

COMMISSION ON STATE MANDATES

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June 6, 2005

Mr. Paul McIntosh
Chief Administrative Officer
County of Butte
County Administrative Office
25 County Center Drive
Oroville, California 95965-3380

And Parties and Interested Persons on the Enclosed Mailing List

RE: Item 1, June 10, 2005 Hearing
Adoption of Proposed Final Statement of Decision
Application for a Finding of Significant Financial Distress
Welfare and Institutions Code Section 17000.6

Dear Mr. McIntosh:

On May 26, 2005, the Commission on State Mandates made its preliminary decision to approve the County of Butte's Reapplication for a Finding of Significant Financial Distress for a period of 12 months.

The Commission is scheduled to adopt its Final Statement of Decision on the Application on June 10, 2005, 9:30 a.m. at its scheduled hearing, State Capitol, Room 437, Sacramento, California. The proposed Final Statement of Decision is enclosed.

Please call Shirley Opie at (916) 323-3562 if you or a representative of your agency will testify at the hearing.

Sincerely,


PAULA HIGASHI
Executive Director

C: Mailing List

Enc. Proposed Final Statement of Decision

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ITEM 1

Adoption of Proposed Statement of Decision:

BUTTE COUNTY APPLICATION FOR A FINDING OF SIGNIFICANT FINANCIAL DISTRESS

Welfare and Institutions Code Section 17000.6
California Code of Regulations, Title 2, Article 6.5, Section 1185 et seq.
Statutes 1993, Chapter 72 (SB 1033), et al.

EXECUTIVE SUMMARY

The sole issue before the Commission on State Mandates (“Commission”) is whether the Proposed Statement of Decision accurately reflects the preliminary decision made by the Commission at the May 26, 2005 hearing on the Butte County application for a finding of significant financial distress.

Welfare and Institutions Code section 17000.6 requires the Commission to adopt a Final Statement of Decision within 90 days of when the Application was filed. Butte County filed this application on February 10, 2005. Funds were appropriated to the Commission on March 14, 2005 to process the Application. Thus, as provided by the current Budget Act, the 90 days within which the Executive Director must give notice to the county of the commission's final decision that the county did or did not make a compelling case that it will incur significant financial distress pursuant to Welfare and Institutions Code section 17000.6 began on March 14, 2005 and ends on June 13, 2005.¹

The final decision shall specify whether the effective date of the period of significant financial distress shall commence on the date of the final decision or on a date no more than 60 days from the date of the final decision.² Staff recommends that the Commission adopt an effective date of July 2, 2005. The County requested that the 12-month duration of significant financial distress start September 1, 2005.³

Recommendation

Staff recommends that the Commission adopt the attached Proposed Statement of Decision, beginning on page two, which accurately reflects the Commission’s Preliminary Decision,

¹ California Code of Regulations, title 2, section 1186.7, subdivision (c).

² California Code of Regulations, title 2, section 1186.7, subdivision (f).

³ Transcript, May 26, 2005 Hearing, page 52.

adopted on May 26, 2005. Minor additions, including those that reflect the hearing testimony and vote count, and typographical corrections will be issued in the final Statement of Decision.

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

Application for a Finding of
Significant Financial Distress Pursuant to
Welfare and Institutions Code Section 17000.6.

Filed on February 10, 2005

By County of Butte, Applicant.

Effective July 2, 2005

05-SB1033-01

FINAL STATEMENT OF DECISION
PURSUANT TO WELFARE AND
INSTITUTIONS CODE SECTION
17000.6; AND TITLE 2, CALIFORNIA
CODE OF REGULATIONS, ARTICLE
6.5, SECTION 1186.5 ET SEQ.

(Proposed for Adoption on June 10, 2005)

PROPOSED STATEMENT OF DECISION

I. Introduction

On February 10, 2005, Butte County filed an Application for a Commission finding of significant financial distress. The County requested that the finding be for a period of 36 months.

On May 12, 2005, the Commission conducted a fact-finding hearing in Oroville to hear testimony from county officials. The following eleven County officials provided an overview of the County's revenue flexibility, rebutted the staff recommendations that disallowed alleged unmet needs, and responded to the Commissioners' questions.

Mr. Paul McIntosh	Chief Administrative Officer
Mr. Sean Farrell	Deputy Administrative Officer
Ms. Shari McCracken	Deputy Administrator
Mr. Michael Ramsey	District Attorney
Mr. Henri Brachais	Fire Chief
Mr. John Wardell	Chief Probation Officer
Mr. Steve Ellen	Assistant Chief Probation Officer
Mr. Perry Reniff	Sheriff-Coroner
Ms. Yvonne Christopher	Director, Development Services
Mr. Ed Craddock	Director, Water and Resource Conservation
Mr. David Houser	Auditor-Controller

Ms. Jennifer Haffner, Legal Services of Northern California and Mr. Tony Valim, Homeless Shelter Board of Directors, provided public testimony. No action was taken at this hearing.

On May 26, 2005, the Commission held a hearing in Sacramento to adopt the Preliminary Decision on Butte County's Application. Five county officials, Mr. Paul McIntosh, Ms. Cathi Grams, Ms. Shari McCracken, Mr. Sean Farrel, and Mr. Greg Iturria attended. Mr. McIntosh rebutted the staff recommendation on the duration of the finding of significant financial distress.

Mr. Michael Herald, Western Center on Law and Poverty, provided public testimony.

By a vote of 4-0, the Commission adopted a Preliminary Decision to find that Butte County had established by clear and convincing evidence that, absent a finding of significant financial distress, basic county services cannot be met. The Commission made this finding for a period of 12 months.

On June 10, 2005, the Commission held a hearing in Sacramento to adopt its Final Statement of Decision. [Witness list will be included in the final Statement of Decision.]

On June 10, 2005, by a vote of ____, the Commission adopted its Final Statement of Decision to find that Butte County established by clear and convincing evidence that, absent a finding of significant financial distress, basic county services cannot be met. The Commission made this finding for a period of 12 months.

II. Applicable Law and Standard of Review

Senate Bill 1033 was enacted in 1993 and added section 17000.6 to the Welfare and Institutions Code. That section authorizes a county board of supervisors to adopt a general assistance standard of aid below the level established in Welfare and Institutions Code section 17000.5 *if* the Commission on State Mandates finds that meeting the general assistance standard of aid established by section 17000.5 results in significant financial distress. The Commission can make a finding of significant financial distress only if the county has made a compelling case that basic county services, including public safety, cannot be maintained.

Under the original statute, a Commission finding of significant financial distress allowed the county board of supervisors to reduce general assistance benefits for a period of up to 12 months. In 1996, however, the Legislature increased the period to up to 36 months.⁴ The Legislature also relieved counties that had already been through the SB 1033 process from the burden of filing a reapplication to obtain the 36-month finding. As long as the Commission approved the county's original application for up to 12 months on or before December 31, 1996, the original finding of significant financial distress was automatically deemed approved for a period of 36 months.⁵

The SB 1033 decision-making process is a two-step process. Within 60 days after receipt of an application, the Commission is required to issue a preliminary decision that the county did or did not make a compelling case that it will incur significant financial distress. A separate hearing is

⁴ Statutes 1996, chapter 6, section 6; Statutes 1996, chapter 206, section 32.

⁵ Welfare and Institutions Code section 17000.6 also authorizes counties to file a reapplication for significant financial distress with the Commission once the previously approved period of significant financial distress ends. The same standard of proof applies to both an application and a reapplication for a finding of significant financial distress and requires the county to make a compelling case that its basic services, including public safety, cannot be maintained without reducing the general assistance standard of aid.

scheduled to adopt a final decision on the application. Welfare and Institutions Code section 17000.6 requires the Commission to hold at least one public hearing on the county's application or reapplication in the county of application.

Finally, the Commission has considered the practical application of the terms "significant financial distress", "compelling case", "basic county services", and "cannot be maintained" used in Welfare and Institutions Code section 17000.6. The Commission's practice⁶, its regulations, and an unpublished court decision addressing these issues are discussed below.

A. Significant Financial Distress

Welfare and Institutions Code section 17000.6 requires the Commission, upon the filing of an application by a county, to determine if the county is in significant financial distress before the county can reduce the general assistance standard of aid. Section 17000.6 also states that a finding of significant financial distress shall not be made by the Commission unless the county has made a compelling case that basic county services, including public safety, cannot be maintained.

The Commission has found that section 17000.6 implies the duty to consider whether there are alternatives that could remedy the county's basic service deficiencies without reducing general assistance aid benefits. The Commission found, however, that counties should not be required to demonstrate that *all* possible alternatives to general assistance reduction have been explored and implemented. Rather, the county is required to show that a diligent effort has been made to identify and implement reasonable alternatives, and that alternatives deemed reasonable but not implemented have been set aside for sound reasons. The Commission found that proof of all possible alternatives would be exceedingly difficult to offer or for the Commission to validate, and would have a chilling effect on the ability of counties to exercise the relief offered by section 17000.6 in a reasonable fashion.

In addition, the Commission has *not* adopted a "standardized test" for counties to use when proving significant financial distress. Rather, the Commission has considered the following factors when determining if there are reasonable alternatives to the reduction of general assistance:

- Evidence of unmet needs

⁶ The Commission has considered several SB 1033 applications in the past. The Counties of Alameda (I and II), Butte, Lassen, Los Angeles, Nevada, Sacramento (I and II), Shasta, and Solano filed these applications. The County of Butte received two previous findings of significant financial distress from the Commission. On October 29, 1996, the County received a 12-month finding of significant financial distress. This finding was statutorily extended to three years and expired on December 28, 1999. On August 27, 1999, the County filed a Reapplication. The Commission concluded in its Statement of Decision that the County made a compelling case that meeting the standards in Welfare and Institutions Code section 17000.5 would result in significant financial distress. Further, there was compelling evidence to grant the finding for a maximum of 36 months. The finding took effect on December 29, 1999, and expired December 28, 2002.

- Budget forecasts
- County efforts to constrain expenditures
- Flexibility in spending
- Flexibility in resources
- Debt and cash flow

The Commission has determined that it is required to weigh the factors listed above to determine if a compelling case has been made that overall county flexibility in resources is insufficient to address the needs in basic county services. Furthermore, the Commission found that it is not required to prioritize county activities. Rather, prioritizing activities is solely within the discretion and purview of the county.

Finally, in the past, opponents to SB 1033 applications have argued that a county is required to demonstrate unmanageable indebtedness evidenced by severe debt or poor credit rating before obtaining a finding of significant financial distress from the Commission. The Commission disagreed with this interpretation and found that the issue is whether the county can demonstrate basic service levels that cannot be maintained *adequately*.

In 1997, the Court of Appeal, Third Appellate District, analyzed the SB 1033 legislation and the Commission's interpretation of section 17000.6 in an unpublished decision, *Goff v. Commission on State Mandates*.⁷ The *Goff* case, which involved an SB 1033 application filed by the County of Sacramento, was the first such claim ever filed with the Commission.

The court in *Goff* held that Welfare and Institutions Code section 17000.6 does not require a comparative analysis of a particular county's financial health vis-à-vis other counties. Instead the statute authorizes the Commission to make a finding of significant financial distress whenever a county has established by clear and convincing evidence that, absent such a finding, basic county services could not be maintained.⁸

The court also held that factors such as whether the county has maintained a deficit over a period of time, missed a payroll, or failed to make payments to a judgment creditor, are not required before a finding of significant financial distress can be made. Rather, a county's fiscal health is one factor to be considered in judging significant financial distress and, fiscal health alone, is not determinative.⁹

⁷ *Goff v. Commission on State Mandates* (1997) 69 Cal.Rptr. 276 (*Goff*) [unpublished decision] Pursuant to California Rules of Court, Rule 977, an unpublished decision, while binding on the parties to the action, may not be cited to a court or relied upon as precedent in another court action.

⁸ *Goff*, supra, 69 Cal.Rptr. at page 291.

⁹ *Goff*, supra, 69 Cal.Rptr. at page 292.

Additionally, the *Goff* court agreed that the Commission must consider alternative revenue enhancements and expenditure reductions when determining if a county is in significant financial distress. But, the court stated that the alternatives must be “viable and practical, not speculative”:

It is not sufficient, for example, to say that a county could raise the requisite amount of funds through a tax levy approved by the electorate. An event that has not yet produced that income and which is uncertain ever to occur cannot form the basis for a finding of financial ability to support these services.¹⁰

The court also stated that the alternatives are relevant only to the extent that they can cover the projected shortfall giving rise to the claim of significant financial distress:

For example, the fact that some funds might be found to cover certain county programs is immaterial if that simply reduces a deficit to a smaller, but still unmanageable, size.¹¹

B. Compelling Case

Welfare and Institutions Code section 17000.6 states that the Commission shall not make a finding of significant financial distress unless the county has made a *compelling case*. The Commission has defined a “compelling case” in its regulations as one “established by clear and convincing evidence.”

In past decisions, the Commission has used the description of “clear and convincing evidence” found in the California jury instructions to assess the evidence presented by counties in support of their SB 1033 applications:

“Clear and convincing” evidence means evidence of such convincing force that it demonstrates, in contrast to the opposing evidence, a high probability of the truth of the fact(s) for which it is offered as proof. Such evidence requires a higher standard of proof than proof by a preponderance of the evidence.¹²

Consistent with the Commission’s regulations, the court in *Goff* found that section 17000.6 “authorizes the Commission to make a finding of ‘significant financial distress’ whenever a county has established by *clear and convincing evidence* that, absent such a finding, basic county services could not be maintained.” (Emphasis added.)¹³

C. Basic County Services

Welfare and Institutions Code section 17000.6 states that the “county [must make] a compelling case that ...*basic county services*, including public safety, cannot be maintained.” The

¹⁰ *Goff, supra*, 69 Cal.Rptr. at page 294.

¹¹ *Id.* at page 294.

¹² California Civil Jury Instructions [BAJI] No. 2.62 (Jan. 2005 ed.).

¹³ *Goff, supra*, 69 Cal.Rptr. at page 292.

Commission has defined “basic county services” as those services that are fundamental or essential:

“Basic county services” means those services which are fundamental or essential. Such services shall include, but are not limited to, those services required by state or federal law, and may vary from county to county.¹⁴

In *Goff*, the court upheld the Commission’s definition of “basic county services” and stated the following:

Nothing in the statute limits “basic county services” to those mandated by law, or reflects a requirement that the same services be deemed ‘basic’ in every county in California. The regulation’s clarification of this fact does not alter the meaning of section 17000.6, nor does it enlarge the Commission’s power. Instead, it reflects reality. Some basic services, that is, services that are ‘fundamental or essential,’ may be mandated by state or federal law; others that are equally essential may not be subject of a governmental mandate. Similarly, what constitutes a basic service in one county may not be considered as such in another. It defies logic to suggest that rural and urban counties, for example, require identical basic services.¹⁵

The *Goff* court further clarified that each expenditure must be examined to determine whether it relates to a “basic county service”. Whether sufficient funds from “nonbasic” services are available to cover shortfalls in basic services is a question of fact for the Commission to decide. Similarly, the amount of money spent on nonessential items must be considered.¹⁶

D. Cannot Be Maintained

Welfare and Institutions Code section 17000.6 states that the Commission “shall not make a finding of significant financial distress unless the county has made a compelling case that, absent, the finding, basic county services, including public safety, *cannot be maintained*.” The Commission has defined “maintained” as “the level of service which the county must provide in order to adequately or effectively furnish basic county services.”¹⁷

In past decisions, the Commission has clarified that the definition of “maintained” is broad and includes the possibility for a county to propose that it needed to *restore* or *expand* services and not simply to perpetuate a service level currently in place. The Commission determined that the broad definition of “maintained” makes good policy sense since the terms “basic”, “fundamental” and “essential” are not static concepts in relation to government services or social needs. For example, caseload increases in a program may require additional funding in order to maintain existing service levels on a per-client basis. Or, new social needs may arise, such as a disease or public safety issue, requiring activities not previously contemplated, but still essential

¹⁴ California Code of Regulations, title 2, section 1186.5, subdivision (d).

¹⁵ *Goff*, *supra*, 69 Cal.Rptr. at page 292.

¹⁶ *Id.* at page 293.

¹⁷ California Code of Regulations, title 2, section 1186.5, subdivision (e).

to the adequacy of a basic county service. Or, more simply, funding may have lagged behind existing program requirements long enough to erode service levels.

Therefore, the Commission has found that the county applicant may present both existing services that are threatened and the need for new services in support of its case for significant financial distress.

Finally, the Commission has noted that not all levels of activity within a basic county service might be deemed equally fundamental or essential. The county applicant, however, is still required to provide a compelling argument that the proposed service level within the basic program is itself *fundamental* or *essential*, and truly necessary for the provision of *adequate* service.

The court in *Goff* upheld the Commission's definition of "maintained" and agreed that "maintained" should be interpreted broadly to include restoration or expansion of services if those services are fundamental or essential. The court agreed that "maintenance of basic county services" does *not* limit a county to services at the level currently in place:

The fundamental question underlying this entire process is whether the county can afford to maintain basic county services. Whether those services have previously been funded is immaterial if the services are now essential.¹⁸

E. Duration of a Finding of Significant Financial Distress

If the Commission determines that the county has made a compelling case that its basic services, including public safety, cannot be maintained without reducing the general assistance standard of aid, the ultimate finding of significant financial distress can be made. The Commission must then determine the effective date and duration of that finding, for a period not to exceed 36 months.

III. Application Summary

On February 8, 2005, the Butte County Board of Supervisors ("Board") adopted Resolution No. 05-021, which authorized the filing of an application for relief from state mandated level of general assistance payments. The Board declared, in summary, that the County has unmet needs totaling \$47.5 million plus \$9.0 million of additional projected unmet needs for a total of \$56.5 million, which has caused most of the County's basic services, including public safety and services to the "vulnerable populations" to fall well below adequate levels.

The County claims that the circumstances causing financial distress and declining basic services levels are largely beyond the power of the County to control. The County cites state property tax shifts, unstable revenue sources, and minimal ability to raise revenue locally, lack of control over state mandate programs, growing numbers of clients who are in poverty and crime cycles, and minimal ability to change organizational structure in service delivery programs in cost effective ways. The County, in response to past budget shortfalls and constraints, has reorganized and

¹⁸ *Goff, supra*, 69 Cal.Rptr. at page 293.

consolidated services, utilized multi-year financial planning and strategic planning, and implemented other efficiency measures. These efforts have helped. But, they have not been able to keep the available funds for basic services from falling below adequate or effective levels. Therefore, compliance with the standard of aid mandated by Welfare and Institutions Code section 17000.5 will result in significant financial distress to the County.

The County contends that, “following a period of gradual and fragile process toward fiscal balance, Butte County again finds itself in tenuous financial straits.....”¹⁹ The County anticipated submitting the application in August 2004 and thus the application contains tables and narrative for the County’s Fiscal Year (FY) 2004-05 Proposed Budget. “Due to staff turnover, unanticipated vacancies, and resource constraints.....it [the Application] was put on hold.” Subsequently, the Board adopted the FY 2004-05 Final Budget. The County filed the Application with the Commission on February 10, 2005.

Due to resource considerations, the County chose not to completely rewrite the Application. It used the Proposed Budget for department-by-department and other detailed analyses as the basis for the Application that was originally developed and submitted an addendum that describes the major differences between the Proposed Budget and the Final Budget. The major changes included an increase in the revenue projections for property taxes, other taxes, and other revenue sources and a decrease in state revenues. Expenditure projections include an increase in Public Safety and a decrease in the General Government function.

The total amount of unmet needs submitted in the Application was \$56,474,728, which was based on the Final Budget. This amount included \$9,693,905, which the County characterized as “future unmet needs.” The Commission subtracted future unmet needs from the total for the purpose of analyzing only current unmet needs, which brought the total to \$48,728,623. The County changed unmet needs for various departments in subsequent submittals to the Commission and through testimony at the May 12, 2005, Public Hearing in Oroville. The final amount of unmet needs alleged by the County is \$47,768,870. See Section IV.B for department-by- department analysis of unmet needs.

The County requested that the Commission make the duration of a finding of significant financial distress for 36 consecutive months.

IV. Commission Findings

A. Overview of County Finances

Butte County’s (County) Fiscal Year (FY) 2004-05 Final Budget was adopted by the Board of Supervisors (Board) on August 31, 2004. The FY 2004-05 Final Budget of \$320.9 million

¹⁹ The County received two previous findings of significant financial distress from the Commission: On October 29, 1996, the County received a 12-month finding of significant financial distress from the Commission. The original finding was extended for a period of 24 months and expired on December 28, 1999; and on November 30, 1999, the County received the second finding of financial distress that expired December 28, 2002.

increased from the 2003-04 level of \$318.9 million by approximately \$2 million, or 0.62 percent.²⁰

The County utilized a “target net county cost” budget approach in formulating the FY 2004-05 budget.²¹ Under the “target net county cost” approach, estimated discretionary revenues are made and allocated to departments based on historical distribution. Departments are required to develop a budget to meet the discretionary revenue target. The “target net county cost” approach has the following two benefits:

- Encourages departments to seek alternative funding sources
- Provides flexibility within the department on how available funds can be spent

In addition to applying the “target net county cost” method, the County outlined specific strategies in order to operate within its fiscal limitations. These strategies, which helped to balance the FY 2004-05 Budget include, but are not limited to, the following:²²

- Reduce the Vehicle Replacement Fund by \$2,000,000 and transfer those funds to the County General Fund
- Increase Animal Control activity funding through realignment, resulting in \$174,000 in additional discretionary dollars
- Issue Pension Obligation Bonds to pay the County contributions to the Public Employment Retirement System that exceed \$58 million, resulting in a net savings over \$350,000 in the County General Fund
- Implement a retirement incentive plan that provides a net savings of \$175,000 in the County General Fund and provides opportunities for employees currently occupying positions slated to be eliminated, to maintain their employment
- Implement Phase Two of the cost recovery project that will result in an estimated \$1.2 million in discretionary revenue to the County General Fund from charges for services
- Transfer \$1.2 million from the Public Health Trust Fund to the Social Services Trust Fund to augment the social service budget

1. Budgeted Expenditures by Fund

In total, the County's FY 2004-05 Final Budget is balanced at approximately \$320.9 million. The General Fund comprises \$154.8 million of the total budget. Various restricted funds, both countywide and less than countywide, comprise the remaining balance:²³

²⁰ Butte County 2004-05 Final Budget, Schedule 1 and Butte County 2003-04 Final Budget, Schedule 1.

²¹ Butte County Application, page 46.

²² Butte County 2004-05 Final Budget, A-2.

²³ Butte County 2004-05 Final Budget, Schedule 1.

Budgeted Expenditures
FY 2004-05 Final Budget

				Total Financing Requirement	
Countywide:					
	General Fund			\$ 154,811,501	48.24%
	Welfare			125,702,743	39.17%
	Child Support Services			9,121,532	2.84%
	Road Operations			11,869,723	3.70%
	Debt Services			-	0.00%
	Capital Projects			276,307	0.09%
	Equipment Replacement			312,702	0.10%
	ISF Equipment Replacement			3,173	0.00%
	State COPS Program			851,811	0.27%
	Water Services			998,750	0.31%
	Library			2,243,128	0.70%
	Fish & Game			24,958	0.01%
	Sub-total			306,216,328	95.43%
Less than Countywide					
	Fire Protection			13,919,098	4.34%
	Local Transportation Fund			486,248	0.15%
	Housing & Comm. Dev. Fund			273,077	0.08%
	Sub-total			14,678,423	4.57%
TOTAL				\$ 320,894,751	100.00%

The distinction between countywide and less than countywide funds is that the former provides services to all county residents while the latter provides services to the unincorporated area. The General Fund is the primary operating fund of the County. It accounts for all financial resources, except those required to be accounted for in other funds. The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This category of funds includes the following: Welfare Fund, Child Support Services Fund, Road Operations Fund, Debt Service Fund, Capital Projects, Equipment Replacement Fund, State Citizens Option for Public Safety (COPS) Program Fund, Water Services Fund, Library Fund, and Fish and Game Fund. The Special Revenue Fund category also includes the following less than countywide funds: Fire Protection Fund, Local Transportation - Transit Fund, and Housing and Community Development Fund.

2. Financing Sources

Revenue sources proposed by the County to fund its FY 2004-05 budgetary expenditures are listed below.²⁴ As illustrated, state and federal funding along with Property Tax and Charges for Services are the largest sources of funding.

²⁴ Butte County 2004-05 Final Budget, Schedule 5.

Revenue Sources
FY 2004-05 Final Budget

	<u>General Fund</u>		<u>Total Funds</u>	
Property Tax	\$ 24,939,977	16.11%	\$ 24,939,977	7.58%
Other Tax	8,667,673	5.60%	8,667,673	2.64%
Licenses & Permits	4,507,856	2.91%	4,565,856	1.39%
Fines, Forfeit, Penalties	1,879,023	1.21%	1,899,981	0.57%
Use of Money & Property	1,907,700	1.23%	1,986,700	0.60%
Governmental Revenues	-	0.00%	-	0.00%
State Revenues	67,111,145	43.35%	145,806,508	44.33%
Federal Payments	8,087,343	5.22%	70,773,110	21.52%
Other Intergovernmental	3,247,454	2.10%	5,155,486	1.57%
Charges for Services	19,612,997	12.67%	22,461,028	6.83%
Misc. Revenue	3,496,994	2.26%	4,041,580	1.23%
Other Rev. (Trans. to other Funds)	2,589,555	1.67%	19,752,673	6.01%
subtotal	<u>146,047,717</u>	<u>94.33%</u>	<u>310,050,572</u>	<u>94.28%</u>
Fund Balance (As of June 30, 2004)	<u>8,771,151</u>	<u>5.67%</u>	<u>16,505,737</u>	<u>5.02%</u>
Cancellation of Prior Year Reserves/Designations	<u>-</u>	<u>0.00%</u>	<u>2,319,398</u>	<u>0.71%</u>
TOTAL	\$ 154,818,868	100.00%	\$ 328,875,707	100.00%

3. Budgeted Expenditures by Major Program

The County's programs and adopted FY 2004-05 appropriation amounts are listed below.²⁵ As illustrated, Public Assistance is a significant portion of total funding. However, it represents only a small portion of General Fund expenditures.

