

Support to County Departments

County Counsel

General Services Agency

Fleet Services

Information Technology

Reprographics

Human Resources

Risk Management

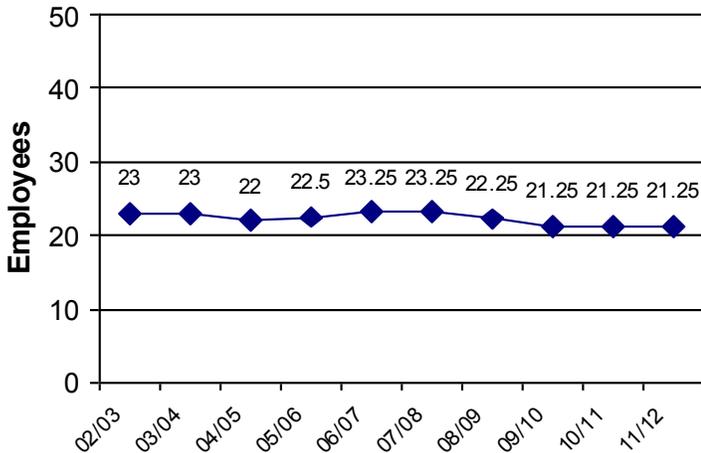
Self Insurance

MISSION STATEMENT

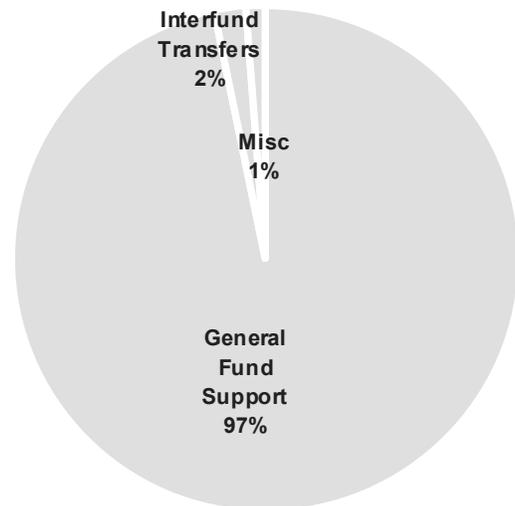
To provide accurate and reliable legal services to County departments, boards, agencies, and special districts in a manner which is cost effective and promotes excellence in delivery of government services to the public.

	2009-10	2010-11	2011-12	2011-12	2011-12
<u>Financial Summary</u>	<u>Actual</u>	<u>Actual</u>	<u>Requested</u>	<u>Recommended</u>	<u>Adopted</u>
Intergovernmental Revenue	\$ 448	\$ 7,153	\$ 1,039	\$ 4,112	\$ 4,112
Charges for Current Services	63,725	74,962	35,000	35,000	35,000
Other Revenues	270,553	36	0	0	0
Interfund	145,600	146,475	75,000	75,000	75,000
**Total Revenue	\$ 480,326	\$ 228,626	\$ 111,039	\$ 114,112	\$ 114,112
Salary and Benefits	3,178,605	3,288,646	3,419,060	3,276,235	3,276,235
Services and Supplies	523,618	543,899	240,289	190,247	190,247
**Gross Expenditures	\$ 3,702,223	\$ 3,832,545	\$ 3,659,349	\$ 3,466,482	\$ 3,466,482
Less Intrafund Transfers	15,120	5,890	0	0	0
**Net Expenditures	\$ 3,687,103	\$ 3,826,655	\$ 3,659,349	\$ 3,466,482	\$ 3,466,482
General Fund Support (G.F.S.)	<u>\$ 3,206,777</u>	<u>\$ 3,598,029</u>	<u>\$ 3,548,310</u>	<u>\$ 3,352,370</u>	<u>\$ 3,352,370</u>

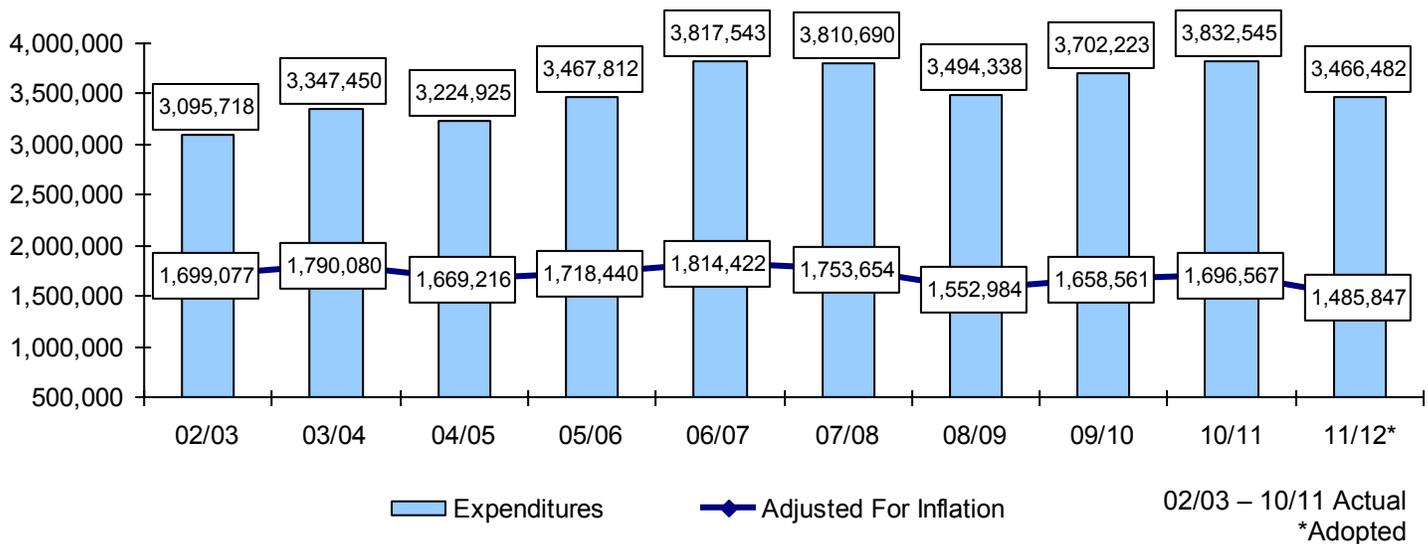
Number of Employees
 (Full Time Equivalent)



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

County Counsel has a total expenditure level of \$3,466,482 and a total staffing level of 21.25 FTE to provide the following services:

Litigation

Defend the County and special districts and provide litigation services in complex lawsuits including tax, personnel, contract, and land use matters to minimize liability and maximize County recovery. Represent the County and protect the interests of the client in cases that address the special needs of fragile populations in the community (children referred to Child Welfare Services, residents receiving mental health care and individuals requiring conservatorship), as well as estates without probate representation.

Total Expenditures: \$1,178,604 Total Staffing (FTE): 7.00

Legal Advice

Provide representation and legal advice to the Board of Supervisors, approximately 70 County boards, commissions, departments, agencies, or divisions (including three joint powers agencies to which the County belongs), and to the managers of approximately 20 Board governed special districts, as well as certain legal services to approximately 15 non-Board governed special districts. Conduct legal research; draft, review, and approve agreements, contracts, and projects; and advise County officers regarding their legal responsibilities under federal and state law. Protect the County and its officers from liability and enable the Board of Supervisors to carry out its programs and policies within the limits of the law.

Total Expenditures: \$2,287,878 Total Staffing (FTE): 14.25

DEPARTMENT COMMENTS

The Office of the County Counsel provides legal advice and litigation representation to the Board of Supervisors and approximately 70 County boards, commissions, departments, agencies and special districts. The County Counsel attorneys work with their clients to provide accurate and timely legal advice that encourages policy innovation while protecting County resources. When litigation does arise, attorneys approach each matter strategically. Through the wise use of in-house and outside counsel, the department seeks to uphold the Board's policy direction while protecting the County's assets.

To the extent feasible, with respect to matters outside of the Risk Management Program, County Counsel seeks to reduce the use of outside counsel (which is generally more expensive than County Counsel) and to handle such matters in-house in order to preserve County assets.

Following are some of the department's notable accomplishments for FY 2010-11 and some specific objectives for FY 2011-12:

FY 2010-11 Accomplishments

- Received favorable judgments or settlements for the following:
 - *Elrod v. County* (personal injury)
 - *Bookout v. County* (inverse condemnation)
 - *Thompson v. County* (inverse condemnation)
 - *Deputy Sheriff's Association v. County* (labor dispute)
 - *Sprint PCS v. County* (Toro Creek cell tower)
 - *Warren v. County* (historic Cambria landfill)
 - *Oak Terrace v. County* (upheld mobile home rent control)
 - *Maria Vista Estates v. County* (bond proceeds to complete subdivision improvements)
 - *Almond Heights v. County* (antiquated subdivision)
 - *North County Watch v. County* (concrete and asphalt recycling facility approval)
 - *Barrow v. County* and *Paige v. County* (challenges to the Los Osos Wastewater project)
 - *Friends of Oceano Dunes v. County* (upheld Board's general plan conformity report)
- Processed more than 650 dependency petitions, trials and mediations for child welfare cases.
- Significant transactional work has included the following:
 - Successful negotiation for Atascadero and Cambria Library
 - Legal advice and successful negotiations for several Airport leasees
 - Legal advice and successful negotiations for numerous labor contracts

FY 2011-12 Objectives

- Provide legal counsel for the following:
 - Los Osos Wastewater Project – plan, finance, and construct a major waste water system
 - Los Osos Habitat Conservation Plan
 - Los Osos Groundwater Management Plan.
 - Women's jail project – construct jail facility
 - Child Welfare Services – protection of abused and neglected children
 - Redistricting of supervisorial districts
 - Implementation of Paso Robles groundwater measures
 - Land Use and Circulation Element Rural Area Update
 - Shandon Area Plan Update
 - Labor relations
 - Implementation of strategic growth land use ordinance amendments
 - Climate Action Plan

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The level of General Fund support for this budget is recommended to decrease \$44,517 or 1% compared to the FY 2010-11 adopted level. Revenues are recommended to decrease \$23,720 or 17% and total expenditures are recommended to decrease \$68,237 or 1%.

The majority of the department's revenue consists of charges to outside agencies and other County departments for legal services. Revenues are recommended to decrease primarily due to a projected reduction in the number of hours billed to Public Works for the Nacimiento Water Project and Los Osos Sewer Project.

Salary and benefits are decreasing \$16,106 or less than 1%. This decrease accounts for regular pay step increases and the fact that the department filled two vacant positions at higher levels than they had been budgeted for when vacant in FY 2010-11, offset by the recommended reduction of a filled Deputy County Counsel II position. The reduction of this filled position will necessitate that the position's duties be spread among

remaining attorney staff, which will cause a delay in work turn-around times and legal advice and other information that is requested by departments, outside agencies and the public.

Services and supplies are decreasing \$52,131 or 21% due to reductions in several accounts—most notably, a \$39,000 reduction to professional and special services which the department primarily uses to hire outside counsel or consultants who have expertise in particular areas related to specific County litigation. While the Board has historically approved the department’s requests for mid-year budget adjustments to bring in outside counsel and consultants, this recommended reduction to budgeted professional and special services may impact service levels by requiring the department to request more budget adjustments throughout the year which may delay progress on litigation matters. The budget also recommends a \$3,000 reduction to travel and training expenditures, which may impact the department’s ability to send staff to trainings that enhance staff’s ability to provide timely and accurate advice to clients. All other reductions are minor and pose minimal service level impacts.

A total of 1 FTE is recommended to be reduced from the PAL in FY 2011-12:

- 1.00 Deputy County Counsel II

BOARD ADOPTED CHANGES

Per the Supplemental Budget document, 1.00 FTE Deputy County Counsel I/II/III/IV position was added back to the Position Allocation List (PAL) to restore the position that had been recommended for elimination in the FY 2011-12 Proposed Budget. The position is currently vacant and will not be funded or filled during FY 2011-12. Keeping the position on the PAL will provide the department with greater flexibility to reorganize staff or redistribute workload upon completion of an organizational assessment. The restoration of this position to the PAL without funding results in no change to the department’s expenditure level or required level of General Fund support.

GOALS AND PERFORMANCE MEASURES

Department Goal: Provide exemplary litigation services, defending decisions and advocating positions of our clients to assist those clients in achieving their objectives.						
Communitywide Result Link: A prosperous and well-governed community.						
1. Performance Measure: Cases litigated where we achieve a positive outcome determined as follows below.						
06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
59 Resolved 139 Pending	21 Resolved 161 Pending	44 Resolved 148 Pending	49 Resolved 162 Pending	75 Resolved 150 Pending	53 Resolved 156 Pending	50 Resolved 150 Pending
What: This measure tracks the number of cases where County Counsel realized a positive outcome by successfully defending the legislative and executive decisions of the Board of Supervisors, upholding County officers’ decisions and protecting County assets.						
Why: Tracking the results of cases litigated by County Counsel helps to measure the success of the department in implementing governmental decisions and protecting the County’s proprietary interests.						
How are we doing? As of the end of FY 2010-11, 53 litigation files have been closed. We are currently managing or overseeing 156 lawsuits and administrative proceedings (not counting probate matters, conservatorships, mental health habeas corpus proceedings, and juvenile dependency matters).						
Department Goal: Represent the County and advocate to protect the interests of the client in cases which address the special needs of fragile populations in the community (children referred to Child Welfare Services, residents receiving mental health care and individuals requiring financial conservatorship), as well as estates without probate representation.						
Communitywide Result Link: A safe and well-governed community.						

2. Performance Measure: Proceedings in which legal advice is provided to Child Welfare Services (CWS) and advocate representation is provided in court to assure that the law is followed while attempting to achieve results that are in the best interest of the child.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
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574 459 629 700 600 690 600

What: A large number of proceedings are handled annually by CWS to protect the children of our community. County Counsel provides legal representation in all court appearances for CWS matters.

Why: If strong legal representation is provided by County Counsel to CWS in these matters, then CWS will be successful in protecting the abused and neglected children of our community.

How are we doing? It should be noted that the County Counsel's office has virtually no influence on the number of proceedings that are handled. We handle whatever comes our way via the Department of Social Services (DSS). The number of proceedings depends on numerous factors beyond our control, including (1) the number of proceedings initiated by participants in the juvenile court (DSS, parents, children, etc.); (2) the mix of proceedings that need to be disposed of (e.g., more complex proceedings consuming large amounts of court and DSS resources generally means that fewer short cases can be processed by the court and DSS); and (3) the amount of juvenile court resources available to hear proceedings, which tends to be finite. Not included in the figures above are the number of writs and appeals that are filed in regard to these cases. It should be noted that these filings continue to increase each year-- FY 2010-11 saw them up to 13 from 10 in the previous year. A significant amount of work is required to prepare responses to these filings and to argue some at the Court of Appeal. No comparable county data is available.

3. Performance Measure: Cases involving people who are unable to care for themselves in which County Counsel represents the County to assure that the law is followed while attempting to achieve results that are in the best interest of the individual as determined by the Public Guardian, Public Administrator or Department of Behavioral Health.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
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190 158 162 143 150 148 150

What: The Public Guardian is appointed as Conservator on an ongoing basis for individuals when it has been determined by the Court that they cannot care for themselves. The Department of Behavioral Health assists individuals in urgent short-term mental health situations such as Habeas Corpus matters, where it comes to the authorities' attention that the individual needs immediate assistance and are detained (for not more than 72 hours) until a judge makes a determination as to whether or not they are able to care for themselves. The Public Administrator is appointed by the Court to assist in the disposition of the estate of a decedent where no executor is available. County Counsel is involved in these matters in order to assure that the law is complied with while protecting the rights of those members of our community who are unable to make their own decisions or care for themselves. County Counsel provides legal representation in all court appearances for these matters.

Why: If effective legal representation is provided by County Counsel in these matters, the Public Guardian and Public Administrator will be successful in assuring the care of those in the community who are unable to care for themselves and the Department of Behavioral Health will be more likely to improve the mental stability of its patients.

How are we doing? During FY 2010-11, there were 39 Habeas Corpus matters handled by County Counsel. At present, there are 104 ongoing/active conservatorship cases, as well as five estate matters from the Public Administrator. The number of conservatorship cases holds fairly steady, though their complexity continues to be at an elevated level, resulting in more hours of preparation and increased court appearances than in years past. These hearings increased to 131 during FY 2010-11 from 110 in the prior year. No comparable county data is available.

Department Goal: Provide accurate, timely, and reliable document review and legal advice for County boards, commissions, departments, and agencies in order to help these clients achieve their objectives without unnecessary litigation or loss.

Communitywide Result Link: A prosperous and well-governed community.

4. Performance Measure: Percentage of clients who report advice provided by attorneys was clear, relevant and timely.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
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99% 95% 95% 95% 99% 97% 99%

What: This measurement reflects the level of satisfaction with County Counsel's departmental support as reported by department representatives during the yearly attorney evaluation process and through frequent contact with managers and staff of client departments.

Why: Each of our clients operates under a highly technical set of governing laws and regulations. By helping them understand and meet their legal obligations, we help them serve the community. Asking departments to evaluate the work that County Counsel does provides us with the opportunity to improve our services to departments.

How are we doing? Beginning in FY 2007-08, Actual Results are calculated by comparing the number of clients the department represents (106) with the comments received. Earlier years were compared to the number of requests for legal advice received. The department feels that measuring satisfaction with County Counsel's support by taking into account the comments received from all clients, rather than through a comparison to the number of requests for legal advice, most accurately reflects the level of satisfaction with the department's support and will continue to use this process to calculate the figures. These results have remained fairly steady. No comparable county data is available.

5. Performance Measure: Percentage of projects in which the response to requests for legal advice or contract review are completed within five working days.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
98%	97%	96%	98%	98%	99%	98%

What: This measurement reflects the percentage of time that the review a variety of legal documents, conduct of research, and rendering of opinions as requested, is completed within five working days.

Why: It is our intent to be in contact with the requestor or respond to each written request for legal advice within five working days. Measuring our response time to requests for legal advice enables us to evaluate our customer service and improve the assistance we provide to our clients in achieving their objectives as expeditiously as possible.

How are we doing? During FY 2010-11 there were 3,581 requests for legal advice submitted by various departments. The majority of requests for legal advice can be completed within five working days. However, some of the requests for legal advice require considerable time to complete due to their complexity or necessary research. These results have remained fairly steady. No comparable county data is available.

