Luis Obispo's Transportation Improvement Fee Mitigation Account.

\$(80,000) GENERAL FUND: From Internal Financing Reserve to purchase HdL Software for the Treasurer-Tax Collector's Office.

\$(581,840) COUNTYWIDE AUTOMATION REPLACEMENT FUND: From the Automation Replacement account to purchase Business Intelligence Software.

III. Schedule of Appropriation Transfers under the Auditor's Authority

By resolution the Board of Supervisors authorized the Auditor-Controller to approve appropriation transfers between all object levels within the same budget unit. The resolution also directed that such transfers be reported to the Board on a quarterly basis.

The following transfers were made under the Auditor's Authority during the second quarter of 2011-2012.

Auditor's Office – Fund Center 107: Transferred \$5,391 from Capital Outlay-Equipment to Services and Supplies to fund additional costs for a payroll consulting services contract.

COMPARATIVE STATEMENT OF COUNTY FUNDS- REVENUE STATUS

For the Six Month Period Ended December 31, 2011 and 2010

Revenue Status by Class	2011-12			2010-11		
	Amount Budgeted	Amount Realized 12/31/11	%	Amount Budgeted	Amount Realized 12/31/10	%
TAXES - CURRENT PROPERTY	\$ 100,089,158	\$ 57,169,022	57 %	\$ 100,898,240	\$ 56,568,379	56 %
TAXES - OTHER THAN CURRENT PROPERTY	45,163,518	9,063,380	20 %	44,165,700	7,890,475	18 %
LICENSES AND PERMITS	7,833,066	3,138,849	40 %	7,649,519	3,185,637	42 %
FINES, FORFEITURES AND PENALTIES	6,114,587	2,171,081	36 %	5,975,737	1,707,895	29 %
REVENUE - MONEY AND PROPERTY USE	845,522	1,103,129 *	130 %	1,407,499	408,776	29 %
AID FROM GOVERNMENT AGENCIES	236,040,064	68,926,885	29 %	239,300,680	60,315,773	25 %
CHARGES FOR CURRENT SERVICES	31,529,946	13,025,069	41 %	38,050,279	16,543,548	43 %
OTHER REVENUES	30,826,625	13,154,753	43 %	32,253,504	10,690,687	33 %
OTHER FINANCING SOURCES	43,195,557	13,844,381	32 %	49,376,032	15,303,477	31 %
TOTAL REVENUES	\$ 501,638,043	\$ 181,596,549	36 %	\$ 519,077,190	\$ 172,614,647	33 %

Revenue Status by Fund	2011-12			2010-11		
	Amount Budgeted	Amount Realized 12/31/11	%	Amount Budgeted	Amount Realized 12/31/10	%
1000000000 General Fund	\$ 377,762,017	\$ 138,044,899 *	37 %	\$ 381,492,284	\$ 134,136,228	35 %
1100000000 Capital Projects	9,723,170	960,495 *	10 %	11,667,512	1,762,356	15 %
1200000000 Road Fund	52,490,571	15,084,336	29 %	66,774,938	8,848,263	13 %
1200500000 Community Devel Pgm	10,148,065	2,229,683	22 %	11,003,274	2,873,369	26 %
1201000000 Public Facility Fees	1,019,904	467,454	46 %	1,028,638	691,796	67 %
1201500000 Parks	7,826,374	3,610,167	46 %	7,765,549	3,458,518	45 %
1202000000 Co-Wide Automation Replacement	5,254,312	1,906,867	36 %	5,532,731	1,353,937	24 %
1202500000 Gen Gov Building Replacement	5,040,873	1,670,967	33 %	2,521,543	1,266,285	50 %
1203000000 Tax Reduction Resrv	3,035,109	1,536,787	51 %	1,000,000	513,302	51 %
1203500000 Impact Fee-Traffic	2,434,600	2,153,468	88 %	5,379,429	4,957,285	92 %
1204000000 Wildlife And Grazing	3,500	8	0 %	3,500	5	0 %
1204500000 Driving Under the Influence	1,412,707	660,641	47 %	1,550,121	688,754	44 %
1205000000 Library	7,904,661	4,414,244	56 %	8,410,645	4,384,421	52 %
1205500000 Fish And Game	20,000	11,193	56 %	20,000	6,113	31 %
1206000000 Organizational Development	512,166	248,474	49 %	40,000	2,137	5 %
1206500000 County Med Svcs Prog	5,905,451	2,942,378	50 %	2,684,006	1,491,118	56 %
1207000000 Emergency Med Svcs	820,400	319,083	39 %	912,300	337,930	37 %
1207500000 Cal Hlth Indig Prog	0	0	%	723,288	649	0 %
1208000000 Debt Svc-Cert of Participation	2,250,163	1,443,557	64 %	2,986,432	2,163,361	72 %
1801000000 Pension Obligation Bond DSF	8,074,000	3,891,848	48 %	7,581,000	3,678,820	49 %
TOTAL REVENUES	\$ 501,638,043	\$ 181,596,549	36 %	\$ 519,077,190	\$ 172,614,647	33 %