²⁵ Butte County 2004-05 Final Budget, Schedules 7 & 8.

Expenditures by Major Program
FY 2004-05 Final Budget

	General Fund		Total Funds	
General Government	\$ 30,862,090	19.94%	\$ 31,276,647	9.81%
Public Protection	59,361,681	38.34%	75,982,201	23.83%
Public Ways & Facilities	-	0.00%	12,355,971	3.86%
Health & Sanitation	57,899,769	37.40%	57,899,769	18.16%
Public Assistance	508,935	0.33%	134,958,009	42.32%
Education	241,046	0.15%	2,484,174	0.78%
Recreation	321,902	0.21%	321,902	0.10%
Contingencies & Reserves	5,616,078	3.63%	5,616,078	1.76%
Provisions for Designations	-	0.00%	(1,984,720)	-0.62%
TOTAL	\$ 154,811,501	100.00%	\$ 318,910,031	100.00%

4. Mandated Expenditures

The County stressed that it continues to lack flexibility over its general purpose revenue allocations. It is required or mandated by state law to administer a variety of health care, welfare, and public safety programs. The County claimed that 78 percent of total revenue is restricted. The remaining 22 percent, or \$70.4 million, represents general purpose revenue. Of this \$70.4 million, 35 percent, or \$24.7 million, funds state mandated costs and state established required maintenance of efforts.²⁶

The following table illustrates the County's mandated general purpose revenue expenditures:

²⁶ Butte County's March 30, 2005 response to staff questions, Fiscal Question # 12.

Mandated Expenditures From General Purpose Revenues
FY 2004-05 Final Budget

Maintenance of Effort			
Public Health	\$724,308	2.94%	
Mental Health	\$424,727	1.72%	
CalWORKS	\$1,264,015	5.12%	
Consolidated Courts	\$748,297	3.03%	
Public Safety Sales Tax (excludes Jail)	\$2,886,591	11.70%	
Child Welfare Services	\$1,690,000	6.85%	
Public Library Funds	\$2,359,719	9.57%	
Sub total	\$10,097,657	40.93%	
State Mandated Programs			
Public Defender	\$1,898,024	7.69%	
General Assistance	\$1,000,000	4.05%	
Grand Jury	\$63,917	0.26%	
County Jail	\$10,657,130	43.20%	
LAFCo	\$164,000	0.66%	
Youth Correctional Placements	\$250,687	1.02%	
Juvenile Court Wards	\$1,820	0.01%	
Foster Care (SED)	\$420,000	1.70%	
Sub total	\$14,455,578	58.59%	
State Mandated County Match			
Welfare Aid Payments	\$0	0.00%	
Court Ordered Payments			
Jail Consent Decree	\$118,096	0.48%	
TOTAL	\$24,671,331	100.00%	

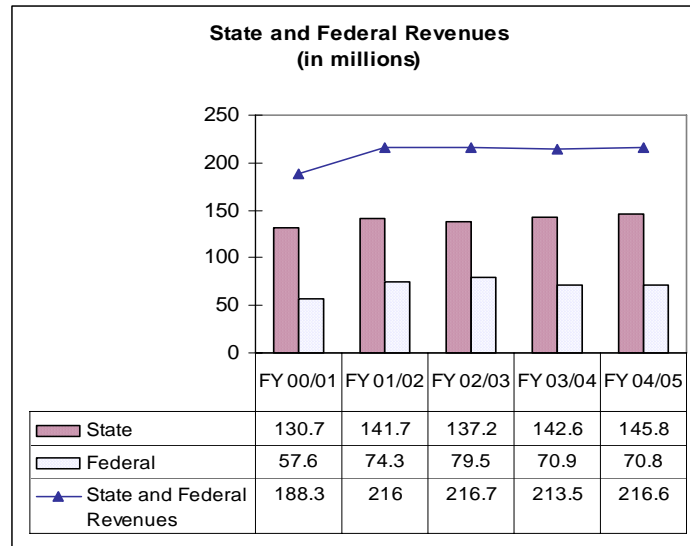
The remaining 65 percent, or \$45.7 million, of the general purpose revenue is considered discretionary resource and funds basic county services.

The Commission noted that the services funded by non-mandated general purpose revenue cannot automatically be considered non-essential county services. Examples illustrating the essential use of general purpose revenue include funding to meet maintenance of effort required for receiving state revenue for public safety and health services and unfunded state mandated programs. Further, the presence or absence of a state or federal mandate for conducting an activity cannot be the sole indicator of an activity's value, as can be illustrated by libraries which are not state or federally mandated, but may still be a local community priority.

5. Financial Condition

The County attributed its struggle to provide basic county services to a combination of the following: increased mandated costs in areas like social service programs, increased employee benefits costs, the suspension and deferral of reimbursements of mandated costs, increased

contract costs for fire suppression services with the California Department of Forestry (CDF), an increase in the shift of local county property tax revenues to Education Revenue Augmentation Fund (ERAF) and the impact of the “triple flip” provisions. As illustrated below, state and federal revenues have leveled since FY 2000-01.²⁷



Further, the total amount of discretionary resources available is expected to decline by \$4 million to \$70.4 million in FY 2004-05 from \$74.4 in 2003-04.²⁸

The Legislative Analyst’s Office (LAO) issued a report dated February 22, 2005 titled, “The 2005-06 Budget: Perspective and Issues.”²⁹ In the report, the LAO addresses state mandate liabilities due to local governments. The state has delayed reimbursements for local governments’ mandate reimbursement claims to cope with its financial difficulties. Consequently, the LAO estimates that the state will owe \$2.8 billion to local governments at the end of FY 2004-05. State obligations include the following:

- About \$2.2 billion for unpaid claims from FY 2004-05 and earlier years
- Over \$500 million for unpaid claims in FY 2004-05
- \$100 million for new mandates identified by the Commission

A portion of these liabilities is owed to the County. In FY 2006-07, the state will begin repaying its prior year mandate liabilities over a five-year period.³⁰ See Section IV. Review of Resource Flexibility for a list of mandates and amounts owed to the County by the state. For the FY 2005-06 budget, and every subsequent year, article XIII B, section 6, subdivision (b) of the California Constitution now requires the Legislature to either appropriate in the annual Budget Act, the full

²⁷ Butte County 2004-05 Final Budget, Schedule 5 for 2002-03 through 2004-05.

²⁸ Butte County Application, page 62.

²⁹ LAO 2005-06 Perspective and Issues, pages 69-70.

³⁰ Government Code section 17617, added by Senate Bill 1096, a budget trailer bill (Stats. 2004, ch. 1011, eff. August 5, 2004.).

payable amount that has not been previously paid, or suspend the operation of the mandate for the fiscal year.

As presented below, demands outside of the County's growth in programs and services have increased.³¹

Growth of Programs and Services

Program	FY 02-03	FY 03-04	FY 04-05	Increase from FY 03-04
Social Services Costs exceed Realignment Revenue	2,652,217	4,057,827	2,784,551	(1,273,276)
PERS increase	-	3,459,729	8,761,001	5,301,272
Deferred Approved State Mandates	-	3,806,292	500,000	(3,306,292)
Child Support Penalty	-	63,600	-	(63,600)
CDF Contract Increase	312,642	1,704,394	2,373,326	668,932
TOTAL	2,964,859	13,091,842	14,418,878	1,327,036

Projected demands for these increases amount to additional County expenditures of approximately \$14.4 million for FY 2004-05.

The County's four primary sources of general purpose revenues include the following: property tax, motor vehicle in-lieu fee, sales tax, and Prop 172 sales tax for public safety.

The estimated general purpose revenue sources for FY 2004-05 are as follows:³²

Estimated General Purpose Revenue Sources FY 2004-05 Final Budget

General Purpose Revenue		
Property Tax	\$ 24,939,977	40.47%
Motor Vehicle In-Lieu Fee	4,600,000	7.46%
Sales Tax	3,136,445	5.09%
Proposition 172 Sales Tax for Public Safety	11,780,000	19.11%
Other	17,173,428	27.87%
TOTAL	\$61,629,850	100.00%

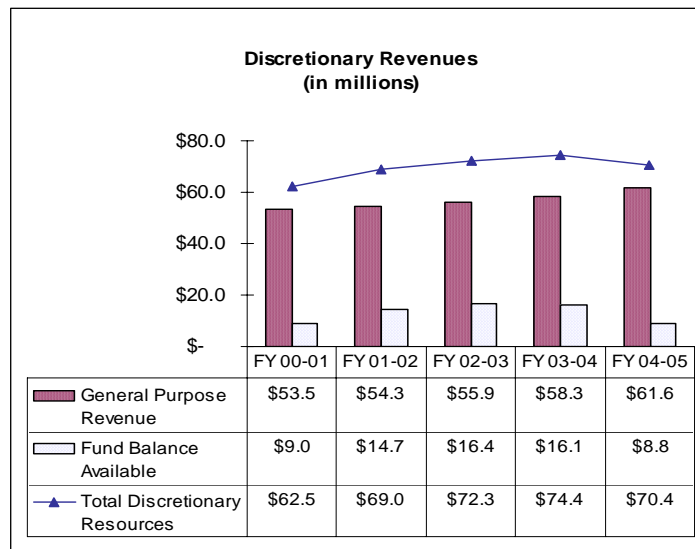
The property tax retained by the County increased in FY 2004-05. The passage of Proposition 57, the California Economic Recovery Bond Act, triggered the shift in revenues known as the

³¹ Butte County Application, page 6.

³² Butte County Application, page 10.

“triple flip”. Under the old tax rate, 1.25 percent of the statewide sales tax rate of 7.25 percent was allocated to local governments. However, beginning July 1, 2004, the local government portion of the sales tax is decreased by 0.25 percent to pay off the bond. To make up for the loss of sales tax revenue, under the new tax rate, local governments receive an increased share of property taxes. Further, in 1998 the Legislature adopted a schedule of the vehicle license fee (VLF) rate reductions, as a result, the rate fell from 2 percent to 0.65 percent.³³ Under the old tax rule, the state paid the difference to counties. However, VLF back fill is eliminated in FY 2004-05. Therefore, the loss of VLF revenue is exchanged for property tax. However, local agencies will not receive the full amount of the VLF/property tax exchange until FY 2006-07. The state will retain approximately \$700 million in FYs 2004-05 and 2005-06. The County’s portion of the contribution is estimated to be \$1,968,640.³⁴ As a result of these shifts in tax revenues, the County projected that the property tax will increase by approximately \$9.2 million, or 58 percent in FY 2004-05 from 2003-04. Both the sales tax and VLF fee revenues are projected to decrease by \$700,000, or 18 percent and \$6.3 million, or 57 percent, respectively. The Proposition 172 safety sales tax is also expected to decrease in FY 2004-05 by 1.5 percent, a \$175,974 reduction in revenue from FY 2003-04.³⁵

General purpose revenue has gradually increased from \$53.5 million in FY 2000-01, to \$58.3 million in 2003-04, and to \$61.6 million in 2004-05. Despite the fact that the FY 2004-05 general purpose revenues have increased by \$3.3 million from 2003-04, the total amount of discretionary resource available in the 2004-05 Final Budget is \$70.4 million. This represents a \$4 million, or 5.4% decrease in discretionary revenues from FY 2003-04 as presented below:³⁶



³³ Statutes 1998, Chapter 322.

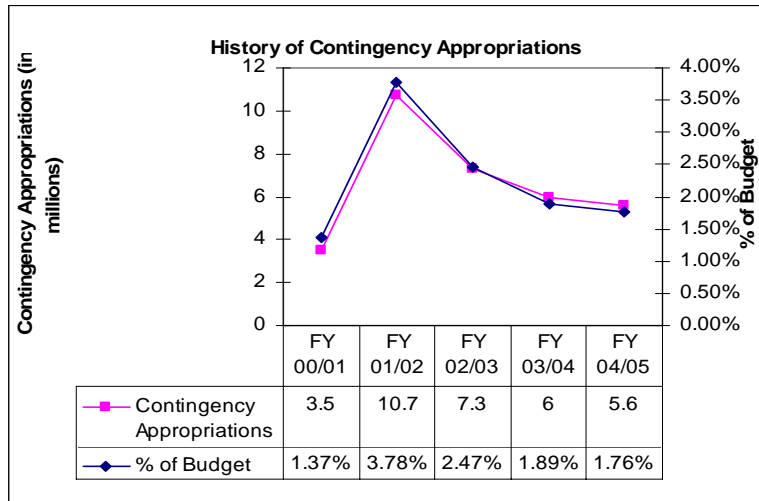
³⁴ Butte County 2004-05 Proposed Budget, Budget Message, page 9.

³⁵ Butte County 2004-05 Final Budget, Schedule 5

³⁶ Butte County Application, page 62.

One of the reasons for the decline in the fund balance available for FY 2004-05 is the loss of the vehicle license fee “gap” funding in 2003-04. This resulted in a reduction of \$4.3 million to the County.³⁷ Additionally, the County received less interest income than expected in FY 2003-04.

The County’s contingency appropriation peaked in FY 2001-02 and has continued to decline. It is expected to decrease by \$400,000 million from \$6 million in FY 2003-04 to \$5.6 million in 2004-05 as presented below:³⁸



See Section IV. C. Review of Resource Flexibility, for further discussion.

6. General Assistance Savings

The County states that it once again finds itself in fragile financial straits to maintain current program and service levels. Consequently, on February 10, 2005, the County filed an Application for Finding of Significant Financial Distress. The FY 2004-05 Final Budget does not include any savings for a General Assistance (GA) rate reduction. Based on an average of 330 monthly recipients, general purpose revenue savings would be approximately \$269,280, if the County reduces GA benefits from \$289 to \$221 per month. However, this amount would be offset by the amount of reimbursement the County receives from Supplemental Security Income (SSI). Based on the level of reimbursement that the County anticipates, the annual savings would be \$172,339.³⁹

7. Conclusion on County Finances

The County’s FY 2004-05 Final Budget totals \$320.9 million, with a General Fund contingency appropriation of \$5.6 million. While this represents increased financing requirements of approximately \$2 million from prior year, the General Fund contingency is expected to decrease by \$400,000.

³⁷ Per the Butte County 2004-05 Proposed Budget at page 9, the state will repay the VLF gap loan in FY 2006-07.

³⁸ Butte County Application, page 66.

³⁹ Butte County’s May 13, 2005 response to Commission questions and public comment.

The County's discretionary expenditure flexibility is constrained both by fund restrictions and by state and federal mandates, leaving \$70.4 million, of the \$320.9 million in Final Budget appropriations, as theoretically available for discretionary use. However, the full \$70.4 million cannot be considered truly discretionary since 35 percent, or \$24.7 million, is directed toward state mandated costs and state established required maintenance of efforts.

The County's total available discretionary resource for FY 2004-05 is projected to decline by \$4 million from \$74.4 million in FY 2003-04 to \$70.4 million in FY 2004-05.

Demands outside of the County's growth in programs and service, such as increased cost of health care premiums for employees and the California Department of Forestry contract costs, have increased.

B. Review of Program Needs and Expenditure Flexibility

For each department that asserted unmet program needs, the Commission reviewed the identified unmet needs, the department's efforts to constrain expenditures and efforts to enhance revenues, and identified any discretionary activities (which may be reduced or redirected toward basic county services). The Commission did not conduct a field audit of the County's finances or programs.

Some departments are not entirely funded from the County's General Fund. To the extent that identified unmet needs were justified, the amount of revenues the Commission found were unmet needs were adjusted to reflect only the County's General Fund's contribution. In reviewing unmet needs, the Commission followed guidelines outlined in Section I, Applicable Law and Standard of Review.

Public Protection Departments

1. District Attorney

The District Attorney is the County prosecutor and is responsible for the prosecution of all criminal violations of state and local laws within Butte County. All services are mandated except investigative services. Though essential to effective prosecution, the level of investigative services is discretionary and dependent, in part, upon the amount of investigative assistance received from local police or other agencies.

Currently, the department is staffed with 20 attorneys. Since 1999, only one new attorney has been added. To keep up with their workload, the attorneys work unpaid overtime.

The District Attorney identified current unmet needs of \$746,433 comprised of the following:

- \$420,915 for five attorney positions
- \$139,932 for three legal secretary positions
- \$185,586 for two criminal investigator positions

The five attorneys would be divided into the following five caseloads:

- Drug Endangered Children
- Economic Crime (ID Theft, Elder and Dependent Adult Financial Abuse, Fraud)
- Domestic Violence
- Special Victims (Elder Abuse, Child Abuse, Sexual Assault, Stalking)
- Gang Cases

Three legal secretaries were also requested to support the five attorneys. Additionally, two criminal investigators were requested for major crimes including homicides, felony assaults, weapons offenses, gang cases, drug cases, robbery, felony theft, arson, and all juvenile crimes.

In the Application, the County documented an 82 percent increase in new Drug Endangered Children cases from 1999 to 2003. Additionally, during the same period, the children rescued related to these cases increased from 45 children in 1999 to 223 children in 2003, a 395 percent increase. Additional information showed that the 2004 and 2005 caseload trend continued to increase.⁴⁰ *Therefore, the Commission finds that one attorney position for Drug Endangered Children cases, at \$84,183, is an unmet need.*

Economic Crime caseloads include ID theft, elder and dependent adult financial abuse, and fraud, but,⁴¹ the Application only included key caseload indicators for the category of Felony Forgery/ID theft. There was a steady increase of Felony Forgery/ID Theft cases from 1999 through 2002, with a decrease from 229 cases in 2002 to 213 cases in 2003.⁴² *Because the caseload trend increased overall, the Commission finds that one attorney position for Economic Crime cases, at \$84,183, is an unmet need.*

Between 1999 and 2004, the Felony Domestic Violence caseload increased 64 percent.⁴³ *Therefore, the Commission finds unmet needs for one attorney position at \$84,183.*

The District Attorney identified an unmet need of one attorney to handle the Special Victims cases comprised of Elder Abuse, Child Abuse, Sexual Assault, and Stalking cases. Additional information supplied by the County, indicates that the caseload indicators for Special Victims have increased from year to year.⁴⁴ *Therefore, the Commission finds that one attorney position, at \$84,183, is an unmet need.*

In the Application, the County identified one attorney for Misdemeanor Cases. On May 12, 2005, the District Attorney instead requested a deputy district attorney position for the gang

⁴⁰ Butte County Application page 78 and Butte County's May 6, 2005 response to the Staff Analysis.

⁴¹ Butte County Application, page 80.

⁴² Butte County Application, page 78.

⁴³ Butte County's May 6, 2005 response to the Staff Analysis.

⁴⁴ Butte County's March 30, 2005 response to staff questions, District Attorney Question #2.

caseload.⁴⁵ Felony gang cases increased from two in 1999 to 40 in 2004.⁴⁶ *The Commission finds unmet needs for one attorney position, at \$84,183, because of the steady increase in the number of gang cases.*

The District Attorney requests three legal secretary positions to support the five requested attorney positions mentioned above, consistent with the sample of the industry standard of 1.46 attorneys per secretary provided by the County. *The Commission finds unmet needs of \$139,932 for three legal secretary positions.*

Two additional investigator positions were identified to handle the alleged unmet needs in the major crimes area. Major crimes are described as homicides, felony assaults, weapons offenses, gang cases, drug cases, robbery, felony theft, arson and all juvenile crimes. Homicide, felony assault, gangs, burglaries and juvenile caseloads have increasing trends over a four-year period.⁴⁷ *Since there is a clear increase in the number of criminal cases, the Commission finds unmet needs for two investigator positions, at \$185,586.*

Overall, the Commission finds current unmet needs of \$746,433 in the District Attorney's Office.

2. Fire

Butte County contracts with the California Department of Forestry and Fire Protection (CDF) to operate the Butte County Fire Department. The contract primarily provides funding for CDF professional command and fire fighting staff to operate the Fire Department. The CDF and Butte County Fire Department function as one fully integrated organization operating 42 state, county, and volunteer fire stations countywide. Services include response to fires of all types, medical emergencies, rescues, hazardous materials first responders, and fire prevention activities. There are also 22 volunteer fire companies that provide first response to fires and medical emergencies in remote areas of the county and augment career fire fighters in more urbanized areas. The County provides supervision, worker's compensation, protective gear, radios, fire apparatus maintenance, basic fire equipment, and in some cases, fire stations.

All services are mandated except the hazardous materials response capabilities provided by the Butte County Hazardous Materials Joint Powers Agreement, which has been authorized by the Board of Supervisors since 1990. Also, the Fire Department includes a Drowning Accident Rescue Team (DART), Fire Protection Planning, Public Education, as well as Code and Law Enforcement, as part of its all risk services.

The Fire Department identified \$2,171,208 in unmet needs, which included the following:⁴⁸

⁴⁵ Transcript, May 12, 2005 Hearing, page 36.

⁴⁶ Butte County's May 6, 2005 response to the Staff Analysis.

⁴⁷ Butte County's March 30, 2005 response to staff questions, District Attorney Question #2.

⁴⁸ In the Application, the Fire Department identified \$2,683,222 in unmet needs. With the passage of the Butte County 2004-05 budget, the amount was changed to \$3,764,687. It was last changed to \$2,171,208 in a letter from Butte County dated March 30, 2005, Fire Question #3.

- \$305,208 for three FTE Fire Apparatus Engineers (FAEs), two at North Chico and one Hazardous Materials (Haz Mat) FAE at Kelly Ridge
- \$40,000 for Overtime/Training Budget
- \$220,000 for Volunteer Equipment
- \$87,000 for Volunteer Stipend Budget
- \$1,519,000 for Equipment Replacement Fund

The number of emergency incidents handled by the Fire Department increased 6 percent overall between 2000 and 2003.⁴⁹ However, 10 out of 15 of emergency categories have a decreasing trend. Particularly, in the area of Haz Mat, incidents decreased by 14 percent between 2000 and 2003. *Therefore, the Commission finds unmet needs of \$203,472 to replace the loss of two FAEs at the North Chico Fire Station and that the Kelly Ridge Haz Mat FAE, at \$101,736, is not an unmet need.*

The Fire Department reduced its training activities by transferring staff between engine companies, spreading training classes over several shifts and rescheduling training to a later date to reduce expenditures. These activities have resulted in fuel savings, increased availability of resources, flexibility for on duty personnel, and decreased training at overtime pay rates.⁵⁰ However, there was no explanation of what current training challenges or violations have resulted from this training alteration. *Therefore, the Commission finds that the \$40,000 for Overtime/Training Budget is not an unmet need.*

It appeared that two fire engines for volunteer stations were budgeted under Ancillary Services in the County's FY 2004-05 budget, but conditioned on the actual award of the related grants and receipt of volunteer matching funds.⁵¹ Also, in an effort to enhance revenue, the Fire Department received a grant in the amount of \$213,000 from the Office of Traffic Safety in 2004 for equipment and a volunteer squad. The equipment was purchased and assigned to volunteer staffed companies.⁵² No detail was presented to support \$87,000 for a stipend budget. *Therefore, the Commission finds that \$220,000 for Volunteer Equipment and the \$87,000 for the Volunteer Stipend Budget are not unmet needs.*

The Application states that the Equipment Replacement Fund was liquidated this past fiscal year to balance the County's budget deficit. The amount of \$2,000,000 was transferred from this fund to the County's General Fund. Thus, leaving the department with unmet equipment needs. *The Commission finds that \$1,174,488 in equipment is unmet needs.*⁵³

⁴⁹ Butte County Application, page 86.

⁵⁰ Butte County Application, page 83-84.

⁵¹ Butte County 2004-05 Proposed Budget, page 153 and Butte County Final Budget 2004-05, page 91.

⁵² Butte County Application, page 84.

⁵³ The total amount of unmet equipment needs identified in the Application page 90-91 was \$1,174,488. This amount was subsequently revised to \$1,519,000 in Butte County's March 30, 2005 response staff questions, Fire Question #3. However, no explanation to support the changed amount was provided.

The Fire Department received approximately 13 percent of its funding from sources other than the County General Fund in FY 2004-05. Therefore, the Commission finds current unmet needs of \$1,198,825 for the Fire Department.⁵⁴

3. Probation

The Probation Department provides mandated and discretionary services (i.e., investigations, sentence recommendations through court reports, supervision of persons formally placed on probation, and administration of various programs) to the adult and juvenile courts in the County. The Department is essentially a function of the courts, providing reports and recommendations to the courts regarding the sentencing of persons convicted of crimes.