6. Performance Measure: Percentage of contracted projects and Board of Supervisors agenda items completed without litigation.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
99%	99%	99%	99%	99%	99%	99%

What: All contracts and agreements are reviewed and approved prior to being presented at the Board of Supervisors meetings. These contracts and agreements pertain to a variety of issues, including capital projects, services, land use, etc. County Counsel provides continuous legal advice while the contract is being administered, as well. All land use planning issues before the Board are reviewed by this office and advice is provided on all such items. This measure reflects the percentage of time that County Counsel provides the legal advice necessary to avoid litigation regarding contracts and agenda items approved by the Board of Supervisors.

Why: Providing good legal advice in the review and administration of contracts tends to inversely correlate with the number of lawsuits filed challenging the approval or administration of those contracts. Approval and administration of the contracts without litigation helps our clients to achieve objectives and creates a significant savings for the County.

How are we doing? During FY 2010-11 there were 5 lawsuits filed that involved the County and were a result of a contracted project and/or Board of Supervisors agenda item. The Board averages approximately 1,000 agenda items and/or contracted projects during each fiscal year, all of which are reviewed by County Counsel. No comparable county data is available.

Department Goal: Provide effective legal representation to County boards, commissions, departments, and agencies in a cost-effective manner.

Communitywide Result Link: A prosperous and well-governed community.

7. Performance Measure: County Counsel expenses as a percentage of the County Budget.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
.78%	.78%	.66%	.69%	.76%	.81%	.76%

What: This measure demonstrates the relationship between County Counsel's expenditures and the expenditures of the County as a whole. This measurement is obtained by dividing the County Counsel net County cost by the County's total budget.

Why: County Counsel strives to keep costs as low as possible, while providing effective legal advice and representation to its clients. This measure provides an indication of how cost effective County Counsel's legal support is.

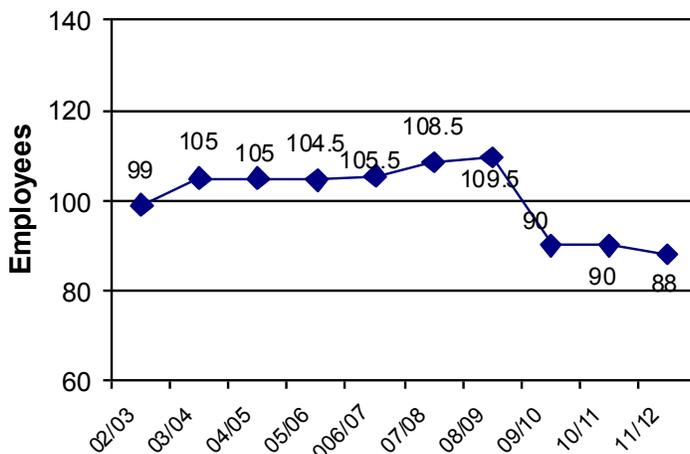
How are we doing? County Counsel's operating budget continues to stay fairly consistent with prior years. Expenditures are monitored closely throughout the year. The actual results include the funds that are encumbered periodically during the year for professional services (i.e., outside law firms and outside technical experts). These professional services are incurred on behalf of the County and are budgeted and paid through the County Counsel budget. The actual results for FY 2010-11 were higher than the FY 2010-11 adopted level because the need for professional services was higher than anticipated due to an unusual number of cases requiring specialized professional services not available through the County Counsel office. If the professional services element were factored out for FY 2010-11, the actual results figure would be .70%.

MISSION STATEMENT

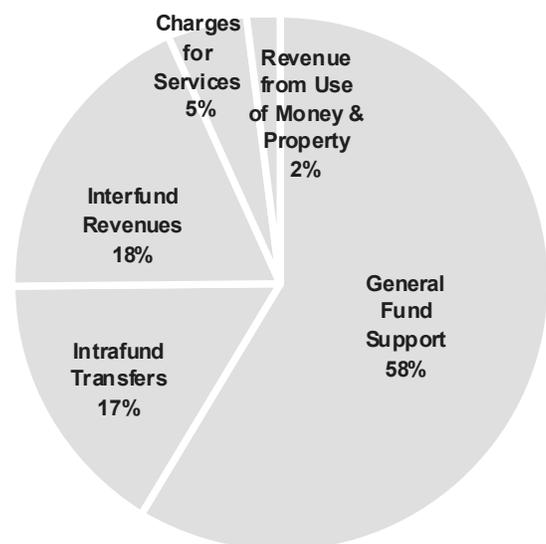
General Services provides cost effective, functional, safe facilities for San Luis Obispo County by delivering excellent services that enable the professional operation of County business.

	2009-10	2010-11	2011-12	2011-12	2011-12
<u>Financial Summary</u>	<u>Actual</u>	<u>Actual</u>	<u>Requested</u>	<u>Recommended</u>	<u>Adopted</u>
Licenses and Permits	\$ 6,728	\$ 13,824	\$ 10,000	\$ 10,000	\$ 10,000
Revenue from Use of Money & Property	205,917	224,007	246,391	246,391	246,391
Intergovernmental Revenue	0	27,163	4,527	4,527	4,527
Charges for Current Services	599,302	576,464	575,988	575,988	575,988
Other Revenues	89,831	469,131	86,337	86,337	86,337
Other Financing Sources	0	3,053,900	0	0	0
Interfund	<u>2,044,256</u>	<u>2,088,468</u>	<u>2,330,525</u>	<u>2,330,525</u>	<u>2,330,525</u>
**Total Revenue	\$ 2,946,034	\$ 6,452,957	\$ 3,253,768	\$ 3,253,768	\$ 3,253,768
Salary and Benefits	7,937,283	7,844,210	8,346,570	8,188,195	8,188,195
Services and Supplies	4,319,338	4,370,100	4,358,860	4,338,860	4,338,860
Other Charges	104,949	127,905	95,000	91,025	91,025
Fixed Assets	<u>0</u>	<u>3,413,200</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>
**Gross Expenditures	\$ 12,361,570	\$ 15,755,415	\$ 12,809,430	\$ 12,627,080	\$ 12,627,080
Less Intrafund Transfers	<u>1,929,801</u>	<u>1,889,156</u>	<u>2,044,554</u>	<u>2,044,554</u>	<u>2,044,554</u>
**Net Expenditures	\$ 10,431,769	\$ 13,866,259	\$ 10,764,876	\$ 10,582,526	\$ 10,582,526
General Fund Support (G.F.S.)	<u>\$ 7,485,735</u>	<u>\$ 7,413,302</u>	<u>\$ 7,511,108</u>	<u>\$ 7,328,758</u>	<u>\$ 7,328,758</u>

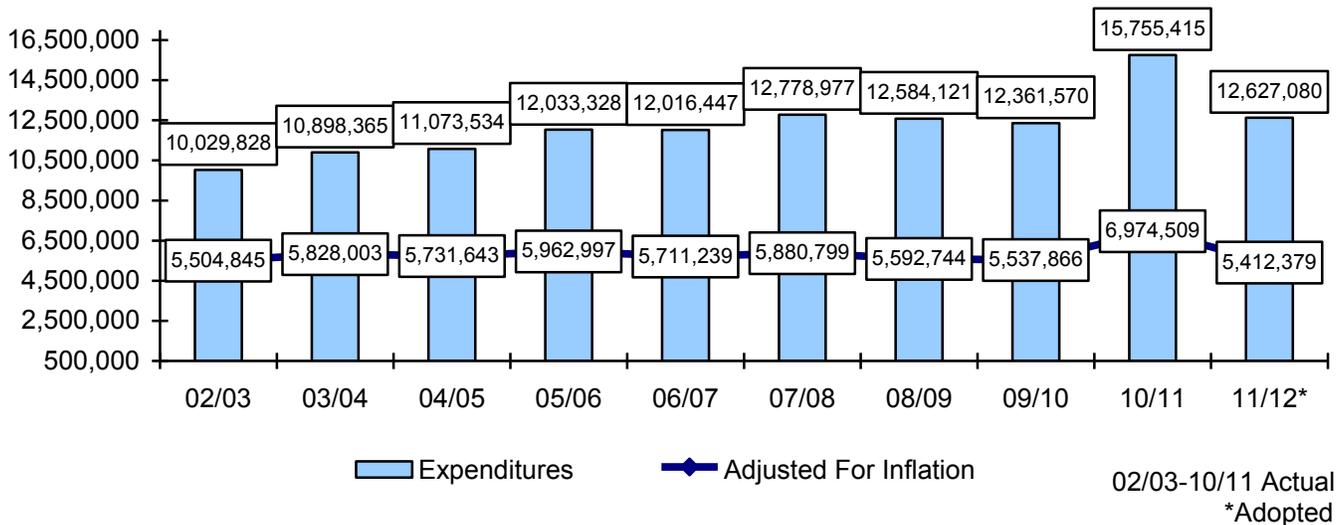
**Number of Employees
(Full Time Equivalent)**



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

The County General Services budget has a total operating expense level of \$12,627,080 and a total staffing level of 88.00 FTE to provide the following services:

Administration and Financial Services

Provide general management, financial management, supervision, accounting, and administrative support to all business units in the General Services Agency, including County Airports, Fleet Services, Parks and Golf Courses.

Total Expenditures: \$1,901,581 Total Staffing (FTE): 13.00

Architectural Services

Manage the construction process (design, bidding, contractor selection, implementation, and contract administration) for capital improvement and maintenance projects for County-owned buildings.

Total Expenditures: \$1,198,804 Total Staffing (FTE): 10.00

Central Mail Services

Pick up and deliver interoffice and U.S. mail for all County Departments and pick-up, meter, and sort outgoing U.S. mail in a cost effective, efficient and reliable manner.

Total Expenditures: \$764,241 Total Staffing (FTE): 2.00

Purchasing Services

Effectively manage the centralized purchasing program for all County Departments and maintain the public trust in the expenditure of County funds.

Total Expenditures: \$351,531 Total Staffing (FTE): 4.00

Custodial Services

Provide custodial services to County facilities, Courts and some leased facilities.

Total Expenditures: \$1,982,245 Total Staffing (FTE): 26.00

Facility Maintenance Services

Provide operational and maintenance services to County-owned facilities, Courts and some leased facilities.

Total Expenditures: \$3,111,006 Total Staffing (FTE): 25.00

Grounds Services

Maintain attractive, healthy landscapes and grounds of County buildings to support County services to provide safe public access to properties with work completed in a timely manner.

Total Expenditures: \$432,557 Total Staffing (FTE): 3.00

Utility Services

Provide utility management services, including gas, electric, water, refuse, to all County Departments. Manage energy and cost saving programs, rebates, and energy saving grant opportunities. Make recommendations for energy efficiency and savings opportunities. Coordinate compliance with California Energy Code, Energy Element of the County Land Use Ordinance, and County Energy Use Policy.

Total Expenditures: \$1,031,265 Total Staffing (FTE): 1.00

Real Property Services

Manage the utilization, leasing, permitting, acquisition, purchase, sale and transfer of County-owned real property, including land, buildings, and improvements. Procure, negotiate, establish and administer real property lease contracts and agreements for County Departments (i.e. County as Lessee and County as Lessor/Permitter).

Total Expenditures: \$1,853,850 Total Staffing (FTE): 4.00

DEPARTMENT COMMENTS

The General Services business unit provides a wide variety of services directly to the public and in support of County Departments including: Building Facility Services to sustain a proactive maintenance program for County facilities and respond to facility emergencies; Custodial Services to provide cleaning services for over 100 County buildings and structures; Architectural Services to manage the design and construction for new and renovated County buildings and parks; Real Property Services to oversee leased properties and manage legal information about County properties; Countywide Purchasing to centralize the purchase of equipment and materials for all County departments; and Internal County mail delivery.

Over the past few years, the Building Facility Services and Custodial Services have seen reductions in staffing levels. This has required staff to reprioritize work orders, modify schedules and routes, and create focused teams to address the most serious customer and facility issues. These changes highlighted the need for improved processes and communications. The major efforts for the current year and for next year are designed to address this challenge by streamlining and improving processes, implementing best practices where feasible, documenting procedures, and increasing customer communications.

Process improvement is the focus for the General Services business unit and will begin with a thorough examination of the overall financial structure (how the budget is aligned with the services provided) with an expected outcome of a realigned and restructured budget and cost recovery methodology for Fiscal Year 2012-13.

FY 2010-11 Accomplishments

- Began major restructuring of the department budget with the goal of more clearly identifying the actual costs of services and associated charges
- Implemented annual customer satisfaction surveys and 'point of service' customer satisfaction surveys to provide feedback to management and staff on customer perceptions of our performance
- Implemented customer Service Level Understandings to better tie customer expectations to the costs for custodial, maintenance and other services
- Implemented monthly 'dash board' reporting for financial and operational status to help managers quickly identify and focus on emerging issues
- Completed documenting/validating all facility square footages and number of employees and departmental occupancy of all county facilities
- Continued comprehensive training for supervisors to increase the effectiveness of supervision and management skills
- Centralized safety training coordination and ensured all workers in high risk assignments received appropriate safety instruction and training

FY 2011-12 Objectives

- Complete restructuring of the department budget to clarify services and cost recovery
- Complete Service Level Understandings with all customers
- Complete initial Facility Condition Assessment to determine the degree and cost of deferred maintenance
- Implement Preventive Maintenance team to focus of facility infrastructure and systems.
- Continue to make changes and improvements to increase the efficiency and effectiveness of processes and services in each General Services division
- Improve monthly 'dash board' reports on financial and operational status.
- Continue updating safety training and specific skill training
- Continue improving and documenting procedures for all business areas

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The level of General Fund support for this budget is recommended to decrease \$185,402 or 2 % compared to the FY 2010-11 adopted level. Revenues are recommended to increase \$77,308 or 2%. Total expenditures are recommended to decrease \$108,094 or 1%.

The recommended revenue increase of \$77,308 is primarily due to three revenue sources. The County fee schedule included an increase in the rates for the rental of the San Luis Obispo Veteran's Hall which is expected to increase rental revenues \$24,100. Billings to the Superior Court for custodial and maintenance services is increasing by \$27,505. The balance of the increase is attributed to interfund revenues from charges for services to other divisions within the General Services Agency.

Total expenditures are recommended to decrease by \$108,094 or 2% compared to the FY 2010-11 adopted budget. The main components of this decrease include a \$22,698 increase in salaries and benefits, a \$227,088 decrease in services and supplies and a \$90,272 decrease in intrafund offsets.

Salary and Benefits expenditures are budgeted for a slight increase of \$22,698, less than 1% compared to the FY 2010-11 adopted level. The department's requested salary and budget amount included an increase of \$181,073 which was attributed to step increases, and increased workers compensation charges costs as well \$65,000 in overtime, call back and differential pay. Overtime, call back and differential shift pay are regularly incurred throughout the year. The department had not previously budgeted for these expenses and recognized the need to show the expense in the budget. In order to achieve a reduction in the department's General Fund Support, the recommended budget includes the elimination of three vacant positions, the addition of one position at a lower

classification and voluntary time off. These changes reduced salary and benefit expense by \$153,375. This reduction offset most of the requested increase in salary and benefits expense.

Services and supplies expenditures are budgeted to decrease \$227,088 or 4% compared to the FY 2010-11 adopted budget. The decrease in services and supplies is primarily due to four expense categories. The recommended budget includes an \$117,044 decrease in utility expense which was attributed to a revised method to predict utility costs. Changes to software licensing in the department reduces computer software expense by \$29,716. In previous budgets, waste disposal was included in the household expense account and this expense is now in utilities reducing the household expense account by \$41,870. These reductions are not expected to reduce service levels.

The \$90,272 decrease in intrafund offsets is largely due to reduced billing to non-General Fund departments who have requested reductions in maintenance, custodial and other services from General Services.

The recommended reductions and their impacts include:

- \$39,316 in salary and benefit savings from the use of Voluntary Time Off. This is expected to have minimal impacts to department operations.
- \$3,975 reduction in contribution to the San Luis Obispo History Center. The History Center has been notified of the change and this organization will still receive \$75,525 from the department to support the operations of the History Center which includes the maintenance of the San Luis Obispo County Historical Museum.
- \$15,355 reduction to salary and benefit expense by eliminating vacant 1.0 FTE Facilities Maintenance Leadworker position and replacing this position with 1.0 Facilities Maintenance Mechanic II position. There is only one Facilities Maintenance Leadworker position in the department and this is not expected to have a substantial impact to services.
- \$46,644 reduction to salary and benefit expense from the elimination of a 1.0 FTE vacant Administrative Assistant Aide position. The impact is likely to be to the Purchasing Division which could result in some delay in handling purchase requests.
- \$57,060 reduction to salary and benefit expense from the elimination of 1.0 FTE vacant Custodian position. This will increase the total square feet cleaned per staff member from 34,164 to 36,126. The department projects additional degradation of the cleanliness of facilities will occur with the loss of this position.

The recommended budget includes a fixed asset expense of \$9,000 to replace a heavy duty band saw for the facilities maintenance division.

BOARD ADOPTED CHANGES

None.

GOALS AND PERFORMANCE MEASURES

Department Goal: Provide timely, accurate, and cost effective architectural services to all County Departments with capital improvement and maintenance projects.						
Communitywide Result Link: A well-governed community.						
1. Performance Measure: Percentage of capital projects completed within their allocated funding.						
06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
82%	94%	93%	100%	90%	100%	92%

What: This is a measure of the percentage of projects completed within their allocated funded amounts compared to the total number of projects completed within a Fiscal Year. This ratio gives the success rate of projects completed within budget.

Why: This measure reflects on the ability of Architectural Services staff to manage projects cost effectively and to provide reliable project "opinions of probable cost" for the County's Capital Improvement Program.

How are we doing? Architectural Services achieved 100% of target goal in Fiscal Year 2010-11. Management concentrated on reducing project backlog and improving business processes. When projects are completed under the budgetary limits, the residual balance is returned to the original funding source. Original funding source examples include General Fund, Reserves, Public Facility Fees, Quimby Fees and Department Operational budgets. Based on improved business processes we anticipate exceeding our Fiscal Year 2011-12 target.

Department Goal: To provide great service to Architectural Services customers.

Communitywide Result Link: A well-governed community.

2. Performance Measure: Performance Measure: Percentage of project clients who rate Architectural Services as satisfactory or above in the management of their capital and maintenance projects.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
N/A	N/A	N/A	N/A	N/A	N/A	90%

What: Architectural Services distributes two surveys: (1) an annual survey to customers and stakeholders involved in the annual Capital Improvement Project (CIP) request process, and (2) a project specific survey at the completion of every project to the project's stakeholders. Results from both surveys are compiled and reported on annually.