*Includes second quarter interest earnings of \$75,112 for the General Fund and \$23,840 for the Capital Projects Fund.
Interest Rate: 0.4840%

COMPARATIVE STATEMENT OF CONTINGENCIES AND RESERVES

By Fund as of December 31, 2011

	2010-11	2011-12	As of	2011-12
	Final	Final	As of	Increase
<u>Contingencies</u>	<u>Budget</u>	<u>Budget</u>	<u>12/31/11</u>	<u>(Decrease)</u>
General Fund	\$ 14,489,051	\$ 14,567,086	\$ 14,092,086	\$ (475,000)
Community Devel Pgm	16,983	35,135	35,135	0
Parks	321,550	397,251	397,251	0
Driving Under the Influence	59,839	50,000	50,000	0
Library	220,000	47,389	47,389	0
County Med Svcs Prog	350	0	0	0
<u>TOTAL CONTINGENCIES</u>	<u>\$ 15,107,773</u>	<u>\$ 15,096,861</u>	<u>\$ 14,621,861</u>	<u>\$ (475,000)</u>

	2010-11	2011-12	As of	2011-12
	Final	Final	As of	Increase
<u>General Reserves</u>	<u>Budget</u>	<u>Budget</u>	<u>12/31/11</u>	<u>(Decrease)</u>
General Fund	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 0
Wildlife And Grazing	4,377	377	377	0
Driving Under the Influence	208,129	200,459	200,459	0
Library	94,690	74,690	74,690	0
Fish And Game	47,539	54,583	54,583	0
Organizational Development	389,366	396,052	396,052	0
<u>TOTAL GENERAL RESERVES</u>	<u>\$ 8,744,101</u>	<u>\$ 8,726,161</u>	<u>\$ 8,726,161</u>	<u>\$ 0</u>

COMPARATIVE STATEMENT OF CONTINGENCIES AND RESERVES
By Fund as of December 31, 2011

Designations and Other Reserves	2010-11 Final Budget	2011-12 Final Budget	As of 12/31/11	2011-12 Increase (Decrease)
General Fund				
Co. Fire Equip. Replace	\$ 1,316,441	\$ 991,083	\$ 991,083	\$ 0
Internal Financing	4,859,876	5,423,419	5,343,419	(80,000)
Willow Rd Interchange	5,200,967	967	967	0
Capital Projects				
Detention Facilities	6,500,000	6,500,000	6,500,000	0
Facilities Planning	1,993,115	3,652,728	3,652,728	0
Juvenile Hall Bldg	2,750,000	2,750,000	2,750,000	0
LO Landfill Closure	454,445	415,445	415,445	0
Road Fund				
Future Road Projects	922,414	3,617,000	3,617,000	0
N. River Mine Reserve	83,000	83,000	83,000	0
Willow Rd Interchange	799,033	0	0	0
Public Facility Fees				
Reserve for County Fire	4,061,308	1,607,073	1,607,073	0
Reserve for General Gov't	307,541	807,454	807,454	0
Reserve for Law Enforcmnt	1,079,952	1,047,217	1,047,217	0
Reserve for Library	170,142	167,131	167,131	0
Reserve for Parks	1,443,429	1,391,518	1,391,518	0
Parks				
Lopez Park's Projects	60,000	60,000	60,000	0
Parks Projects	214,768	214,768	214,768	0
Co-Wide Automation Replacement				
Automation Replacement	8,176,794	8,964,861	8,383,021	(581,840)
Budget System Developm	770,274	770,274	770,274	0
Property Tax System	280,265	0	0	0
Gen Gov Building Replacement				
Gov. Building Rpl	6,082,482	9,437,795	11,157,795	1,720,000
Library - Cambria	0	156,376	156,376	0
Tax Reduction Resrv				
Desig-Prop Tax Litigation	797,952	797,952	797,952	0
Tax Reduction Reserves	4,841,989	11,326,531	11,326,531	0
Impact Fee-Traffic				
Improvement Fees	5,779,608	5,327,753	5,091,091	(236,662)
Wildlife And Grazing				
Wildlife Projects	207	5,589	5,589	0
Driving Under the Influence				
Systems Development	322,659	341,924	341,924	0
Library				
Atascadero Building Expan	203,940	163,131	163,131	0
Facilities Planning	1,215,628	977,510	977,510	0
Fish And Game				
Environmental Settlemt	18,110	15,502	15,502	0
Fish and Game Projects	88,788	86,087	86,087	0
Organizational Development				
Countywide Training	1,199,042	1,324,919	1,324,919	0
County Med Svcs Prog				
Automation replacement	87,695	0	0	0
Debt Service-Cert of Participation				
Loan Payment Reserve	16,373	16,373	16,373	0
Pension Obligation Bond DSF				
Desig - POB Debt Service	7,155,119	6,984,700	6,984,700	0
TOTAL DESIGNATIONS AND RESERVES	<u>\$ 64,576,817</u>	<u>\$ 75,426,080</u>	<u>\$ 76,247,578</u>	<u>\$ 821,498</u>