All of the Probation Department’s services are statutory or judicially mandated with the exception of Probation and School Services (PASS) that places probation officers in school districts to focus on truant students.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04 and 2004-05 for Probation-General Services (budget unit 430.001) are illustrated below.⁵⁵

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$6,222,627	101.75
2003-04	\$7,343,007	105.5
2004-05	\$7,556,336	96.5

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04 and 2004-05 for Probation-Juvenile Hall (budget unit 420.001) are illustrated below.⁵⁶

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$3,115,709	55.5
2003-04	\$3,689,271	56.5
2004-05	\$3,495,853	48

Juvenile Services

The County identified current unmet needs of \$3,031,372, which is composed of the following:

⁵⁴ General Fund transfer to the Fire Protection Fund approximates 87% (= \$12,153,746 / \$13,919,098 * 100) per the Butte County FY 2004-05 Budget, Schedule 5 and Schedule 8. General Fund portion of unmet needs is computed as: \$1,198,825 = \$1,377,960 * 87%.

⁵⁵ Butte County 2002-03 Budget, pages 445-472; Butte County 2003-04 Budget, pages 210-229 and 455; Butte County 2004-05 Budget, pages 98-104; Salary Ordinances & Position Allocations 2004-2005, pages 6-7.

⁵⁶ *Ibid.*

- \$706,945 for staffing in the Juvenile Intake Unit
- \$1,523,440 for staffing in Juvenile Field Services and Juvenile Supervision
- \$401,699 for staffing in the Electronic Monitoring Program
- \$329,288 for staffing and related expenses related to Senate Bill 933⁵⁷ services
- \$70,000 for California Youth Authority (CYA) impact

To support nine professional and three clerical staff, the County provided key workload indicators in the Application for Juvenile Intake that reflect an increase in new referrals and reports completed, and increasing average trends in cases closed monthly and petitions filed.⁵⁸ The additional staff would allow for the investigation of matters regarding the custody, status, and welfare of minors appearing in Juvenile Court as well as the investigation of the circumstances and facts surrounding the delivery of any minor taken into custody. *Therefore, the Commission finds unmet needs of \$706,945 for staffing in the Juvenile Intake Unit.*

The Juvenile Field Services (high school) and the Juvenile Supervision (junior high school) each request twelve additional professional staff to supervise minors placed on probation by the Juvenile Court. This increased staffing would drop caseloads to under 60 in most places for high school, and would allow for a directed and coordinated effort of early intervention and supervision of late elementary and junior high school juveniles.⁵⁹ *Therefore, the Commission finds unmet needs of \$1,523,440 for staffing in Juvenile Field Services and Supervision.*

The Electronic Monitoring Program currently supervises no more than 45 juveniles at one time who are on house arrest with two Probation Officers and one Probation Technician. Juvenile Services proposed expanding that supervision to 100 juveniles at a time with the addition of seven staff members, four probation officers and two probation technicians. There is no explanation of the need for the expansion or if there would be an impact on other supervision activities. *Therefore, the Commission finds that \$401,699 for the expansion of the Electronic Monitoring Program is not an unmet need.*

Five professional staff and ancillary office and travel expenses are requested for probation Senate Bill 933 homes. Senate Bill 933 requires County Probation Departments to visit every ward placed in a group home every 30 days and to complete a comprehensive assessment of their placement conditions.⁶⁰ The Application states that there is an average of 55 minors placed in group homes. However, the workload indicators show that group home placements averaged 40 per month.⁶¹ There was insufficient information in the Application to evaluate whether the number of staff requested is supported. *Therefore, the Commission finds that \$329,288 for staffing and related expenses for Senate Bill 933 services are not unmet needs.*

⁵⁷ Statutes 1998, Chapter 311 .

⁵⁸ Butte County Application, page 100.

⁵⁹ Butte County Application, page 104.

⁶⁰ Butte County Application, page 105.

⁶¹ Butte County Application, page 101.

Any trial court of the State of California is authorized to make an order to commit an offender to the CYA. The County pays for the incarceration of these serious offenders, although, these costs vary annually. The Application estimates these costs at \$320,000 in FY 2004-05, but only \$250,000 was included in the County budget leaving unmet needs of \$70,000. *The Commission finds that CYA costs, at \$70,000, are unmet needs.*

Pro-Active Services

The Pro-Active Unit serves probationers who are both juveniles and young adults. These additional supervision tools are funded by grants and Federal Temporary Assistance to Needy Families (TANF) funds.

Pro-Active Services requests current unmet needs of \$259,538 for its Intensive Supervision Gang Caseload, which is composed of the following:

- \$77,555 for one Supervising Probation Officer position
- 181, 983 for three Probation Officers I/II/III positions

The Intensive Supervision Gang has one position supervising a caseload of 60 probationers involved in gang related activities. An additional three Probation Officers and a Supervisor (\$259,538) were requested because the number of gang related probationers in the County are beyond the number one officer can intensively supervise. Felony gang cases significantly increased from two in 1999 to 40 in 2004.⁶² *Therefore, the Commission finds unmet needs of \$259,538 for the Intensive Supervision Gang caseload.*

Juvenile Hall

Juvenile Hall requests unmet needs of \$665,000, which consists of the following:

- \$585,000 to replace 20 beds that were unfunded due to recent budget constraints⁶³
- \$80,000 for additional annual medical costs

Juvenile Hall had 1,733 intakes in 2003, with an average daily population of 59.18.⁶⁴ This compares to the 1995 average daily population of 55.86.⁶⁵ Currently, medical services in the facilities are contracted out to a private provider.

Beginning July 1, 2004, available bed space in Juvenile Hall was reduced from 80 to 60 beds. With the elimination of the bed space, the County had to release minors back into the community who would have otherwise been detained. The criterion for booking and holding minors was changed to accommodate the reduction.⁶⁶ With respect to medical, there was no explanation of

⁶² Butte County Application, pages 78 and 107 and Butte County's dated May 6, 2005 response to the Staff Analysis.

⁶³ Butte County's May 6, 2005 response to the Staff Analysis.

⁶⁴ Butte County Application, pages 108-109.

⁶⁵ Butte County Application, pages 108.

⁶⁶ Butte County Probation Department memorandum, dated June 30, 2004.

what the \$80,000 in unmet medical costs covers. *Therefore, the Commission finds that the \$585,000 that would be required to activate the 20 Juvenile Hall beds is unmet needs and that additional medical costs are not unmet needs.*

Adult Services

The Adult Services Division requests current unmet staffing needs of \$4,913,179, which is composed of the following:

- \$526,553 for the Adult Intake Unit
- \$693,131 for North County Intensive
- \$437,388 for South County Intensive
- \$1,183,273 for Domestic Violence Unit
- \$464,121 for Sex Offender caseload
- \$523,021 for Administrative Monitoring caseload
- \$133,266 for Drug Court
- \$60,661 for one Probation Officer I/II/III position for the High Intensity DUI Enforcement (HIDE) Program
- \$182,161 for the Victim/Witness program
- \$101,411 for Interstate Supervision
- \$608,193 in general needs

The Adult Intake Unit investigates the background of persons convicted of a crime and makes recommendations to the courts as to the suitability of the defendant for probation as well as investigating and recommending felony sentences. The Adult Supervision Unit supervises the conduct of convicted adult defendants while on probation or parole.

The County requested approval of unmet needs for seven Probation Officers and clerical staff (\$526,553) for the Adult Intake Unit to allow more comprehensive reporting, detailed investigations with victim input, and reduce mandatory overtime of the unit. Key workload indicators show an increase in investigations and reports.⁶⁷ *Therefore, the Commission finds unmet needs of \$526,533 for Adult Intake staffing.*

The County requested the addition of 82.5 positions at a cost of \$3,778,443 in the Adult Supervision Unit for the following: (1) North and South County Intensive which deals with

⁶⁷ Butte County Application, page 101 and Butte County's May 6, 2005 response to the Staff Analysis.

probationers who represent a threat to public safety and/or themselves, (2) Domestic Violence Unit, (3) Sex Offender Unit, (4) Administrative Monitoring where probationers report by mail, (5) Drug Court which is a system designed to address criminally involved drug addicts, (6) HIDE Program to reduce recidivism of DUI and repeat DUI offenders, (7) Victim/Witness Program which provides services to crime victims, and (8) Interstate Supervision.

Generally, all these requests are based on achieving a probationer to Probation Officer ratio that would achieve maximum results. Workload indicators show that the number of probationers supervised increased.⁶⁸ However, information to support the number of positions was insufficient. Also, some of the unit's programs, such as the HIDE Program, receive federal grants for funding. *Therefore, the Commission finds that \$3,778,433 for Adult Supervision Unit staffing is not an unmet need.*

Adult Services requests \$608,193 for 15 positions to meet general needs. As noted previously, key workload indicators show an overall increase of probationers. However, the Commission could not determine specific relationships between program staffing needs and general needs, and therefore, concluded that this request would duplicate the other requests. *Thus, the Commission finds that \$608,193 for additional staffing to support general needs is not an unmet need.*

Administration Division

The Administration Division identified current unmet needs of \$1,215,600 that is composed of the following:

- \$120,000 for office space
- \$685,000 for office equipment
- \$160,600 for new officer equipment
- \$125,000 for state mandated training
- \$125,000 for five radio and cage equipped vehicles

In the request for \$120,000 for office space, the Application states that the amount is based on a lease rate of \$1.00 per square foot for approximately 10,000 square feet.⁶⁹ However, no information in the Application cites the need for an office expansion. *Therefore, the Commission finds that the \$120,000 to lease office space, as well as the corresponding \$685,000 for office equipment, are not unmet needs.*

Above, the Commission found that 44 probation officers are unmet needs. *Therefore, the Commission finds unmet needs of \$80,300 for probation officer safety equipment and supplies.*⁷⁰

⁶⁸ *Ibid.*

⁶⁹ Butte County Application, page 120.

⁷⁰ The County estimated the cost of probation officer safety equipment and supplies at \$1,825 per officer. Butte

The state no longer pays a portion of the training costs, leaving the department’s funding insufficient to meet state and departmental requirements. *Therefore, the Commission finds unmet needs of \$125,000 for mandated training.*

The County identified unmet needs for five radio and cage equipped vehicles totaling \$125,000 to eliminate the use of personal vehicles when transporting persons in custody after search activity. *Consistent with the finding for new officers and equipment, the Commission finds that \$125,000 for five vehicles is an unmet need.*

Overall, the Commission finds current unmet needs of \$4,001,776 for the Probation Department.

4. Sheriff-Coroner

The Sheriff-Coroner’s Office is responsible for keeping peace and apprehending persons charged with crimes. The Sheriff serves as Coroner and Ex-Officio Marshall of the Courts. Additionally, the Office is also responsible for the secure housing and care of all pretrial prisoners and prisoners sentenced to Butte County Jail. Another mandated service includes providing security to the Superior Court of California, County of Butte. The Sheriff-Coroner’s Office also provides several non-mandated services including local police, dispatch, programs designed as alternatives to incarceration, and Crime Prevention Unit services.⁷¹

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below. (Combined budget units: 175.001, 360.001, 360.002, 360.003, 360.006, 360.007, 360.008, 360.011, 360.012, 361.001, 362.001, 363.001, and 510.001)⁷²

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$23,699,760	260.0
2003-04	\$24,662,137	262.0
2004-05	\$25,147,360	255.0

The Sheriff–Coroner’s Office identified unmet needs of \$9,713,038 for the following:⁷³

- \$1,722,205 for an evidence facility
- \$563,293 for a morgue as an addition to the evidence facility
- \$420,367 for Own Recognizance Program as follows:

County Application, page 120.

⁷¹ Butte County Application, pages 122 – 123.

⁷² Butte County FY 2002-03 Budget, page 538; Butte County FY 2003-04 Budget, page 259; Butte County FY 2004-05 Budget, pages 115 – 125; and Salary Ordinance and Position Allocation for FY 2004-05, pages 5 – 6.

⁷³ Butte County Application, pages 132 – 134.

- o \$78,125 for one Correctional Sergeant position
- o \$249,624 for four Correctional Officer positions
- o \$92,618 for two Correctional Technician positions
- \$3,514,115 for 55 Deputy Sheriff positions
- \$609,208 for eight Sheriff's Sergeant positions
- \$223,650 for uniforms and safety equipment
- \$1,575,000 for 63 additional vehicles
- \$398,400 for eight Public Safety Dispatcher positions
- \$336,800 for eight Sheriff's Clerk positions
- \$350,000 for 14 replacement fleet vehicles

The County contended that a recent administrative audit of the evidence facility revealed that the current building is inadequate for the Sheriff's needs. The facility needs to be refurbished or replaced.⁷⁴ The Sheriff-Coroner's Office requested \$1,722,205 for a new evidence facility, based on an estimate prepared by Rhetta Associates. The firm prepares the schematic designs and the preliminary estimates for the County.⁷⁵ *Since the current evidence facility was determined to be inadequate for the Sheriff's needs, the Commission finds first-year financing for a new facility, at \$539,948, is an unmet need.*⁷⁶

The Coroner's Office uses 11 private mortuaries and their employees because the County does not have a morgue. According to the Application, several neighboring counties are now transporting their Coroner's cases to either Redding or Sacramento.⁷⁷ It appears that other counties in the area do not have a morgue either. *Therefore, the Commission finds that the \$563,293 for a morgue is not an unmet need.*

Seven new positions were requested for Own Recognizance Program (OR) to provide 24 hour staffing.⁷⁸ Based on the description of the savings that would be achieved in a Pretrial Release Program, the Commission finds that the resulting savings could be used to fund these positions.⁷⁹ *Therefore, the Commission finds that \$420,367 for additional staffing is not an unmet need.*

To increase its ratio of front line law enforcement the County identified unmet needs for 55 Deputy Sheriff positions (\$3,514,115) and eight Sheriff Sergeant positions (\$609,208). The

⁷⁴ Butte County Application, page 131.

⁷⁵ Butte County's March 30, 2005 response to staff questions, Sheriff - Coroner Question #1.

⁷⁶ Butte County's May 6, 2005 response to the Staff Analysis.

⁷⁷ Butte County Application, pages 131 – 132.

⁷⁸ Butte County Application, pages 130.

⁷⁹ Butte County's May 6, 2005 response to the Staff Analysis.

Application references the 2002 Uniform Crime Report (UCR), stating that the California average ratio of sworn officers per 1,000 population is 2.77. The County's ratio is 1.18 sworn officers per 1,000 population.⁸⁰ *Therefore, the Commission finds that \$4,123,323 for new positions are unmet needs.*

The Sheriff-Coroner's Office requested 63 additional uniforms and safety equipment for \$223,650, and 63 additional vehicles for \$1,575,000. *Since the Commission finds that 63 positions constitute unmet needs, the Commission also finds unmet needs of \$1,798,650 for uniforms, equipment, and vehicles are also unmet needs.*

With the addition of these sworn personnel, radio traffic would double its current volume thereby requiring eight additional Public Safety Dispatchers at a cost of \$398,400. Additional support staff would also be required.⁸¹ The Sheriff-Coroner's Office requested eight Sheriff's Clerk positions for the total of \$336,800. *Therefore, the Commission finds that \$398,400 for dispatchers and \$336,800 for support staff positions related to 63 sworn personnel are also an unmet needs.*

The Sheriff-Coroner's Office maintains a fleet of about 200 vehicles. Until this year, new vehicles were purchased from a county vehicle replacement fund. The fund was recently eliminated leaving the Sheriff - Coroner's Office with 14 over mileage emergency vehicles.⁸² The Office requested \$350,000 to replace these 14 vehicles. However, the Application does not explain why all 200 vehicles are necessary to maintain current level of services. *Therefore, the Commission finds that \$350,000 for vehicle replacement is not an unmet need.*

Overall, the Commission finds current unmet needs of \$7,197,121 for the Sheriff - Coroner's Office.

Other Public Safety Departments

1. Agricultural Commissioner

The Agricultural Commissioner: (1) is responsible for countywide enforcement of agricultural laws and regulations, (2) serves as the Director of Weights and Measures, and (3) supervises the contractual functions of Predatory Animal Control. The Predatory Animal Control program provides animal damage control management on properties within the County, and is the only non-mandated service provided by the Agricultural Commission.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04 and 2004-05 are illustrated below (budget unit 460.001).⁸³

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
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⁸⁰ Butte County Application, pages 128 - 129.

⁸¹ Butte County Application, pages 133 - 134.

⁸² Butte County Application, page 131.

⁸³ Butte County 2002-03 Budget, pages 161-166; Butte County 2003-04 Budget, pages 104-105; Butte County 2004-05 Budget, page 60; Salary Ordinances & Position Allocations 2004-05, page 8.

2002-03	\$1,535,367	18.5
2003-04	\$1,636,046	18
2004-05	\$1,649,500	18

Based on the FY 2004-05 Proposed Budget, the Agricultural Commission requested unmet needs of \$144,145.⁸⁴ With the passage of the FY 2004-05 Final Budget, the Agricultural Commission reduced its request to \$55,155.⁸⁵ However, the County did not provide any additional information regarding the components of this reduced amount. Therefore, the Commission evaluated all of the unmet needs originally requested and considered information in the Final Budget and the reductions when making recommendations for approval or disapproval of the following:

- \$40,000 for two new vehicles to replace two older vehicles currently in use
- \$55,000 for one full time GIS Engineering Aide position or \$14,039 for one part time position
- \$16,883 for two part time clerical positions for two district offices
- \$13,352 for services and supplies reduced by FY 2004-05 budget constraints
- \$18,910 for the remodeling the Chico Office

The County states there are two vehicles with 111,000 and 115,000 miles, respectively.⁸⁶ Personnel use these vehicles for daily work activities. Also, these vehicles have high maintenance costs and are in need of being replaced.⁸⁷ The two vehicles are 1993 Ford Rangers with 116,714 and 117,034 miles, respectively. Additionally, the County indicated that maintenance costs are currently minor; however, the Fleet Supervisor of Public Works recommended that the vehicles be replaced with County vehicle numbers 408 and 410.⁸⁸ The Chief Administrative Officer recommended disapproval of this request in the FY 2004-05 Proposed Budget stating that the Board already approved this request in late FY 2003-04.⁸⁹ *Since funding for these vehicles was approved prior to this fiscal year and the Application does not mention any safety concerns with these vehicles, the Commission finds that \$40,000 for the replacement of two vehicles is not an unmet need.*

The County states the need for one GIS Engineering Aide position, either full time at \$55,000 or part time at \$14,039, to help facilitate planning issues affecting Agriculture and to promote the

⁸⁴ Butte County Application, page 141.

⁸⁵ Butte County Application, page 15.

⁸⁶ Butte County Application, page 140.

⁸⁷ Butte County Application, page 140.

⁸⁸ Butte County's March 30, 2005 response to staff questions, Agriculture Questions #1-3.

⁸⁹ Butte County's Proposed Budget for 2004-05, page 96.

pesticide GIS interface needed to issue pesticide permits in the future.⁹⁰ The position will collect and implement crop and parcel information as well as maintain the current database for these functions.⁹¹ *Therefore, the Commission finds unmet needs of \$14,039 for a GIS Engineering Aide position.*

The Application indicates that clerical positions from two district offices were relocated to the main office in an effort to control expenditures, leaving professional staff to take on support duties while completing their own duties.⁹² No information was provided to explain why these clerical positions are necessary to maintain the current level of services. *Therefore, the Commission finds that two-part time clerical positions, at \$16,883, are not unmet needs.*

In the FY 2004-05 Final Budget, some services and supplies were cut due to budget constraints. The specific targeted areas include specialized training, transportation, and travel. The Commission agrees that without these services and supplies the department will fall short of its current level of efficiency. *Therefore, the Commission finds \$13,352 in unmet needs for services and supplies recently eliminated by budget constraints.*

The Agricultural Commissioner requested remodeling of the Chico District Office due to poor lighting, stained carpets, falling ceiling tiles, and old paint. The Application states that this creates a poor working environment; however, it did not indicate that any building code or government code violations have been reported. *Therefore, the Commission finds that the Chico District Office remodel, at \$18,910, is not an unmet need.*

Overall, the Commission finds \$27,391 in current unmet needs for the Agricultural Commissioner.

2. Development Services

Development Services oversees the consolidated development services (building inspection, planning) and provides planning and development guidance to the Board of Supervisors and other County agencies. Building inspection is mandated for enforcement of provisions of state law pertaining to the erection, construction, reconstruction, movement, enlargement, conversion, alteration, repair, and removal or demolition of all structures. The Planning Department is responsible for developing plans for review and consideration by the Board of Supervisors, and for the physical development of Butte County.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 for Development Services (budget unit 440.001) are illustrated below.⁹³

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
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⁹⁰ Butte County Application, pages 140-141 and Butte County's May 6, 2005 response to the Staff Analysis.

⁹¹ Butte County Application, pages 140-141.

⁹² Butte County Application, pages 136.

⁹³ Butte County 2002-03 Budget, pages 274-284; Butte County 2003-04 Budget, pages 140-146; Butte County 2004-05 Budget, page 70; Salary Ordinances & Position Allocations 2004-05, page 7.

2002-03	\$3,087,584	44
2003-04	\$3,667,881	45
2004-05	\$3,965,604	45

The County requested current unmet needs of \$1,212,000⁹⁴ that are composed of the following:

- \$149,000 for two long range planning staff
- \$438,000 for one Information System (IS) position and two Geographical Information System (GIS) positions
- \$210,000 for a scanning services contract at \$200,000 and resources devoted to scanning documents at 10,000
- \$120,000 for Global Positioning System (GPS) units and office security systems
- \$90,000 for one Code Enforcement Officer and equipment
- \$66,000 for one Plan Checker position
- \$67,000 for one Permit Coordinator position
- \$48,000 for one Customer Service Desk position
- \$24,000 for 12 Notebook computers for Building Inspectors

The County states that long range planning for the department is performed as time permits while they concurrently process plans for current projects and applications. Also, the planning division is meeting only the minimal support levels required by state mandated programs such as the Airport Land Use Commission (ALUC) and SMARA Mining and Land Conservation Act committees.⁹⁵ The Application includes the key workload indicators for FYs 2000-01 through 2004-05 (est.).⁹⁶ While these indicators show an increase in workload, there is no correlation between the workload and the number of positions that are requested. *Therefore, the Commission finds that two long-range planning positions, at \$149,000, are not unmet needs.*

Development Services initially requested one IS position and two GIS positions for the GIS Division. However, since the submittal of the application, the division gained one IS Technician through a transfer from another department and the County decided to move the GIS division to

⁹⁴ In Butte County's May 6, 2005 response to the Staff Analysis, Development Services also requested additional unmet needs for the General Plan Update ranging from \$3 million to \$5 million. The Commission could not evaluate the range of costs without supporting documentation.

⁹⁵ Butte County Application, page 152.

⁹⁶ Butte County Application, page 150.

another department.⁹⁷ This alleviates the need for these requested positions. *Therefore, the Commission finds that these positions, at \$438,000, are not unmet needs.*

Development Services stores its records in multiple areas and filing systems. The Application states that current file space is using approximately 500 square feet of the office area.⁹⁸ This filing area is taking the potential workspace for current employees. The requested scanning service will help the department recover this space and will include all building, planning and land development records for the County. This electronic information will be accessible to Development Services staff and the public. It appears that the scanning of documents would increase productivity in all divisions of the department and improve the working environment for the department. However, based on the information provided, it is unclear what workload impact this scanning service would provide. Additionally, since the GIS Division is being moved to another department, the workspace need appears to be resolved. *Therefore, the Commission finds \$210,000 for the cost of the scanning service contract and additional staff resources to prepare files for scanning are not unmet needs.*

The County states that there are no safety measures in the vehicles or offices during normal business hours. The department receives regular threats and there have been some incidents of physical assault of employees.⁹⁹ Development Services is requesting GPS units be installed in their vehicles to track locations of their employees in the field. The GPS units are \$5,000 per vehicle (18 vehicles at \$5,000=\$90,000). The department also requests a keypad entry system at \$5,000 that will limit building access to authorized personnel only. The department also feels that front counter barriers in the lobby are necessary to separate staff from potential threats in the lobby area. Neither the Application nor the County's response to staff questions provide a cost estimate for building barriers for the front counter. Lastly, Development Services requests a paging and intercom system installed throughout the building. Because the current County telephone system does not support an intercom paging system, 44 system compatible phones and wiring would be required at a cost of \$25,000.¹⁰⁰ There is a definite need for security measures in the office if employees are regularly receiving threats and being assaulted. However, there is no evidence that the remaining equipment is essential. *The Commission finds that \$5,000 for the keypad entry system is an unmet need and that the remaining items (\$115,000) are not unmet needs.*

Development Services requests a Code Enforcement Officer to manage the proposed Illegal Dumping program and four notebook computers for the current Code Enforcement Officers to use in the field. The Application provides limited information about how the requested position and equipment would help maintain basic service levels. *Therefore, the Commission finds that the Code Enforcement Officer and equipment, at \$90,000, are not unmet needs.*

The County states that due to increasing application volume and complex building plans, an ongoing backlog exists of building plans that need checking for compliance with health and

⁹⁷ Butte County's March 30, 2005 response to staff questions, Development Services Question #2.

⁹⁸ Butte County Application, page 154.

⁹⁹ Butte County's dated March 30, 2005 response to staff questions, Development Services Question #3.