Why: To ensure Architectural Services is communicating effectively with customers and stakeholders (1) during the annual CIP request process (when projects are requested, the scope is identified, cost estimates are made, and projects are prioritized for funding recommendations in the following fiscal year), and (2) during each project's inception to completion (involving scope revisions, budgetary constraints, and scheduling coordination.)

How are we doing? This is a new measure proposed for Fiscal Year 2011-12. Our target is set at 90% until a baseline can be established and plans developed to enhance customer service based upon survey results.

Department Goal: Meet health and safety requirements and provide timely and effective custodial services to all County Departments.

Communitywide Result Link: A well-governed community.

3. Performance Measure: Percentage of County departments rating custodial services as "good" to "excellent" in annual customer survey.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
95%	95%	96%	92%	85%	95%	85%

What: Annual surveys of County Departments provides a measure of customer satisfaction regarding the cleanliness of facilities, staff responsiveness, staff courtesy and the ease of doing business with Custodial Services.

Why: Our success in providing acceptably clean facilities to client Departments is ultimately measured in the responses and opinions of our clients.

How are we doing? Custodial Services achieved a 95% rating of "good to excellent" for Fiscal Year 2010-11. We have set our fiscal year 2011-12 target at 85% in recognition of potential upcoming service delivery changes. Based on our actual performance for FY 2010-11 we believe we can exceed that goal. We will continue to work with our customers to identify their top priorities.

4. Performance Measure: Square footage of office space cleaned per custodian.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
25,056 sq. ft./custodian	29,221 sq. ft./ custodian	28,470 sq. ft./ custodian	31,366 sq. ft./custodian	34,164 sq. ft./custodian	37,697 sq. ft./custodian	37,697 sq. ft./custodian

What: This measure shows the average amount of office space each custodian is responsible for keeping clean.

Why: This measure indicates the workload of custodial staff and compares it to industry standards.

How are we doing? Custodial Services cleaned approximately 130% more square feet than the industry standard for Fiscal Year 2010-11. The Association of Physical Plant Administrators (APPA) industry standards recommend that one custodian is needed for every 16,400 square feet of office space in order to maintain an acceptable level of cleanliness. We adjust our 'square feet cleaned' figure annually to recognize added or deleted cleaning assignments. We exceeded the target of 34,164 due to inventory adjustments and reductions in custodial staffing levels. Even with the increased responsibility per custodian we have been able to exceed our target with a 95% satisfaction rate as reported in Performance Measure #3.

Department Goal: Meet health and safety requirements and provide timely and effective facility maintenance service to all County departments in a cost effective manner.

Communitywide Result Link: A well-governed community.

5. Performance Measure: Square footage of facilities maintained per Maintenance Mechanic.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
52,519 sq. ft./person	52,628 sq. ft./person	60,943 sq. ft./person	69,788 sq. ft./person	73,132 sq/ ft./person	63,593 sq/ ft./person	58,505 sq/ ft./person

What: This measure shows the average amount of space and related equipment each maintenance mechanic is responsible for maintaining in working order.

Why: This measure illustrates the magnitude of tasks and the measure of workload of our maintenance staff and compares it to industry best practices.

How are we doing? Maintenance Services maintained approximately 129% more square feet of County facilities in Fiscal Year 2010-11 than the industry standard. The International Facility Management Association published best practices call for one maintenance mechanic for every 49,000 square feet of facility space. We were below our target of 73,132 due to realigning our calculation methodology with the industry best practices.

6. Performance Measure: Percentage of total person hours available dedicated to the preventive maintenance program.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
21%	22%	20%	20%	25%	17%	25%

What: This measure compares the maintenance person hour resources being dedicated to, and utilized in, the preventive maintenance program.

Why: The overall goal is to increase and enhance the preventive maintenance (PM) program to limit unscheduled breakdowns, control costs for major maintenance, and reduce the number of routine work orders requested by departments. Measuring the percentage of hours dedicated to the preventive maintenance program is an indicator of a more or less active PM program.

How are we doing? Maintenance Services achieved 17% of person hours available for preventive maintenance for Fiscal Year 2010-11. This was less than our target of 25%. Corrective maintenance (CM) requests were up by 3% over the previous fiscal year, causing some preventive maintenance (PM) work to be deferred. In addition some maintenance mechanic positions were held vacant until revenue projections were more secure. Maintenance industry standards and best practices recommend 40% of maintenance work hours be dedicated to preventive maintenance (PM). As facilities and equipment age, the frequency of urgent and immediate repair needs increase leaving less staff time for PM activities. Our current structure and staffing levels allow for only 17% of work hours devoted to PM. The remaining work hours are spent in corrective maintenance (breakdown repairs) and projects. To accomplish the Fiscal Year 2011-12 target of 25% we have created a PM team which will be focused on preventative maintenance.

7. Performance Measure: Percentage of County Departments rating maintenance services as "good" or "excellent" in annual customer survey.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
100%	96%	100%	100%	95%	100%	95%

What: Our annual survey of customer departments measures opinions about the condition of the facilities, the quality of service and the ease of doing business with Maintenance Services. This measure focuses on the overall quality of our building maintenance service.

Why: Fully functional facilities support our customers' mission and vision for delivering service to San Luis Obispo County. Periodic surveys measure our effectiveness in meeting their needs and help us improve our service delivery.

How are we doing? Maintenance Services achieved a 100% rating of “good to excellent” for Fiscal Year 2010-11. We are doing better than expected and project we will exceed the target in FY2011-12 by the formation of the specialized preventive maintenance team.

Department Goal: Professional management of the County’s real estate assets and leases in order to maximize return and minimize expense to the County and to meet the space needs of the County Departments.

Communitywide Result Link: A well-governed community.

8. Performance Measure: Percentage of leased facilities secured by Real Property Services for less than or equal to the market rate per square foot for similar length leases.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
100%	100%	100%	100%	100%	100%	100%

What: Percentage of new or renewed lease facilities secured at less than or equal to the market rate per square foot.

Why: To ensure the cost effectiveness of County leases.

How are we doing? Real Property Services negotiated 8 new or renewed leases in Fiscal Year 2010-11,. All (100%) were at market rate or below market rate. The current weak economy has impacted commercial real estate and has added to the County’s negotiating strength. We anticipate achieving 100% in this measure for Fiscal Year 2011-12.

9. Performance Measure: Percentage of County Departments rating Real Property Services as “good” to “excellent” in securing and negotiating with tenants, landlords, permittees, and concessionaires.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
100%	100%	100%	100%	100%	91%	95%

What: After each major project, the Real Property Manager sends a survey to the staff with whom Real Property Services interfaced during the project to request ratings of our services, communication, timeliness, and professionalism.

Why: To assist departments in achieving full utilization of County real estate assets, maximize revenue to the County, assist departments to make cost-effective moves to leased facilities, and provide a professional level of representation in negotiations between County departments and tenants, landlords, permittees, and concessionaires, buyers and sellers.

How are we doing? Real Property Services achieved 91% of the targeted goal of “good to excellent” from County Departments. This result was based on a survey which focused on quality of service, timeliness, communication and value added, and generated a response rate of 46%. This result was below our adopted target of 100%. Comments in our customer survey indicate that communications could have been clearer regarding the status of various projects. Starting Fiscal Year 2011-12, we will conduct point of service customer surveys at the end of each project to collect fresh, immediate feedback from our customers. We will provide monthly updates on all projects. With these process improvements we expect to achieve our target of 95% in Fiscal Year 2011-12.

Department Goal: Provide friendly, timely, accurate financial and administrative support services to the Department of General Services and other County Departments.

Communitywide Result Link: A well-governed and prosperous community.

10. Performance Measure: Percentage of interdepartmental survey respondents who rate Administration/Accounting services as “good” or “excellent” in the customer survey.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
73%	71%	97%	89%	90%	98%	90%

What: Surveys of customers provide a measure of customer satisfaction regarding staff responsiveness, courtesy, and accuracy of information.

Why: Our success in providing helpful service and accurate information is measured in the responses and opinions of our customers.

How are we doing? Administration and Accounting achieved a customer satisfaction rate of 98% for Fiscal Year 2010-11. We surveyed General Services Agency and other departmental customers with a 28% return rate. Based on this feedback we expect to exceed Fiscal Year 2011-12 projections.

Department Goal: Efficiently provide timely and reliable distribution of U.S. and interoffice mail service to all County departments.

Communitywide Result Link: A well-governed community.

11. Performance Measure: Percentage of County departments rating their level of satisfaction with the services of Central Mail as satisfactory or better.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
100%	100%	100%	100%	90%	100%	90%

What: Results of a customer satisfaction survey.

Why: To ensure internal customer's needs are satisfactorily met.

How are we doing? Central Mail Services achieved a 100% level of satisfaction in the customer survey in Fiscal Year 2010-11. This result exceeded the target of 90% customer satisfaction. Of the Central Mail customers surveyed, 55% returned the survey and all of responders rated our services as satisfactory or better. For Fiscal Year 2011-12 we expect to continue to exceed the target of 90%.

Department Goal: Efficiently provide effective purchasing services to meet the needs of County departments and maintain the public trust in the expenditure of County funds.

Communitywide Result Link: A well governed community

12. Performance Measure: Percentage of purchasing transactions reviewed for competitive pricing.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
46%	22%	21%	22%	20%	26%	20%

What: A measure of the percentage of purchasing transactions that included a competitive process or other cost comparison prior to contracting.

Why: To encourage market competition among suppliers of goods and services and assure cost effectiveness.

How are we doing? Of all new purchase orders created in FY 2010-11, 26% were subject to a quotation, formal bid or a Request for Proposal (RFP). This result exceeded the target of 20%. This measure demonstrates the use of competition and contributes to cost effective purchasing for all County departments. For Fiscal Year 2011-12 Purchasing expects to continue to exceed the target of 20%.

13. Performance Measure: Percentage of County Departments rating their level of satisfaction with the services of Purchasing Services as satisfactory or better.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
100%	94%	96%	98.6%	90%	95%	95%

What: Results of a satisfaction survey.

Why: To ensure that purchasing services offered are responsive and satisfactory in meeting the needs of County Departments.

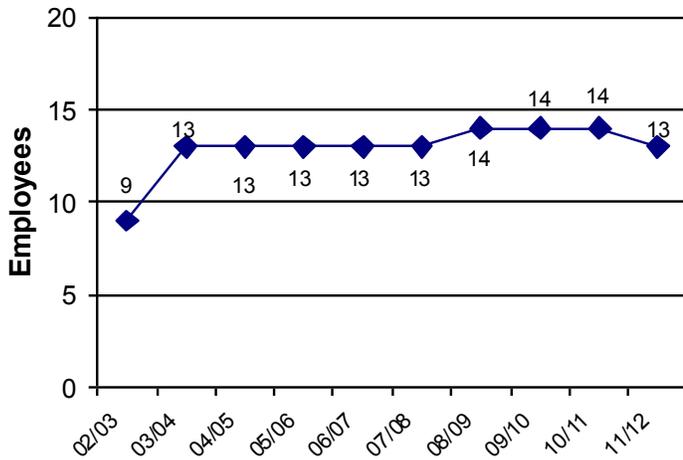
How are we doing? Purchasing achieved a 95% level of satisfaction from our customers. This exceeded the target of 90%. Of 314 surveys distributed, 65 responses were received, a 20% return rate. The Purchasing Handbook for Departments and updated policies and procedures were published on the Purchasing Intranet site. This tool and our continued emphasis on excellent customer service contributed to achieving 95%. Purchasing expects to achieve 95% again for Fiscal Year 2011-12.

MISSION STATEMENT

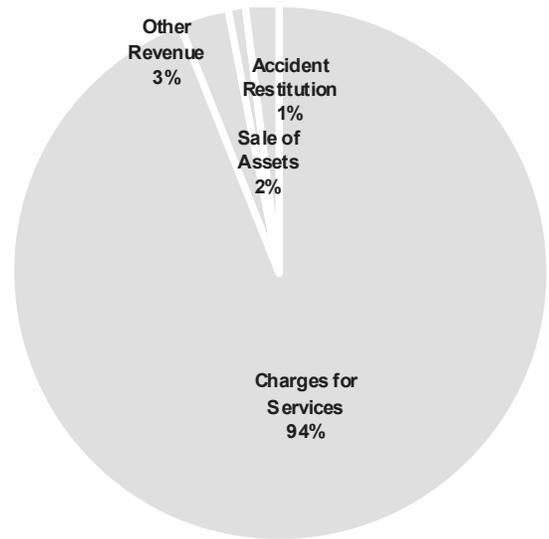
The San Luis Obispo County General Services Agency - Fleet Services provides reliable and cost effective transportation solutions through innovation and the application of industry best practices.

OPERATING DETAIL (1)	2009-10 ACTUAL (2)	2010-11 ACTUAL (3)	2011-12 RECOMMENDED (4)	2011-12 ADOPTED BY THE BOS (5)
OPERATING REVENUES				
Charges for current services	3,237,211	3,876,475	3,558,694	3,558,694
Depreciation Billings	898,669	924,334	1,027,650	1,027,650
TOTAL OPERATING REVENUES	4,135,880	4,800,809	4,586,344	4,586,344
OPERATING EXPENSES				
Salaries and Benefits	1,169,029	1,198,230	1,236,135	1,206,135
Services and Supplies	2,202,462	2,381,915	2,222,207	2,222,207
Depreciation	944,144	1,207,227	1,158,685	1,158,685
Countywide Overhead Allocation	202,243	126,873	128,620	128,620
TOTAL OPERATING EXPENSES	4,517,878	4,914,245	4,745,647	4,715,647
OPERATING INCOME (LOSS)	(381,998)	(113,436)	(159,303)	(129,303)
NON-OPERATING REVENUES (EXPENSES)				
Interest	24,713	12,739	14,628	14,628
Accident Restitution	30,890	22,075	43,596	43,596
Gain on Sale of Assets	32,013	24,596	72,000	72,000
Other	8,713	3,370	97,845	97,845
Prior Yr Adj	0	(16,726)	0	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	96,329	46,054	228,069	228,069
INCOME REF. CAPITAL CONTRBS. & TRANSFERS	(285,669)	(67,382)	68,766	98,766
Transfers in (out)	(29,561)	(35,560)	0	(30,000)
CHANGE IN NET ASSETS	(315,230)	(102,942)	68,766	68,766
Net assets - beginning	6,990,531	6,675,301	6,572,359	6,572,359
Net assets - ending	6,675,301	6,572,359	6,641,125	6,641,125
FIXED ASSET EXPENDITURES				
Equipment	1,017,565	1,996,753	1,368,977	1,368,977
Structures Improvements	0	0	22,538	22,538
TOTAL FIXED ASSET EXPENDITURES	1,017,565	1,996,753	1,391,515	1,391,515

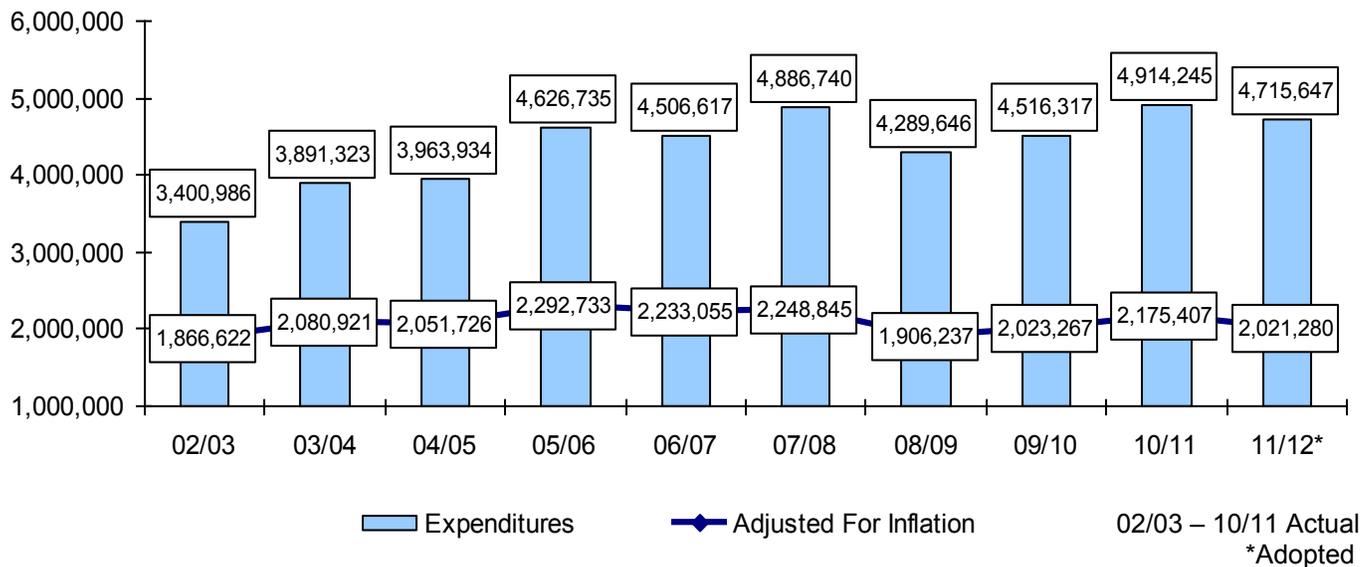
**Number of Employees
(Full Time Equivalent)**



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

The Fleet Services budget has a total operational expenditure level of \$4,715,647 and a total staffing level of 13.00 FTE to provide the following services:

Fleet Services Operations

Operate the County Fleet Services and the centralized motor pool with a fleet of cars, trucks, law enforcement vehicles, and equipment (mowers/tractors/trailers) for use by various County departments in the most cost effective manner.

Total Expenditures: \$4,715,647 Total Staffing (FTE): 13.00 FTE

DEPARTMENT COMMENTS

Fleet Services team is challenged to provide economical and efficient transportation solutions for all Departments of the County of San Luis Obispo. We provide full life cycle fleet solutions designed to meet the specific needs for each Departments unique operational requirements. The Fleet maintenance team is challenged to maintain and repair a wide variety of vehicles and equipment in a timely, efficient and cost effective manner. We perform all maintenance and repairs for the County owned fleet and provide emergency repair services 24 hours per day, 7 days per week. We also manage an on-site fuel station as well as a fuel card system which interfaces with our Fleet Management Software.