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
For the Six Month Period Ended December 31, 2011

Budget Units by Functional Area	2011-12 Budgeted Expenditures	Amount Expended 12/31/11	%	2011-12 Budgeted Revenues	Amount Realized 12/31/11	%
General Government						
100 BOARD OF SUPERVISORS	\$ 1,661,006	\$ 795,899	48 %	\$ 0	\$ 0	0 %
101 NON-DEPARTMENTAL REVENUES	5	0	0 %	143,970,316	64,222,538	45 %
104 ADMINISTRATIVE OFFICE	1,756,284	760,612	43 %	29,209	14,697	50 %
105 RISK MANAGEMENT	1,587,747	1,000,035	63 %	990,117	304,422	31 %
107 AUDITOR-CONTROLLER	5,447,502	2,133,423	39 %	1,352,648	363,739	27 %
108 TREAS-TAX COLL-PUBLIC ADM	2,999,213	1,398,823	47 %	1,396,753	524,409	38 %
109 ASSESSOR	8,682,871	3,873,475	45 %	207,216	16,540	8 %
110 CLERK/RECORDER	3,188,230	1,309,624	41 %	2,407,538	1,350,178	56 %
111 COUNTY COUNSEL	3,746,721	1,674,736	45 %	114,112	78,753	69 %
112 HUMAN RESOURCES	2,425,929	1,043,442	43 %	276,598	155,119	56 %
113 GENERAL SERVICES	12,506,221	5,146,041	41 %	5,153,768	3,218,080	62 %
114 INFORMATION TECHNOLOGY DEPARTMENT	10,594,050	5,429,637	51 %	2,128,948	1,086,907	51 %
201 PUBLIC WORKS SPECIAL SERVICES	4,446,894	954,380	21 %	2,882,904	1,450,562	16 %
266 COUNTYWIDE AUTOMATION REPLACEMENT	5,849,175	946,489	16 %	5,254,312	1,906,867	36 %
267 GEN GOVT BUILDING REPLACEMENT	1,513,192	48,416	3 %	5,040,873	1,670,967	33 %
268 TAX REDUCTION RESERVE	5,486,195	1,051,071	19 %	3,035,109	1,536,787	51 %
275 ORGANIZATIONAL DEVELOPMENT	585,212	115,496	20 %	512,166	248,474	49 %
290 COMMUNITY DEVELOPMENT PROGRAM	10,148,065	2,171,124	21 %	10,148,065	2,229,683	22 %
TOTAL General Government	\$ 82,624,512	\$ 29,852,723	36 %	\$ 184,900,652	\$ 79,378,722	43 %
Public Protection						
130 WASTE MANAGEMNT	\$ 805,709	\$ 396,286	49 %	\$ 96,645	\$ 43,065	45 %
131 GRAND JURY	138,038	64,110	46 %	0	0	0 %
132 DISTRICT ATTORNEY	14,330,065	6,448,585	45 %	5,637,295	1,522,192	27 %
134 CHILD SUPPORT SERVICES	4,766,004	2,327,560	49 %	4,729,492	1,439,491	30 %
135 PUBLIC DEFENDER	5,735,803	2,843,519	50 %	857,000	210,772	25 %
136 SHERIFF-CORONER	58,633,738	27,924,619	48 %	21,467,507	7,642,668	36 %
137 ANIMAL SERVICES	2,414,266	1,114,579	46 %	1,905,789	918,722	48 %
138 EMERGENCY SERVICES	2,107,568	933,482	44 %	1,936,191	756,683	39 %
139 PROBATION DEPARTMENT	18,474,628	8,166,443	44 %	9,527,408	2,972,975	31 %
140 COUNTY FIRE	16,944,639	1,427,838	8 %	5,532,248	1,737,383	31 %
141 AGRICULTURAL COMMISSIONER	5,420,705	2,453,656	45 %	3,299,112	830,814	25 %
142 PLANNING & BUILDING DEPARTMENT	12,754,099	5,463,362	43 %	6,145,581	2,527,789	41 %
143 COURT OPERATIONS	2,490,773	1,340,709	54 %	2,906,068	885,309	30 %
330 WILDLIFE AND GRAZING	3,500	45	1 %	3,500	8	0 %
331 FISH AND GAME	27,701	6,940	25 %	20,000	11,193	56 %
TOTAL Public Protection	\$ 145,047,236	\$ 60,911,733	42 %	\$ 64,063,836	\$ 21,499,064	34 %
Public Ways & Facilities						
245 ROADS	\$ 60,494,955	\$ 20,848,336	34 %	\$ 52,490,571	\$ 15,084,336	29 %
247 PUBLIC FACILITIES FEES	7,630,298	833,789	11 %	1,019,904	467,454	46 %
248 ROADS - IMPACT FEES	5,215,146	441,304	8 %	2,434,600	2,153,468	88 %
TOTAL Public Ways & Facilities	\$ 73,340,399	\$ 22,123,429	30 %	\$ 55,945,075	\$ 17,705,258	32 %