¹⁰⁰ *Ibid.*

safety codes.¹⁰¹ Currently, the department contracts for plan checking services for \$78,000 per year. The additional Plan Checker position would cost \$66,000. There is no information in the Application that demonstrates the need for a full-time position. *Therefore, the Commission finds that the Plan Checker position, at \$66,000, is not an unmet need.*

The department requests a Permit Coordinator at \$67,000 to serve as a contact for the public, to help with the navigation through the permit process, to explain and direct contact with the various department/agencies involved, to disseminate information on permit status, and act as an ombudsman.¹⁰² Based on the information provided, it is unclear what impact this new position will have on the permit process and whether it is necessary to provide adequate services. *Therefore, the Commission finds that the Permit Coordinator position, at \$67,000, is not an unmet need.*

Development Services is requesting a Customer Service Desk at \$48,000 that would serve as the initial point of contact for the public. This position would direct the public to the appropriate counters and distribute brochures, hand-outs, applications, etc.¹⁰³ It is unclear what impact this new position will have on the permit process. *Therefore, the Commission finds that the Customer Service Desk, at \$48,000, is not an unmet need.*

To optimize time, the department is requesting notebook computers for the 12 field inspectors. The notebooks would be used for tracking and logging their activities while in the field on assignment.¹⁰⁴ The estimated cost would be \$24,000 for all 12 computers. The Commission finds no evidence that the new computers are necessary to provide adequate services. *Therefore, the Commission finds that \$24,000 for notebook computers is not unmet needs.*

Overall, the Commission finds \$5,000 in current unmet needs for Development Services.

3. Water and Resource Conservation

Measure G, entitled “An Ordinance to Protect the Groundwater Resources in Butte County” was approved by the voters November 5, 1996. As a provision of Measure G, the County established the Water Division within the Agricultural Department. The Water Division was transitioned to a separate County department (Water and Resource Conservation) in FY 1999-00. The Department’s primary role is to provide coordination and facilitation of County water activities, implement the County’s water conservation ordinances, and represent the County in various water issues.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04 and 2004-05 are illustrated below (budget unit 441.001).¹⁰⁵

¹⁰¹ Butte County Application, page 155.

¹⁰² *Ibid.*

¹⁰³ *Ibid.*

¹⁰⁴ *Ibid.*

¹⁰⁵ Butte County 2002-03 Budget, pages 598-610; Butte County 2003-04 Budget, pages 277-282; Butte County 2004-05 Budget, page 127; Salary Ordinances & Position Allocations 2004-05, page 8.

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$962,200	4.5
2003-04	\$1,356,857	5.5
2004-05	\$998,750	4.0

The County's Application indicated unmet needs of \$1,050,000 for Water and Resource Conservation.¹⁰⁶ However, based on the County's response to staff questions, the County increased the current unmet needs to \$1,090,000, which include the following:

- \$150,000 for the following:
 - One staff person to backfill an on-loan position
 - One Office Specialist to support department staff
 - Additional extra help
- \$370,000 for reconnaissance and feasibility contract funding
- \$270,000 for revision of groundwater model and development of a watershed model¹⁰⁷
- \$50,000 for water education programs
- \$250,000 for groundwater quality monitoring programs

Water and Resource Conservation lost 1.5 staff positions with the passage of the FY 2004-05 County budget. Another position, Manager-Program Development, is currently on loan to the California Bay-Delta Authority. The County would like to backfill this position, retain a full-time Office Specialist to support the department staff, and fund some additional help in order to monitor and evaluate the status of the groundwater resources at a total cost of \$150,000.

The Manager-Program Development position on loan to the California Bay-Delta Authority is reimbursed \$129,478 for FY 2004-05 by the California Bay-Delta Authority and is also funded by the state.¹⁰⁸ Additionally, the County did not provide any specific workload indicators to justify the specific need for the Office Specialist position or identify the specific need for the additional part-time help. *Therefore, the Commission finds that the position funding, at \$150,000, is not an unmet need.*

The County requested additional funding for reconnaissance and feasibility level studies, and to pilot projects that tests whether potential projects are in the best interests of the County. This

¹⁰⁶ Butte County Application, page 160.

¹⁰⁷ Butte County's March 30, 2005 response to staff questions, Water and Resource Conservation Question #3.

¹⁰⁸ Butte County's March 30, 2005 response to staff questions, Water and Resource Conservation Question #1.

will help in the evaluation of the protection level required to preserve prime groundwater recharge zones.¹⁰⁹ The cost of these contracted services is approximately \$370,000 per year. It is unclear what impact these projects would have on groundwater preservation and why conducting these studies is essential. *Therefore, the Commission finds that \$370,000 for these studies is not unmet needs.*

The County is interested in completing revisions to its groundwater model and initiating the development of the watershed model. The groundwater model is used in evaluation scenarios for climate change.¹¹⁰ This service would be contracted out at \$270,000 over a two-year period. Given the limited information provided in the Application, the Commission was unable to determine the impact of these models or how the County is currently functioning without these changes. *Therefore, the Commission finds that \$270,000 for revising and developing these models is not unmet needs.*

Water and Resources Conservation would like to enhance their water education programs. Additional funding would total \$50,000, which includes the upgrade and maintenance of website (\$15,000), enhancement of monthly newsletter (\$10,000), developing materials (\$15,000), and public meetings (\$10,000).¹¹¹ There is no information in the Application that explains why these activities are essential. *Therefore, the Commission finds that \$50,000 for water education program enhancement is not unmet needs.*

The Board of Supervisors approved an environmental monitoring program that will help in the monitoring of groundwater quality. Also, in the Proposed County Budget 2004-05, it states that various elements of the Integrated Water Resources Plan, which includes the Environmental Monitoring Plan, would be approved as recommended by the Water Commission during the year.¹¹² Based on this information, the Commission was unable to determine whether budget approval of this plan includes the program funding. *Therefore, the Commission finds that \$250,000 for this program is not unmet needs.*

The Commission finds no current unmet needs in Water and Resource Conservation.

Health & Human Resources

1. Behavioral Health

Behavioral Health provides a comprehensive continuum of services meeting community needs related to drug, alcohol and mental health problems. Services provided by Behavioral Health may be placed in the following general categories: administrative services, community education and prevention services, client intake and access services, 24-hour residential treatment services, day treatment services, and outpatient treatment services.

¹⁰⁹ Butte County Application, page 159.

¹¹⁰ Butte County Application, page 160.

¹¹¹ Butte County's March 30, 2005 response to staff questions, Water and Resource Conservation Question #4.

¹¹² Butte County Proposed Budget 2004-05, pages 215-216.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 in Behavioral Health-General Services (budget unit 541.001) are illustrated below.¹¹³

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$31,349,903	341.0
2003-04	\$31,953,645	340.5
2004-05	\$29,783,421	300.5

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 in Behavioral Health-Alcohol and Drug Services (budget unit 541.002) are illustrated below.¹¹⁴

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$3,081,282	33
2003-04	\$3,052,082	27
2004-05	\$2,959,582	26

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 in Behavioral Health-Drug Treatment (budget unit 541.003) are illustrated below.¹¹⁵

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-2003	\$944,032	7.5
2003-2004	\$690,151	6.5
2004-2005	\$920,899	6.5

The County's Application requested \$4,220,000. The County subsequently increased its current unmet needs for Behavioral Health to \$4,233,970 as follows:¹¹⁶

- \$5,508 recruitment costs for translation services
- \$65,000 for one Housing Specialist position

¹¹³ Butte County 2002-03 Budget, pages 201-212; Butte County 2003-04 Budget, pages 120-122, pages 460-461; Butte County 2004-05 Budget, pages 63-65; Salary Ordinances & Position Allocations 2004-05, pages 11-12.

¹¹⁴ *Ibid.*

¹¹⁵ *Ibid.*

¹¹⁶ Butte County Application, pages 171-173; Butte County's March 30, 2005 response to staff questions, Behavioral Health Questions # 1 and # 4.

- \$300,000 for six Caseworker positions
- \$150,000 for four beds contracted out at an existing hospital
- \$1,013,462 for four transitional shelters (includes staffing)
- \$500,000 for Mobile Crisis Team Enhancements
- \$2,000,000 for an Acute Psychiatric Facility for Children
- \$200,000 for four Case Manager positions for homeless outreach

Currently, Behavioral Health uses contracted interpreters to provide culturally appropriate services to a diverse population. The County is requesting additional funding for recruitment costs for unmet translation services. These recruitment costs fund the fees for listing job opportunities in newspapers and on web sites.¹¹⁷ It is unclear as to why the department would need additional funding for recruitment costs if they use contracted interpreters. *Therefore, the Commission finds that \$5,508 for recruitment is not an unmet need.*

Many mental health clients in Butte County are homeless or in need of housing. Acute episodes by these clients could lead to hospitalization or incarceration.¹¹⁸ Most of the supporting information is based on assumptions of worst-case scenarios and does not include any comparable data that would justify the need for a full-time Housing Specialist. *Therefore, the Commission finds that \$65,000 for this position is not an unmet need.*

The department would like to provide job training, on-site coaching, and job placement for approximately 20 non-CalWORKS clients per month. This training is for clients who have treatment that interferes with a normal working environment and suffer from chronic or serious mental illness. The department explained that they would need six caseworkers to share a minimum caseload of 600 clients.¹¹⁹ There is no comparable information to analyze this request. *Therefore, the Commission finds that \$300,000 for six caseworkers are not unmet needs.*

For individuals experiencing life-threatening detoxification issues, the department requests contracting costs for four beds in an existing medical facility. The detoxification would be medically supervised and cost approximately \$150,000 for the contract.¹²⁰ The information provided in the Application does not provide a clear indicator of the impact this contracted service would have on the department or clientele. The Application mentions that the criminal justice system is impacted by people in need of detoxification, but it does not provide any comparable information to support this statement. *Therefore, the Commission finds that contracted services, at \$150,000, are not unmet needs.*

¹¹⁷ Butte County's March 30, 2005 response to staff questions, Behavioral Health Question #1.

¹¹⁸ Butte County Application, page 172.

¹¹⁹ Butte County's March 30, 2005 response to staff questions, Behavioral Health Question #2.

¹²⁰ Butte County Application, page 172.

The County identified unmet needs for transitional housing for clients who require three to six months of treatment. Three adult and one youth shelters would provide safe boarding for clients requiring extended treatment. The amount requested for the facilities, staff, and maintenance costs is \$1,013,462.¹²¹ Most of the supporting information is based on assumptions of worst-case scenarios and does not include any comparable data to justify the need for transitional housing. *Therefore, the Commission finds that \$1,013,462 for transitional housing is not an unmet need.*

In cooperation with other existing emergency response teams, the Mobile Crisis Team responds to acute crisis or emergencies in the County 24 hours a day. The team would like to enhance their services by adding a psychiatrist, Alcohol and Drug Clinician, Mental Health Clinician, three Case Managers, and a van equipped to accommodate clients with disabilities. The department explained that the team is two-thirds staffed, and does not have any after-hours transportation services for clients.¹²² It is unclear why these enhancements are essential and there is no quantifiable information that explains how the performance of the team is hindered. *Therefore, the Commission finds that \$500,000 for the enhancement of the Mobile Crisis Team is not an unmet need.*

Currently, children must be transported out of the County or sent to adult facilities for acute inpatient care. The County requested an Acute Psychiatric Facility (PHF) for children, which would be a local site for acute inpatient care. The PHF would provide a continuum of inpatient and post-patient care, which includes case management, transitional housing, and aftercare. Children, ages 12-17 will be cared for in a 16-bed facility that would cost approximately \$2,000,000.¹²³ The Application includes estimates of 3,117 extremely functional impaired youth and 5,089 substantially functional impaired youth in Butte County who are not receiving services. This is out of an estimated 10,400 children in the County with treatable mental disorders.¹²⁴ There is no information on the number of children that are receiving acute inpatient care or projections that support the request for the facility. *Therefore, the Commission finds that \$2,000,000 for an Acute Psychiatric Facility for children is not an unmet need.*

Behavioral Health would like to expand its homeless outreach program, as called for in the County's five-year Master Plan. For this expansion, the department requests four case managers that will be geographically assigned throughout the County. The information provided does not include any comparable data that would show the impact or need for these positions. *Therefore, the Commission finds that \$200,000 for homeless outreach caseworkers is not an unmet need.*

The Commission finds no current unmet needs for Behavioral Health.

2. Public Health

Public Health-General Services provides services required by state law and county ordinances to promote individual, community, and environmental health in Butte County. Included within the Public Health program are the following components: chronic disease control, maternal and

¹²¹ Butte County's March 30, 2005 response to staff questions, Behavioral Health Question #4.

¹²² Butte County's March 30, 2005 response to staff questions, Behavioral Health Question #5.

¹²³ Butte County's March 30, 2005 response to staff questions, Behavioral Health Question #6.

¹²⁴ Butte County Application, page 168.

child health, California Children Services Program, dental health, public health laboratory, communicable disease control, community statistics, health services for the elderly, emergency and disaster services, health promotion and health education, nursing field services, and administrative and support services.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 for Public Health-General Services (budget unit 540.001) are illustrated below.

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$11,632,672	139.5
2003-04	\$14,420,818	143
2004-05	\$13,464,826	149.25

Public Health-Environmental Health provides services as required by state law and County ordinances to meet environmental health and sanitary needs. Programs include: food program, housing and institutions, recreational health, solid waste, vector control, water supply, hazardous materials, liquid waste, underground storage tanks, and land use. The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 for Public Health-Environmental Health (budget unit 540.003) are illustrated below.

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$1,651,313	25.8
2003-04	\$1,682,441	25.5
2004-05	\$2,139,594	28.5

Animal Control provides a full range of services with the unincorporated portions of the County. These services include rabies control activities, patrol for stray dogs, sheltering, investigation of animal nuisances, dead animal pickup, and spay-neuter programs.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 for Animal Control (budget unit 490.001) are illustrated below.

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$568,021	6.5
2003-04	\$725,737	7.5
2004-05	\$753,129	7.5

Public Health devotes most of its time, resources, and energy to mandated services. Discretionary services have diminished over time to a current level where only the essential services such as administrative support are still provided.

The County identified current unmet needs of \$1,042,700, which are composed of the following:

- \$101,400 to meet the Certified Unified Program Agency (CUPA) requirements
- \$26,300 for one Office Assistant I/II position
- \$41,750 for one Animal Control Officer position
- \$44,800 for one nursing position (LVN)
- \$50,000 for four year computer replacement
- \$50,000 for Health Insurance Portability and Accountability Act (HIPAA) compliant electronic medical records system
- \$26,100 for one part-time Staff Nurse position
- \$27,000 for one part-time Registered Dietician position
- \$500,350 for Public Health Nursing staff enhancements
- \$90,000 for two Health Educator positions for STD follow-up
- \$45,000 for one Health Educator position for HIV Early Intervention Program
- \$40,000 for one Bi-Lingual Health Educator position (state provides \$5,000)

Only four counties, including Butte County, have not met the mandated requirements to be designated as a CUPA. The County is currently attempting to meet these requirements, but cannot completely do so without funding. *Therefore, the Commission finds that \$101,400 to meet the CUPA certification requirements is an unmet need.*

For the past two budget cycles, an additional Office Assistant position has been requested by Public Health. But due to budget constraints, this position has been denied. In the Application, all workload indicators reflect that Environmental Health issues have significantly increased.¹²⁵ *Therefore, the Commission finds that \$26,300 for an Office Assistant position is an unmet need.*

To create an office that performs at its full capacity, Public Health is requesting one Animal Control Officer. The additional position would coordinate, promote, and implement spay and neuter programs, educational activities, and share miscellaneous duties with other staff during

¹²⁵ Butte County Application, page 182.

normal business hours.¹²⁶ The information provided in the Application reflects that humane/neglect cases and service demand requests have been on an increasing trend since 2000.¹²⁷ *Therefore, the Commission finds that \$41,750 for one Animal Control Officer is an unmet need.*

In 2003, the clinics lost one nursing position that aided in immunizations and TB testing. The department would like this position replaced. As described in the Application, the elderly population is increasing and the nursing staff that serves that population has decreased. However, it is unclear as to how this particular position would improve basic services to this population and no data is provided to support the request for a full-time position. *Therefore, the Commission finds that \$44,800 to replace the lost nursing position (LVN) is not an unmet need.*

The department has designed a four-year replacement program for computers that require an upgrade in order to function at an adequate capacity. Current needs for this program have already been implemented, and the remainder is future unmet needs. *Therefore, the Commission finds that \$50,000 for the computer upgrade program is not an unmet need.*

The County identified a HIPAA compliant electronic medical record system as an unmet need. Currently, there are approximately 25,000 medical records. There is no information in the Application that explains why an electronic medical records system is essential to provide the mandated services and there is no explanation of how the cost was determined. *Therefore, the Commission finds that \$50,000 for the electronic medical record system is not an unmet need.*

The clinic is lacking resources to implement a clinical Obesity Prevention and Treatment Program. The department requests funding for one part-time staff nurse and one part-time registered dietician to provide these services. It is unclear how to measure the need of these two positions without quantifiable data on obesity for Butte County. *Therefore, the Commission finds that \$53,100 for part-time nurse and part-time dietician positions are not unmet needs.*

To become proactive in its service to the community, the department proposes additional staffing. Data from a 2002 State Department of Health Services report is cited in the Application to show that the elderly population in Butte County is rising at a rate higher than the statewide average.¹²⁸ The requested Public Health Nurse would provide chronic disease screening, fall risk reduction, and medical case management for elders. None of the other position requests appear to be supported by significant workload data; therefore, the need is unclear. *Therefore, the Commission finds that \$85,000 for a Public Health Nurse II is an unmet need and that the remaining nursing positions are not unmet needs.*

The information provided in the Application indicates that Gonorrhea and Chlamydia cases have significantly increased from 1999 to 2004.¹²⁹ The County is responsible for contacting each client to make sure that the proper procedures have been followed. *The Commission finds unmet needs for two Health Educators, at \$90,000.*

¹²⁶ Butte County's March 30, 2005 response to staff questions, Public Health Question #3.

¹²⁷ Butte County Application, page 184.

¹²⁸ *Ibid.*

¹²⁹ Butte County Application, page 183 and Butte County's May 6, 2005 response to the Staff Analysis.

The County requested one Health Educator position for its HIV Early Intervention program (EIP) services. Public Health receives \$147,500 per year in grant funds for the management of 110 HIV-positive clients, but another 35-45 percent are left without services.¹³⁰ *Therefore, the Commission finds unmet needs for a Health Educator position for HIV EIP services at a cost of \$45,000.*

Each individual who is HIV positive is given a unique non-name identification code that is entered into the HIV/AIDS Surveillance database. The County is requesting one bi-lingual health educator to perform these services. The Commission finds that it is unclear how to measure the need for this position given the information provided. Specifically, no information is provided regarding what languages are needed or a breakdown of non-English speaking persons in the database. *Therefore, the Commission finds that \$40,000 for the Bi-Lingual Health Educator in HIV/AIDS Surveillance services is not an unmet need.*

Overall, the Commission finds current unmet needs of \$389,450 for Public Health.

3. Employment and Social Services

The Department of Employment and Social Services (DESS) is separated into 11 different budget units: Administration, Eligibility, Social Services, Cal WORKS Employment Services, Public Guardian/Public Administrator, Assistance (comprised of three budgets), and Small Programs (comprised of three budget units). In this Application, Social Services (Adult Services and Child Services) and Public Guardian/Administrator are the only units with unmet needs.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, 2004-05 for Social Services are illustrated below (budget unit 570.004).¹³¹

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$10,053,195	121
2003-04	\$9,958,718	119
2004-05	\$10,963,311	119

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, 2004-05 for Public Guardian/Administrator is illustrated below (budget unit 570.008).¹³²

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$264,505	5

¹³⁰ Butte County Application, page 189.

¹³¹ Butte County 2002-03 Budget, pages 339 and 364; Butte County 2003-04 Budget, pages 169, 171, and 462; Butte County 2004-05 Budget, pages 81 and 83; Salary Ordinances & Position Allocations 2004-05, page 13.

¹³² *Ibid.*

2003-04	\$336,765	6
2004-05	\$375,201	6

The County requested \$623,900 in current unmet needs in the Application based on the FY 2004-05 Proposed Budget.¹³³ After the passage of the FY 2004-05 Final Budget, the County adjusted the current unmet needs to \$453,900.¹³⁴ However, the County did not indicate which items were removed from the original request. Therefore, the Commission evaluated all of the unmet needs originally requested and considered information in the Final Budget and the reductions when making recommendations for approval or disapproval below.

Social Services-Children’s Services

The Children’s Services Division (CSD) assesses and provides services to children at risk of abuse, neglect, or exploitation. Programs provided include emergency response, family maintenance, family reunification, permanency planning, and out-of-home care.

The County requests current unmet needs of \$85,000, which are composed of the following:

- \$85,000 for one Social Worker position

The requested Social Worker position would recruit more foster care homes. The key workload indicators show, that since 2000, the number of foster care placements consistently increased. Meanwhile, the number of foster care homes during the same period consistently averaged approximately 64 homes.¹³⁵ *Therefore, the Commission finds unmet needs for one social worker to recruit foster care homes at a cost of \$6,500, which is the County’s share of the total cost.*¹³⁶

Social Services-Adult Services

Adult Services Division is charged with meeting the diverse needs of the aged, indigent, and vulnerable adult population, and provides in home support services and adult protective services. As a result of the enactment of Senate Bill 2199,¹³⁷ which became effective on May 1, 1999, adult protective services are mandated rather than authorized.

The County requested current unmet needs of \$370,000, composed of the following:

- \$340,000 for four Social Worker positions
- \$30,000 for a shelter contract

The County identified three Social Worker positions to reduce the current caseloads in the In Home Supportive Services (IHSS) area. The Application states that Butte County’s average

¹³³ Butte County Application, pages 212-213, 219-220, and 226-227.

¹³⁴ Butte County Application, page 15.

¹³⁵ Butte County Application, page 211 and Butte County’s May 6, 2005 response to the Staff Analysis.

¹³⁶ Butte County Application, page 213.

¹³⁷ Statutes 1998, Chapter 946.

authorized hours per case are higher than the statewide average because they are unable to monitor each case for changes more than once per year, unless the clients themselves call, due to the size of the social workers' caseloads. The County asserts that the addition of two Social Worker positions would reduce the average caseload from 220 to 193 cases per social worker.¹³⁸ Twelve IHSS Social Workers serviced 2,299 cases in 2000,¹³⁹ which represents a caseload of approximately 192 (2299/12) per Case Worker. In 2003, 15 IHSS Social Workers serviced 2,709 cases that represented a caseload of approximately 181 per Social Worker.¹⁴⁰ While the number of cases did increase, the number of Social Workers also increased and the caseload level since 2000 was reduced from 192 to 181 per Social Worker. *Therefore, the Commission finds that \$170,000 for two Social Worker positions is not unmet needs.*

The County requests one Social Worker position to assure that only the services needed to remain safe in the home are being authorized in each case. Additionally, the Application states that this position would enhance support to the Fraud Prevention Program. Currently, the social workers determine the appropriate level of services to authorize. The Application does not provide any workload data or statistics that would support this additional position as an essential service since a Fraud Prevention Program already exists. *Therefore, the Commission finds that \$85,000 for this Social Worker position is not unmet needs.*

The DESS stated that they have no unmet needs related to training for the IHSS or the Adult Protective Services areas and that current staffing is meeting the needs previously identified.¹⁴¹ *Because the need for one Social Worker position to perform this function no longer exists, the Commission finds that \$85,000 for this Social Worker position is not unmet needs.*

The County requested funds to develop an ongoing contract with an assisted living facility and/or skilled nursing facility to improve their ability to protect elders and disabled from imminent risk in their own homes. Currently minimal resources are available to pay for a caregiver to go into a victim's home to keep him or her safe, and that they do not have sufficient funds to provide ongoing emergency shelter should the need arise. Additionally, Social Workers spend a great deal of time calling family, friends, inexpensive motels, or board and care facilities in an effort to keep a client safe on a short-term basis.¹⁴² Of the \$30,000 for the shelter contract, \$20,700 is funded by Federal Title XIX and the State.¹⁴³ *Because some elderly individuals may require a higher care level than friends or family could provide, the Commission finds unmet needs of \$9,300 for the portion of the shelter that is not funded by other sources.*

Social Services-Public Guardian/Administrator

The Public Guardian/Administrator serves in a dual capacity to act as conservator for persons who are unable to care for themselves, and to administer the estates of deceased persons who have no family or other persons to assist them. Specifically, the Guardian provides investigation,

¹³⁸ Butte County Application, page 219.

¹³⁹ Butte County Application, page 218.

¹⁴⁰ Butte County Application, page 218.

¹⁴¹ Butte County's March 30, 2005 response to staff questions, Employment and Social Services, Question #2.

¹⁴² Butte County Application, page 220.

¹⁴³ Butte County Application, page 214.

establishment, and case management of all persons and their estates that are referred by various private and public agencies for conservatorship. The Administrator investigates facts pertaining to a deceased person, including indigent burials, and takes possession or control of property of the deceased and performs the procedures required by law for the disposition of the estate.