Accomplishments for FY 2010-11

- Completed a customer survey and achieved a 97.67% Customer satisfaction rating
- Purchased 52 of 74 vehicles approved for replacement the current fiscal year
- Implemented changes in our operational billing process to march revenues with the actual costs for the services
- Conduct a competitive bid for an on-site parts supplier at the Kansas Avenue Facility to select the supplier which provides value at the most cost effective rate

Objectives for FY 2011-12

- Complete the most current fuel station upgrades as required by the Air Pollution Control Board (APCD). Phase two of an Enhanced Vapor Recovery System (EVR2) is scheduled to begin in July 2011. This will keep our fuel station current with APCD regulatory compliance.
- Implement a successful replacement pursuit-rated vehicle for the Sheriff's patrol vehicles due to the discontinuance of the Crown Victoria
- Continue implementation of alternate-fuel vehicles where appropriate and develop a policy which guides acquisition of alternate fuel vehicles
- Develop policies and guidance for the purchase of Low Emission Vehicles for use in the County's Fleet

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

Fleet Services, a division of the General Services Agency, is an Internal Service Fund (ISF), and as such, charges user departments for services. The State Controller's Office requires that an Operation of Internal Service Fund Schedule 10 be submitted. The format of the Schedule 10, as well as some of the data it contains, is different from how other County departments' budgets are reported. For consistency purposes, this narrative, Service Programs, and the 10 year Expenditure chart use the information and data from the Schedule 10, including the amount allocated for depreciation. It is important to note that the comparison of estimated amounts in the Schedule 10 differs from the comparison of amounts in General Fund budgets. General Fund budgets compare the adopted budget amount to the recommended budget amount. The Schedule 10 for internal service funds compares the estimated actual amount for FY 2010-11 to the proposed amount of new allocated expense and revenues, to be budgeted for FY 2011-12.

The total recommended operating expense in the FY 2011-12 budget is \$4,745,647, an increase of \$267,324, 8% compared to the estimated operating expense for FY 2010-11. \$1,158,685 of the operating expense is charges for depreciation. The depreciation expense is a non cash expense that identifies the decline in value of capital assets. Excluding depreciation, the recommended operating expense for FY 2011-12 is \$3,586,962, an increase of \$133,436 or 4%.

The total recommended operating revenue in the FY 2011-12 budget is \$3,558,694, an increase by \$287,324, of 8%. Historically, the operating revenues for Fleet Services have not fully recovered the cost of operations. Fleet has phased in increases to bring revenues in line with operational expense, and concurrently sought ways to contain operational costs, through negotiating favorable contracts with suppliers, and better management of parts inventories. Adjusting for depreciation, the recommended budget identifies that the operating expense is \$28,268 greater than the recommended level of operating revenue. This indicates that Fleet is very near its goal to balance expense and revenue. The difference in expense will be covered by unallocated dollars in the Fleet capital fund, or by reductions to expense achieved during the year.

The recommended FY 2011-12 salary and benefit costs identify an increase of \$58,960, 5%, as compared to the estimated amount for FY 2010-11. When compared to salary and benefit level in the FY 2010-11 adopted budget, the recommended salary and benefit expense for FY 2011-12 shows a decrease of \$40,672 or 2%. Savings from vacant positions and the elimination of prevailing wage expense budgeted in FY 2010-11 reduced the estimated (projected actual) salary and benefit expense for FY 2010-11 below the expense allocated in the FY 2010-11 adopted budget. This results in the appearance that salary and benefit is increasing, when a budgeted amount to budgeted amount comparison shows a decrease. One Equipment Service Worker position has remained vacant for more than the entire year. Fleet Services has determined that current level of filled positions is meeting the necessary service demand, and this position is recommended to be eliminated.

Service and supply expense is also recommended for an increase of \$72,729, 3%. The FY 2011-12 services and supplies level reflects an increase in cost in the estimated amount for fuel and other supplies.

The recommended amount for Fleet operating revenues is proposed to increase by \$331,414, 11% as compared to the estimated FY 2010-11. The majority of the operating revenue increase is associated with billings for departments. The billings to departments in FY 2010-11 are less than the amount budgeted for the year due to a slight decrease in the size of the fleet and deferred purchase of replacement vehicles resulting in reduced garage and depreciation charges. Additionally, actual fuel expense is less than budgeted reducing the amount estimated for FY 2010-11. The increase projected for FY 2010-11 is based on projected charges for vehicle maintenance, fuel and other costs for the operations at Fleet Services.

The recommended amount for FY 2011-12 shows an increase of approximately \$270,000 in revenues from charges for services as compared to the estimated amount for FY 2010-11. The proposed FY 2011-12 budget brings the budgeted amount of Fleet Services departmental billings more in line with the expected actual amount charged to departments.

The estimated amounts for fixed asset capital expense, the funding used to purchase vehicles, for FY 2011-12 shows a decrease of \$870,288, 39% less than FY 2010-11 estimated levels. The actual FY 2010-11 capital expense includes a mid-year adjustment of \$253,276 to purchase 10 Sheriff patrol vehicles. It also includes the deferred purchase of vehicles budgeted in FY 2009-10 which were purchased in FY 2010-11. The adopted budget for FY 2010-11 included \$1,543,089 for the purchase of vehicles and equipment. The budget to budget comparison of the recommended FY 2011-12 level of capital equipment expense to that in the FY 2010-11 budget shows a decrease of \$174,112 or 13%. Also recommended for FY 2011-12 is an additional expense of \$22,538 in capital improvement to structures for a vapor recovery system to be installed at the garage.

The recommended capital expense for fleet will replace 53 vehicles. Fleet Services has adopted a strategy to temporarily extend the replacement cycle for some vehicles that are due for replacement. Fleet advises this strategy should not have significant short term impact. However, over the long term, the vehicle replacement strategy must balance the potential reduction in resale value of vehicles being replaced, possible increased maintenance costs associated with keeping older vehicles in service and future increased costs for new vehicles.

Recommended fixed assets also includes replacements for air conditioning charging stations at both Kansas avenue and the north county garage locations, a replacement air compressor and wheel balancer, a new heavy truck lift and a new lubricant dispensing system. The above total \$36,812.

The recommended budget funds the replacement of vehicles which meet replacement criteria, including exceeding 100,000 miles of services and five years of service. The primary exception is related to replacement of Sheriff Patrol vehicles which are replaced at 100,000 miles and three years of service. The Fleet Fund has sufficient capital and operating funding for the foreseeable future. The recommended budget f maintains services levels in Fleet Services.

BOARD ADOPTED CHANGES

None.

GOALS AND PERFORMANCE MEASURES

Department Goal: Manage and operate a full-service automotive operation (purchase, maintenance, fueling, and sale) of an extensive fleet to meet the needs of Law Enforcement and other County departments in a cost effective and timely manner.						
Communitywide Result Link: A safe and well-governed community.						
1. Performance Measure: Percentage of vehicles brought in for either preventive or non-preventative maintenance completed within 24 hours of delivery of vehicle, if parts are available.						
06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
91%	84%	83%	84%	85%	76%	85%
What: County Fleet Services' policy is to perform preventive maintenance on each vehicle every 4 months or 4,000 miles. Law enforcement vehicles, every 2 months or 5,000 miles. Fleet service's goal is to perform service requests within 24 hours of receiving the vehicle.						
Why: To minimize costly repairs and enhance productivity for vehicle drivers and to insure departments have sufficient vehicles to perform their duties.						
How are we doing? Fleet Services did not meet its target and obtained a 76% rating regarding the service completed within 24 hours in Fiscal Year 2010-11. The workload in Fleet Services has increased since assuming all of the Public Works maintenance and repair work. We also performed an exceptionally high number of vehicle acquisitions last year. The acquisition workload will decrease next year; however the demand from Public Works will remain high. This change in our business trend may result not reaching our Fiscal Year 2011-12 target. Although the 24 hour turn around maintenance target was not met, all high priority repairs are being addressed in a timely manner and there have been no significant impacts to departmental operations.						
2. Performance Measure: Percentage of survey respondents who rated quality of vehicle maintenance as "satisfied" or "very satisfied".						
06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
91%	99%	100%	100%	95%	99%	98%
What: Continuous surveys of vehicle users measure how effective Fleet Services' staff is at maintaining vehicles to their customers' satisfaction.						
Why: To insure satisfied customers and meet their vehicle needs.						
How are we doing? Fleet Services exceeded its target and achieved a 99% customer satisfaction rating during Fiscal Year 2010-11. Fleet Services has an ongoing customer satisfaction survey program continuously throughout the year. Surveys are placed in each vehicle that comes into Fleet Services for service or repair. We received 135 survey responses addressing the categories of timeliness, quality and completeness of each repair. These "point-of-service" responses provide real time feedback on the satisfaction of our customers.						

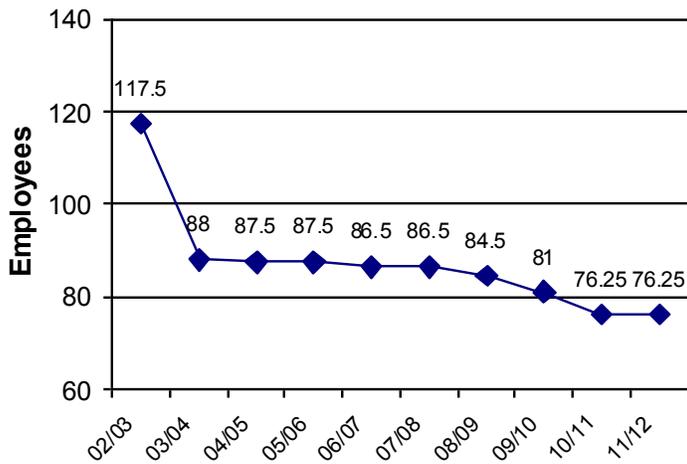
3. Performance Measure: Cost per brake service compared to a private vendor.						
06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
\$575.71 Fleet Svcs/ \$949.70 Private vendor	\$619.39 Fleet Svcs/ \$1,048.81 Private vendor	\$644.13 Fleet Svcs/\$1,170.78 Private vendor	\$674.17 Fleet Svcs/ \$974.60 Private vendor	\$673.07 Fleet Svcs/\$1,206.17 Private vendor	\$606.90 Fleet Svcs/\$941.53 Private vendor	\$707.88 Fleet Svcs/\$931.12 Private vendor
<p>What: This measure shows the labor and parts costs incurred by Fleet Services to carry out a routine front and rear brake replacement on a Sheriff's "Black and White" patrol vehicle compared to the quoted cost from local private vendors. This includes parts and labor cost for like model vehicles.</p> <p>Why: This measure helps to demonstrate Fleet Services' cost competitiveness.</p> <p>How are we doing? Fleet Services met its target. A survey of local private vendors and an internal study was conducted in July of 2011. This study revealed our actual cost to be \$606.90 which is 14% below our Fiscal Year 2010-11 adopted cost of \$ 707.88. The study also revealed our estimated pricing for outside vendors to be very close. The average outside vendor price was \$ 941.53, compared to an adopted cost of \$ 931.12. The study reveals that Fleet Services is 55% less expensive than the average outside vendor.</p>						

MISSION STATEMENT

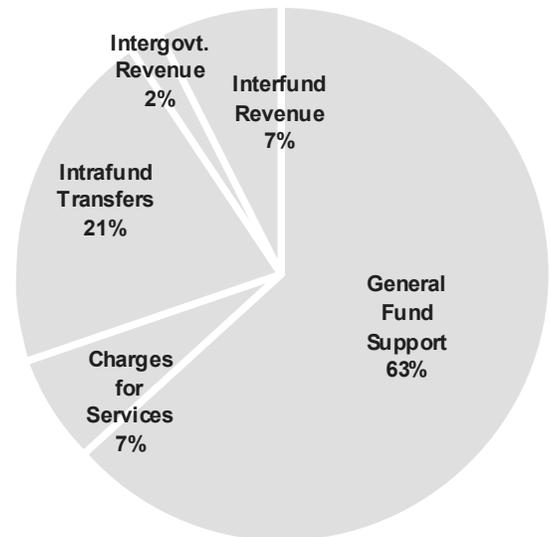
To provide cost effective, accurate, reliable, and timely information technology solutions that deliver excellence to our customers and support efficient delivery of services to the community.

	2009-10	2010-11	2011-12	2011-12	2011-12
<u>Financial Summary</u>	<u>Actual</u>	<u>Actual</u>	<u>Requested</u>	<u>Recommended</u>	<u>Adopted</u>
Revenue from Use of Money & Property	\$ 1,600	\$ 1,600	\$ 0	\$ 0	\$ 0
Intergovernmental Revenue	247,277	377,987	252,605	252,605	252,605
Charges for Current Services	1,243,822	919,654	889,916	889,916	889,916
Other Revenues	5,221	492	0	0	0
Interfund	990,852	1,278,194	986,427	986,427	986,427
**Total Revenue	\$ 2,488,772	\$ 2,577,927	\$ 2,128,948	\$ 2,128,948	\$ 2,128,948
Salary and Benefits	9,869,951	9,768,344	9,997,603	9,841,920	9,841,920
Services and Supplies	3,268,681	3,383,684	3,334,622	3,248,122	3,248,122
Fixed Assets	68,308	143,803	82,160	82,160	82,160
**Gross Expenditures	\$ 13,206,940	\$ 13,295,831	\$ 13,414,385	\$ 13,172,202	\$ 13,172,202
Less Intrafund Transfers	2,551,221	2,479,260	2,748,061	2,748,061	2,748,061
**Net Expenditures	\$ 10,655,719	\$ 10,816,571	\$ 10,666,324	\$ 10,424,141	\$ 10,424,141
General Fund Support (G.F.S.)	<u>\$ 8,166,947</u>	<u>\$ 8,238,644</u>	<u>\$ 8,537,376</u>	<u>\$ 8,295,193</u>	<u>\$ 8,295,193</u>

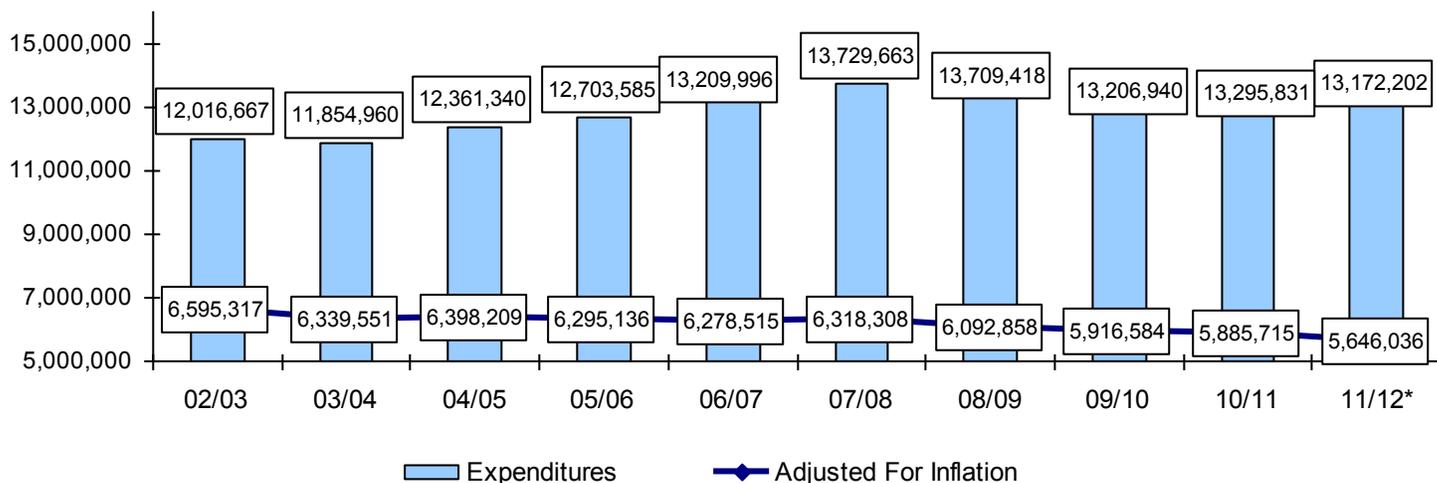
**Number of Employees
(Full Time Equivalent)**



Source of Funds



10 Year Expenditures Adjusted For Inflation



02/03 – 10/11 Actual
*Adopted

SERVICE PROGRAMS

The Information Technology budget has a total operating expense level of \$13,172,202 and a total staffing level of 76.25 FTE to provide the following services:

Departmental Services

Provide clear points of contact for customers to acquire GSA-IT services by having each department assigned a Customer Advocate; provide technical support for customers; house servers and data in the controlled computer room including backup/recovery and Disaster Recovery Planning (DRP); provide business analysis, technology planning, and project management; provide guidance and best practices, procedures and documentation standards; assist with project risk assessment by reviewing project scope, business requirements stability and resource capacity; provide printing services; provide desktop support services, certain end-user training activities, and provide Countywide systems and applications support.

Total Expenditures: \$5,094,372 Total Staffing (FTE): 31.61

Enterprise Services

Provide a physically secure and environmentally controlled computing facility; dispatch, schedule and run mainframe jobs, provide all mainframe operation and support; provide Microsoft application environment, produce and distribute CDs, develop Windows applications running on Intel platforms, provide administration and software services for the County's Enterprise Financial Services, provide database storage and administration Disaster Recovery Planning (DRP), provide system security, technical support and associated systems administration.

Total Expenditures: \$4,087,101 Total Staffing (FTE): 25.36

Networked Services

Provide email, scheduling, calendar, associated systems administration and technical support, internet server management, internet access, County Intranet access, VPN access, Microsoft ADS, anti-virus security, technical support, associated systems administration and Countywide Infrastructure, Network Operating System client support and data communications, including high speed data circuits.

Total Expenditures: \$1,445,635 Total Staffing (FTE): 8.97

Radio Communications

Provide two-way radio communications for public safety and County business communications. The communication system uses microwave technology and includes medical communications between the Sheriff's Office, hospitals, and ambulance service necessary to deploy County services to the public.

Total Expenditures: \$1,424,684 Total Staffing (FTE): 8.84

Voice Communications

Coordinate County's contract with AT&T (adds, changes, deletes); coordinate all voice communications, equipment installation with AT&T, manage County's voice communication billings, publish a County telephone directory, and administer County's voice mail system (adds, changes, deletes).