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
For the Six Month Period Ended December 31, 2011

Budget Units by Functional Area	2011-12 Budgeted Expenditures	Amount Expended 12/31/11	%	2011-12 Budgeted Revenues	Amount Realized 12/31/11	%
Health & Sanitation						
160 PUBLIC HEALTH	\$ 22,277,605	\$ 9,711,698	44 %	\$ 18,302,814	\$ 5,674,039	31 %
166 BEHAVIORAL HEALTH	47,927,226	21,019,405	44 %	40,490,561	10,189,567	25 %
TOTAL Health & Sanitation	\$ 70,204,831	\$ 30,731,103	44 %	\$ 58,793,375	\$ 15,863,606	27 %
Public Assistance						
106 CONTRIBUTIONS TO OTHER AGENCIES	\$ 1,980,095	\$ 1,460,933	74 %	\$ 487,481	\$ 20,881	4 %
180 SOCIAL SERVICES ADMINISTRATION	59,557,013	27,364,511	46 %	53,950,555	12,301,355	23 %
181 FOSTER CARE-SOCIAL SERVICES	18,121,602	8,819,159	49 %	17,285,105	7,677,490	44 %
182 CALWORKS	14,544,746	6,190,229	43 %	14,173,928	5,015,016	35 %
183 MEDICAL ASSISTANCE PROG	4,267,405	2,778,703	65 %	155,793	38,112	24 %
184 LAW ENFORCEMENT MED CARE	1,841,443	949,535	52 %	490,610	219,796	45 %
185 GENERAL ASSISTANCE	1,172,875	447,703	38 %	698,174	156,036	22 %
186 VETERANS SERVICES	398,530	159,902	40 %	65,000	32,294	50 %
350 CO MEDICAL SERVICES PROG	6,166,258	2,443,621	40 %	5,905,451	2,942,378	50 %
351 EMERGENCY MEDICAL SRVS FUND	1,166,002	488,874	42 %	820,400	319,083	39 %
352 CAL HEALTHCARE INDIG PROG	779,450	779,451	100 %	0	0	0 %
TOTAL Public Assistance	\$ 109,995,419	\$ 51,882,621	47 %	\$ 94,032,497	\$ 28,722,441	31 %
Education						
215 FARM ADVISOR	\$ 468,177	\$ 195,487	42 %	\$ 6,025	\$ 4,909	81 %
375 DRIVING UNDER THE INFLUENCE	1,423,763	648,569	46 %	1,412,707	660,641	47 %
377 LIBRARY	8,945,388	3,970,741	44 %	7,904,661	4,414,244	56 %
TOTAL Education	\$ 10,837,328	\$ 4,814,797	44 %	\$ 9,323,393	\$ 5,079,794	54 %
Recreation & Cultural Services						
305 PARKS	\$ 7,821,138	\$ 3,530,901	45 %	\$ 7,826,374	\$ 3,610,167	46 %
TOTAL Recreation & Cultural Services	\$ 7,821,138	\$ 3,530,901	45 %	\$ 7,826,374	\$ 3,610,167	46 %
Debt Service						
277 DEBT SERVICE	\$ 2,250,163	\$ 1,447,474	64 %	\$ 2,250,163	\$ 1,443,557	64 %
392 PENSION OBLIGATION BOND DSF	7,993,469	5,629,458	70 %	8,074,000	3,891,848	48 %
TOTAL Debt Service	\$ 10,243,632	\$ 7,076,932	69 %	\$ 10,324,163	\$ 5,335,405	52 %
Financing Uses						
102 NON-DEPTL-OTHR FINCG USE	\$ 13,306,628	\$ 4,944,922	37 %	\$ 4,654,451	\$ 2,838,527	61 %
TOTAL Financing Uses	\$ 13,306,628	\$ 4,944,922	37 %	\$ 4,654,451	\$ 2,838,527	61 %
CAPITAL PROJECTS						
200 MAINTENANCE PROJECTS	\$ 6,479,927	\$ 1,236,603	19 %	\$ 2,051,057	\$ 527,958	26 %
230 CAPITAL PROJECTS FUND	16,451,871	2,997,498	18 %	9,723,170	936,655	10 %
TOTAL CAPITAL PROJECTS	\$ 22,931,798	\$ 4,234,101	18 %	\$ 11,774,227	\$ 1,464,613	12 %