The Public Guardian/Administrator requested current unmet needs of \$168,900, which are composed of the following:

- \$163,900 for one Deputy Public Guardian position and one Public Administrator position
- \$5,000 for a Discretionary Fund

Currently, each Deputy Public Guardian averages a caseload of approximately 62 cases per year. According to the Application, that is 12 cases more than in surrounding counties. With the addition of one Deputy Public Guardian, the average would decrease to 50 cases per Deputy Guardian.¹⁴⁴ However, the Commission could not determine the need of the Deputy Public Administrator position given the information provided. It is unclear how to measure the impact of this position in regards to inventory assessment without workload indicators. *Therefore, the Commission finds that \$81,950 for the Deputy Public Guardian is an unmet need and that \$81,950 for the Deputy Public Administrator is not an unmet need.*

The Application states that discretionary funds for situations such as transporting clients to court or to the doctor are not available and that deputies often transport the conservatees. *The Commission finds that \$5,000 for a discretionary fund is not an unmet need because it is discretionary and the County is currently able to provide these services.*

Overall, the Commission finds current unmet needs of \$97,750 for Employment and Social Services.

General Government Departments

1. Administrative Office

The Administrative Office is responsible to the Board of Supervisors for the proper and efficient administration of all County offices, departments, institutions and special districts under the jurisdiction of the Board of Supervisors. This is not a mandated service, but it is necessary for the effective management of the County's governmental functions.¹⁴⁵

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 020.001).¹⁴⁶

Fiscal Year

Direct Expenditures

Allocated Positions

¹⁴⁴ Butte County Application, page 225.

¹⁴⁵ Butte County Application, page 234.

¹⁴⁶ Butte County 2002-03 Budget, pages 124 and 145; Butte County 2003-04 Budget, pages 82 and 451; Butte County 2004-05 Budget, page 42, Salary Ordinance and Position Allocation for FY 2004-05, page 2.

2002-03	\$1,599,479	12.0
2003-04	\$2,206,771	13.0
2004-05	\$2,207,941	13.0

The County requested current unmet needs of \$700,000 that are composed of the following:¹⁴⁷

- \$45,000 for a part-time senior analyst position
- \$95,000 for a consultant at \$50,000 and a senior analyst position at \$45,000 to perform management audits
- \$95,000 for a consultant at \$50,000 and a senior analyst position at \$45,000 to participate in economic development planning
- \$45,000 for a senior analyst position to develop and maintain detailed performance measurements and benchmarking
- \$160,000 for a training academy for management including a Management Training Officer with overhead at \$90,000, support staff at \$45,000, and contract instructors at \$25,000
- \$10,000 for an analyst position to administer the Indian Gaming Special Distribution Fund (IGSDF). The total cost of a partial position is \$30,000. The IGSDF will reimburse \$20,000 of the \$30,000
- \$250,000 for computer system design, programming, training and data conversion

The Administrative Office requested \$45,000 for a part-time senior analyst to assist the Human Resources Director with compensation package issues while the Director is negotiating with employee bargaining groups. As shown below, seven bargaining unit contracts are up for negotiation in July and October 2005.

Bargaining Unit Data¹⁴⁸

<u>Unit</u>	<u># of members</u>	<u>Date for new contract</u>
BCEA	794	10/01/07
BCMEA	470	10/01/05
BCCOA (includes 2 bargaining units – General & Supervisory)	86	07/01/05
CWA	344	10/01/05
DSA General	109	07/01/05
DSA Management	9	07/01/05

¹⁴⁷ Butte County Application, pages 237 – 239.

¹⁴⁸ Butte County’s March 30, 2005 response to staff questions, Administrative Office Question #1.

PEA	69	07/01/05
PPOA	92	07/01/05

The Application does not substantiate a need for a year-round part-time position to calculate compensation packages cost. *Therefore, the Commission finds that \$45,000 for a senior analyst is not an unmet need.*

Further, there is no explanation of how new positions to perform management audits, to participate in economic development planning, to develop and maintain detailed performance measurements and benchmarking, and for a training academy for management would impact basic services. *Therefore, the Commission finds that \$395,000 for additional staffing and management training are not unmet needs.*

The Application requests \$10,000 for administration of the IGSDf, including the statutorily prescribed grant application process.¹⁴⁹ Senate Bill 621 states that the IGSDf Fund shall be available for grants, including any administrative costs.¹⁵⁰ *Therefore, the Commission finds that \$10,000 for an analyst position to administer IGSDf is not an unmet need.*

The unmet needs of \$250,000 for system design, programming, training, and data conversion was requested to further automate the County’s administrative process. The specific costs components are not substantiated in the Application. Additionally, the Application states that it is impossible to measure the savings due to greater efficiency in the use of administrative and management staff.¹⁵¹ *Therefore, the Commission finds that \$250,000 for further automation of the County’s administrative process is not unmet needs.*

The Commission finds no unmet needs for the Administrative Office.

2. Assessor

The main function of the Assessor’s Office is to make accurate and timely assessments of property in order to produce a weekly supplemental assessment roll and an annual assessment roll on July 1st of each year. All of the Assessor’s Office services are mandated, except services provided to other County departments or other governmental entities.¹⁵²

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 080.001).¹⁵³

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
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¹⁴⁹ Butte County Application, pages 238 – 239.

¹⁵⁰ Gov. Code § 12012.85 (a) and (b), as amended by Stats. 2003, ch. 858.

¹⁵¹ Butte County Application, page 239.

¹⁵² Butte County 2004-05 Proposed Budget, page 99; Butte County Application, page 241.

¹⁵³ Butte County 2002-03 Budget, page 167 and 672; Butte County 2003-04 Budget, page 110 and 452; Butte County 2004-05 Budget, page 61, Salary Ordinance and Position Allocation for FY 2004-05, page 3.

2002-03	\$3,005,315	49.0
2003-04	\$3,317,985	50.0
2004-05	\$3,241,265	45.0

The Assessor’s Office requests current unmet needs of \$318,290, composed of the following :¹⁵⁴

- \$243,516 to reinstate five positions eliminated in the 2004-05 budget
- \$54,266 for 43 mid-range personal computers at \$1,262 each
- \$20,508 for six enterprise status servers at \$3,418 each

Based on the workload indicators below, ¹⁵⁵ the Assessor’s Office workload between FYs 1999-00 and 2003-04 did not significantly change. Additionally, the staffing level remained the same through FY 2003-04. However, the County FY 2004-05 Final Budget eliminated five positions from the Assessor’s Office. Based on the steady workload level, services could erode without these five positions.

Additionally, the Assessor’s Office receives \$381,956 annually from the Assembly Bill 589 state grant program. According to the Application, the Assessor’s Office must maintain a base staffing level in order to receive this grant and continuing staff loss may result in the loss of the grant. ¹⁵⁶ The Commission determined that eliminating five positions in the FY 2004-05 budget does not threaten Assessor’s Office eligibility for this grant. According to the Assembly Bill 589, FY 1993-94 or 1994-95 staffing level should be considered the base for determining the County’s eligibility. ¹⁵⁷ Based on information presented in the Application, the current staffing level increased from the FYs 1993-94 and 1994-95 staffing levels. ¹⁵⁸

Assessor’s Office Workload Indicators

FY	Number of Parcels	Number of Accounts	Assessor Staff
1999-00	88,534	9,774	49
2000-01	89,568	10,039	49
2001-02	90,188	9,350	49

¹⁵⁴ Butte County Application, pages 244 – 245.

¹⁵⁵ Butte County Application, page 242.

¹⁵⁶ Butte County Application, page 243.

¹⁵⁷ Revenue & Taxation Code, section 95.35 (d) (1)

¹⁵⁸ Butte County Application, page 242.

2002-03	90,920	9,023	49
2003-04	91,853	9,066	49
Change from 99-00 to 03-04	3.75%	-7.24%	0%

Although the positions requested are not necessary to receive the state grant, the Commission finds that \$243,516 to reinstate the five positions eliminated in the 2004-05 Budget is an unmet need based on the workload indicators and the Assessor’s Office staffing level presented above.

The Assessor’s Office requests 43 new personal computers and six new servers. The current computers and servers are underpowered and the Assessor’s Office staff experienced numerous instances of the computers freezing (blue screens). This results in down time for the Assessor’s, Auditor’s, and Tax Collector’s offices.¹⁵⁹ No computer equipment purchases were approved in the last three county budgets.¹⁶⁰ *The Commission finds that \$54,266 for 43 mid-range personal computers is an unmet need.*

Based on information provided by the County, the current servers do not have the ability to perform at the required level. Any potential failure would result in work stoppage and a significant reduction in the department’s productivity.¹⁶¹ *Therefore, the Commission finds unmet needs of \$20,508 for six servers.*

Overall, the Commission finds current unmet needs of \$318,290 for the Assessor’s Office.

3. Auditor-Controller

The Auditor-Controller serves as the Chief Financial Officer for the County with responsibilities including the accounting of County revenues, expenditures, assets, liabilities, fund balances, and related fiduciary responsibilities.¹⁶²

The majority of the Auditor-Controller’s services are mandated and governed by federal and state legislation, County Charter, County Administrative Code, and/or County Ordinances and Resolutions. Non-mandated services include responding to requests for information or assistance from taxpayers and governmental jurisdictions.¹⁶³

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 050.001).¹⁶⁴

¹⁵⁹ Butte County Application, page 245.

¹⁶⁰ Butte County 2004-05 Budget, page 412, Butte County 2003-04 Budget, page 484, and Butte County 2002-03 Budget, page 705.

¹⁶¹ Butte County’s March 30, 2005 response to staff questions dated, Assessor Question #1.

¹⁶² Butte County Proposed Budget 2004 – 05, page 102; Butte County Application, page 246

¹⁶³ Butte County Application, page 246 – 247.

¹⁶⁴ Butte County 2002-03 Budget, page 189 and 671; Butte County 2003-04 Budget, page 114 and 452; Butte

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$2,083,992	38.0
2003-04	\$2,312,521	40.0
2004-05	\$2,330,924	36.0

The Auditor-Controller identified current unmet needs of \$219,250, which are composed of the following:¹⁶⁵

- \$92,000 for one Accounting Specialist at \$38,500 and one Auditor-Accountant III at \$53,500
- \$900 for a scanner
- \$6,350 for four printers
- 15,000 for training and continuing education
- \$105,000 for 35 new workstations

The workload information below indicates that while the number of employees went down from FY 2000-01, the workload increased significantly with the exception of accounts payable checks and tax refunds. The decrease in accounts payable checks may be attributed to the Cal-Card Program implemented in FY 2001-02.¹⁶⁶ In the County's FY 2004-05 Final Budget, four positions were eliminated from the Auditor-Controller's office.

<u>Fiscal Year</u>	<u>Workload Indicators</u>							<u># of Employees</u>
	<u>Payroll Checks</u>	<u>W-2s</u>	<u>A/P Checks</u>	<u>Contracts</u>	<u>Tax Bills</u>	<u>Tax Roll Changes</u>	<u>Tax refunds</u>	
2000 – 01	58,701	2,913	49,054	1,099	107,500	11,802	3,539	33
2001 – 02	62,822	3,026	49,379	2,148	107,000	14,649	2,825	35
2002 – 03	65,194	2,904	46,302	2,504	111,000	15,904	2,469	34.5
2003 – 04 (est.)	63,960	2,900	36,598	1,987	123,000	17,719	1,846	33
2004 – 05 (est.)	64,500	3,200	35,500	2,120	125,000	18,600	1,900	32

County 2004-05, page 62, Salary Ordinance and Position Allocation for 2004-05, page 3.

¹⁶⁵ Butte County Application, pages 251 – 252.

¹⁶⁶ Cal-Card Program is described in Butte County FY 2002-03 Budget, pages 186 – 187.

Change from								
00-01 to 04-05	9.88%	9.85%	-27.63%	92.90%	16.28%	57.60%	-46.31%	-3.03%

Due to unmet staffing needs, several important activities related to trust funds are not being performed by Auditor-Controller’s office. Also, due to limited staffing, the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 34 required asset infrastructure has been put on hold.¹⁶⁷ However, the Independent Auditor’s Report and Financial Statements for the Year Ended June 30, 2004 states that the County has already adopted a financial reporting model prescribed by GASB 34. The County indicates that two additional positions are necessary to meet staffing needs. *Since the GASB 34 appears to be fully implemented, the Commission finds that one Accounting Specialist position is not an unmet need. Based on the workload indicators, including estimates for FYs 2003-04 and 2004-05, and on the important activities that are currently not being performed, the Commission finds that \$53,500 for one Auditor-Accountant III is an unmet need.*

According to the Application, the office has already purchased one scanner. *Therefore, the Commission finds that \$900 for a scanner is not unmet needs. However, the current printers have lasted longer than their useful life. Because the office now incurs more maintenance costs,¹⁶⁸ the Commission finds unmet needs of \$6,350 for four printers.*

There is no substantiation of the cost of training staff on new technology, changes in legislation, management and personnel, i.e., number of staff to be trained and the cost of classes.¹⁶⁹ *Therefore, the Commission finds that the \$15,000 for training and continuing education is not unmet needs.*

The Application included a request for 35 new workstations because the current workstations are over 25 years old and not ergonomically correct.¹⁷⁰ *The Commission finds that 34 workstations are unmet needs, including one workstation for the Auditor-Accountant position noted above, at a cost of \$102,000.*

The Commission finds current unmet needs of \$161,850 for the Auditor-Controller’s Office.

4. County Counsel

The County Counsel originally identified \$93,156 in unmet needs for additional staffing and computer upgrades. However, the County subsequently stated that the County Counsel no longer had unmet needs.¹⁷¹

The Commission finds no current unmet needs for the County Counsel’s Office.

¹⁶⁷ Butte County Application, p. 251

¹⁶⁸ Butte County Application, page 251.

¹⁶⁹ Butte County Application, page 251.

¹⁷⁰ Butte County Application, page 252.

¹⁷¹ Butte County’s May 6, 2005 response to the Staff Analysis.

5. Clerk-Recorder/Elections Division

The Elections Division provides all election services for federal, state, and local entities. It also provides services to the public including voter registration and maintaining voter files.¹⁷² All services performed by Elections Division are mandated.¹⁷³

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 130.001).¹⁷⁴

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$949,125	6.5
2003-04	\$1,095,395	7.0
2004-05	\$987,821	7.0

The County requested current unmet needs of \$381,913, composed of the following:¹⁷⁵

- \$46,400 for accessibility equipment and improvements necessary to meet accessibility requirements of the Help America Vote Act (HAVA) of 2002
- \$166,193 for a new voting system for the disabled to meet the requirements of HAVA
- \$63,220 for salary and benefits for a Voter Outreach/HAVA Program Manager
- \$21,900 for services and supplies reduced in the County's FY 2004-05 budget
- \$41,500 for fixed assets eliminated in the County's FY 2004-05 budget
- \$8,200 for extra help and overtime that was reduced in the County's FY 2004-05 budget
- \$34,500 for a Deputy County Clerk-Election I position for voter registration, election services, and to maintain a voter registration database

The County requested unmet needs for equipment, improvements, and a position mandated by HAVA. However, federal funds have been allocated for implementation of HAVA. Specifically, the County was awarded \$85,000 in HAVA Title III funds. The remaining HAVA funds will become available after the appropriation by the Legislature.¹⁷⁶ Furthermore, the Voter Outreach/HAVA Program Manager position is not mandated. *Therefore, the Commission finds that these requests are not unmet needs.*

¹⁷² Butte County 2004-05 Proposed Budget, page 114.

¹⁷³ Butte County Application, page 254.

¹⁷⁴ Butte County 2002-03 Budget, pages 236 and 245; Butte County 2003-04 Budget, pages 132 and 453 ; Butte County 2004-05 Budget, page 67; Salary Ordinance and Position Allocation 2004-05, page 4.

¹⁷⁵ Butte County Application, pages 257 – 258.

¹⁷⁶ Butte County's March 30, 2005 response to staff questions, Clerk-Recorder / Elections Division Question #5.

The County stated that \$21,900 in services and supplies cannot be substantiated at this time.¹⁷⁷ *Therefore, the Commission finds that \$21,900 in services and supplies are not unmet needs.*

Requested fixed assets consist of \$23,000 for an outreach van, and \$18,500 for an additional envelope printer to expedite delivery of absentee ballots.¹⁷⁸ The information provided in the Application indicates that the number of absentee ballots issued in FY 2004-05 is estimated to drop by about 50 percent from the FY 2003-04.¹⁷⁹ The Application did not include any outreach workload indicators to support the need for a van. *Therefore, the Commission finds that \$41,500 in fixed assets is not an unmet need.*

The Elections Division requested \$8,200 for extra help and overtime. The requested need for overtime and extra help is not substantiated in the Application. *Therefore, the Commission finds that this request is not an unmet need.*

The Elections Division requested a Deputy County Clerk-Election I position to assist with voter registration and to maintain a voter registration database. Voter registration and maintenance of files created through that process are mandated by the California Elections Code Division 2.¹⁸⁰ The FY 2004-05 state budget suspends or defers all election related mandates in the current year.¹⁸¹ Therefore, the state is currently not reimbursing the counties for these activities. The Application presents the key workload indicators related to registration records, including estimates for FY 2003-04 and 2004-05. The registration activities fluctuate based on the number of elections held in a fiscal year. However, the overall activity related to registration records has been increasing.¹⁸² *Therefore, the Commission finds that \$34,500 for a Deputy County Clerk-Election I position is an unmet need.*

Overall, the Commission finds current unmet needs of \$34,500 for the Elections Division.

6. General Services

General Services encompasses several activities which provide County departments with services, such as: (1) General Services Administration, (2) Purchasing, (3) Emergency Services, (4) Facilities Services, (5) Risk Management and Safety, (6) Central Duplicating, and (7) Central Stores.¹⁸³

General Services-Administration

General Services-Administration provides administrative and fiscal oversight for the General Services divisions.¹⁸⁴

¹⁷⁷ Butte County's March 30, 2005 response to staff questions, Clerk-Recorder / Elections Division Question #1.

¹⁷⁸ Butte County Application, page 257.

¹⁷⁹ Butte County Application, page 256.

¹⁸⁰ Butte County Application, page 253.

¹⁸¹ State of California Budget for Fiscal Year 2004-05, Item 0890-295-001

¹⁸² Butte County Application, pages 255 – 256.

¹⁸³ Butte County FY 2003-04 Budget, page 76.

¹⁸⁴ Butte County Application, page 263.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 020.003).¹⁸⁵

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$361,978	2.0
2003-04	\$184,057	2.0
2004-05	\$211,780	3.0

Administration requests current unmet needs of \$254,035 for establishing the Contracts/Property Division, which are composed of the following:¹⁸⁶

- \$500 for partitions
- \$15,000 for work stations
- \$8,700 for office equipment
- \$1,800 for office supplies
- \$81,822 for one Contract Manager position
- \$81,822 for one Property Manager position
- \$53,891 for one Assistant position
- \$3,000 for travel
- \$4,800 for office supplies and equipment maintenance
- \$2,500 for professional & specialized services and publications and legal
- \$200 for memberships

Unmet needs were requested to fund a new Contract/Property Division to maintain the many contracts for personal services; manage the County's owned and leased properties; and negotiate purchases, sales, or leases of real property. Currently these services are decentralized. Various departments providing these services lack uniform quality control and centralized long term planning.¹⁸⁷

¹⁸⁵ Butte County 2002-03 Budget, page 130 and 147; Butte County 2003-04 Budget, pages 84 and 451 ; Butte County 2004-05 Budget, page 44; Salary Ordinance and Position Allocation 2004-05, page 2.

¹⁸⁶ Butte County Application, pages 266 – 268.

¹⁸⁷ Butte County Application, page 266.

Currently, professionals are responsible for contracts in various departments. Consolidation should result in some savings; however, the Application states that creating the Contract/Property Division would not eliminate the need for these professionals.¹⁸⁸ The Application provides no information to support the increased need for contract and/or lease services.

The County contended that a review of lease agreements negotiated revealed lack of conformity in lease termination dates, and that certain requirements of California codes had not been met.¹⁸⁹ Establishing a Contracts/Property Division would improve the quality of contracts¹⁹⁰ and compliance with relevant legislation.¹⁹¹ The Commission noted that legal help can be obtained from the County Counsel Department. The County Counsel’s mission is to provide legal advice and assistance to county staff on matters including facilities and real estate law.¹⁹² *Therefore, the Commission finds no current unmet needs for General Services-Administration.*

General Services-Purchasing Services

General Services-Purchasing is responsible for the operation of a centralized purchasing function serving all County departments. Purchasing also controls the disposition of surplus equipment and maintains vehicle ownership records and licenses for all vehicles.¹⁹³

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 060.002).¹⁹⁴

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$261,622	4.0
2003-04	\$291,312	4.0
2004-05	\$274,857	3.0

Purchasing has requested a current unmet needs of \$59,592 to reinstate a Buyer III/II/I position eliminated in County’s FY 2004-05 budget.¹⁹⁵

Key workload indicators show the decrease in the number of purchase orders and the increase in the number of contracts. Overall, workload measured by the dollar value of purchase orders and contracts has been steadily increasing from \$5,921,398 in FY 2000-01 to \$13,932,040 in FY 2004-05.¹⁹⁶ The purchasing function is mandated by the California Contract Code and the

¹⁸⁸ Butte County Application, page 267.

¹⁸⁹ Butte County Application, page 265.

¹⁹⁰ Butte County Application, page 266.

¹⁹¹ Butte County Application, page 267.

¹⁹² Butte County Application, page 259.

¹⁹³ Butte County Application, page 269.

¹⁹⁴ Butte County 2002-03 Budget, pages 134 and 148; Butte County 2003-04 Budget, pages 85 and 452 ; Butte County 2004-05 Budget, page 45; Salary Ordinance and Position Allocation 2004-05, page 3.

¹⁹⁵ Butte County Application, page 272.

¹⁹⁶ Butte County Application, page 270.

Government Code.¹⁹⁷ With the reduction of one Buyer III/II/I position, the Purchasing Department lost 25 percent of its workforce. *Based on the workload and current staffing level, the Commission finds unmet needs of \$59,592 for General Services-Purchasing Services.*

General Services-Emergency Services

General Services-Emergency Services is responsible for the coordination of the County’s response agencies during the emergencies or disasters, contingency planning, mitigation measures, disaster documentation, and a cost recovery process. The Office of Emergency Services is charged with administering and managing Homeland Security Grants.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 060.003).¹⁹⁸

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$125,902	1.75
2003-04	\$134,599	1.75
2004-05	\$125,372	2.0

In the Application, the County requested unmet needs of \$400,000. However, the County provided additional information and reduced its request to \$397,000. These unmet needs are composed of the following:¹⁹⁹

- \$200,000 for modernization of the Emergency Operations Center
- \$197,000 for the development of Local Hazard Mitigation Plan, (originally \$200,000)

The Emergency Operations Center was built in the 1960s and has not been upgraded to meet current technologies. Electrical outlets need to be added and upgraded. Additionally, the Emergency Operations Center needs network connections and antenna installations.²⁰⁰ *The Commission finds unmet needs of \$200,000 for modernization of the Emergency Services Center.*

Local governments are required to prepare a Local Hazard Mitigation Plan in order to remain eligible for federal funding for pre-disaster and post disaster mitigation projects. The Local Hazard Mitigation Plan must be written in accordance with Section 322 of the Disaster Mitigation Act and must be approved by the Federal Emergency Management Agency.²⁰¹

¹⁹⁷ Butte County Application, page 269.

¹⁹⁸ Butte County 2002-03 Budget, pages 137 and 149; Butte County 2003-04 Budget, pages 86 and 452; Butte County 2004-05 Budget, page 46; Salary Ordinance and Position Allocation 2004-05, page 3.

¹⁹⁹ Butte County Application, page 276 and Butte County’s March 30, 2005 response to staff questions, General Services–Emergency Services, Question #1.

²⁰⁰ Butte County’s March 30, 2005 response to staff questions, General Services–Emergency Services, Question #2 and Butte County’s May 6, 2005 response to the Staff Analysis.

²⁰¹ Butte County Application, page 276.

Emergency Services estimated the cost of developing the Local Hazard Mitigation Plan at \$197,000. The project would take approximately 18 months to develop; however, most of the cost would occur during the first twelve months.²⁰² *To retain eligibility for federal funds, the Commission finds that developing the plan at a cost of \$197,000 is unmet needs.*

General Services-Facilities Services

General Services-Facilities Services provides building maintenance, grounds maintenance, and janitorial service for County owned buildings and selected leased properties.²⁰³

The actual authorized level of total expenses and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 720.001).²⁰⁴

<u>Fiscal Year</u>	<u>Total Expenses</u>	<u>Allocated Positions</u>
2002-03	\$3,348,526	41.0
2003-04	\$2,958,648	41.0
2004-05	\$2,898,258	39.0

The County requested current unmet needs of \$491,197, which are composed of the following:²⁰⁵

- \$181,200 for maintenance work from the Facilities Master Plan
- \$150,000 for compliance with the Americans with Disability Act (ADA)
- \$70,000 for equipment
- \$89,997 to reinstate two Janitor positions and one Grounds Maintenance Worker position

The Facilities Services Department prepared a ten-year maintenance plan representing a Facilities Master Plan. The plan identifies \$420,000 in annual maintenance expenses. In FY 2004-05, the unfunded portion amounts to \$181,200.²⁰⁶ *Since ongoing maintenance is reasonable and necessary to preserve buildings, the Commission finds \$72,000 in unmet needs.*²⁰⁷

²⁰² Butte County’s March 30, 2005 response to staff questions, General Services–Emergency Services, Question #1.

²⁰³ Butte County Application, page 277.

²⁰⁴ Butte County 2002-03 Budget, pages 730 and 751; Butte County 2003-04 Budget, pages 95 and 463; Butte County 2004-05 Budget, page 55; Salary Ordinance and Position Allocation 2004-05, page 14.