Total Expenditures: \$1,120,410 Total Staffing (FTE): 1.47

DEPARTMENT COMMENTS

The General Services Agency - Information Technology (GSA-IT) mission is provide cost effective, accurate, reliable, and timely information technology solutions that deliver excellence to our customers and support efficient delivery of services to the community. The County's Information Technology Executive Steering Committee (IT-ESC) provides information technology governance County-wide and drives a large majority of the projects supported by GSA-IT. In early 2009, the IT-ESC adopted a new County-wide Information Technology Strategic Plan (ITSP) to reflect current fiscal constraints, business practices, technology directions, the needs of the County and lay the groundwork for the systems that GSA-IT will be supporting. In 2010, GSA-IT completed a new Operational Plan that both supports the 2009 ITSP and identifies key initiatives that the organization will be working on throughout FY 2011-12.

Following are some of the department's notable accomplishments for FY 2010-11 and some specific objectives for FY 2011-12:

Accomplishments for FY 2010-11

- Expanded the County fiber network increasing the availability of broadband data transmission to more County facilities
- Trained all department staff in Information Technology Infrastructure Library (ITIL) concepts. This training enhances the department's ability to effectively implement technology projects in a cost effective manner
- Completed installation of Public Safety Interoperable Communications Grant equipment to enhance communication between SLO and Santa Barbara Counties
- Completed a project to provide encryption of information transmitted through the County e-mail system for greater security

Objectives for FY 2010-11

- Complete countywide technology projects budgeted in the Countywide Automation Fund Center on-time and within budget
- Complete GSA-IT Operational Plan action items that include evaluation, development, and implementation of common processes and systems to improve efficiency of service
- Improve the coordination, management, and tracking of technical support activities to aid in providing efficient support to our clients
- Continue ITIL implementation
- Support the expansion of electronic services for web based applications and enable electronic payments making it easier for the public to make payments for County Services

- Supported the implementation of a case management system which helps the Probation Department staff to effectively monitor individuals on court ordered probation
- Upgraded Board of Supervisors Chamber audio and video equipment to improve the sound quality within the chambers and for the public listening on radio, TV and the internet
- Design and implement new incident and problem management processes that cover critical information technology servers and networks promoting more effective and rapid response to unanticipated network and hardware problems
- Replace specific public safety radio communications equipment with up-to-date systems for CalFire, Inter-agency coordination, and general government users improving the reliability of public safety communications

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The level of General Fund support for this budget is recommended to decrease \$303,704 (3%) compared to the FY 2010-11 adopted level. Revenues are recommended to decrease \$83,095 (3%). Total expenditures are recommended to decrease \$386,799 (3%).

The \$83,095 decrease in the recommended level of revenues is attributed to decreases in revenue from the Court and charges for work in departmental services. The combined revenue decline from these two sources totals \$235,299. The decline in Court revenues is occurring as the use of the mainframe declines and the related charges diminish. The decline in departmental services is associated with completion of several projects funded with Countywide Automation funds. Partially offsetting this decline are increased revenues, totaling \$152,985, from network services, enterprise services and radio communications. FY 2011-12 revenues include revenues related to the network services provided to Parks, Reprographics, Garage, and Airport departments. The increase in enterprise services reflects the shift of costs and related charges away from the mainframe based applications to server based applications. Charges for radio services are based upon actual cost for services to departments and outside agencies which rely on radio based communications systems

The decrease in total expenditures is \$386,799 (3%) as compared to the FY 2010-11 adopted budget. The decrease is due to a \$20,529 decrease in salaries and benefits, a \$140,637 decrease in services and supplies and a \$236,793 decrease in intrafund offsets to expense.

The FY 2011-12 includes the elimination of a vacant Senior Software Engineer position and \$25,000 in savings from the use of Voluntary Time Off (VTO) recommended as part of the overall reduction to General Fund support for this budget. The two recommended reductions to salary and benefit expense total \$155,683. The recommended reductions are partially offset by reduced use of VTO, as compared to the FY 2010-11 budget, and normal adjustments for step increases.

Total expenditures in service and supplies are recommended to decrease by \$140, 637, or 4% compared to the FY 2010-11 adopted budget. The department's requested budget included a \$54,137 reduction in services and supplies expense. These reductions are largely due to a reduction in significant value expense related to efficiency developed in monitoring and maintenance of radio communications, and reduced telephone expense associated with the cessation of providing telephone handsets and other telephone related equipment to other county departments. Office telephone handsets and related equipment will now be department responsibility, similar to the purchase of other office equipment. The recommended budget includes an additional \$86,500 in service and supply reductions to meet the targeted level of General Fund support. These reductions are tied to staff training costs related to car rentals, mileage reimbursements, common carrier expense and training and seminar fees.

Two fixed assets totaling \$82,160 are recommended. The recommended fixed assets include a high capacity CD writer system for making multiple copies of data on CDs and a radio communications digital simulcast modules which allow more radio channels to be added to radio communication sites.

The recommended amount of General Fund support in FY 2011-12 is \$8,295,193, a \$303,704, or 3% decrease from the FY 2010-11 adopted budget. The following identifies the recommended reductions made to conserve General Fund and their impacts to services:

- \$130,683 - This reduction is the amount of salary and benefit savings associated with the elimination of 1.0 FTE Senior Software Engineer position. Eliminating this position will shift work to existing staff resulting in some delays in responding to service requests upgrades in functionality of the Enterprise Financial System, Criminal Justice Information System, and Property Tax System. Although the prioritization of requested work will continue to assure high priorities are addressed by existing staff, some flexibility to work on multiple projects will be reduced.
- \$25,000 – This reduction is the amount saved by the use of Voluntary Time Off (VTO). Since usage of VTO will be spread across all divisions of the department, the impact is expected to be minimal.
- \$86,500 – This amount is associated with reduced expenses for staff training tied to reductions in car rentals, mileage reimbursements, common carrier charges and seminar and training fees. GSA-IT staff are required to be current on existing and new technology. This entails attending technology training courses which are rarely offered in our area. It attempts to provide two weeks of training for technical staff each year. This reduction will result in many technical staff receiving only one week of training in the next year.

1.0 FTE vacant Senior Software Engineer is recommended to be eliminated from the Information Technology PAL in FY 2011-12. However, the department's total FTE will remain at 76.25 as the recommended budget also includes the addition of one new Geographic Information System Program Manager position. This is a new classification that is the result of a multi-year effort to begin implementation of the adopted 2008 Geographic Information Systems (GIS) Strategic Plan. The GIS Strategic Plan provided a number of recommendations intended to help the County begin to implement the use of computerized geographic information on a broader scale. The Strategic Plan recommended establishing a position within Information Technology to coordinate the application of GIS across department boundaries. The recommended position will coordinate GIS efforts between departments and pursue opportunities to increase efficiencies through a more centralized approach. The position will implement more effective practices for the purchase of equipment, software, seek grant opportunities and encourage the use of GIS in other departments. Another goal is to promote and assist other departments to take advantage of the tools GIS provides to help increase the effectiveness and efficiency of their operations through the use of GIS. The total salary and benefit cost for the position is estimated to be approximately \$130,000. Although a salary figure is shown in the budget as placeholder, a formal salary structure has not yet been established. A formal salary for this will be developed by the Human Resources Department and established subject to future approval by the Board of Supervisors.

BUDGET AUGMENTATION REQUESTS ADOPTED

Unit Amount	Description	Intended Results
Gross: \$ 130,000 General Fund Support: \$0 Funding will be through a combination of charges to departments with charges being weighted based upon the number of GIS licenses held by departments and existing funding in the IT budget.	1.0 FTE Geographic Information System Program Manager. This is new position which has not yet been approved by the Civil Commission. The specifications and salary structure will be developed in FY 2011-12. The position will not be filled until the fourth	<ul style="list-style-type: none"> ▪ Develop and maintain a GIS data layer inventory allowing more efficient use across all departments ▪ Develop or update GIS data layers for: <ul style="list-style-type: none"> ▪ Countywide Address Points ▪ Countywide Street Centerlines ▪ Parcels ▪ Countywide Aerial Orthophotography ▪ Develop formal, standardized metadata for all GIS data layers ▪ Consolidate existing GIS licensing ▪ Develop incident models and visualizations for

<p>It should be noted that the charges will begin in FY 2012-13 and no new funding is included in the recommended FY 2011-12 budget.</p>	<p>quarter FY 2011-12 or at the beginning of FY 2012-13. The salary has not yet been established and the salary shown in the budget is simply a placeholder, pending completion of formal establishment through the Human Resources Department and subject to future approval by the Board of Supervisors.</p>	<p>tracking environmental gradients and hazardous incidents such as flooding and chemical spills</p> <ul style="list-style-type: none"> Evaluate and coordinate the proposed budgeted expense for GIS program expenses within IT and other County departments with the intent to apply cost effective practices and approaches to fund GIS program needs.
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BOARD ADOPTED CHANGES

None.

GOALS AND PERFORMANCE MEASURES

<p>Department Goal: Provide reliable radio communications support to County departments and public safety agencies.</p> <p>Communitywide Result Link: A Safe Community.</p>						
<p>1. Performance Measure: Percentage of time the County's radio communication system is available. This is an industry standard (the six nines rule) for public safety.</p>						
06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
100%	100%	100 %	100%	99.99%	100%	99.99%
<p>What: Maintain the availability of the Countywide microwave radio communication system to an outage level of no more than 32 seconds per year (the public safety interconnect industry standard is 99.9999% availability).</p> <p>Why: The microwave radio communication system provides radio communication for Countywide public, safety and emergency service agencies. Full availability contributes to a safe community.</p> <p>How are we doing? Information Technology continues to exceed its goals and the industry standard for communication system availability. Activities are underway to convert all County-owned and licensed radio frequencies to narrowband operation in order to meet the FCC-imposed deadline of December 31, 2012.</p>						
<p>Department Goal: Provide reliable and cost-effective telephone and voice mail services to County government offices.</p> <p>Communitywide Result Link: A Well-Governed Community.</p>						
<p>2. Performance Measure: Percentage of time the County's voice mail communication system is available.</p>						
06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
99.9%	99.8%	99.8%	99.9%	99.9%	99.9%	99.9%
<p>What: The availability of the voice mail (voice mail boxes) system for internal or external access.</p> <p>Why: Voice mail is an integral management tool for County voice communications.</p> <p>How are we doing? The County's voicemail system was available 99.9% of the time during FY 2010-11. Although seven years old the voicemail system continues to meet the County's needs. An upgrade is planned for the voice mail system in FY 2011-12. It is expected that the upgrade will help ensure continued availability of this critical business tool.</p>						
<p>Department Goal: Provide cost-effective, accurate, and reliable computing environment and assets for general County, departmental specific, and outside agency use.</p> <p>Communitywide Result Link: A Well-Governed Community.</p>						

3. Performance Measure: Percentage of GSA-IT managed project milestones completed within expected baseline budget and time estimates.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
96%	96%	67%	95%	90%	86%	95%

What: The blended percentages of GSA-IT managed project milestones completed and budget amounts met according to Project Sponsor/Customer expectations and approved change requests.

Why: Increased focus on project management will result in improved communication, strategic focus aligned with County goals, better resource planning, and more effective and efficient expenditure of technology dollars.

How are we doing? Information Technology Project Management Office (PMO) managed projects met budget and timeline milestones 86% of the time in FY 2010-11. During FY 2010-11, many projects experienced time and budget impacts due to conflicting priorities for departmental staff and steep learning curves for new technologies. In addition to providing hands-on project management, the PMO continues to teach other departments the science of project management. The PMO continues to mature and improve its ability to meet or exceed timeline and budget milestones.

4. Performance Measure: Percentage of time the GSA-IT managed Local-Area-Network (LANs) and Wide-Area-Network (WAN) are available.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
99%	99%	99%	99%	99%	99%	99%

What: The percentage of availability is calculated by comparing the monitored "up time" against scheduled "up time".

Why: Availability of County computing resources translates directly into County staff productivity and ultimately into their service delivery to the public.

How are we doing? The County's data communications network was available 99% of the time during FY 2010-11 and is expected to meet or exceed that level for FY 2011-12. Increased hardware reliability and expansion of the use of multiple network paths allowed users to connect to the network via a secondary path if a problem was encountered. Automated monitoring of all network devices has reduced response and troubleshooting times, thereby helping ensure a 99% up time.

Department Goal: Protect the County's computing assets through the implementation of Information Security best practices.

Communitywide Result Link: A Well-Governed Community.

5. Performance Measure: Percentage of County staff that have received security training or reviewed an annual information security awareness reminder.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
78% of new hire staff, 100% of existing County staff	100% of new hire staff, 100% of existing County staff	100% of new hire staff, 0% of existing County staff	100% of new hire staff, 60% of existing County staff	100% of new hire staff, 100% of existing County staff	100% of new hire staff, 100% of existing County staff	100% of new hire staff, 100% of existing County staff

What: Staff will become aware of proper security measures and apply them to their everyday work habits. It is expected the media delivery mechanism will change from year-to-year to maintain interest, e.g., general training, an Awareness Handbook, Intranet-based information, short Web-video viewable from the desktop, etc.

Why: Industry analysis has proven that over 70% of all security breaches are internal to an organization. Education and prevention have been identified as the two most cost efficient keys to ensuring systems security. San Luis Obispo County, in a collaborative effort with other California counties, used the International Organization for Standards (ISO) guidelines to create and adopt eighteen security policies. The Security Awareness Program is an essential requirement that is included in those policies. Therefore we measure the success of that Security Awareness Program each year. In this way we meet industry standards.

How are we doing? Information Technology achieved its goal of providing security training to all County staff in FY 2010-11. This is the second year aligning the County's IT security awareness training with National Cyber Security Awareness Month (October). An end-user awareness message was distributed to all County eMail accounts complete with the 2010 National Cyber Security Awareness banner, a short message, and links to the County Information Security Web presence, Information Security policies, and County hosted newsletters. Additionally, new hires continue to receive a paper flyer regarding County security practices and policies, as well as the basics of cyber security. The flyer has also been shared with other counties and the State Information Security Officer for their use through our county IT association.

Department Goal: To provide great service to our customers.
Communitywide Result Link: A Well-Governed Community.

6. Performance Measure: Percentage of responses to Customer Satisfaction Survey rating overall effectiveness as “satisfactory” or better.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
99.3%	98.6%	98.2%	97.4%	97%	97.9%	97%

What: The percentage of those responding to an annual survey that rate Information Technology in terms of both efficiency and quality (timeliness, accuracy, courtesy and satisfaction) as “Satisfactory” or better.

Why: GSA-IT is dedicated to delivering accurate, reliable, and timely Information Technology solutions that are valued by our customers.

How are we doing? Information Technology exceeded its customer satisfaction target in FY 2010-11. Continued focus on delivering excellence to our customers while simultaneously executing the goals and actions outlined in the FY 2010-11 GSA-IT Operational Plan kept customer satisfaction ratings high. The GSA-IT Operational Plan includes five strategic goals: (1) Continuously improve service to our customers; (2) Become the partner of choice for County technology services and solutions; (3) Spend and invest wisely; (4) Continuously build upon our professional, team-oriented environment; and (5) Strive for leadership by matching the right technology with the business need. By pursuing these strategies, the GSA-IT team expects to continue to improve its overall service to its customers, thereby meeting or exceeding its target for FY 2011-12.

Department Goal: Provide cost-effective, accurate, and reliable computing environment and assets for general County, departmental specific, and outside agency use.

Communitywide Result Link: A Well-Governed Community.

7. Performance Measure: Percentage of technical issues reported to and resolved by the GSA-IT Technical Support Call Center. Calls that cannot be resolved by the GSA-IT Technical Support Call Center in a timely fashion are dispatched and resolved by other IT or County department teams.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
N/A	65%	70%	70%	68%	74%	70%

What: A measure of the value add that the GSA-IT Technical Support Call Center contributes to IT and the County’s overall productivity.

Why: The goal is to resolve more technical issues within the GSA-IT Technical Support Call Center, allowing other IT and County teams to focus on other activities. This translates into increased department efficiency and greater delivery of technology value to customers.

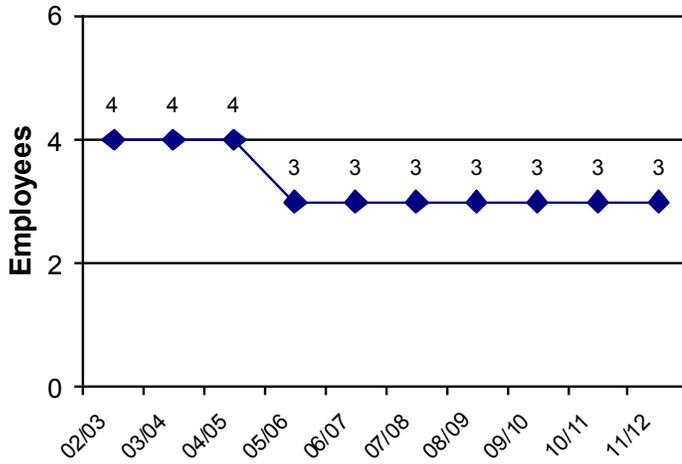
How are we doing? Information Technology’s Technical Support team resolved 74% of technical issue calls received. The team processed over 9,100 requests for technical assistance. Continued skill development of the Technical Support staff will provide increased resolution rates moving into FY 2011-12.

MISSION STATEMENT

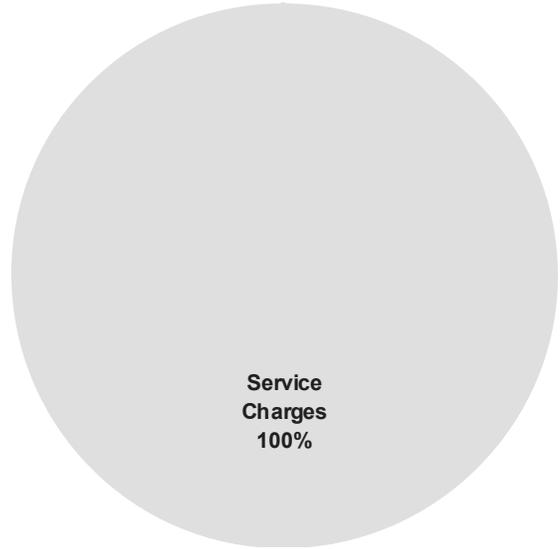
To provide skilled, responsive, and cost effective reprographic services that delivers excellence to our customers and support efficient delivery of services to the community.