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
 For the Six Month Period Ended December 31, 2011

Budget Units by Functional Area	2011-12			2011-12		
	Expenditures	Amount Budgeted	Amount Expended	Revenues	Amount Budgeted	Amount Realized
	12/31/11		%	12/31/11		%
COUNTY TOTAL	\$ 546,352,921	\$ 220,103,262	40 %	\$ 501,638,043	\$ 181,497,597	36 %
GENERAL FUND TOTAL	\$ 396,401,980	\$ 171,703,665	43 %	\$ 377,762,017	\$ 137,969,787	37 %

Section 3: Position Changes

During the Second Quarter, October 1 through December 31, 2011, 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 Personnel Director under the authority of the Board, and the current vacancy statistics.

POSITION ALLOCATION CHANGES MADE BY THE BOARD OF SUPERVISORS:

Fund Center- 166-Behavioral Health-Allocation Change Approved 10/18/11

Add 3.00 FTE -08526 Mental Health Therapist Series

Fund Center-136-Sheriff-Coroner-Allocation Change Approved 10/25/11

Add 1.00 FTE -00335 Sheriff's Correctional Sergeant

Add 15.00 FTE -00375 Sheriff's Correctional Deputy

Add 1.00 FTE-01340 Cook I/II/III

Fund Center-139-Probation-Allocation Change Approved 10/25/11

Add 1.00 FTE-00373 Supervising Deputy Probation Officer

Add 5.00 FTE-00323 Deputy Probation Officer Series

Add 1.00 FTE-02230 Administrative Assistant/Legal Clerk Series

Fund Center-166-Behavioral Health-Allocation Change Approved 10/25/11

Add 1.00 FTE- 08526 Mental Health Therapist Series

Add 3.00 FTE-08623 Drug & Alcohol Services Specialist Series

Fund Center 142-Planning & Building-Allocation Change Approved 11/01/11

Delete 1.00 FTE-01623 Supervising Mapping & Graphics Specialist

Add 1.00 FTE-01622 Mapping & Graphics Specialist Series

Fund Center 166-Behavioral Health-Allocation Change Approved 11/22/11

Add 1.00 FTE-08526 Mental Health Therapist Series-Limited Term (LT)

Add .75 FTE-08526 Mental Health Therapist ¾ time Series-LT

Add .75 FTE-08623 Drug & Alcohol Services Specialist ¾ time Series-LT

Add 1.00 FTE-08608 Drug & Alcohol Worker ½ time Series-LT

Add .50 FTE-02203 Administrative Assistant ½ time Series-LT

Fund Center 139-Probation-Allocation Change Approved 11/22/11

Add 1.00 FTE-00323 Deputy Probation Officer Series-LT

Delete .50 FTE-00323 Deputy Probation Officer ½ time Series (not LT)

ADMINISTRATIVE CHANGES MADE BY THE HUMAN RESOURCES (HR) DEPARTMENT:

There were no administrative changes made by HR in the second quarter.

EMPLOYEE VACANCY RATE

The County employee vacancy rate as of December 31, 2011 was 6.53%. This equates to 158.00 vacant positions.

Section 4: Federal Stimulus Update

Purpose

The purpose of this report is to provide a status update on the County's projects and programs funded with the American Reinvestment and Recovery Act (ARRA) funds through the end of the second quarter of FY 2011-12.

History

On Tuesday, February 17, 2009, President Barack Obama signed into law H.R. 1, the American Economic Recovery and Reinvestment Act (ARRA). This \$787.2 billion measure was to be the largest single infusion of spending (\$575.3 billion) and tax cuts (\$211.9 billion) into the economy in American history. In an effort to stimulate economic growth and create jobs, the measure contained funding for more than 75 federal programs, many of which were intended to benefit programs and services provided by local governments. Certain programs were to provide funding directly to local governments through already established formulas or procedures, whereas with other programs, the federal funds were allocated using a competitive grant process.

As reported in the FY 2009-10 year end status report to the Board, at the start of the federal stimulus program, the County applied for funding totaling \$102,403,588 through either the ARRA competitive grant process or by an established formula. Details pertaining to ARRA funding by department are noted below.

Total amount of funding applied (competitive and formula based) for	\$102,403,588
Amount of competitive grant funds <u>not</u> awarded	\$ 2,655,586
Public Works Department – Los Osos Sewer	\$ 87,000,000
Amount of ARRA funds granted to County to all other programs/projects (non-Los Osos Sewer)	\$ 12,748,002
<hr/>	
Total amount of funding applied (competitive and formula based) for	\$102,403,588

The County applied for approximately \$95.2 million in competitive grants and loans. A total of \$92.56 million in grants and loans has been awarded to the County—approximately \$85 million on a competitive basis and \$7.01 million on a formula basis. This enabled various County departments to increase and/or maintain levels of services currently being provided. At the end of the first quarter of FY 2010-11, the County's ARRA funding had increased to \$99,894,745.