²⁰⁵ Butte County Application, page 280.

²⁰⁶ Butte County Application, page 280 and Butte County’s May 6, 2005 response to the Staff Analysis.

²⁰⁷ Unmet needs include the Chico Memorial Hall HVAC replacement (\$38,000), Del Oro CAA Office #2 HVAC replacement (\$8,500), Del Oro CAA Office #3 HVAC replacement (\$8,500), Paradise Library HVAC replacement

Since the ADA became effective in 1992, the County hired an independent consultant to prepare an ADA compliance plan. After the County's ADA Compliance Committee determined that building modifications are required, the department prepared an ADA Remodel Program. The unfunded portion of the program for FY 2004-05 is \$150,000.²⁰⁸ *Since this is a mandated activity, the Commission finds unmet needs of \$150,000 for the program.*

Facilities Services requested the following equipment for a total of \$69,800:²⁰⁹

- \$5,500 for a portable man lift
- \$24,000 for a 3/4-ton pickup truck with utility bed
- \$8,500 for a zero-turn mower with mulching deck
- \$20,000 for a used yard forklift
- \$11,800 for a used bobcat trencher

The County states that these items are sorely needed by Facilities Services in its day-to-day operations.²¹⁰ Facilities Services requested that equipment in the last two County budgets, but none of it was approved. Previously, in the County's 2002-03 budget, the 3/4-ton pickup truck with utility bed was approved.²¹¹ *Therefore, the Commission finds unmet needs of \$45,800 for equipment, except for the 3/4-ton pickup truck.*

A survey completed by the California County General Services Association indicated that an average coverage of a janitor was 20,666 square feet.²¹² In FY 2004-05, the average area covered by a janitor of Facilities Services was 24,865.²¹³ Additionally, the Application illustrates that the number of work orders for maintenance services has been increasing over last five years.²¹⁴ The County's FY 2004-05 budget eliminated two Janitor positions and one Grounds Maintenance Worker position. However, it added one Lead Grounds Maintenance Worker position.²¹⁵ *Based on the key workload indicators and to maintain current level of services, the Commission finds unmet needs for reinstating two janitor positions at a cost of \$59,998 and that one Grounds Maintenance position is not an unmet need since this position was replaced in current County budget with the Lead Grounds Maintenance Worker position.*

General Services-Risk Management and Safety

(\$5,000), Chico Library roof drains (\$6,000), and Paradise County Building HVAC replacement.

²⁰⁸ Butte County Application, page 280.

²⁰⁹ Butte County FY 2004-05 Budget, page 412.

²¹⁰ Butte County Application, page 280.

²¹¹ Butte County FY 2002-03 Budget, page 706.

²¹² Butte County Application, page 279.

²¹³ Butte County's March 30, 2005 response to staff questions, General Services-Facilities Services, Question #1.

²¹⁴ Butte County Application, page 279.

²¹⁵ Salary Ordinance and Position Allocation 2004-05, page 14.

General Services-Risk Management and Safety is responsible for receiving and recording all workers' compensation claims, forwarding them to the administrator, and ensuring the delivery of benefits and the resolution of claims. Risk Management also operates a comprehensive safety program to achieve compliance with state and federal safety regulations.

Identification and analysis of risks, recommendation of risk transfers, risk control, risk financing, and administration of the County's self-insured liability insurance program are among non-mandated services of the Department.²¹⁶

The actual authorized level of total expenses and allocated positions for the Workers' Compensation Insurance Fund in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 711.001).²¹⁷

<u>Fiscal Year</u>	<u>Total Expenses</u>	<u>Allocated Positions</u>
2002-03	\$3,304,280	0.0
2003-04	\$4,035,750	0.0
2004-05	\$5,004,347	0.0

The actual authorized level of total expenses and allocated positions for the General Liability Insurance in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 710.001).²¹⁸

<u>Fiscal Year</u>	<u>Total Expenses</u>	<u>Allocated Positions</u>
2002-03	\$1,039,515	3.0
2003-04	\$1,275,340	3.0
2004-05	\$1,474,816	3.0

Facilities Services requests current unmet needs of \$70,000 for a new Workers' Compensation Specialist position.²¹⁹

Butte County is a member of the California State Association of Counties–Excess Insurance Authority (EIA). The Department provided the following key workload indicators—a comparison of Butte County's performance with EIA member counties:²²⁰

<u>General Liability Self Insurance</u>			
<u>2003-04 level</u>	<u>Butte County</u>	<u>EIA Range-</u>	<u>EIA Average-</u>

²¹⁶ Butte County Application, page 281.

²¹⁷ Butte County 2002-03 Budget, page 746; Butte County 2003-04 Budget, page 90; Butte County 2004-05 Budget, page 50.

²¹⁸ Butte County 2002-03 Budget, pages 745 and 684; Butte County 2003-04 Budget, pages 89 and 463 ; Butte County 2004-05 Budget, page 49; Salary Ordinance and Position Allocation 2004-05, page 14.

²¹⁹ Butte County Application, page 284 – 285.

²²⁰ Butte County Application, page 281 – 283.

		<u>other members</u>	<u>other members</u>
Loss rate (dollars of loss per \$100 of payroll)	\$0.60	\$0.35 - \$0.90	\$0.59
Severity (dollars of loss per claim)	\$5,200	\$3,500 - \$11,200	\$6,412
Frequency (# of claims per \$1 million payroll)	1.05	0.65 – 1.65	1.07

Workers Compensation Insurance

Loss rate (dollars of loss per \$100 of payroll)	4.45	1.81 – 4.79	3.19
Severity (dollars of loss per claim)	13,913	5,872 – 10,277	8,387
Frequency (# of claims per \$1 million payroll)	3.2	1.68 – 4.16	2.9148

The presented information shows that the County’s loss rate, severity, and frequency rates for the General Liability Self Insurance are comparable to other EIA counties. However, the loss rate, severity, and frequency rates for the Workers Compensation Insurance are higher than in other EIA counties.

It is estimated that the requested position would generate net savings of \$288,000, cutting the cost of temporary disability payments and the cost of medical management of claims.²²¹ According to the Application, the new Workers Compensation Specialist person would be responsible for developing and implementing a modified duty return-to-work program. This program was found to reduce workers’ compensation costs and improve employees’ morale when implemented in other public entities.²²² However, there are no workload indicators that support the position. *Therefore, the Commission finds no unmet needs.*

General Services-Central Duplicating

General Services-Duplicating provides all County operating departments with printing services and copy machines to meet their daily needs.²²³

The actual authorized level of total expenses and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 723.001).²²⁴

<u>Fiscal Year</u>	<u>Total Expenses</u>	<u>Allocated Positions</u>
2002-03	\$901,248	3.0

²²¹ Butte County Application, page 284.

²²² *Ibid.*

²²³ Butte County Application, page 286.

²²⁴ Butte County 2002-03 Budget, pages 738 and 684; Butte County 2003-04 Budget, pages 98 and 464 ; Butte County 2004-05 Budget, page 58; Salary Ordinance and Position Allocation 2004-05, page 15.

2003-04	\$935,072	3.0
2004-05	\$907,166	2.0

Central Duplicating requests current unmet needs of \$44,970 that are composed of the following:²²⁵

- \$26,470 to reinstate one Offset Duplicating Machine Operator
- \$7,500 for a floor model of wire stitcher/stapler
- \$11,000 for a replacement of Thompson collator

Central Duplicating requests to reinstate the Offset Duplicating Machine Operator position, which was eliminated in County’s FY 2004-05 budget. Recently, the Print Shop stopped using the extra help previously provided by the Sheriff’s Work Alternative Program, Welfare General Assistance, and Court Work Referral Program due to the declining availability of qualified personnel.²²⁶ In addition to these staffing decreases, the workload has been slowly increasing in last three fiscal years as illustrated below:²²⁷

Central Duplicating Workload

<u>FY</u>	<u>Printing Impressions</u>	<u>Convenience Copiers</u>	<u>Convenience Copiers Copies Made</u>
2002-03	8,752,556	144	15,600,000
2003-04	8,826,653	145	16,250,000
2004-05 est.	8,900,000	150	16,500,000
% change	1.68%	4.17%	5.77%

Based on the information above, the Commission finds that \$26,470 to reinstate the Offset Duplicating Machine Operator is an unmet need.

The current stitcher/stapler is over 30 years old and unreliable. It cannot be repaired due to the unavailability of replacement parts.²²⁸ The Print Shop requested a replacement in the County’s FY 2004-05 budget, but the request was denied. *Therefore, the Commission finds that \$7,500 for a floor model stitcher/stapler is an unmet need.*

²²⁵ Butte County Application, page 288.

²²⁶ *Ibid.*

²²⁷ Butte County Application, page 287.

²²⁸ Butte County Application, page 288.

The Print Shop requested a replacement for a Thompson collator. A collator/booklet maker was requested and approved in the County’s FY 2002-03 budget, but not bought.²²⁹ *Therefore, the Commission finds that \$11,000 for a Thompson collator is an unmet need.*

General Services-Central Stores

General Services-Central Stores provides for the operation of a central warehouse of common use items, interdepartmental courier and message service among all County facilities, centralized collection and mailing operation for outgoing US mail, and a surplus equipment clearinghouse for redistribution of County assets between departments.²³⁰

The actual authorized level of total expenses and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 724.001).²³¹

<u>Fiscal Year</u>	<u>Total Expenses</u>	<u>Allocated Positions</u>
2002-03	\$1,076,140	2.0
2003-04	\$1,195,133	2.0
2004-05	\$1,200,674	2.0

The County requested current unmet needs of \$79,770 for two full-time and two part-time courier/stock clerk staff.²³²

The Store Room consistently utilizes extra help of between one and four people from various court, custody, or recipient programs. Although, the availability of extra help staff fluctuates.²³³ The workload indicators presented in the Application show an insignificant increase in postage purchased and warehouse stock distributed to departments.²³⁴ *Since current needs are being met through the use of volunteer work program personnel, the Commission finds that the request for additional staff, at \$79,770 is not unmet needs.*

Overall, the Commission finds current unmet needs of \$829,360 for General Services.

7. Information Systems

Information Systems provides all wide-area networking services for the County. In addition, Information Systems provides network engineering services, desktop support and the safe housing of County servers and related equipment. Information Systems also houses the Learning Center, which provides facilities for computer and technical training. Information Systems does

²²⁹ Butte County FY 2002-03 Budget, page 706 and Butte County’s May 6, 2005 response to the Staff Analysis.

²³⁰ Butte County Application, page 289.

²³¹ Butte County 2002-03 Budget, page 742; Butte County 2003-04 Budget, page 99 and 464 ; Butte County 2004-05 Budget, page 59; Salary Ordinance and Position Allocation 2004-05, page 15.

²³² Butte County Application, page 291.

²³³ *Ibid.*

²³⁴ Butte County Application, pages 290-291.

not have specific mandated services, but it supports every department in the County including those that perform mandated services.²³⁵

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 704.001).²³⁶

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$1,062,428	10.0
2003-04	\$1,623,692	10.0
2004-05	\$1,632,890	10.0

In the Application, the County identified current unmet needs of \$684,054. However, the County provided additional information and reduced its request to \$470,428. These unmet needs are composed of the following:²³⁷

- \$109,918 for two analyst positions
- \$180,510 for equipment upgrades
- \$180,000 for Mass Storage Area Network server for Health Insurance Portability and Accountability Act (HIPAA) compliance

The Application references the Gartner Group’s suggestion of one technician per 23 devices. The County’s Information Systems Technician expected ratio is one technical staff person per 150 devices.²³⁸ The Application requests four additional technical positions at a cost of \$244,464. The County subsequently reduced its request to \$109,918 because two positions are proposed in the FY 2005-06 budget.²³⁹ *The Commission finds that two positions at \$109,918 are unmet needs.*

Information Systems requested \$180,510 in network switching equipment to upgrade current equipment that is over six years old and is no longer supported by the manufacturers.²⁴⁰ The useful life of that equipment is five years. *Therefore, the Commission finds that \$180,510 is unmet needs.*

A mass Storage Area Network server was identified that would be used for HIPAA compliance, disaster recovery, and centralization of County information technology assets. The County

²³⁵ Butte County Application, page 292.

²³⁶ Butte County 2002-03 Budget, page 764; Butte County 2003-04 Budget, pages 202 and 463; Butte County 2004-05 Budget, pages 94; Salary Ordinance and Position Allocation 2004-05, page 14.

²³⁷ Butte County Application, pages 294-295; Butte County’s March 30, 2005 response to staff questions, Information Systems Question #1 and Question #2; and Butte County’s May 6, 2005 response to the Staff Analysis.

²³⁸ Butte County Application, page 293.

²³⁹ Butte County’s May 6, 2005 response to the Staff Analysis.

²⁴⁰ Butte County Application, page 295.

proposed a partial system that could be installed and expanded for \$180,000.²⁴¹ *The Commission finds that the identified equipment is necessary to comply with HIPAA requirements and therefore finds that it is unmet needs, at \$180,000.*

The Commission finds current unmet needs of \$470,428 for Information Systems.²⁴²

8. Information Systems-Communications

The Communications Department is responsible for: (1) managing the County’s telephone, general government radio, public safety radio, microwave, cellular, data, audio, pay phones and voice mail systems, (2) coordination with all County departments and outside agencies (3) reviewing communication equipment specifications, (4) troubleshooting and repairing communication problems, (5) coordinating data lines, alarm lines and voice over data lines, and (6) providing training for departments on the telephone, voice mail and pager cellular systems.²⁴³

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 725.001).²⁴⁴

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$2,417,122	8.0
2003-04	\$2,403,114	8.0
2004-05	\$2,298,514	6.0

In the Application, the County requested unmet needs of \$1,818,600. However, the County provided additional information and reduced their request for unmet needs to \$1,599,000.²⁴⁵ These unmet needs are composed of the following:

- \$1,093,000 for the radio system improvements
- \$475,000 for the radio/microwave sites improvement
- \$31,000 for transportation and testing equipment

The County states that the majority of the County’s radio and microwave systems were acquired between 1963 and 1976.²⁴⁶ Currently that equipment is between 29 and 42-years old. The County provided a breakdown of items and costs requested as unmet needs, as well as useful life

²⁴¹ Butte County’s May 6, 2005 response to the Staff Analysis.

²⁴² The amount of unmet needs for Information Systems indicated in Butte County’s response to the Staff Analysis is mathematically incorrect. It totals to \$470,428 rather than \$450,428.

²⁴³ Butte County Application, page 296.

²⁴⁴ Butte County 2002-03 Budget, page 767; Butte County 2003-04 Budget, pages 203 and 464; Butte County 2004-05 Budget, page 95; Salary Ordinance and Position Allocation 2004-05, page 14.

²⁴⁵ Butte County Application, pages 298-299 and Butte County’s March 30, 2005 response to staff questions, Information Systems-Communications Question #1 and Question #2.

²⁴⁶ Butte County Application, page 298.

information for each item. The requested radio and microwave equipment useful life ranges from 5 to 27.5 years.²⁴⁷ Thus, it likely has exceeded its useful life. *Therefore, the Commission finds unmet needs of \$1,093,000 for radio system improvements.*

The radio/microwave site improvement unmet needs consists of the following:²⁴⁸

• Radio vault with commercial power, Sunset Mountain location	\$55,000
• Radio vault with commercial power, Platte Mountain location	\$55,000
• Radio vault with commercial power, Bald Mountain location	\$55,000
• Radio vault with commercial power, St. John’s Mountain location	<u>\$310,000</u>
Total	\$475,000

The existing radio/microwave sites are at least 30 years old and in need of replacement and/or repair.²⁴⁹ However, staff finds that there is an inconsistency between the above price estimates and the prices for the same equipment, requested in County’s FYs 2003-04 and 2004-05 budgets. Specifically, radio vault with commercial power at Sunset Mountain location was requested (but not approved) for \$50,000 in both years, and radio vault with commercial power at Platte Mountain location was requested (not approved) for \$30,000 in both years.²⁵⁰

Thus, the prices of the requested equipment at these two locations may be overstated by \$5,000 and \$25,000, respectively. Additionally, the County stated that the cost of technology decreases over time.²⁵¹ *Therefore, the Commission finds that \$445,000 for radio/microwave site improvement is an unmet need.*

The Communications Department requested \$31,000 for two snowmobiles and a digital microwave/communications test set. This equipment is needed to traverse terrain year round for servicing communications sites²⁵² and was requested, but disapproved, in the County’s FY 2003-04 and FY 2004-05 budgets. The Application does not provide sufficient information, such as the number, the age, the condition of the current transportation and testing equipment or the number of days with snow for the area. *Therefore, the Commission finds that \$31,000 for transportation and testing equipment are not unmet needs.*

Overall, the Commission finds current unmet needs of \$1,538,000 for Information Systems-Communications.

9. Human Resources

²⁴⁷ Butte County’s March 30, 2005 response to staff questions, Information Systems-Communications Question #1.

²⁴⁸ Butte County’s March 30, 2005 response to staff questions, Information Systems-Communications Question #2.

²⁴⁹ Butte County Application, page 299.

²⁵⁰ Butte County 2003-04 Budget, page 484; Butte County 2004-05 Budget, page 412.

²⁵¹ Butte County’s March 30, 2005 response to staff questions, Information Systems-Communications Question #2 .

²⁵² Butte County Application, page 299.

Human Resources provides County employees with strategic human resource services to comply with the statutory requirements of County merit system rules and numerous state and federal employment and labor laws.²⁵³

Mandated services include: (1) merit system based recruitments, (2) payroll administration, (3) Americans with Disabilities Act, (4) drug and alcohol policy, (5) benefits, (6) affirmative action assessment plan, (7) civil rights compliance, (8) labor relations, and (9) Protected leaves of absence. Non-mandated services include: (1) classification and compensation, (2) benefits administration, (3) recruitment outreach, and (4) training.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04, and 2004-05 are illustrated below (budget unit 090.001).²⁵⁴

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$1,165,301	12.0
2003-04	\$1,014,808	12.0
2004-05	\$1,097,704	12.0

The County identified current unmet needs of \$317,603, which are composed of the following:²⁵⁵

- \$268,853 for four full-time and one half-time position: four Personnel Analysts II at \$41,080 salary and \$19,934 benefits; half-time Personnel Specialist at \$16,900 salary and \$7,897 benefits
- \$48,750 for associated services and supplies as follows:
 - o \$5,000 publications and legal notices
 - o \$7,000 professional and specialized services
 - o \$4,200 rotating file cabinet
 - o \$15,000 software
 - o \$3,400 five desks at \$680
 - o \$7,500 five computers at \$1,500
 - o \$2,750 five chairs at \$550
 - o \$1,100 five printers at \$220
 - o \$800 four bookshelves
 - o \$1,500 five four-drawer filing cabinets
 - o \$500 miscellaneous supplies

²⁵³ Butte County 2004-05 Proposed Budget, page 160.

²⁵⁴ Butte County 2002-03 Budget, page 421; Butte County 2003-04 Budget, page 195; Butte County 2004-05 Budget, page 93; Salary Ordinance and Position Allocation 2004-05, page 4.

²⁵⁵ Butte County Application, pages 309-310.

The County references the Bureau of National Affairs and a reclassification study conducted by D.M. Griffith, as sources for the appropriate ratio of human resources staff per employee. The Bureau's ratio is one staff person per 125 employees, and Griffith's ratio is one staff person per 150 employees. The current ratio for Butte County is 208 employees per one human resources staff person. The County used the more conservative ratio (one per 150) and applied it to 2,500 budgeted positions in Butte County (including extra help) to justify the need for four and one-half additional employees.²⁵⁶ With 12 current positions and 4.5 additional positions, the County's ratio would be 151.5 (2,500 divided by 16.5). *Therefore, the Commission finds that \$268,853 for additional positions and \$47,650 for related services and supplies are unmet needs.*

The County indicated that there are currently seven desktop printers and one large community printer in the department.²⁵⁷ *The Commission finds that the current number of printers are sufficient to support the 12 allocated positions and the above finding for an additional 4.5 positions, and, therefore, the \$1,100 for five additional printers are not unmet needs.*

Requested services and supplies include \$7,000 in professional and specialized services. The County explained that it relates to AB 1825²⁵⁸ mandated sexual harassment prevention training for all managers, supervisors, and lead workers.²⁵⁹ *The Commission finds that this training is unmet needs.*

Overall, the Commission finds \$316,503 in current unmet needs for Human Resources.

15. Treasurer-Tax Collector

The Treasurer-Tax Collector identified unmet needs of \$215,000 in the Application. Subsequently, the County stated that the department no longer has unmet needs.²⁶⁰

The Commission finds no unmet needs for the Treasurer-Tax Collector.

Public Works

Public Works is organized into non-road activities and road activities. The County receives 100 percent of its funding for public works from sources other than the County General Fund.

The non-road activities of Public Works include: (1) performing the duties of County Surveyor, (2) overseeing County drainage and flood management facilities, (3) overseeing County mine inspections and reclamation, (4) administration of Assessment Districts, (5) administration of County Service Areas, (6) administration of countywide solid waste activities, (7) providing and administering the public transportation system and (8) subdivision inspection.

²⁵⁶ Butte County Application, pages 305 and 309.

²⁵⁷ Butte County March 30, 2005 response to staff questions, Human Resources Question #2.

²⁵⁸ Statutes 2004, Chapter 933.

²⁵⁹ Butte County's March 30, 2005 response to staff questions, Human Resources Question #1 and Butte County's May 6, 2005 response to the Staff Analysis.

²⁶⁰ Butte County's May 6, 2005 response to the Staff Analysis.

The road activities of Public Works include: (1) performing the duties of the road department, (2) providing maintenance of County roads and bridges, and contracting for the maintenance of roads, bridges and roadside drainage facilities, (3) inspecting County roads and bridges, (4) preparing or obtaining the design, plans and specifications for road and bridge reconstruction, and (5) reconstructing and contracting for the reconstruction of roads, bridges and roadside drainage facilities.

Public Works originally requested unmet needs of \$9,612,583 based on the information available in the FY 2004-05 Proposed Budget. However, upon the passage of the FY 2004-05 Final Budget, Public Works reduced their current unmet needs request to \$9,119,151,²⁶¹ but did not provide an explanation regarding which unmet needs were reduced. The Commission evaluated the information in the Application and made the adjustment for the reduction at the conclusion of this section.

The current unmet needs requested in the Application relate to the following subdivisions: Land Development, Solid Waste Management, Engineering/Surveying, Road and Bridge Maintenance, Vehicle and Equipment, Buildings and Grounds, and Equipment Replacement.

Land Development

The County is requesting \$61,751 in unmet needs, which consists of the following:²⁶²

- \$53,951 for one Administrative Analyst position
- \$5,000 for ancillary costs for the above position
- \$2,800 for computer system upgrades for the department

Land Development provides subdivision and parcel map application processing, map checking, construction plan checking, development construction inspection, and plan and calculation checking for storm drainage assessment districts. These functions allow the County to regulate the impact of new developments on the County. The County states that there has been a significant increase in workloads due to increasing land use process applications. Additionally the California Environmental Quality Act (CEQA) and the Permit Streamlining Act have created tighter deadlines for making decisions on projects.²⁶³ The information provided in the Application is unclear as to what the correlation is to the workload being presented. It is also unclear as to what type of timescale (hours, days) the workload is measured by. *Therefore, the Commission finds that \$58,951 for the Administrative Analyst position and associated ancillary costs are not unmet needs.*

The upgrade of the computer system in Land Development relates to the ability to access and process GIS information for parcels, owners, flood zones, zoning and the general plan. No

²⁶¹ Butte County Application, page 15.

²⁶² Butte County Application, page 327.

²⁶³ Butte County Application, page 323.

information was provided to explain the necessity of upgrading the computer system. *Therefore, the Commission finds that \$2,800 to upgrade the computer system is not an unmet need.*

Solid Waste Management

Solid Waste Management requesting \$100,000 to fund the County's Illegal Dumping Clean Up program. The Application states that the Illegal Dumping program is currently funded by the Butte County Neal Road Sanitary Landfill.²⁶⁴ *Therefore, the Commission finds that \$100,000 for the Illegal Dumping program is not an unmet need.*

Engineering/Surveying

The Application states that due to Butte County's growth in population, more transportation facilities will be required to meet public needs. The County also argues engineering will become more involved with the designs and construction of traffic signals, traffic channeling, and roads/street to insure public safety.²⁶⁵ This request is based on projected future unmet needs rather than a current measurable need. *Therefore, the Commission finds that \$96,500 for one Civil Engineer-Associate position and one Civil Engineer-Assistant position are not unmet needs.*

In response to the growth population, the County is requesting one Civil Engineer-Associate position to staff a hydraulics section. This position would maintain waterways and the effect on public safety in regards to flooding.²⁶⁶ Based on the information provided in the Application, the Commission determined that this request is a potential need and no supporting information was presented that would show this to be a current pressing issue. *Therefore, the Commission finds that \$51,400 for one Civil Engineer Associate position to staff a hydraulics section is not an unmet need.*

Road and Bridge Maintenance

According to the Application, there are nine road maintenance crews that consist of seven employees each. The County has approximately 1,350 miles of road stretching over 1,675 square miles that require maintenance. Three other crews (tree trimming and drainage, signing and striping, and bridge maintenance) also have seven employees.²⁶⁷ The Application claims adding two employees to each crew would address heavy workload demands and reduce a tremendous backlog in remedying maintenance problems.²⁶⁸ However, the Application did not include key workload indicators to document this claim. *Therefore, the Commission finds that \$459,432 for additional staff is not an unmet need.*

Vehicle and Equipment Maintenance

The request to upgrade to a computerized cost accounting system in Vehicle and Equipment Maintenance and an Inventory/Invoice Coordinator to manage the system has no justification in

²⁶⁴ Butte County Application, page 327.