OPERATING DETAIL (1)	2009-10 ACTUAL (2)	2010-11 ACTUAL (3)	2011-12 RECOMMENDED (4)	2011-12 ADOPTED BY THE BOS (5)
OPERATING REVENUES				
Charges for current services	532,711	476,818	508,691	508,691
TOTAL OPERATING REVENUES	532,711	476,818	508,691	508,691
OPERATING EXPENSES				
Salaries and Benefits	218,892	212,721	217,818	217,818
Services and Supplies	293,541	225,763	256,362	256,362
Depreciation	7,247	6,346	6,000	6,000
Countywide Overhead Allocation	76,875	28,452	0	0
TOTAL OPERATING EXPENSES	596,555	473,282	480,180	480,180
OPERATING INCOME (LOSS)	(63,844)	3,536	28,511	28,511
NON-OPERATING REVENUES (EXPENSES)				
Other	1,328	660	0	0
Interest	738	329	0	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,066	989	0	0
INCOME BEF. CAPITAL CONTRBS. & TRANSFERS	(61,778)	4,525	28,511	28,511
Transfers in (out)	(5,701)	(6,627)	(7,192)	(7,192)
CHANGE IN NET ASSETS	(67,479)	(2,102)	21,319	21,319
Net assets - beginning	210,653	143,174	141,072	141,072
Net assets - ending	143,174	141,072	162,391	162,391
FIXED ASSET EXPENDITURES				
Equipment	0	0	0	0
TOTAL FIXED ASSET EXPENDITURES	0	0	0	0

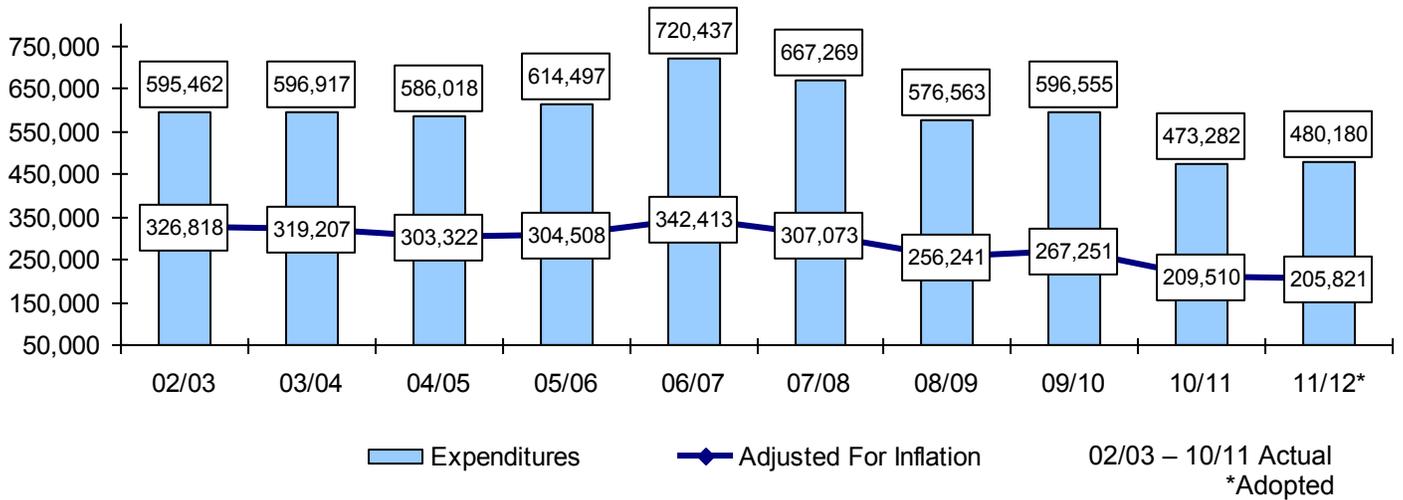
**Number of Employees
(Full Time Equivalent)**



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Information Technology has a total operating expenditure level of \$480,180 and a total staffing level of 3.00 FTE to provide the following services:

Reprographics

General Services Agency - Reprographics provides centralized reprographic services to County departments and other governmental agencies, including copying, offset printing, and blueprinting.

Total Expenditures: \$480,180 Total Staffing (FTE): 3.00

DEPARTMENTAL COMMENTS

The Reprographics Internal Service Fund (ISF) exists to provide responsive, and cost effective reprographic services to County Departments in a friendly and service-oriented manner at rates lower than private market competitors.

Changing technologies and the "paperless" office are shifting the type of work being requested from County Departments. Reprographics will continue to monitor County needs in order to respond to the changing work and economic environment.

The following are some of the department's accomplishments for FY 2010-11 as well as two specific objectives for FY 2011-12:

Accomplishments for FY 2010-11

- Negotiated a new copier equipment agreement that reduced the monthly base cost.
- Increased staff awareness of the costs of the services they provide and how they are billed to customers. This helps to assure we use cost effective approaches to meet our customers' needs.
- Completed a business study to benchmark the local reprographics market services and costs against those provided internally. This helps us to better identify where we can focus our efforts to look at areas for reducing costs in our operations and for our customers.

Objectives for FY 2011-12

- Staff will define services provided and the associated costs to compare to the local market benchmark report. This will allow us to focus on specific areas for cost reduction.
- Staff will continue to cross-train on equipment to provide services more efficiently. This will provide greater flexibility in applying staffing resources to meet our customers' requests in the time frame they need.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

Reprographics, a division of the General Services Agency, is an Internal Service Fund (ISF), and as such, charges user departments for services. The State Controller's Office requires that an Operation of Internal Service Fund Schedule 10 be submitted. The format of the Schedule 10, as well as some of the data it contains, is different from how other County departments' budgets are reported. For consistency purposes, this narrative, Service Programs, and the 10 year Expenditure chart use the information and data from the Schedule 10, including the amount allocated for depreciation. The Schedule 10 compares the Requested and Recommended budget amounts to a projection of the year end expense and revenue for FY 2010-11 shown in the estimated column. Most other budget forms compare the Requested and Recommended budgets to the adopted budget for FY 2010-11 The FY 2011-12.

**Reprographics
Fiscal Year 2011-12 Final Budget**

Fund Center 406

The Schedule 10 shows the recommended operating expense in the FY 2011-12 Reprographics budget is increasing by \$1,609, less than 1%, compared to the FY 2010-11 estimated operating expense. Salaries and benefits are recommended to increase by \$9,925 (5%) over the estimated FY 2010-11 salaries and benefit expense. Services and Supplies are also increasing \$20,482 (9%) over the in the FY estimated 2010-11 amount. The recommended budget amount for Countywide Overhead is decreasing by \$28,452. Recommended revenue amounts are projected to increase above FY 2010-11 estimated levels by \$36,427 (8%). The recommended operating expenditures are recommended to increase by \$1,609. The recommended budget sets the allocation and revenues for the Reprographics budget at a level to meet planned expenditures and maintain current service levels.

Over the past several years, declining use of reprographic services has resulted in declines in actual expenditures and revenues. Since the amounts shown in the estimated column reflect projections of actual expenditures and actual expenditures are well below budgeted levels, the appearance is that the budget for this department is growing or remaining level.

The following table shows the comparison of key operating expenditure categories and the total revenue in the FY 2010-11 adopted budget to the requested /recommended FY 2011-12 budget. This budget to budget comparison more clearly identifies the decrease in expenditures and revenues and the downsizing of this budget.

	FY 2010-11 Adopted	2011-12 Recommended	Increase Decrease Recommended to Adopted
OPERATING EXPENSES			
Salaries and Benefits	228,786	217,818	-10,968
Services and Supplies	327,603	256,362	-71,241
Depreciation	7,698	6,000	-1,698
Countywide Overhead Allocation	28,452	0	-28,452
TOTAL OPERATING EXPENSES	592,539	480,180	-112,359
TOTAL OPERATING REVENUES	618,724	508,691	-110,033

As shown in the table above, the department's estimated expenditures for FY 2010-11 are well below the amount in the adopted FY 2010-11 budget. The total operating expense recommended for FY 2011-12 shows decreases in total operating expense of \$112,359, or 19% from the operating expense in the FY 2010-11 adopted budget. The recommended revenue amounts for FY 2011-12 show revenues are decreasing by \$110,533 (18%) as compared with revenue amounts in the adopted FY 2010-11 budget.

All categories of expense show a decline. The decline in expense in this budget is due to reductions made by the department to remain in balance with revenues from charges to services, which have also declined. The revenues for the Reprographics ISF are based on projections of copy charges that are budgeted in individual department budgets. As budgets have become tighter, many departments and outside customers have reduced their use of the copy and print services. The growing use of electronic documentation and imaging to disseminate information may also contribute to reduced demand for copy and print services. When customers reduce the use of copy and print services below the amount planned, the department adjusts expenditures for print and copy materials as well as expense related to special print services to remain in balance with the revenues received for the year. Reprographics has also sought to reduce expense by negotiating reduced contract expense for maintenance services for its machines and keeping materials inventories in line demand. The recommended budget will maintain the current level of reprographic services.

BOARD ADOPTED CHANGES

None.

GOALS AND PERFORMANCE MEASURES

Department Goal: Provide professional, skilled, responsive, and cost effective print and copy services to our valued customers.

Communitywide Result Link: A well-governed community.

1. Performance Measure: Percentage of customer survey respondents who rate quality of reprographics services as satisfactory or better.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
100%	100%	100%	100%	97%	100%	97%

What: Survey results of internal County department customers.

Why: To ensure effective customer service.

How are we doing? Reprographics achieved results of 100% satisfaction for FY 2010-11. At random intervals, surveys were distributed to County department customers with their completed jobs. Of the sixteen responses returned, 100% responded to the survey rating Reprographics services as being satisfactory or above satisfactory. Reprographics expects to continue to meet or exceed the goal target in FY 2011-12.

2. Performance Measure: Rates charged by Reprographics for common print jobs compared to rates charged by private vendors for the same jobs.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
Repro Rates below market (private companies)						

What: Job rates charged by Reprographics to perform common print jobs as compared to local private vendors' rates.

Why: To demonstrate Reprographics cost competitiveness with local private vendors.

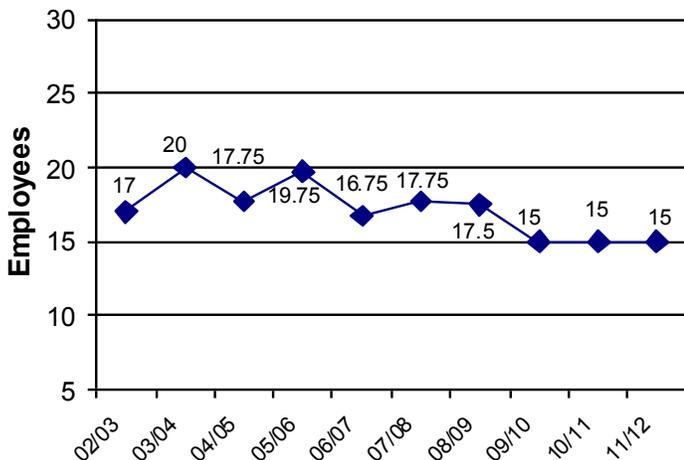
How are we doing? Reprographics achieved its goal of providing service at a rate below market. In June 2011. Reprographics regularly provides envelope printing services. In comparing envelope printing costs with Office Depot and local vendors, the County Reprographics envelope printing price is lower than market rate. Hourly labor rates are also lower than rate charged by local vendors. In April 2011 an analysis of Reprographics services was performed. The analysis indicated that the overall economy is having a negative impact on the printing industry. The use of Reprographics services is also declining as printed documents are being replaced by electronically available information. Reprographics is working to reduce costs and keep service rates below market in FY 2011-12.

MISSION STATEMENT

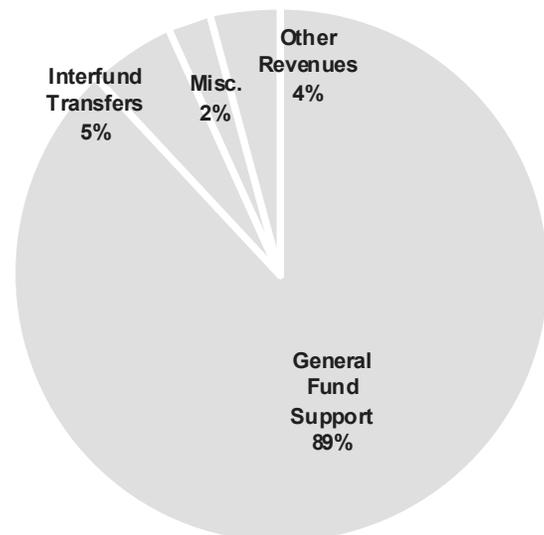
We attract, select, develop, and retain a talented and diverse workforce through strategic collaboration. We provide high quality and cost-effective programs to cultivate a healthy, safe, and productive work environment to maximize individual and organizational potential.

	2009-10	2010-11	2011-12	2011-12	2011-12
<u>Financial Summary</u>	<u>Actual</u>	<u>Actual</u>	<u>Requested</u>	<u>Recommended</u>	<u>Adopted</u>
Intergovernmental Revenue	\$ 2,192	\$ 3,988	\$ 0	\$ 6,252	\$ 6,252
Charges for Current Services	48,906	48,117	49,025	49,025	49,025
Other Revenues	9	150	0	100,000	100,000
Other Financing Sources	0	100,000	0	0	0
Interfund	<u>87,065</u>	<u>119,039</u>	<u>121,321</u>	<u>121,321</u>	<u>121,321</u>
**Total Revenue	\$ 138,172	\$ 271,294	\$ 170,346	\$ 276,598	\$ 276,598
Salary and Benefits	1,661,624	1,696,064	1,830,623	1,828,415	1,828,415
Services and Supplies	254,007	567,781	511,668	511,668	511,668
Fixed Assets	<u>0</u>	<u>6,603</u>	<u>0</u>	<u>0</u>	<u>0</u>
**Gross Expenditures	\$ 1,915,631	\$ 2,270,448	\$ 2,342,291	\$ 2,340,083	\$ 2,340,083
General Fund Support (G.F.S.)	<u>\$ 1,777,459</u>	<u>\$ 1,999,154</u>	<u>\$ 2,171,945</u>	<u>\$ 2,063,485</u>	<u>\$ 2,063,485</u>

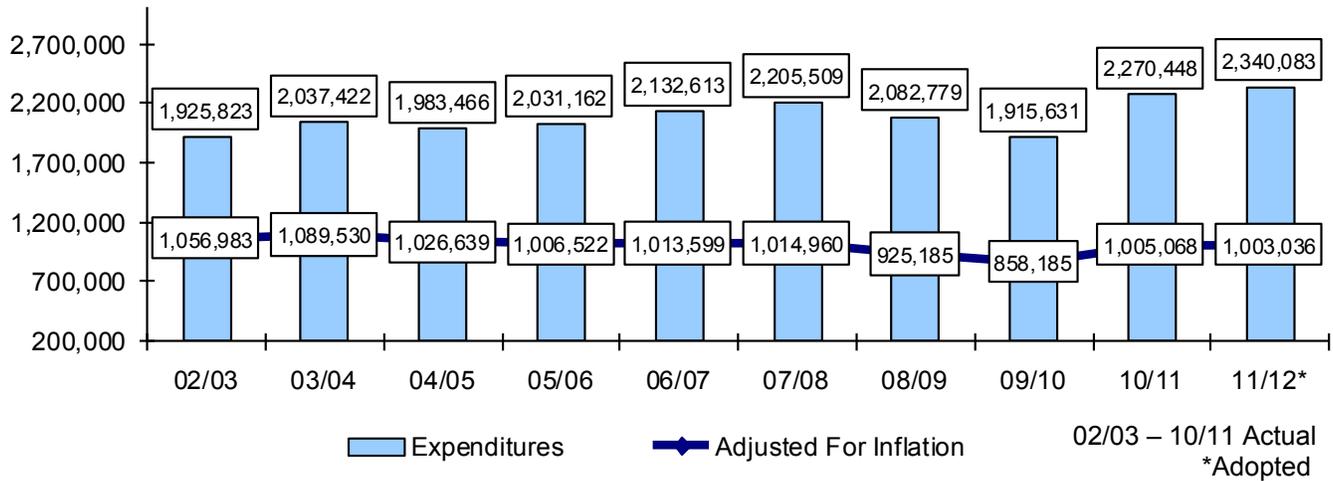
**Number of Employees
(Full Time Equivalent)**



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Human Resources has a total expenditure level of \$ 2,340,083 and a total staffing level of 15.00 FTE to provide the following services:

Human Resource Services

Provide innovative, responsive, valid, reliable and meritorious recruitment and selection services to county departments and job applicants to employ a qualified and diverse workforce to deliver services; maintain a standardized and equitable classification system which defines scope and the nature of job assignments; provide ongoing updates to classification specifications that differentiate among job assignments and expectations and supports career development options to hire and retain qualified employees; assist departmental staff in managing performance and conduct issues; provide rule, policy and ordinance interpretation and updates; and assist in resolving complaints at the lowest level.

Total Expenditures: \$1,176,477 Total FTE: 8.15

Training and Development

Training and Development creates and promotes individual and organizational effectiveness by developing and offering innovative and diverse programs to meet organizational needs for employee development. Services include Countywide training program administration and coordination; new employee orientation; and oversight of the County Learning Management System.

Total Expenditures: \$155,288 Total FTE: 1.50

Civil Service Commission Support

The Human Resources Department, under general direction of the Commission, administers the Civil Service System pursuant to the rules adopted by the Commission. Such administration includes: advising the Commission upon Civil Service matters; furnishing a recording secretary who takes meeting minutes; preparing the operating budget and administering expenditures; administering the programs provided for by the rules; establishing administrative controls and procedures to enforce the rules; making recommendations on policy and rule amendments; preparing an annual report for the Board of Supervisors.

Total Expenditures: \$139,262 Total FTE: 1.15

Labor Negotiations and Contract Management

Establish salaries and benefits and maintain an equitable salary plan for all County employees. Negotiate salary and benefit packages with the bargaining units representing approximately 80% of County employees. Implement the terms of contracts with employee organizations. Prepare strategies to implement the Board's Labor Relations direction.

Total Expenditures: \$869,056 Total FTE: 4.20

DEPARTMENT COMMENTS

The Human Resources (HR) Department is responsible for providing the County's traditional Human Resources services (e.g., recruitment and testing, classification studies and analysis, departmental consults, staff support to the Civil Service Commission, and training), Labor Relations Management, and Risk Management services (i.e., liability, workers' compensation, insurance, safety, and employee benefits). Funding for the programs are located in Fund Center 112 – Human Resources, Fund Center 105 – Risk Management, and Fund Centers 408 through 412 – the Internal Service Funds.