Status at the end of the Second Quarter:

At the end of the second quarter, \$12,944,690 has been invoiced against or received bringing the total amount of ARRA funding received through the end the second quarter of FY 2011-12 to \$40,867,466.

One of the major objectives of ARRA was the saving and creation of jobs. At the end of the second quarter, ARRA funding received by the County enabled approximately 41.14 jobs to be maintained or added:

- 21.51 were specifically related to ARRA funded contracts;
- 19.63 are related to County staff

Following is a summary of the competitive and formula grants that were awarded to various County departments:

Competitive Grants

- The Public Works Department received \$87 million (\$4 million in grants and an \$83 million low interest loan) from the USDA for the Los Osos Sewer project; at the end of the second quarter of FY 2011-12, \$11,340,832 was expended for activities associated with the Los Osos Sewer. The preliminary design phase for the collection system is nearly complete in preparation for final design and release of bid documents in March 2012. Real property continues to be acquired in anticipation of construction; 17.21 jobs (6.85 – County; 10.36 – contractor) were reported as being created or maintained.
- The Planning Department received Energy Efficiency and Conservation Block Grant funds which created/maintained a reported 18.82 (10.5-County, 8.32-Contractor) jobs. A total of \$1,404,166 was expended through the second quarter. These funds were used for the following:
 - The Planning Department: 1) the draft Green Build ordinance continues to be reviewed by staff with an expected release in winter 2012; 2) the EnergyWise plan and EIR addendum were approved by the Board of Supervisors on November 22, 2011; staff will working on the implementation plan; and 3) specialized tools continue to be added to the energy tool lending library at Cuesta College; the HVAC retrofits for the Port San Luis Harbor District are complete.
 - The General Services Agency: the majority of the six (6) lighting and HVAC projects are at or near completion. The yearly savings for these projects is estimated to be 5.23 MWH of electricity consumption, \$1,377 savings in energy costs, and 7.8 Mte CO2 savings in green house gases.
 - The Public Works Department: The replacement of lights for 57 streetlights has been completed. Projected results are: 1) a total annual energy savings of 6,730 kilo watt hours; 2) savings in maintenance annual costs due to the longer operational lifespan; 3) annual savings to the Road budget of \$5,000; 4) annual reduction of 5.3 tons of green house gases.

Formula grants

- The Probation Department continues to hold the “Thinking for Change” sessions; a total of \$68,732 was expended in the second quarter for expenses associated with holding the sessions; this funding allows the department to retain two existing Deputy Probation Officer positions.
- Federal Medical Assistance Percentages (FMAP)

(Note: FMAP funding is the percentage of Medicaid expenditures paid by the Federal government.) The increase funding for FMAP through ARRA was discontinued as of June 30, 2011.

- The Department of Social Services received a total of \$24,596 in FMAP in the second quarter; however, these funds were for prior year (FY 2010-11) costs. No additional funds are expected.
- The Health Agency's Public Health division received an unanticipated ARRA reimbursement of \$41,000 for equipment purchase in the first quarter for the Women, Infant, and Child (WIC) program.
- The Planning Department:
 - Community Development Block Grants: \$40,956 was expended in the second quarter. The funds were used for the removal of architectural barriers at the restroom facilities at Meadow and Santa Rosa Parks in the City of San Luis Obispo; .42 contract jobs were reported as being created or maintained as a result of these activities.
 - Homeless Prevention and Rapid Re-housing Program: \$24,408 in ARRA funds was expended in the second quarter; a total of 2.69 (.28-County, 2.41 - nonprofits) jobs were reported; quarterly activities include case management, outreach, housing search and placement, rental assistance for households at risk of becoming homeless and homeless households. A total of 23 persons (13 households) received financial assistance during the quarter and 17 persons (15 households) received housing relocation and stabilization services.

Additional details pertaining to the second quarter results for the County's various federal stimulus programs can be found on the County's website (www.slocounty.ca.gov).

Section 5: Miscellaneous Financial Issues

Acceptance of Donated Gift Funds:

Donations made by individuals and community organizations are accepted by the County and appropriated into the proper departmental budgets on an as needed basis. These donations are used to enhance programs and meet special needs throughout the County. It is recommended that the Board accept donations totaling \$37,769.66 on behalf of the following County Departments, as noted below:

- Accept cash donations and approve a budget adjustment in the amount of \$2,221.00 from the Parks gift trust fund to the FC 305 - Parks operating budget.
- Accept cash donations and approve a budget adjustment in the amount of \$34,947.66 from the Library Gift Trust Fund to the FC 377 - Library operating budget.
- Approve a budget adjustment in the amount of \$598.00 from the Social Services Gift Trust Fund to the FC 180 - Social Services Administrative operating budget.