²⁶⁵ Butte County Application, page 328.

²⁶⁶ Butte County Application, page 328.

²⁶⁷ Butte County Application, page 326.

²⁶⁸ Butte County Application, page 328.

the Application. The Commission agrees that it would be appropriate to have a position to manage the system, but the Application does not provide documentation of the need for the system. *Therefore, the Commission finds that \$28,500 for a computerized cost accounting system and coordinator are not unmet needs.*

The County states that each mechanic handles approximately 95 pieces of equipment, which is an increase from 33 pieces of equipment in 1981.²⁶⁹ No further workload data was provided that would indicate a trend in increased workload. The County claims that it is currently able to deal with the increasing workload, but has sacrificed the quality of service it provides and compliance with all the demands placed on the facility. Even though the workload has significantly increased throughout the years, the County stated that it is capable of handling the workload. *The Commission finds that \$100,000 for two Heavy Duty Mechanic positions are not unmet needs.*

Buildings and Grounds

Building and Grounds requests unmet needs of \$3,920,000 which consists of the renovation or replacement of the following yards:²⁷⁰

- Chico: The County would like to redevelop the surrounding area in an effort to make the facility more compatible with the surrounding area. However, the County currently does not have plans or specifications on this project. The estimated redevelopment costs are \$1,300,000.
- Gridley: The yard consists of a converted blacksmith's shop that was an old timber structure and needs modification to meet current standards. Expansion of the site is not possible according to the Facilities Master Plan dated July 2003. Replacement Costs are estimated at \$720,000.
- Paradise: The County would like this yard relocated in a more industrial location. Relocation Costs are estimated at \$600,000.
- Oroville: Materials and equipment stored at this location are exposed to the weather and would benefit from a covered storage facility. The HVAC system is in need of repair. Renovation Costs are estimated at \$300,000.
- Administration Office: The office is filled to capacity. Expansion Costs are estimated at \$1,000,000.

Of the five facilities, renovation of the Gridley and Oroville yards appears to be necessary to maintain basic services based on the information provided. The Gridley yard currently is not meeting standards in its present state. Without building renovation and repairs, the Oroville facility stands to lose more money in fixed assets replacement, poor ventilation for employees, and other fiscal consequences. *Therefore, the Commission finds that renovation and repair*

²⁶⁹ Butte County Application, page 326.

²⁷⁰ Butte County's March 30, 2005 response to staff questions, Public Works Question #2.

costs, at \$1,020,000, for the Gridley and Oroville yards are unmet needs and that \$2,900,000 for the other yards are not unmet needs.

Equipment Replacement

The Application states that some of the County's larger pieces of equipment are more than 15 years old and have reached the end of their economic life.²⁷¹ Of the 58 items in need of replacement,²⁷² four were funded in the FY 2004-05 Final Budget. *Therefore, the Commission finds that \$4,530,000 (the total of the 54 unfunded items) is unmet needs and that \$265,000 (the amount of funded items) is not unmet needs.*

Because the department receives 100 percent of its funding from sources other than the County General Fund, the Commission finds no current unmet needs for Public Works.

Education & Recreation

1. Farm, Home and 4H Advisor

The University of California Cooperative Extension is part of a research-education continuum that reaches from basic research conducted in field stations and in campus laboratories to ultimate farm, youth, home, and community usage. The Farm, Home and 4H Advisor is multifaceted in providing information and educational service relating to agriculture, natural resources, consumers, 4H youth development, and public service. The Farm, Home and 4H Advisor is not a mandated service.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03, 2003-04 and 2004-05 are illustrated below (budget unit 631.001).²⁷³

<u>Fiscal Year</u>	<u>Direct Expenditures</u>	<u>Allocated Positions</u>
2002-03	\$231,083	3
2003-04	\$210,231	3
2004-05	\$238,042	3

The County identified current unmet needs of \$66,250, which are composed of the following:²⁷⁴

- \$2,000 for printing, duplicating, and mailing
- \$17,250 for replacement of one vehicle

²⁷¹ Butte County Application, page 329.

²⁷² *Ibid.*

²⁷³ Butte County 2002-03 Budget, pages 384 and 379; Butte County 2003-04 Budget, pages 180 and 179, Butte County 2004-05 Budget, page 87; Salary Ordinances & Position Allocations 2004-05, page 14.

²⁷⁴ Butte County Application, pages 336-337.

- \$45,000 for field help and photographic and visual aids equipment
- \$2,000 for replacement computer for clerical staff

The request for \$2,000 for printing, duplicating and mailing would allow the Advisor to provide more newsletters and other written material to clientele. As indicated by the key workload indicators in the Application, the number of newsletters averaged at approximately 51 per 25,500 clients contacted between FY 2002 and FY 2005.²⁷⁵ It is not clear how this request benefits basic services. *Therefore, the Commission finds that this request, at \$2,000, is not an unmet need.*

The request for \$17,250 for a replacement vehicle correctly states such a request was not allowed in FY 2004-05, but the department was encouraged to seek a vehicle in the Disbanded Motor Pool as recommended by the Interim Department Head.²⁷⁶ *Therefore, the Commission finds that \$17,250 for a replacement vehicle is not unmet needs.*

The County has a Memorandum of Understanding (MOU) with the University of California for farm and home services. In the MOU, the County committed to provide the support staff and facilities in exchange for the University of California programs and professionals. The Application notes the unmet needs associated with this MOU include field help, photographic and visual aids equipment, and laboratory and conference space.²⁷⁷ The requested amount of \$45,000 only includes unmet needs related to the field help and photographic and visual aids equipment, and does not include any requests for laboratory and conference space. The Application does not substantiate why these unmet needs are essential. *Therefore, the Commission finds that \$45,000 for this request is not unmet needs.*

The department is also requesting one replacement computer for the daily use of clerical staff. The application does not provide any information on how many employees use this computer, how old the current computer is, or what type of computer is needed. *Therefore, the Commission finds that \$2,000 for a replacement computer is not unmet needs.*

The Commission finds no current unmet needs for the Farm, Home and 4H Advisor.

2. Library

The public library provides all citizens, regardless of age, ethnic background, educational or economic level, with free access to ideas and information. Public service branches are located in Biggs, Chico, Durham, Gridley, Oroville and Paradise. The Bookmobile makes 23 stops per month, servicing citizens who live in the outlying areas of the County. Library services are not mandated by law.

The actual authorized level of direct expenditures and allocated positions in FYs 2002-03 through 2004-05 are illustrated below (budget unit 630.000).²⁷⁸

²⁷⁵ Butte County Application, page 333.

²⁷⁶ Butte County Proposed Budget, FY 2004-05

²⁷⁷ Butte County Application, pages 336-337.

²⁷⁸ Butte County FY 2002-03 Final Budget, pages 438 and 683; Butte County FY 2003-04 Final Budget, pages 209

Fiscal Year	Direct Expenditures	Allocated Positions
2002-03	\$1,981,668	28.0
2003-04	\$2,015,228	28.0
2004-05	\$1,955,386	28.0

The County identified current unmet needs of \$1,228,190, which are composed of the following:²⁷⁹

- \$359,000 for nine additional staff enabling the libraries to remain open longer
- \$80,000 for staffing, fuel and maintenance costs for the bookmobile
- \$750,000 for the materials budget
- \$20,000 for internet workstations and replacement of outdated terminals
- \$19,190 to expand one half-time position to full-time for the Adult Literacy Program

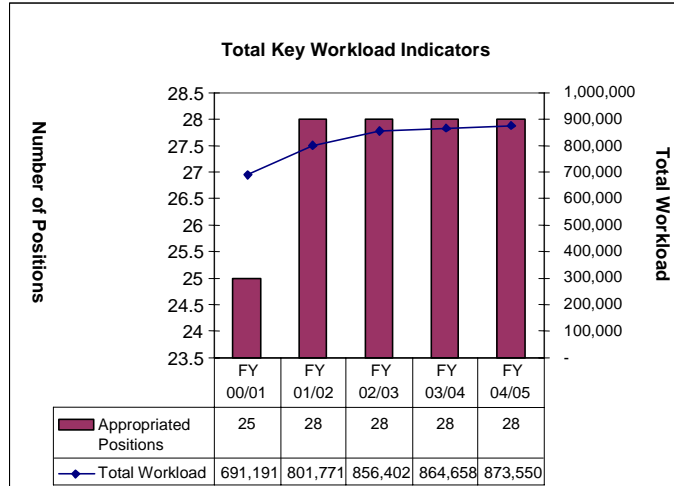
Currently the library is staffed with 28 staff members.²⁸⁰ The Application requests nine additional staff (two Librarian II positions, three Library Assistant III positions, and four Library Assistant II positions) as unmet needs in order to extend library hours, and to extend the number of days the libraries are open. The Application suggests these additional open hours would reduce staff stress and improve service by lowering the per hour circulation rate. The total library key workload indicators and appropriated positions are summarized below.²⁸¹

463; Butte County FY 2004-05 Final Budget, page 97; and Salary Ordinance and Position Allocations for FY 2004-05, page 14.

²⁷⁹ Butte County Application, pages 344-345.

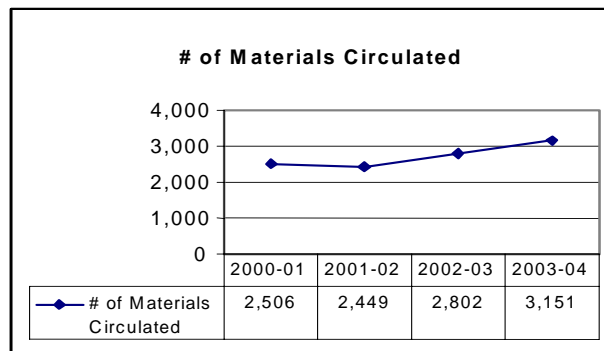
²⁸⁰ Butte County Application, page 340.

²⁸¹ Butte County Application, page 342, Butte County FY 2002-03 Final Budget, page 683; Butte County FY 2003-04 Final Budget, page 463; and Salary Ordinance and Position Allocations for FY 2004-05, page 14.



The total library key workload indicators increased by 16 percent in FY 2001-02 from 2000-01, and three staff members were added in 2001-02. Since then, the number of staff has remained at the current level of 28. Though the total key workload indicators show an increase of 8.95 percent from FYs 2001-02 to 2004-05, the increase appears minimal compared to the 16 percent increase in 2001-02. The County's FY 2004-05 Proposed Budget for the library requested the current level of staffing to maintain open library branch hours and service levels. The Commission notes that the Library did not request any additional staffing in the FY 2004-05 Proposed Budget.²⁸² *Therefore, the Commission finds that \$359,000 for additional staffing is not an unmet need.*

The current bookmobile is an all-volunteer project. The application includes \$65,000 as unmet needs for staffing, and \$15,000 as unmet needs for fuel and maintenance costs in order to provide continuity and a larger range of stops over a wider geographic area. The County provided additional information on circulation of materials as illustrated below.²⁸³ It shows an increasing demand in the bookmobile program. *Therefore, the Commission finds that the \$65,000 request for staffing is not an unmet need.*



²⁸² Butte County FY 2004-05 Proposed Budget, page 168.

²⁸³ Butte County's March 30, 2005 response to staff questions, Library #4.

The Commission acknowledges the lack of funds for maintenance and fuel costs will necessitate a greater dependence on donations. However, the Application states that the fuel is being donated on an on-going basis.²⁸⁴ Based on the information provided by the County, the Commission estimates that 12-month maintenance costs would approximate \$2,400²⁸⁵ and 12-month fuel costs would be \$4,200.²⁸⁶ The Commission determined that the lack of funds for maintenance will necessitate a greater dependence on donations. *Therefore, the Commission finds an unmet need of \$2,400 in maintenance costs to allow the Library to maintain the current level of Bookmobile services. Further, the Commission finds that the remainder of \$12,600 for fuel and maintenance costs is not unmet needs.*

An augmentation of \$250,000 for library materials is requested as unmet needs to ensure that the library serves the information needs of the County. In addition, \$500,000 is requested to compensate for inflation and to raise the book buying power to the level of FY 1980-81. The Commission's review of the library services and supplies appropriation indicates a decrease of \$127,417 from \$673,285 in FY 2003-04 to \$545,869 in 2004-05.²⁸⁷ To measure inflation, the Commission used the monthly Consumer Price Index (CPI) published by the U.S. Department of Labor, Bureau of Labor Statistics (BLS). Based on the CPI, the Commission finds that there has been a 2.04 percent price increase since FY 2003-04 due to inflation as illustrated below.

Adjustment for price increase

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	Jun	AVG
FY 03-04	188.4	189.2	189.6	189.4	188.5	188.3	189.4	190.8	192.2	192.3	193.4	193.3	190.4
FY 04-05	192.9	193	193.8	195	195.1	194.2	194.5	195.7	n/a	n/a	n/a	n/a	194.3
Change in index points													3.9
Percent change (=3.9/190.4*100)													2.04%
Compensation for inflation (=673,285*2.04%)													13,703

The Commission finds that \$141,120 (\$127,417 for augmentation and \$13,703 for inflation) to maintain the FY 2003-04 material budget level is unmet needs and that the balance (\$608,880) is not unmet needs.

Ten additional Internet workstations plus replacement of outdated terminals are included in the application as unmet needs of \$20,000. The Library received grants from the Gates Foundation and InfoPeople. The Gates Foundation grant paid for 29 Internet workstations in 2000.²⁸⁸ The

²⁸⁴ Butte County Application, page 341.

²⁸⁵ Butte County's March 30, 2005 response to staff questions, Library #4. Average maintenance costs for fiscal years 2001-02 through 2003-04 are: (3,240+2,120+1,842)/3=2,400.

²⁸⁶ Butte County's March 30, 2005 response to staff questions, Library #4. Anticipated monthly fuel costs are \$300-400. Projected 12-month fuel costs would be: 350*12 =4,200.

²⁸⁷ Butte County FY 2003-04 Final Budget, page 209 and Butte County FY 2004-05 Final Budget, page 97.

²⁸⁸ Butte County Application, page 341.

InfoPeople grant paid for the purchase of eight computers (three Internet workstations for the Chico branch, one workstation each for the following branches: Paradise, Oroville, Gridley, Durham, and Biggs) in FY 1998-99. However, only four of these eight stations are still in use.²⁸⁹ The County states that the most important change in service demands has been the increasing requests by the public for electronic databases and a greater number of Internet workstations.²⁹⁰ *Therefore, the Commission finds unmet needs of \$8,000 to replace four workstations and that the remaining amount of \$12,000 is not unmet needs.*

To better serve client needs, the County requested that the current half-time position in Adult Literacy be expanded to a full-time position. The Families for Literacy's goal is to encourage the families of adult learners to develop the reading habit and break the cycle of illiteracy. The grant-funded Library III position at the Literacy Service Division ended in December 2004 and has been eliminated. *Therefore, the Commission finds that \$9,595 (half of \$19,190) to increase the current half-time Library Assistant II position to full-time for the period of January 2005 through June 2005 is unmet needs.*

The Library received approximately 21 percent of its funding from sources other than the County General Fund in FY 2004-05. Therefore, the Commission finds \$127,280²⁹¹ in current unmet needs for the Library.

Conclusion on Program Needs and Expenditure Flexibility

The Commission finds that the County has \$17,459,957 in current unmet needs that will likely continue for the next 12 months. This amount represents the approximate county portion of costs associated with basic county needs, which are unmet. Certain departments are funded from county- and non-county sources. The recommended unmet need reflects a reduction proportionate with certain county departments' ratio of county- to non-county funds. See the following schedule.

²⁸⁹ Butte County's March 30, 2005 response to staff questions, Library #2.

²⁹⁰ Butte County Application, page 343.

²⁹¹ General Fund transfer to the Library Fund approximates 79% ($=\$1,779,510/\$2,243,128*100$) per the Butte County FY 2004-05 Budget, Schedule 5 and Schedule 8. General Fund portion of unmet needs is computed as: $\$127,280 = \$161,115*79\%$.

SUMMARY OF UNMET NEEDS		
DEPARTMENT	2004 APPLICATION CURRENT UNMET NEEDS	CSM FINDINGS
Public Safety Departments		
District Attorney	\$ 746,433	\$ 746,433
Fire	2,171,208	1,198,825
Probation	10,504,689	4,001,776
Public Defender		-
Sheriff	10,239,676	7,197,121
Other Public Safety Departments		
Agricultural Commissioner	55,155	27,391
Clerk-Recorder		
Development Services	1,212,000	5,000
Water and Resource Conservation	1,090,000	-
Health & Human Services		
Behavioral Health	4,233,970	-
Public Health	1,042,700	389,450
Welfare-Adult & Children's Svcs		
Employment and Social Svcs	453,900	97,750
General Government		
Administrative Office	700,000	-
Assessor	318,290	318,290
Auditor-Controller	219,250	161,850
County Counsel		
Elections and Registration	381,913	34,500
General Services	1,396,564	829,360
Information Systems	497,928	470,428
Information Systems-Comm.	1,599,000	1,538,000
Human Resources	317,603	316,503
Treasurer-Tax Collector	175,000	
Public Works	9,119,151	-
Education & Recreation		
Farm, Home & 4H Advisor	66,250	-
Library	1,228,190	127,280
TOTAL	\$ 47,768,870	\$ 17,459,957

NOTE: The 2004 Application Unmet Needs include revisions made after the original submittal.

C. Review of Resource Flexibility

The Commission reviewed Butte County's level of expenditure and resource flexibility. The Commission noted that total flexibility is made up of expenditures that might be further constrained, plus resources that are currently under the County's control and might be reasonably redirected.

The County reports that it continues to struggle to provide services to residents due to constrained revenue resources. The County implemented the following remedies and efforts in an effort to continue its operations:²⁹²

- Use of reserves
- Revenue enhancements
- Expenditure constraints

The County maintains that its revenue deterioration began with the passage of Proposition 13 in 1978 and the subsequently enacted Assembly Bill 8, which apportioned property tax shares.²⁹³ This resulted in the County receiving a 26 percent share of total property taxes collected. Since that initial allocation and a series of property tax reallocations, by Fiscal Year (FY) 1995-96, the County's share of property tax decreased to 13 percent compared to a statewide average of 20.5 percent. The County's share of property tax has remained at or under the 13 percent level since that time.²⁹⁴

As a result of tax shifts in FY 2004-05, the property tax retained by the County is expected to increase in 2004-05 from the current 12.7 percent to approximately 20 percent while sales taxes are expected to decrease by one-fourth, and the Vehicle License Fee (VLF) revenue is projected to decrease.²⁹⁵ See Section II. Overview of County Finances, for further details regarding the tax shifts.

The County's application includes the five-year fiscal forecast shown below.²⁹⁶ This table includes the impact of the "Local Government Package" and other changes in the state budget. The table shows that the County will begin to improve financially in FY 2006-07. The County notes in the Application that the cost estimates are on the high end of the probable range, while revenues have been projected conservatively. The forecast anticipates continued annual departmental under-spending from appropriations, which should result in a continuing year-to-year fund balance carry-overs.

²⁹² Butte County Application, page 52.

²⁹³ Statutes 1979, Chapter 282.

²⁹⁴ Butte County Application, pages 4 and 67.

²⁹⁵ Butte County Application, page 13.

²⁹⁶ Butte County Application, pages 49-50.

**Five-Year Fiscal Forecast
Through Fiscal Year 2008-09
General Fund Only**

	Proposed Budget FY 2004-05	Forecast Budget FY 2005-06	Forecast Budget FY 2006-07	Forecast Budget FY 2007-08	Forecast Budget FY 2008-09
Appropriations - Total Dept Requirements	\$149,583,315	\$153,757,763	\$158,091,499	\$162,592,317	\$167,269,142
Revenues:					
Property/Sales/ Other Taxes	\$23,802,075	\$24,721,282	\$25,676,270	\$26,668,443	\$27,699,256
State/Federal/Other Government	87,451,320	89,696,461	92,005,543	94,380,585	96,823,670
Charges for Service	19,482,021	19,871,661	20,269,095	20,674,477	21,087,966
All Other Revenues	14,316,896	12,608,259	12,907,176	13,213,854	13,528,504
Total for All Revenues	\$145,052,312	\$146,897,663	\$150,858,085	\$154,937,358	\$159,139,396
Subtotal Balance or (Gap)	(\$4,531,003)	(\$6,860,100)	(\$7,233,414)	(\$7,654,958)	(\$8,129,745)
Estimated Beginning Fund Balance	\$8,681,003	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Estimated End Fund Balance or (Gap)	\$4,150,000	\$3,139,900	\$2,766,586	\$2,345,042	\$1,870,255
Appropriation for Contingencies	\$4,150,000	\$4,600,000	\$4,600,000	\$4,600,000	\$4,600,000
End of Year Fund Balance	\$0	(\$1,460,100)	(\$1,833,414)	(\$2,254,958)	(\$2,729,745)
Anticipated Additional State Impacts	(\$1,085,000)	(\$910,500)	\$2,304,084	\$2,739,425	\$3,013,449
Anticipated Year-End Fund Balance/(Deficit)	(\$1,085,000)	(\$2,370,600)	\$470,670	\$484,466	\$283,704

The County expects its financial condition to improve in FY 2006-07 when the two-year property tax shift from the County to the state concludes, and the state begins repaying its obligations to the County (i.e., VLF gap loan and state mandated costs).²⁹⁷

General purpose revenue has gradually increased from \$53.5 million in FY 2000-01, to \$58.3 million in 2003-04, and to \$61.6 million in 2004-05.²⁹⁸ However, in FY 2004-05, the County's total expenditure requirements are expected to exceed total revenue, leading to a shortfall of approximately \$8.6 million.²⁹⁹ This shortfall is funded by sources such as general fund balance carryover from FY 2003-04.

The Commission analyzed the estimated major revenue sources for FY 2004-05, reserves, and potential resources to determine whether any resource flexibility exists as follows:

²⁹⁷ Butte County 2004-05 Proposed Budget, page 9.

²⁹⁸ Butte County Application, page 62 .

²⁹⁹ Butte County Application, page 1 and Butte County 2004-05 Final Budget, Schedule 5 & Schedule 8.

1. Revenue Flexibility

The County’s FY 2004-05 Final Budget revenue estimates reflect the “triple flip” and the VLF/Property Tax swap. However, the State Controller had not calculated the revenue shifts at the time when the County prepared its final budget.³⁰⁰ The Commission’s analysis of the FY 2004-05 Final Budget discloses that General Fund revenues are composed of the following elements:³⁰¹

General Fund Revenue FY 2004-05 Final Budget				
Fines, Forfeit, Penalties	1,879,023	1.21%	1,899,981	0.58%
Use of Money & Property	1,907,700	1.23%	1,986,700	0.60%
Governmental Revenues	-	0.00%	-	0.00%
State Revenues	67,111,145	43.35%	145,806,508	44.33%
Federal Payments	8,087,343	5.22%	70,773,110	21.52%
Other Intergovernmental	3,247,454	2.10%	5,155,486	1.57%
Charges for Services	19,612,997	12.67%	22,461,028	6.83%
Misc. Revenue	3,496,994	2.26%	4,041,580	1.23%
Other Rev. (Trans. to other Funds)	2,589,555	1.67%	19,752,673	6.01%
sub-total	146,047,717	94.33%	310,050,572	94.27%
Fund Balance (As of June 30, 2004)	8,771,151	5.67%	16,505,737	5.02%
Cancellation of Prior Year Reserves/Designations	-	0.00%	2,319,398	0.71%
TOTAL	\$ 154,818,868	100.00%	\$ 328,875,707	100.00%

a. General Fund Revenue - The General Fund revenue total includes \$14.5 million transfers in the Other Revenues category. The General Fund revenue total includes \$2.6 million transfers in Other Revenue category: Transfer to the General Fund from Equipment Replacement Fund, \$2,000,000; and Intra-fund transfer, \$589,555.³⁰²

b. General Purpose Revenue - The County’s application includes estimated general purpose revenue for FY 2004-05 of \$61.6 million. Property tax, sales tax, motor vehicle in-lieu fees, and Proposition 172 sales tax revenues comprise \$44.5 million or 72 percent of the total general purpose revenue.³⁰³

As presented in the above schedule, three major revenue sources (property tax, state revenues, and charges for services) account for \$111.7 million, or 72 percent, of the General Fund

³⁰⁰ Butte County’s March 30, 2005 response to staff questions, Fiscal Question # 13.

³⁰¹ Butte County 2004-05 Final Budget, Schedule 5.

³⁰² Butte County 2004-05 Final Budget, Schedule 5.