The department's major focus in FY 2010-11 has been to reevaluate the County's Labor Relations program which was moved from the Administrative Office to Human Resources in FY 2009-10. This evaluation and the implementation of new strategies will continue through FY 2011-12. The department has accomplished its goal of creating and implementing clear direction and processes that will serve the Labor function now and into the future. The major components of the County's new labor program include negotiating three key initiatives with all bargaining units: second tier pensions, pension cost sharing equally between employees and the County and updating the implementation of the Prevailing Wage Ordinance.

Following are some of the department's notable accomplishments for FY 2010-11 and some specific objectives for FY 2011-12:

FY 2010-11 Accomplishments

- Obtained HR's second fee-for-service contract with an outside agency. HR now provides services to the Regional Transit Authority (existing contract) and Air Pollution Control District (new contract) which generates \$49,025 worth of revenue annually.
- Initiated a full compensation study which is currently under review.
- Provided a custom Countywide supervisory training course for all supervisory employees, including two new course offerings in 2010 to provide supervisory employees with the tools they need to be as effective as possible.
- Worked with the Employee University advisory Committee to adopt a full plan for countywide training and development through FY 2011-12.
- Entered into a contract with Santa Barbara County for Public Service Ethics and Excellence training.
- Developed a master plan for labor relations; integrated a new bargaining and fiscal strategy, and negotiated accordingly.

FY 2011-12 Objectives

- Complete negotiations with 13 bargaining units with open labor contracts or reopener requirements.
- Complete the meet and confer process regarding the Civil Service Rule updates whereby the Civil Service Commission must negotiate the Rule changes with employee associations and County management prior to implementation.
- Maximize our relationship with Santa Barbara EU to develop the leadership components of the Management and Supervisory Academies by June 2012.
- Meet Loss Prevention Initiative goals of performing 300 employee ergonomic assessments and providing related equipment updates by June 2012, in an effort to reduce workplace injuries by 5% or more.
- Expand the Return-to-Work Program to include non-occupational injuries to comply with the Americans with Disabilities Act and to increase employee productivity by reducing time away from work.

- Obtained labor contracts with the employee associations representing the bulk of all county employees: ASLOCDs (deputy sheriffs) and SLOCEA (1600 miscellaneous employees) which incorporated the new labor program goals of pension changes and a new approach to wage negotiations
- HR went “green” by fully implementing the Integrated Document Management program, reducing paper and photocopier use and the amount of physical space required for document storage, and increasing departmental efficiency by improving access to records.
- Completed a draft update to all Civil Service Rules to increase clarity and remove inconsistencies with practice and County ordinances.
- Maximized claims management efforts within the Worker Comp program, bringing the open claim count down to a 10 year low.
- Complete recruitment process analysis to increase efficiency and flexibility while maintaining compliance and validity.
- Update six Countywide policies to comply with best practices and legal updates, including the County’s Equal Employment Opportunity policy, the Workplace Violence Prevention policy, and the Drug and Alcohol policy.

COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS

The Human Resources department includes two General Fund budgets, Fund Center 112- Human Resources and Fund Center 105- Risk Management. The level of General Fund support for the two fund centers combined is recommended to decrease \$73,218 or 3% compared to the FY 2010-11 adopted level. This decrease is largely due to a decrease in insurance premiums paid for in Fund Center 105- Risk Management’s budget.

The level of General Fund support for Fund Center 112- Human Resources is recommended to increase \$38,028 or 1% compared to the FY 2010-11 adopted level. Revenues are recommended to increase \$104,556 or 60% and total expenditures are recommended to increase \$142,584 or 6%.

Revenues are increasing largely due to a \$100,000 transfer in from a trust account containing funds from prior disability insurance settlements to pay for a portion of the County’s FY 2011-12 contract with Renne Sloan Holtzman Sakai for labor relations services.

Salary and benefits are increasing \$40,793 or 2% due to regular pay step increases.

Upon transferring the County’s labor relations function from the Administrative Office to the Human Resources Department in FY 2009-10, staff identified an opportunity to reevaluate and overhaul the County’s labor relations program. An evaluation of the former labor program began in FY 2009-10 and the implementation of a new labor approach and new negotiation strategies began in FY 2010-11 and will continue into FY 2011-12. Because the overhaul of the County’s labor program has been so time and expertise intensive, it was determined that the initial FY 2010-11 contract with Renne Sloan Holtzman Sakai for labor relations services was not enough to get through the current year and that the contract amount would have to remain increased in FY 2011-12 to fully implement and carry out the new labor program. In March of 2011, the Board approved a \$100,000 increase to the FY 2010-11 contract with Renne Sloan Holtzman Sakai.

Services and supplies are increasing \$108,791 or 27% due largely to the \$100,000 increase in the County’s contract with Renne Sloan Holtzman Sakai for labor relations services over FY 2010-11 adopted levels. Significant value purchases are also recommended to increase \$8,600 to ensure that the department stays current with Information Technology’s recommended computer replacement schedule.

BOARD ADOPTED CHANGES

Per the Supplemental Budget document, the following modifications were made to this fund center:

- A 1.00 FTE Administrative Assistant III-Confidential position was deleted and a 1.00 FTE Supervising Administrative Clerk I- Confidential position was added in its place to provide more effective, direct line supervision for the Administrative Assistant team. The additional cost incurred due to this conversion will be offset by filling a currently vacant Administrative Assistant III and the level of Administrative Assistant II. This conversion results in no net change to either expenditure level or required General Fund Support.
- A 1.00 FTE Human Resources Analyst Aide position was deleted and a 1.00 FTE Human Resources Analyst Aide- Confidential position was added in its place. The addition of the 'confidential' designation will allow the Human Resources Analyst Aide position to legitimately process sensitive labor relations work products in compliance with the County's Employee Relations Policy. The additional cost incurred due to this conversion will be absorbed by the department and results in no net change to either expenditure level or required General Fund Support.

GOALS AND PERFORMANCE MEASURES

Department Goal: Conduct, monitor, and evaluate recruitment and testing in a timely manner in order to provide County departments with qualified candidates while ensuring compliance with regulations and merit principles.

Communitywide Result Link: A well-governed community.

1. Performance Measure: Average number of days to produce eligibility lists for departments by recruitment type: countywide promotional, departmental promotional and open recruitments. This measure is being deleted in FY 2011-12 and replaced with the measure below.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
N/A	Countywide Promotional: 27 days	Countywide Promotional: 12 days	Countywide Promotional: 11 days	Countywide Promotional: 22 days	Countywide Promotional: 13 days	Deleted
	Departmental Promotional: 14 days	Departmental Promotional: 12 days	Departmental Promotional: 7 days	Departmental Promotional: 8 days	Departmental Promotional: 14 days	Deleted
	Open Recruitments: 38 days	Open Recruitments: 38 days	Open Recruitments: 34 days	Open Recruitments: 32 days	Open Recruitments: 44 days	Deleted

What: This measures the time (recruitment final filing date through establishment of eligibility list) it takes Human Resources to provide departments with a list of qualified candidates to fill a vacant position after the recruitment closes.

Why: The number of days to produce an eligibility list for recruitments is one measure of departmental efficiency. Human Resources endeavors to provide eligibility lists as quickly as possible to maintain staffing levels adequate to provide services to the community.

How are we doing? A number of factors contribute to the increase in open recruitment times. This measure is being deleted and replaced with the measure below because there are several factors, including those not controlled by Human Resources, which impact Countywide and Departmental Promotional recruitments in a way that renders this measure invalid for measuring the efficiency of those processes. The measure is appropriate for measuring Open recruitments, and the new measure below focuses on Open recruitments.

1. Performance Measure: Average number of days to produce eligibility lists for departments for open recruitments.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
N/A	38 days	38 days	34 days	32 days	44 days	40 days

What: This measures the time (recruitment final filing date through establishment of eligibility list) it takes Human Resources to provide departments with a list of qualified candidates to fill a vacant position after the recruitment closes.

Why: The number of days to produce an eligibility list for recruitments is one measure of departmental efficiency. Human Resources endeavors to provide eligibility lists as quickly as possible to maintain staffing levels adequate to provide services to the community.

How are we doing? A number of factors contribute to the increase in recruitment times. Applications in FY 2010-11 were up 12%. Hiring department resource constraints and requests by hiring departments for delays in the process contributed substantially to the increase in the number of days. While the number of days has increased, Human Resources' recruitment satisfaction rating remains at a high level (97%). Additionally, in collaboration with client departments, Human Resources has enhanced the recruitment and selection process. The enhanced recruitment and selection process adds days to recruitment time, but improves recruitment and selection outcomes. Given this, FY 2011-12 targets have been modified from 32 days as stated in the Proposed Budget document, to 40 days to reflect the enhanced process.

2. Performance Measure: Percentage of departments rating their level of satisfaction with the overall recruitment process as satisfactory or better.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
N/A	N/A	N/A	100%	95%	97%	95%

What: This measure presents the results of surveys completed by departments at the close of open recruitments as to the level of satisfaction with the overall recruitment process.

Why: Recruitment process satisfaction survey results are tracked to determine whether or not the recruitment process is effective in meeting departments' staffing needs. Survey results enable us to identify opportunities to improve the efficiency and effectiveness of recruitments.

How are we doing? The Human Resources department's performance can influence satisfaction with the recruitment process. Mutually agreed upon process improvements increased recruitment timelines, but contributed to a high level of customer satisfaction. During FY 2010-11, 97% of 36 survey respondents rated the overall recruitment process as satisfactory or better.

3. Performance Measure: Percentage of County departments that rate Human Resources' service as satisfactory or better relative to timeliness, accuracy, and quality of service (competency).

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
N/A	N/A	Accuracy: 100% Competency: 96% Timeliness: 97%	Accuracy: 93% Competency: 93% Timeliness: 93%	Accuracy: 95% Competency: 95% Timeliness: 95%	Accuracy: 95% Competency: 95% Timeliness: 94%	Accuracy: 95% Competency: 95% Timeliness: 95%

What: The Human Resources department surveys departments annually to determine their level of satisfaction with our staff support relative to accuracy, competency and timeliness (ACT). This measure reflects the results of the department's satisfaction survey.

Why: This measure reflects the information gained from the satisfaction survey and allows us to continuously improve our service and support to departments.

How are we doing? At the end of FY 2010-11, data for this measure reflect the impact of lean staffing in Human resources. Clientele report high satisfaction with our work product, but note that response time has increased.

4. Performance Measure: Percentage of filed grievances and appeals resolved prior to Civil Service Commission hearing.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
N/A	N/A	N/A	89%	85%	89%	85%

What: This measure tracks the rate at which Human Resources resolves grievances/appeals (allegations of improper personnel practices by the County) prior to the matter reaching a Civil Service Commission hearing.

Why: The grievance/appeal resolution rate is a reflection of the ability of Human Resources' professional staff to collaborate with stakeholders, design solutions to challenges, and reach mutually agreeable terms on grievance/appeal matters.

How are we doing? There were 18 grievances/appeals filed in FY 2010-11. Of these 18, only 2 reached a Civil Service Commission hearing; 10 were resolved prior to hearing, and 6 cases were pending at close of the fiscal year. At the end of FY 2009-10, there were 6 cases pending. All 6 of those cases were resolved in FY 2010-11 prior to Civil Service Commission hearing. As a result, a total of 24 grievances/appeals were addressed in FY 2010-11. Because certain grievances or appeals are more appropriately heard rather than resolved prior to hearing, a result of 89% resolution represents a high achievement rate.

Department Goal: Provide cost-effective personnel services.

Communitywide Result Link: A well-governed community.

5. Performance Measure: Number of full-time equivalent Human Resources department staff per 1,000 employees.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
6.6	7.2	6.2	5.8	6.1	6.3	6.1

What: This measures the number of Human Resources department full time equivalent (FTE) staffing per 1,000 employees.

Why: This data can be compared with other Human Resources departments with similar characteristics to provide one measure of whether or not we are appropriately staffed for providing personnel services.

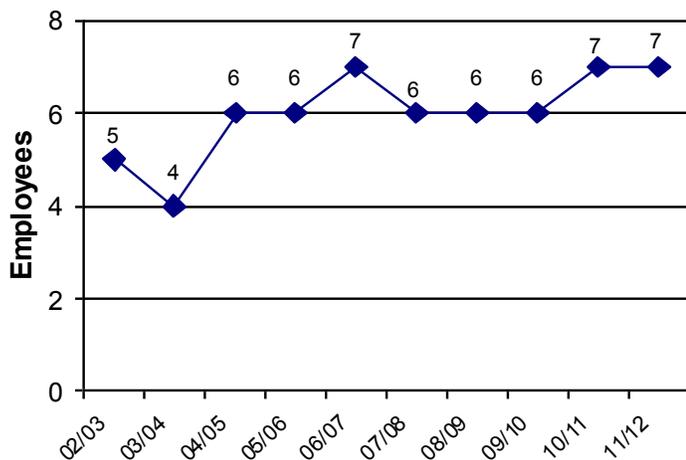
How are we doing? In FY 2010-11, Human Resources had 6.3 FTE per 1,000 employees (15.0 filled FTEs, for a total County employee count of 2,396). Human Resource departments comparable to San Luis Obispo County's had an average HR staffing level of 9.6 FTE per 1,000 employees in FY 2010-11. The fact that the County employs fewer Human Resources staff per 1,000 employees than comparable Human Resource departments indicates a high level of efficiency in Human Resources department operations.

MISSION STATEMENT

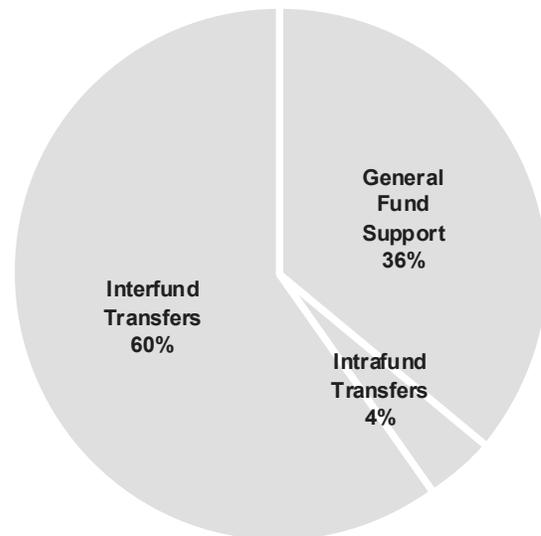
We collaborate with County Departments to protect financial stability and promote safe practices by managing and administering the Safety, Benefit, Workers Compensation, and Liability programs and providing education and training to ensure the health and welfare of all employees and the public we serve.

<u>Financial Summary</u>	2009-10 <u>Actual</u>	2010-11 <u>Actual</u>	2011-12 <u>Requested</u>	2011-12 <u>Recommended</u>	2011-12 <u>Adopted</u>
Charges for Current Services	\$ 0	\$ 49,499	\$ 0	\$ 0	\$ 0
Interfund	826,308	897,371	990,117	990,117	990,117
**Total Revenue	\$ 826,308	\$ 946,870	\$ 990,117	\$ 990,117	\$ 990,117
Salary and Benefits	652,435	723,714	782,428	782,428	782,428
Services and Supplies	867,753	768,918	873,426	873,426	873,426
Other Charges	0	30,000	0	0	0
**Gross Expenditures	\$ 1,520,188	\$ 1,522,632	\$ 1,655,854	\$ 1,655,854	\$ 1,655,854
Less Intrafund Transfers	94,979	74,751	68,107	68,107	68,107
**Net Expenditures	\$ 1,425,209	\$ 1,447,881	\$ 1,587,747	\$ 1,587,747	\$ 1,587,747
General Fund Support (G.F.S.)	<u>\$ 598,901</u>	<u>\$ 501,011</u>	<u>\$ 597,630</u>	<u>\$ 597,630</u>	<u>\$ 597,630</u>

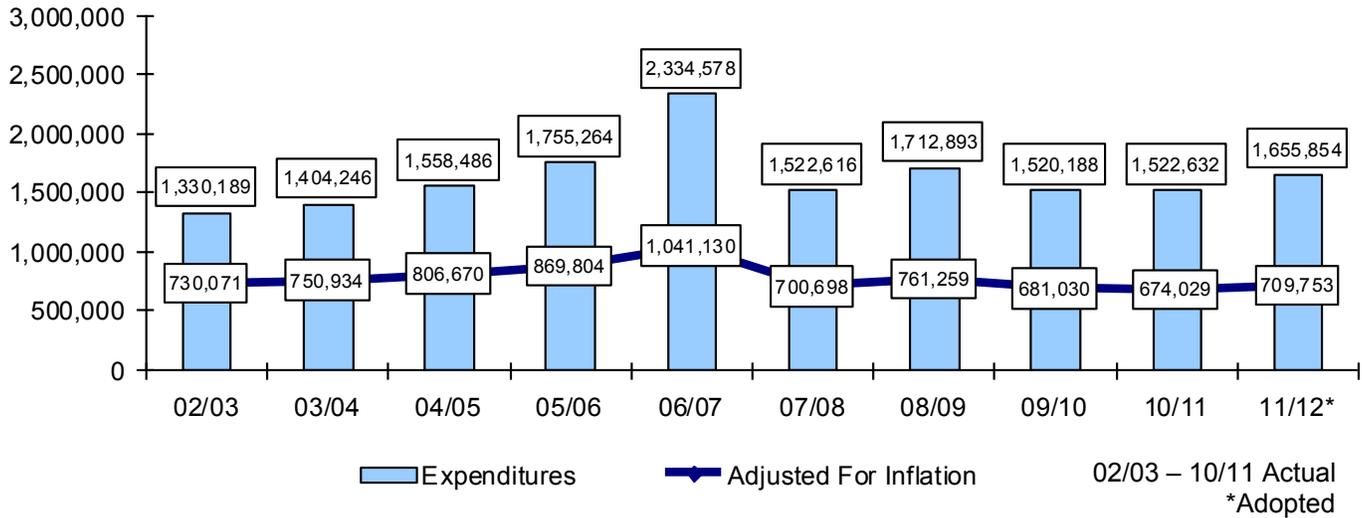
**Number of Employees
(Full Time Equivalent)**



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Risk Management has a total expenditure level of \$1,655,854 and a total staffing level of 7.00 FTE to provide the following services:

Employee Benefits

Provide high quality employee benefit administration services (e.g., health, life, ITS, wellness, etc.) to active employees and retirees.