The Board is asked to approve corresponding appropriation adjustments to transfer gift funds into the operating budgets of Parks, Library and Social Services. Memos from each of the requesting departments are attached.

Miscellaneous Budget Adjustments:

In addition to the items listed above, it is recommended that the Board approve the following budget adjustments:

- Accept a contribution in the amount of \$100,000 from the Atascadero Friends of the Library and an associated budget adjustment to move the funds into the Atascadero Building Expansion Designation.
- Approve a budget adjustment in Fund Center 140 - County Fire to move \$100,000 from Services and Supplies to Capital Outlay and amend the fixed asset list to include three replacement utility vehicles.
- Approve a budget adjustment in the amount of \$15,000 from General Fund Contingencies to Fund Center 111 - County Counsel to help pay for outside counsel to advise on proceedings related to the potential relicensing of the Diablo Canyon Nuclear Power Plant, and represent the County in the Los Osos bankruptcy matter. The hiring of outside counsel for these matters was approved by the Board in closed session on October 25, 2011 and February 7, 2012, respectively.

Section 6: Update on Implementation of 2011 Public Safety Realignment

This section provides an update on the implementation of the 2011 Public Safety Realignment Plan approved by the Board of Supervisors on October 11, 2011.

Background

On April 4, 2011, Assembly Bill (AB) 109 was signed into law. As of October 1, 2011, this bill transferred responsibility for incarcerating or supervising certain offenders from the State to counties.

On October 11, 2011 (item A-2), the Board of Supervisors adopted the County of San Luis Obispo's 2011 Public Safety Realignment Implementation Plan as required by AB 109. The Plan was developed and proposed by the Community Corrections Partnership (CCP) Executive Committee, including: the Chief Probation Officer, the Sheriff, a Chief of Police, the District Attorney, the Public Defender, the Superior Court Executive Officer, and the Health Agency Director. The Plan set out three main goals:

1. Maintain maximum public safety.
2. Improve offender success rates and reduce recidivism.
3. Increase incarceration alternatives and treatment support for low-level offenders.

The Implementation Plan recommended 14 programs organized under the three strategies of Housing (jail), Supervision, and Treatment & Programming. To enact the 2011 Implementation Plan the Board also adopted a budget for the \$2.3 million of State funding allocated by the Department of Finance under AB 109. The Community Corrections Partnership was directed by the Board to oversee the implementation of the 2011 Public Safety Realignment Implementation Plan and to report back periodically on the status of this effort.

AB 109 Offenders Received by the County To Date

AB 109 re-assigned three groups of offenders previously served through the state prison and parole system to local jurisdiction in three ways, beginning October 1, 2011:

1. *Post-Release Community Supervision (PRCS)*. These are non-violent, non-serious, non-sex offender offenders who have completed their term in state prison and are released on parole. They now spend up to three years under the supervision of the County Probation Department instead of CDCR's parole division. Offenders in this category may have had prior convictions for violent or serious crimes.
2. *New Convictions or "N3's."* These are offenders convicted of non-violent, non-serious, non-sex offender (N3's) crimes. These sentences are now served in county jail instead of state prison. Offenders in this category cannot have had prior convictions for violent or serious crimes.
3. *New Commitments for State Parolees*. Parolees who were released before October 1, 2011 or who are not eligible for PRCS continue to be supervised by the CDCR. Offenders in this category who violate the terms of their release and have their parole revoked by CDCR now serve their commitments in county jail instead of state prison.

The table below compares the number of offenders received by the County through mid-February in each of these three categories to the number of offenders that were originally projected. The

projections were based on numbers by the California Department of Corrections and Rehabilitation (CDCR) last summer, and were included in the AB 109 Implementation Plan approved by the Board in October. As the table shows, the numbers of offenders in all categories have exceeded the original projections.

AB 109 OFFENDER CATEGORY	PROJECTED	ACTUAL
COMMUNITY SUPERVISION		
PRCS Received in County since October 2011	95	105
JAIL TIME		
New Crimes Sentenced under AB 109 (N3's)	55	67
State Parolees and PRCS Offenders with Revocations	9	61
	64	128

Note: Projected numbers are for the entire month of February 2012. Actual numbers are as of February 15, 2012.

Community Supervision

The Probation Department reports the County has received a total of 105 PRCS offenders through mid-February, compared with the 95 projected through February, a variance of 10, or 11% more than was projected. Of the 105 received, 26 had their parole revoked and served time in county jail, 19 had served time in county jail for flash incarceration, and 20 were arrested for new crimes (mainly drug and alcohol offenses and a few property offenses).