³⁰³ Butte County Application, page 10.

revenues. The Commission analyzed the estimated major revenue sources for FY 2004-05 to determine whether any revenue flexibility exists.

c. Vehicle License Fee (VLF) - Revenues for the last three fiscal years and the FY 2004-05 estimated revenues are presented below:³⁰⁴

Vehicle License Fee Tax				
	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Estimate FY 04-05
Revenue	13,081,887	13,596,512	10,962,964	4,600,000
\$ change		514,625	(2,633,548)	(6,362,964)
% change		3.93%	-19.37%	-58.04%

The County estimated that the motor vehicle in-lieu tax revenue at approximately \$4.6 million for FY 2004-05. This VLF/Property tax revenue shift estimate represents an approximate 58 percent decrease from actual FY 2003-04 revenues of \$10.9 million. The State Controller had not computed the revenue shifts when the County projected the VLF tax revenue. Recently, the County learned that it will not receive any VLF revenues, but will receive additional property taxes in exchange for the loss of VLF taxes. However, it is uncertain how the revenue shifts will actually affect the County revenue until August 2005.³⁰⁵ Therefore, the Commission did not perform any analysis on VLF revenues or property tax revenues.

d. Sales Tax - The County's estimated FY 2004-05 sales tax revenues of \$3.1 million decreased by approximately 18.5 percent from the actual FY 2003-04 revenues of \$3.8 million. The following presents sales tax revenues for the last three fiscal years and increases and decreases from the prior years.³⁰⁶

Sales Tax				
	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Estimate FY 04-05
Revenue	3,278,612	3,517,480	3,846,573	3,136,445
\$ change		238,868	329,093	(710,128)
% change		7.29%	9.36%	-18.46%

The Commission estimates that pre-tax shift sales-tax revenue to be \$4.1 million based on FY 2001-02, 2002-03, and 2003-04 growth rates.³⁰⁷ As a result of this new tax shift, the sales tax is reduced by one-fourth, and the post-tax shift sales revenue is projected to be \$3.1 million (.75*4.1). Therefore, the Commission concludes that the County's estimate of \$3.1 million is reasonable.

e. Property Tax - The County estimates property tax revenue of \$24.9 million in FY 2004-05. This estimate is an increase of 57 percent from the actual FY 2003-04 revenue amount of \$15.9

³⁰⁴ Butte County Application, page 63 and Butte County 2004-05 Final Budget, Schedule 5.

³⁰⁵ Butte County's March 30, 2005 response to staff questions, Fiscal Question # 13.

³⁰⁶ Butte County Application, page 63 and Butte County 2004-05 Final Budget, Schedule 5.

³⁰⁷ The Commission applied the *Excel* growth function in estimating the pre-tax shift sales for 2004-05.

million. The following information presents property tax revenues for the last three fiscal years and increases or decreases from the prior years:³⁰⁸

Property Tax				
	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Estimate FY 04-05
Revenue	13,932,321	14,964,668	15,864,745	24,939,977
\$ change		1,032,347	900,077	9,075,232
% change		7.41%	6.01%	57.20%

As discussed earlier in the VLF section, it is uncertain how the new revenue shifts will actually affect the County revenue until August 2005. Therefore, the Commission did not perform any analysis on property tax revenues.

f. Charges for Service - The FY 2004-05 revenue total for all funds is projected to be \$22.7 million. Of the \$22.7 million, the projected revenue for the General Fund totals \$19.6 million. The following presents the General Fund Charges for Services for the last three fiscal years and increases or decreases from the prior years:³⁰⁹

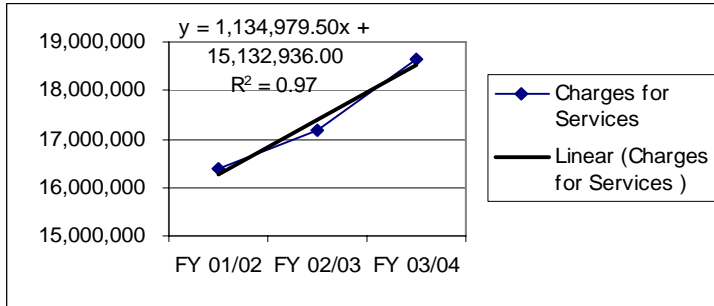
Charges for Services (General Fund)				
	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Estimate FY 04-05
Revenue	16,373,090	17,192,546	18,643,049	19,612,997
\$ change		819,456	1,450,503	969,948
% change		5.00%	8.44%	5.20%

The County estimates that FY 2004-05 revenues will increase by 5.2 percent from the 2003-04 levels. The Commission determined that 5.2 percent is conservative, given the growth rate in FY 2003-04. In estimating Charges for Services in FY 2004-05, the Commission first applied the following two methods: 1) Apply the growth rate of 6.72 percent (average of 5 percent and 8.44 percent) to the actual FY 2003-04 revenues; and 2) Perform a regression analysis based on the historical data, and take the average of these two methods. The following summarizes the results:

Estimation of FY 2004-05 Charges for Services (General Fund)

³⁰⁸ Butte County Application, page 63 and Butte County 2004-05 Final Budget, Schedule 5.

³⁰⁹ Butte County 2003-04 Final Budget, Schedule 5 and Butte County 2004-05 Final Budget, Schedule 5.



Method 1)	19,896,021	(=18,643,049*1.0672)
Method 2)	19,672,856	(=15,132,936+1,134,980*x; x=4)
Average of 1) and 2)	19,784,438	(=(19,896,021+19,672,854)/2)
Over (Under) statement	(171,441)	(=19,612,997-19,784,438)

Therefore, the Commission finds that the County’s estimated Charges for Service revenue (General Fund only) for FY 2004-05 may be understated by \$171,441.

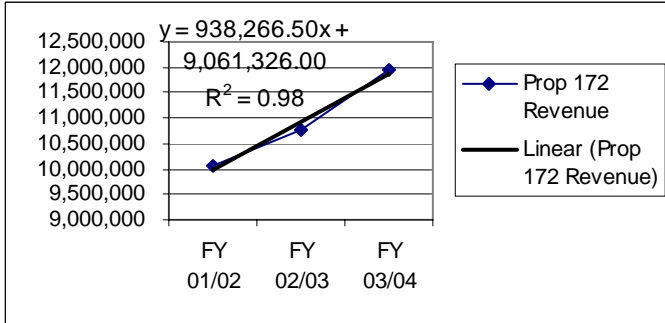
g. Proposition 172 - The Proposition 172 sales tax revenue is a dedicated state-allocated tax for public safety programs. The County estimates FY 2004-05 Proposition 172 sales tax revenue of \$11.8 million. The following information presents Proposition 172 revenues for the last three fiscal years and increases or decreases from the prior years.³¹⁰

	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Estimate FY 04-05
Revenue	10,079,441	10,778,162	11,955,974	11,780,000
\$ change		698,721	1,177,812	(175,974)
% change		6.93%	10.93%	-1.47%

The County estimates that FY 2004-05 revenue will decrease by 1.47 percent from the 2003-04 level. Further, in the County’s response to staff questions, the County staff states that budgeted revenue in FY 2004-05 was based largely upon actual revenues received year-to-date in 2003-04, and that the estimates were developed prior to receipts of all 2003-04 Proposition 172 revenues. Given the growth rate in FY 2003-04, it appears that the County’s estimate for 2004-05 is understated. In estimating Charges for Services in FY 2004-05, the Commission first applied the following two methods: 1) Apply the growth rate of 8.93 percent (average of 6.93 percent and 10.93 percent) to the actual FY 2003-04 revenue, and 2) Perform a regression analysis based on the historical data, and take the average of these two methods. The following summarizes the results:

Estimation of FY 2004-05 Proposition 172 revenue

³¹⁰ Butte County Application, page 64; County 2004-05 Final Budget, Schedule 5; and Butte County’s March 30, 2005 response to staff questions, Fiscal Question # 19.



Method 1)	12,814,392	(=1,195,5947*1.0893)
Method 2)	13,023,637	(=9,061,326+938,267*x; x=4)
Average of 1) and 2)	12,919,014	(=(12,814,392+13,023,637)/2)
Over (Under) statement	(1,139,014)	(=11,780,000-12,919,014)

Therefore, the Commission finds that the County’s estimated Proposition 172 revenues for FY 2004-05 may be understated by \$1,139,014.

Summary of Revenue Flexibility

REVENUE	CSM Findings
Motor Vehicle in-lieu Tax	\$ -
Sales Tax	-
Property Tax	-
Prop. 172 Sales Tax	1,139,014
Charges for Services	<u>171,441</u>
Revenue Flexibility	\$ 1,310,455

The Commission finds that, based on County’s revenue growth trends, the County’s revenue estimates may be understated by \$1,310,455.

2. Reserves

a. Appropriation Contingencies -The County’s FY 2004-05 Final Budget estimated a General Fund balance of \$8.7 million at June 30, 2004. The \$8.7 million General Fund balance was used to balance the FY 2004-05 Final Budget.³¹¹ The FY 2004-05 Proposed Budget includes a General Fund contingency fund of \$5.6 million.³¹² The Commission notes that the County’s general fund contingency represents 1.75 percent of total appropriations.³¹³

The following information demonstrates that the County’s contingencies are above the average of comparable counties’ contingency levels.

Contingencies for Comparable Counties

³¹¹ Butte County Application, page 11.

³¹² Butte County Application, page 66.

³¹³ Butte County Application, page 66 and Butte County 2004-05 Final Budget, Schedule 1 & Schedule 8.

	Butte	El-Dorado	Humboldt	Placer	Shasta	Yolo	Avg. of other Co's
Total Budget	320,894,751	351,843,870	201,255,779	550,699,866	295,954,979	251,898,654	
Contingency Appropriation (General Fund)	5,616,078	4,815,000	1,209,798	5,689,161	2,307,078	2,257,000	
% of Total Budget	1.75%	1.37%	0.60%	1.03%	0.78%	0.90%	0.94%

The County stated that it has no General Fund reserves that can be used in time of emergency and that the County needs contingencies to fund unplanned critical needs. The County also depends on contingencies for cash flow.³¹⁴ Even so, the County estimates the projected fund balance for the General Fund as of June 30, 2005 to be \$9.8 million. This includes the unused portion of contingencies.³¹⁵

The Commission acknowledges the benefits of maintaining a fund for contingencies. Nevertheless, the Commission determined that contingency appropriations are non-essential during this time of fiscal constraints and limitations. Therefore, the Commission finds that the entire \$5.6 million can be considered resource flexibility.

b. Cost Savings Flexibility - The County issued Pension Obligation Bonds (POB) to reduce the County's retirement contributions to the California Public Employees' Retirement System. The estimated cost savings resulting from the issuance of these bonds is \$350,000 per year. Further, the County implemented an early retirement program. The estimated cost savings resulting from the program is \$175,000 per year.³¹⁶ The County indicated that these cost savings were applied in the Final Budget in the same way they had been applied in the Proposed Budget.³¹⁷ In developing the County's FY 2004-05 Proposed Budget, the contingency amount was temporarily lowered by the amount of cost savings (\$525,000) in place of lowering the appropriations for salaries and benefits in various departments.³¹⁸ Consequently, when the actual savings are known and are applied to salaries and benefits in various departments, the contingency will increase by \$525,000. Therefore, the Commission finds that \$525,000 can be considered resource flexibility.

c. Unexpended Appropriations – The Commission's analysis of the FY 2004-05 Final Budget discloses that total available financing exceeds total financing requirements as presented below:³¹⁹

Unexpended Balance as of June 30, 2005

³¹⁴ Transcript, May 12, 2005 hearing, pages 104-107.

³¹⁵ Butte County's Schedule 1 for FY 2005-06 Proposed Budget.

³¹⁶ Butte County Application, pages 52-53.

³¹⁷ Butte County March 30, 2005 response to staff questions, Fiscal Question # 9.

³¹⁸ Butte County 2004-05 Proposed Budget, Budget Message, page 19.

³¹⁹ Butte County 2004-05 Final Budget, Schedule 1.

	<u>General Fund</u>
Fund Balance as of June 30, 2004	8,771,151
Total Revenue	146,047,717
Cancellation of Prior Year Reserves/Designations	-
Total Available Financing	154,818,868
Less: Total Financing Requirements	154,811,501
Unexpended Balance as of June 30, 2005	<u>7,367</u>

Therefore, the Commission finds that \$7,367 can be considered resource flexibility.

d. Internal Service Fund (ISF) Balance - The County's Internal Service Funds (account groups for the financing of goods or services provided by one department or agency to other departments or agencies on a cost-reimbursement basis) include the following accounts: Self-Insurance ISF, Workers' Compensation, Unemployment Insurance ISF, Medical Liability Insurance ISF, Transit Self-Insurance ISF, Miscellaneous Insurance ISF, Building & Grounds ISF, Utilities, Duplicating ISF, and Stores ISF. The County's audited Combining Balance Sheet dated June 30, 2004, shows that the ending unrestricted net assets of Internal Service Funds totaling \$1,265,886.³²⁰ However, it is unclear what composes the \$1,265,886. The Commission's analysis of the budgeted Internal Service Funds revenue discloses that the General Fund comprises 65 percent of the total County contributions.³²¹ Therefore, the Commission finds that the \$831,939 (65 percent of \$1,265,886) is resource flexibility.

Based on a review of the information contained in the Application, additional information received from the County, and hearing testimony, the Commission finds that the following reserves/fund balances will be included in the County's resource flexibility.

Summary of Reserves Flexibility

	<u>CSM Findings</u>
RESERVES	
Appropriation for Contingency	5,616,078
Cost Savings Flexibility	525,000
Unexpended Available Resources	7,367
Internal Service Fund Balance	<u>831,939</u>
Reserves Flexibility	\$ 6,980,384

³²⁰ Butte County response to staff questions, dated March 30, 2005, Fiscal Question # 1.

³²¹ Butte County 2004-05 Final Budget, Schedule 10 (The figure excludes the General Fund contribution to the Unemployment Insurance ISF since this information was not available at the time of staff analysis.)

The Commission finds that reserve flexibility totaling \$6,980,384 is available to the County and could be applied to basic County services unmet needs.

3. Potential Resource Flexibility

As part of the new tax shifts, the state plans to eliminate the VLF backfill and reduce the VLF rate from 2 percent to 0.65 percent. In exchange for the loss of VLF revenue, counties will receive an equivalent amount of property taxes. However, for the first two years (FYs 2004-05 and 2005-06), counties will not receive the full amount because the state will retain \$700 million. The County contributions are estimated to be \$1,968,640 in each year.³²² Consequently, starting in FY 2006-07, the County will receive additional property tax revenues.

The County received \$4.3 million less in VLF backfill revenues (VLF gap) in FY 2003-04 due to the lag time required by the state. AB 1768³²³ provided that this gap would be repaid to local governments in FY 2006-07. The County anticipates receiving \$4,315,228 for unpaid VLF's on or around August 2006.

Due to nonfunding of state mandates in FYs 2003-04 and 2004-05, the County has a balance due from the state. These amounts due from the state are summarized below:³²⁴

³²² Butte County 2004-05 Proposed Budget Message, page 9.

³²³ Statutes 2003, Chapter 231.

³²⁴ Butte County's April 11, 2005 response to staff questions, Fiscal Question # 4.

Butte County Mandate Receivables

Mandate	Claim Amount	State Payment	Remaining Payment
Absentee Ballots	\$355,734	\$145,742	\$209,992
Allocation of Property Tax Revenue (ERAF)	\$13,245	\$10,736	\$2,509
Animal Adoption	\$157,585	\$0	\$157,585
Child Abduction and Recovery	\$1,084,661	\$330,513	\$754,148
County Treasury Oversight Committees	\$18,324	\$0	\$18,324
Domestic Violence Arrest Policies and Standards	\$93,757	\$75,242	\$18,515
Domestic Violence Treatment Svcs Authorization & Case Mgmt	\$115,675	\$41,278	\$74,397
Elder Abuse Training	\$7,387	\$0	\$7,387
Grand Jury Proceedings	\$43,086	\$0	\$43,086
Investment Reports	\$30,275	\$14,134	\$16,141
Law Enforcement Sexual Harassment Training	\$7,568	\$0	\$7,568
Mandate Reimbursement Process	\$127,162	\$11,809	\$115,353
Mentally Disordered Offenders' Extended Commitment Proceedings	\$19,552	\$0	\$19,552
Misdemeanors: Booking & Fingerprinting	\$154,757	\$40,164	\$114,593
Not Guilty by Reason of Insanity	\$126,894	\$60,621	\$66,273
Open Meetings Act/Brown Act Reform	\$263,444	\$18,651	\$244,793
Permanent Absent Voters	\$7,939	\$0	\$7,939
Rape Victim Counseling Center Notices	\$1,974	\$2,136	(\$162)
Services to Handicapped Students	\$3,762,980	\$666,436	\$3,096,544
Sex Crime Confidentiality	\$2,205	\$0	\$2,205
Sex Offenders: Disclosure by Law Enforcement Officers (Megan's Law)	\$61,155	\$0	\$61,155
Sexually Violent Predators	\$242,546	\$54,381	\$188,165
SIDS Training for Firefighters	\$21,498	\$18,494	\$3,004
SIDS: Autopsy Protocols	\$29,297	\$6,600	\$22,697
SIDS: Contact By Local Health Officers	\$12,155	\$3,655	\$8,500
Unitary Countywide Tax Rate	\$11,294	\$3,518	\$7,776
Voter Registration Procedures	\$56,045	\$35	\$56,010
		TOTAL	\$5,324,049

As specified in Government Code section 17617, the state will begin repaying its mandate obligations over five years starting FY 2006-07.³²⁵

The County's current sales tax is 7.25 percent, which is the lowest rate in California.³²⁶ The Commission inquired if the County had considered increasing the sales tax in order to increase general purpose revenue. The ballot measure for utility user tax in 1996 passed by a slim margin of 54.2 percent. Therefore, the County does not believe that it would be able to obtain a majority vote and, consequently, is not currently considering a sales tax increase.³²⁷

³²⁵ Statutes 2004, Chapter 211

³²⁶ California City and County Sales and Use Tax Rates, July 2004, published by California Board of Equalization.

³²⁷ Butte County March 30, 2005 response to staff questions, Fiscal Questions # 2.

4. Statutory Relief

The County's previous designation of financial distress expired on December 28, 2002.³²⁸ Therefore, the County's FY 2004-05 Final Budget does not include General Assistance (GA) program cost savings.

5. Efficiencies

The Application details several revenue enhancing and expenditure control efforts.³²⁹ While other possibilities in this area may be identified, it appears that the County continues to generate savings through the improved use of its limited resources.

6. Payroll

The County's FY 2004-05 Proposed Budget recommends eliminating 145 allocated positions to reduce costs. Of these 145 positions, 55 positions were filled.³³⁰ As of March 23, 2005, the County's vacancy list showed 274 vacant positions.³³¹ The Final Budget added back a net of 11 positions.³³² In efforts to create opportunities for displaced employees, the County implemented a retirement incentive package to eligible employees. The County further instituted a voluntary furlough program in November 1999. The County keeps records of the number of furlough hours, but does not track the cost savings associated with those hours. The following information summarizes the hours and full-time equivalents saved for fiscal years 2002-03 and 2003-04, as well as an estimate for FY 2004-05:³³³

Salary Savings

Fiscal Year	Actual Hours	Pay Periods	Estimated Hours	FTE
2002-03	3,000	26	3000	1.44
2003-04	12,442	26	12,442	5.98
2004-05	7,523	19	10,295	4.95

The budgetary benefit is realized in the year-end fund balance rather than reducing budgeted salaries and benefits.

7. General Credit Rating and Debt Financing

In 2004, the County issued Pension Obligation Bonds (POBs) to fund its contributions to the California Public Employees Retirement System. Three series were issued for a total of \$57,760,000. These POBs were issued by Ambac and rated AAA/Aaa.³³⁴

³²⁸ Butte County Application, page 1.

³²⁹ Butte County Application, pages 52-57.

³³⁰ Butte County 2004-05 Proposed Budget Message, page 6.

³³¹ County vacant position list, dated April 12, 2005.

³³² Butte County Application, page 53.

³³³ Butte County's March 30, 2005 response to staff questions, Fiscal Question # 15.

³³⁴ Butte County's March 30, 2005 response to staff questions, Fiscal Question # 20.

The County also issued Tax and Revenue Anticipation Notes (TRAN). The County provided the following information summarizing TRAN's issued in fiscal years 2001-02 through FY 2004-05.³³⁵

Net Benefits and Costs for TRANs

FY	Note Amount	Premium Earned	Issuance Costs	Interest Revenues		Interest Expense	Net Benefit/Cost
04/05	\$18,470,000	\$357,764	(\$53,335)	\$694,300	*	(\$700,321)	\$298,408
03/04	None issued						NA
02/03	\$3,500,000	\$44,590	(\$17,155)	\$150,140	*	(\$105,000)	\$72,575
01/02	4,880,000	\$117,266	(\$18,920)	\$247,678	*	(\$248,880)	\$97,144
* Interest Earned figures represent the maximum amount that could have been earned assuming all TRAN dollars remained on deposit each day of the year.							

Planned debt issuances include the following:

- TRAN for FY 2005-06 (amount not yet determined)
- VLF gap financing is approximately \$4.0 million
- Solar energy financing is approximately \$4.5 million

The County's ability to issue debt that is highly rated illustrates its positive fiscal condition, and provides the County with another resource flexibility option.

³³⁵ Butte County's March 30, 2005 response to staff questions, Fiscal Question # 18.

8. Conclusion on Resource Flexibility

In summary, the Commission finds that the County has \$8,290,839 in resource flexibility as follows:

Summary of Resource Flexibility

REVENUE	<u>CSM Findings</u>
Motor Vehicle in-lieu Tax	\$ -
Sales Tax	-
Property Tax	-
Prop. 172 Sales Tax	1,139,014
Charges for Services	171,441
Revenue Flexibility	1,310,455
RESERVES	
Appropriation for Contingency	5,616,078
Cost Savings Flexibility	525,000
Unexpended Available Resources	7,367
Internal Service Fund Balance	831,939
Reserves Flexibility	6,980,384
STATUTORY RELIEF	<u> </u>
 TOTAL RESOURCE FLEXIBILITY	 \$ 8,290,839

**VI. Findings and Conclusions:
Approval of the County's Application**

The Commission weighed evidence of unmet needs, budget forecasts, the efforts to constrain expenditures, flexibility in spending and resources, and debt and cash flow to determine if there are reasonable alternatives to the reduction of general assistance and whether the County made a compelling case that overall county flexibility in resources is insufficient to address the needs in basic county services. Therefore, based upon review of Butte County's Application for a Finding of Significant Financial Distress, including subsequent documentation provided in response to staff questions, and hearing testimony, the Commission hereby adopts the following findings:

- The County's FY 2004-05 Final Budget totals \$320.9 million, with a General Fund contingency appropriation of \$5.6 million. While this represents increased financing requirements of approximately \$2 million from prior year, the General Fund contingency is expected to decrease by \$400,000.

- The County's discretionary expenditure flexibility is constrained both by fund restrictions and by state and federal mandates, leaving \$70.4 million, of the \$320.9 million in Final Budget appropriations, as theoretically available for discretionary use.
- The full \$70.4 million cannot be considered truly discretionary inasmuch as 35 percent, or \$24.7 million is directed toward state mandated costs and state established required maintenance of efforts.
- The County's total available discretionary resource for FY 2004-05 is projected to decline by \$4 million from \$74.4 million in FY 2004-05.
- Demands outside of the County's growth in program and service, such as retirement benefit contributions, California Department of Forestry contract costs, and reduced reimbursements funded through state mandate claims, are increasing.
- The County has unmet needs in basic county services, including public safety, in the amount of \$17,459,957. This amount represents the approximate county portion of costs associated with basic county needs. These identified unmet needs were both compellingly basic in character and convincingly established in amount based on the Commission's review of the material provided by the County within the timeframes required for this review. A majority of these unmet need represent costs that will continue for at least the next twelve months.
- The County has \$8,290,839 in resource flexibility, comprised of \$1,310,455 in revenue flexibility and \$6,980,384 in reserves flexibility.
- The County's unmet needs of \$17,459,957 offset by its resource flexibility of \$8,290,839 leaves the County with a net county cost of identified basic county services unmet need of \$9,169,108.
- The County has made an ongoing effort to identify and implement reasonable alternatives to manage its resources. Various County departments individually have undertaken diligent internal efforts to control their costs and explore revenue generation options.
- Use of all available fiscal flexibility for basic County services unmet needs would leave the County with no resources to meet contingencies or emergencies should they arise.³³⁶
- Even with a \$320.9 million budget, the County has no appreciable discretionary expenditure flexibility for the majority of its appropriations because of restrictions imposed by state and federal mandates.
- The evidence provided to date reflects that the financial condition for Butte County will improve. The County anticipates receiving \$4,315,228 for unpaid VLF's on or around August 2006. Starting in FY 2006-07, the County will receive additional property tax revenues. Also, as specified in

³³⁶ Transcript, May 12, 2005 Hearing, page 104

Government Code section 17617, the state will begin repaying its mandate obligations over five years starting FY 2006-07. And, as required by article XIII B, section 6 of the California Constitution, beginning in FY 2005-06 the state will either appropriate in the annual Budget Act, the full payable amount that has not been previously paid, or suspend the operation of the mandate for the fiscal year.

Accordingly, the Commission concludes that the County has made a compelling case that meeting the standards in Welfare and Institutions Code section 17000.5 would result in significant financial distress to the County, and that absent this finding, basic County services, including public safety, cannot be maintained. The Commission also concludes that there is compelling evidence to grant this finding for a maximum period of 12 months. Further, the Commission concludes that there is insufficient evidence to grant this finding for more than 12 months. Should future circumstances warrant, the County may reapply to the Commission with facts to support extension of this 12 month finding. This finding of significant financial distress will take effect on September 1, 2005.