Jail Time

As of February 15, there were 128 AB 109 offenders in the county jail, compared with 64 projected; twice as many as expected. The 128 includes both new offenses sentenced to county jail under AB 109 (the so-called N3's) and revocations of State Parolees and PRCS offenders who either violated the terms of their release or committed new crimes. Of this total:

- 67 were N3's, compared to the 55 projected through February, a variance of 9 or 16% higher than projected.
- 61 were offenders serving time for revocations of State Parole or community supervision (PRCS) compared to 9 projected through February; a variance of 52, or 570% more than projected.
- Of those serving time for revocations, only 9 were PRCS offenders. The remaining 52 or 86% were State Parolees revoked into County Jail by CDCR's Parole Division.

The Sheriff reports that sheriffs in other counties have seen a higher than expected number of parolee revocations than was expected. There is speculation that state parole officers have been released from the administrative pressure they were previously under to hold down the number of revocations due to overcrowding in state prisons. The release of this pressure may explain why the rate of revocations is higher than the historical rate of the last several years.

The addition of 128 inmates has added to a jail that was already crowded before the implementation of AB 109. The average population of the jail has hovered around 550 for the last several years, but the average monthly population began to creep up early in calendar year 2011. By October, when AB 109 was implemented, it was 664. As of February 15, however, the population of the Jail was 722, including

the 128 inmates sentenced under AB 109. Two weeks earlier the daily population hit an all-time high of 752.

As noted in the discussion of the Sheriff’s budget in Section 1 of this report, the increase in population has driven up the costs associated with running the jail, including food, clothing and other expenses which are tracking higher than originally anticipated and may exceed budgeted levels by more than \$200,000 by year end. Jail medical costs, which are included in the Health Agency’s budget, are also tracking higher for the same reason. Both departments are working on refining their ability to track these costs increase to ensure their ability to divide costs accurately between the AB 109 inmates and the rest of the jail population.

Program Implementation Status

The following table shows the status of each of the 14 programs in the 2011 Public Safety Realignment Implementation Plan approved by the Board in October.

PROGRAM	DEPARTMENT	STATUS
1. Offender Housing (Jail)		
Remodel Jail Modular Housing (add 48 beds)	Sheriff	Done.
Add Jail Correctional Staff	Sheriff	Hiring underway.
Expand Home Detention Program	Sheriff	Implemented.
Add Mental Health Therapist at Jail	Health Agency	Hiring underway.
Add Jail Medical Care Services	Health Agency	Implemented.
2. Offender Supervision		
Post-Release Community Supervision (PRCS) Program	Probation	Implemented.
Electronic Monitoring Program	Probation	Initial deployment begun in February.
Pre-Trial Services	Probation	To begin in April.
4. Offender Treatment & Programming		
Collaborative Reentry Program	Health Agency	Began early February.
Jail Treatment Program	Sheriff	RFP is out for bid.
Cognitive Behavioral Program	Probation	To begin in May.
Day Reporting Center	Probation	RFP drafted.
Community-Based Drug & Alcohol Treatment	Health Agency	To begin in April
Sober Living Program	Health Agency	Requirements being developed.

Receipt of State AB 109 Funding, Year to Date

State funding for AB 109 activities began to flow in September 2011. These funds are meant to fund the remaining nine months of the fiscal year following implementation of AB 109 in October 2011. However, funds are allocated by the State on a 12 month schedule, running from September 2011 through August 2012 and Counties must therefore accrue the last two months to FY 2011-12.

A total of \$2.2 million was allocated to San Luis Obispo by the State for AB 109 expenditures. The Board added these funds to the budget on October 11, 2011 (item A-2). In the first five months since AB 109 funding began (September 2011 through January 2012) a total of \$851,916 was been received. This was \$64,750 or 3% under budget. However, total expenditures for the same period were \$281,945.

Additionally, receipts through the end of February, the most recent month available, were substantially higher than in past months. Revenues funded from state sales tax are generally highest in February, due to the effect of holiday spending. As a result of this effect, receipts through February (month 6 of 12) are now slightly ahead of budget for the year on a straight line basis.

AB 109 Year to Date Receipts (through February 2012)

ANNUAL ALLOCATION	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	YEAR TO DATE (YTD)
\$2,200,557	\$137,808	\$185,295	\$214,414	\$156,835	\$157,564	\$268,521	\$1,120,437

YTD Target:	50%
YTD Actual:	51%

Variance through Feb:	\$27,611 or +1% of budget
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AB 109 Performance and Outcome Measurement

The Community Corrections Partnership (CCP) is working to develop a performance measurement framework to establish goals, target performance measures and outcomes for each of the AB 109 programs approved in the 2011 Public Safety Realignment Plan. A sub-committee of the CCP has begun work on this effort, beginning with those programs already underway and then shifting to those still under development. The CCP has set itself the goal of completing draft materials in April 2012, with the intention of bringing target program outcomes and higher level performance measures to the Board for discussion and ratification in May.