Total Expenditures: \$372,705 Total Staffing (FTE): 1.45

Safety

Implement cost-effective safety programs that ensure a safe work environment, reduce work-related employee injuries, and minimize the costs associated with Workers' Compensation.

Total Expenditures: \$183,827 Total Staffing (FTE): 1.50

Liability and Insurance

Effectively manage the Liability Program by resolving all tort claims efficiently and fairly while minimizing costs to the taxpayer. Secure cost effective insurance coverage levels for the County, implement industry standard transfer of risk strategies to protect the County from unnecessary risk, provide advice to departments on insurance matters, issue insurance certificates, process all County-initiated insurance claims, and perform risk analyses.

Total Expenditures: \$794,819 Total Staffing (FTE): 1.45

Workers' Compensation

Effectively manage the Workers' Compensation Program by processing all claims efficiently, fairly and in accordance with the law. Administer the Return to Work program.

Total Expenditures: \$304,503 Total Staffing (FTE): 2.60

COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS

The level of General Fund support for this budget is recommended to decrease \$111,246 or 15% compared to the FY 2010-11 adopted level. Revenues are recommended to increase \$43,813 or 4% and total expenditures are recommended to decrease \$67,433 or 4%.

Revenue in this budget consists of transfers in from other fund centers for the services that Risk Management staff provides in managing the County’s various insurance programs. As such, changes in salary and benefits costs for Risk Management drive changes in the amount of interfund transfers that come in from other fund centers. Revenues are increasing in FY 2011-12 compared to FY 2010-11 due to the addition of 1 FTE Risk Management Analyst in FY 2010-11 whose salary is funded entirely by Fund Center 408- Workers’ Compensation.

Salary and benefits are increasing \$3,958 or less than 1% due to regular pay step increases. Services and supplies are decreasing \$78,035 or 8% due to a significant (\$137,941) decrease in property insurance premiums based on an estimate provided by the California State Association of Counties Excess Insurance Authority (CSAC-EIA). Overall expenditure reductions are due to a decrease in insurance premiums and do not pose any service level impacts to other departments or to the community.

BOARD ADOPTED CHANGES

None.

GOALS AND PERFORMANCE MEASURES

Department Goal: To effectively manage the employee benefit programs (health, life, tax savings, etc.) for County employees and retirees.
Communitywide Result Link: A well-governed community.

1. Performance Measure: Percentage of payroll coordinators that rate the services provided by the Benefits Coordinator as above satisfactory or better.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
100%	91%	100%	100%	100%	94%	100%

What: In the spring of each year, Risk Management conducts a survey of all payroll coordinators to determine their level of satisfaction with the quality of service provided by the Benefits Coordinator. The survey addresses the following critical service areas: timeliness, accuracy, responsiveness, and trustworthiness of information.

Why: The Benefits Coordinator is responsible for educating County payroll coordinators on all aspects of employee benefits. The payroll coordinators, in turn, are responsible for disseminating this information to County employees so they can make informed benefit decisions. Regularly surveying our key customers allows us to gauge the quality of our services and make program improvements as needed.

How are we doing? In a survey conducted in Spring 2011, 94% of payroll coordinators responding rated the Benefits Coordinator above satisfactory. While the results of the survey place satisfaction with the Benefits Coordinator slightly below targeted levels, survey respondents did not indicate reasons for the below target ratings. Having only received positive feedback on the Benefits Coordinator, it is not clear why results have dipped below targeted levels. In an effort to further help educate employees, the benefits coordinator has held workshops for employees that focus on the benefits available to employees. Client response to the workshops has been favorable, and is likely to contribute to continued high satisfaction ratings for this program.

Department Goal: To promote a safe work environment for County employees.
Communitywide Result Link: A safe community and a well-governed community.

2. Performance Measure: Rate of work-related illnesses/injuries per 100 employees as compared to other local government agencies in California.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
4.65	4.15	4.06	3.8	3.8	4.5	3.8

What: This measure tracks the number of employee illnesses/injuries per 100 employees in comparison to other local government agencies in California. By collecting injury and illness data, we can compare ourselves to statewide average data prepared by the Department of Industrial Relations.

Why: This measure helps to track the effectiveness of our Safety Program, which has an impact on the County's budget. An effective safety program limits employee injury and illness, which lowers workers' compensation costs for the County.

How are we doing? The County's illness/injury rate is comparable to the private sector and well below the average for local government agencies of 8.1 per 100 employees, as reported by the Department of Industrial Relations. Top management support for the County's Safety Program, (including training, safety equipment purchases, and hazard mitigation efforts) has resulted in the County reducing its injury rate from a high of 10.3 in FY 2001-02 and FY 2002-03 to its lowest rate of 3.8 in FY 2009-10. The injury rate has leveled off as expected. The increase we see this year may be a statistical deviation from what is the organization's natural lowest achievable injury rate. The initial impact of the Loss Prevention Initiative (LPI) should be realized in the first half of Fiscal Year 2011-12 and the program's efforts should enable us to meet our FY 2011-12 target.

3. Performance Measure: Annual number of serious employee work-related injuries (i.e., death, loss of limb, overnight hospitalization, etc.) as defined by CAL/OSHA.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
0	0	2	1	0	1	0

What: The Federal and State Occupational Safety and Health Act (OSHA) requires reporting of all serious work-related injuries which it defines as death, loss of limb, 24 hour hospitalization for other than observation, etc. This measure reports the number of employees who experience a serious work-related injury.

Why: This measure helps track the effectiveness of our Safety Program, which has an impact on the County's budget. An effective safety program limits employee injury and illness, which lowers workers' compensation costs for the County.

How are we doing? In FY 2010-11, there were no fatalities but one employee was seriously injured requiring more than 24 hours hospitalization. The County always endeavors to achieve zero serious injuries each year.

4. Performance Measure: Number of days away from work due to workplace injury.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
1,028	795	942	419	800	666	750

What: This measure tracks the total number of days that employees are absent during the year due to work-related injuries.

Why: This measure helps to track the effectiveness of our safety and workers' comp programs, which have an impact on the County's budget and the productivity of County employees. Effective safety and workers' comp programs limit employee injury and illness, which lowers workers' compensation costs for the County and reduces the amount of time that County employees are unable to be at work.

How are we doing? The County continues to see a long-term trend of lost-days reductions, though year to year the rate fluctuates. Top management support for the County's Safety and Return to Work programs has in the long term reduced the severity of injuries, and permitted workers to avoid lost work days through use of alternative work offerings.

Department Goal: To effectively administer the County's Liability Insurance Program.

Communitywide Result Link: A well-governed community.

5. Performance Measure: Number of liability claims filed per \$1 million of payroll.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
.79	.95	.60	.65	Better than the CSAC average	.57	Better than the CSAC average
CSAC average .96	CSAC average 1.03	CSAC average .98	CSAC average .93		CSAC average .83	

What: This measure represents a comparison of the number of liability claims filed against local California governments. The California State Association of Counties (CSAC) Excess Insurance Authority (EIA) insures the majority of California public agencies and is the second largest public entity property and casualty pool in the nation.

Why: Tracking the number of liability claims filed per \$1 million of payroll indicates how San Luis Obispo County compares to other counties as determined by the County's annual actuary conducted by Bickmore Risk Services. Keeping liability claims to a minimum has a positive impact on the County's budget because a low number of liability claims contributes to lower liability insurance premiums.

How are we doing? Based on our 2010 actuarial, claim frequency has decreased slightly (12%) compared to FY 2009-10 levels. The County's liability program is performing well and we remain well below the CSAC-EIA average. The County's number of liability claims per \$1 million of payroll has consistently been below the CSAC-EIA average. Due to continuing loss prevention efforts we anticipate that trend will continue.

6. Performance Measure: Average dollar loss/liability claim.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
\$8,700	\$7,370	\$9,290	\$9,460	Better than the CSAC average	\$12,280	Better than the CSAC average
CSAC average \$6,583	CSAC average \$6,520	CSAC average \$7,280	CSAC average \$7,700		CSAC average \$8,990	

What: This measure provides an indication of how much money is being spent on average for liability claims. CSAC (EIA) insures the majority of California public agencies and is the second largest public entity property and casualty pool in the nation.

Why: Tracking the average dollar loss per liability claim indicates how San Luis Obispo County compares to other counties as determined by the County's annual actuary conducted by Bickmore Risk Services. Minimizing liability claims costs reduces the amount of General Fund dollars needed to pay claims, and reduces the cost of excess insurance.

How are we doing? Based on the November 2010 actuarial study, average loss per claim increased. This is largely attributed to the settlement of several serious lawsuits. While the County has experienced a series of major lawsuits over the last several years, the program fundamentals are sound and we anticipate reducing our average loss per claim to levels below the CSAC average in FY 2011-12.

7. Performance Measure: Dollars of loss per \$100 of payroll for liability claims.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
.69	.70	.56	.62	Better than the CSAC average	.70	Better than the CSAC average
CSAC average .60	CSAC average .68	CSAC average .69	CSAC average .67		CSAC average .67	

What: This measure provides an indication of the total liability dollars spent per every \$100 of the County's payroll. CSAC (EIA) insures the majority of California public agencies and is the second largest public entity property and casualty pool in the nation.

Why: Tracking the dollars of loss per \$100 of payroll indicates how San Luis Obispo County compares to other counties as determined by the County's annual actuarial conducted by Bickmore Risk Services. Minimizing liability claims costs reduces the amount of General Fund dollars needed to pay claims, and reduces the cost of excess insurance.

How are we doing? Based on the November 2010 actuarial, the County's loss rate per \$100 of payroll increased slightly from the November 2009 levels. This is largely attributed to the settlement of several serious litigation matters.

Department Goal: Administer a cost-effective Workers' Compensation program for County employees.

Communitywide Result Link: A well-governed community.

8. Performance Measure: Dollars of loss per \$100 of payroll for Workers' Compensation claims.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
\$2.00	\$1.55	\$1.43	\$1.38	Better than the CSAC average	\$1.27	Better than the CSAC average
CSAC average \$2.72	CSAC average \$2.52	CSAC average \$2.25	CSAC average \$2.10		CSAC average \$2.06	

What: This measure provides a comparison of the County's workers' compensation claims costs relative to the annual workers' compensation payroll costs of other counties in California. CSAC (EIA) insures the majority of California public agencies and is the second largest public entity property and casualty pool in the nation.

Why: Tracking the dollars of loss per \$100 of payroll for workers' compensation claims indicates how San Luis Obispo County compares to other counties as determined by the County's annual actuarial conducted by Bickmore Risk Services. Minimizing workers' compensation claims costs reduces the amount of General Fund dollars needed to pay claims, and reduces the cost of excess insurance.

How are we doing? The County continued to see a decline in FY 2010-11 in its loss rate per \$100 of payroll. We continue to remain below the CSAC-EIA average.

9. Performance Measure: Number of Workers' Compensation claims per 100 employees.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
7.5	6.6	6.6	6.6	Better than the Comp Co. average	6.9	Better than the Comp Co. average
Comp Co. avg. 8.45	Comp Co. avg. 9.6	Comp Co. avg. 9.6	Comp Co. avg. 8.1		Comp Co. avg. 8.4	

What: This measures the number of workers' compensation claims per 100 employees for a comparison to the level of claims experienced in other California counties. San Luis Obispo County is compared to 19 other counties in the annual Self Insurance Plan Benchmark report produced by TCS Risk Management Services, and more specifically to four counties considered comparable to San Luis Obispo County.

Why: This measure enables us to compare the level of workers' compensation claims within the County to the claim levels experienced by comparably sized and organized California counties. Claim frequency is an indication of the effectiveness of both our workers' compensation and safety programs, which impacts the County's budget. A low level of workers' compensation claims reduces the County's workers' compensation insurance premiums.

How are we doing? The December 2010 TCS reports show the claim frequency for the County has been trending downward for several years, but the trend has leveled off. Additionally, the report shows that the County has the lowest frequency of the four comparably sized and organized counties. This measure replaces the measure that tracked the number of claims per million dollars of payroll. Tracking injuries against payroll skews the results for entities with a relatively high or low average, and demographically-defined compensation rates. This measure avoids valuing injured workers by compensation rate.

10. Performance Measure: Average dollars loss per Workers' Compensation claim.

06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Actual Results	10-11 Adopted	10-11 Actual Results	11-12 Target
\$10,000	\$7,380	\$5,440	\$5,730	Better than the CSAC average	\$6,170	Better than the CSAC average
CSAC average \$10,216	CSAC average \$11,540	CSAC average \$10,290	CSAC average \$10,790		CSAC average \$10,940	

What: This measures the average dollars of loss per workers' compensation claim for a comparison to the average dollars of loss experienced in other Counties as reported by the CSAC average. The average loss projected by the CSAC actuary is based on historical loss data and represents ultimate final loss costs for claims from each fiscal year. CSAC (EIA) insures the majority of California public agencies and is the second largest public entity property and casualty pool in the nation.

Why: Tracking the average dollars lost per workers' compensation claim provides a measurement of the effectiveness of the County's workers' compensation program as compared with other counties. An effective workers' compensation program limits the number and cost of workers' compensation claims.

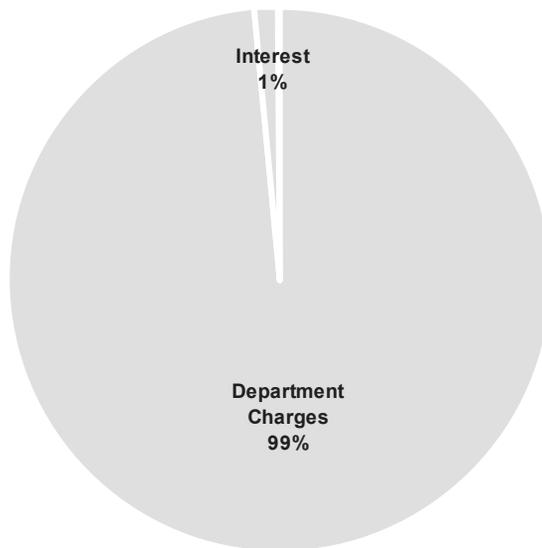
How are we doing? Our continued efforts to keep new claims contained and older claims resolved have helped the program see a low average dollar loss per workers' compensation claims. Like all counties, San Luis Obispo County claim costs have begun to rise with the overall rise in health care costs. However, San Luis Obispo County's claim costs are still nearly half of the CSAC average.

PURPOSE STATEMENT

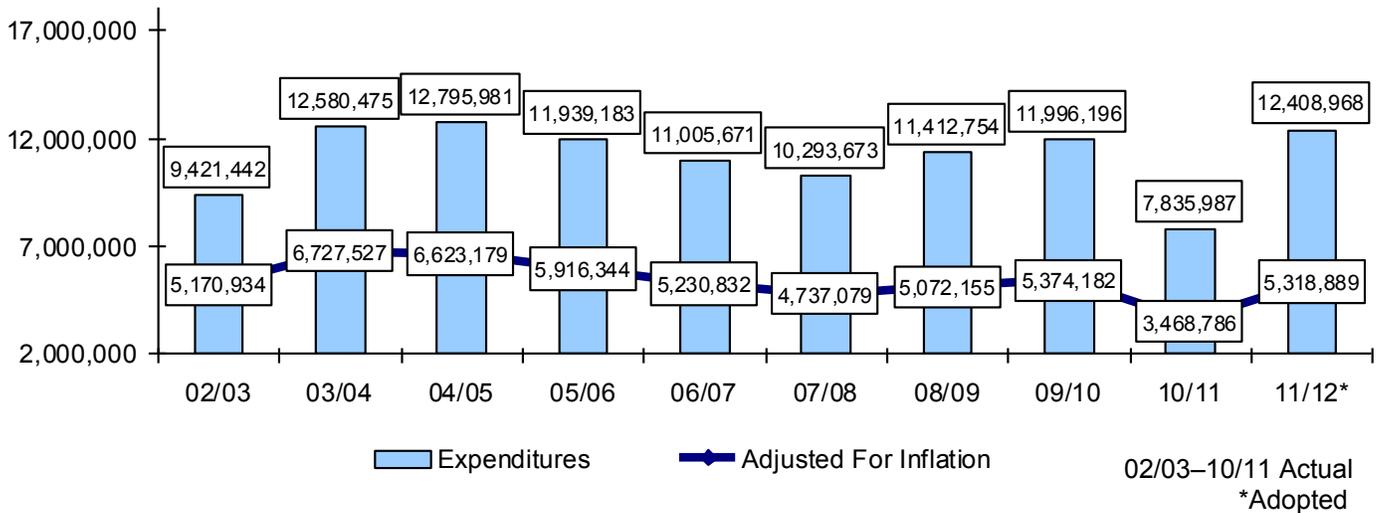
Fund centers 408-412 comprise the County's self-insurance budget and provide funding for Workers Compensation (fund center 408), Liability Self-Insurance (fund center 409), Unemployment Insurance (fund center 410), Medical Malpractice (fund center 411) and Self-Insured Dental (fund center 412). Funding for the self-insurance fund centers comes largely from charges to departments for providing various benefits and insurances to County employees. Staffing for the administration of the self-insurance programs is included in fund center 105- Risk Management.

OPERATING DETAIL (1)	2009-10 ACTUAL (2)	2010-11 ACTUAL (3)	2011-12 RECOMMENDED (4)	2011-12 ADOPTED BY THE BOS (5)
OPERATING REVENUES				
Charges for current services	7,174,499	7,889,660	7,334,000	7,334,000
TOTAL OPERATING REVENUES	7,174,499	7,889,660	7,334,000	7,334,000
OPERATING EXPENSES				
Services and Supplies	2,528,626	2,870,958	2,284,909	2,284,909
Overhead	423,351	544,782	362,920	362,920
Insurance	1,588,165	1,338,711	2,535,000	2,535,000
Claims	6,038,343	2,064,272	6,001,139	6,001,139
Outside Legal	1,417,711	1,017,264	1,225,000	1,225,000
TOTAL OPERATING EXPENSES	11,996,196	7,835,987	12,408,968	12,408,968
OPERATING INCOME (LOSS)	(4,821,697)	53,673	(5,074,968)	(5,074,968)
NON-OPERATING REVENUES (EXPENSES)				
Interest	198,354	108,777	94,654	94,654
Other Income	0	0	0	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	198,354	108,777	94,654	94,654
INCOME BEF. CAPITAL CONTRBS. & TRANSFERS	(4,623,343)	162,450	(4,980,314)	(4,980,314)
Transfers in (out)	0	0	0	0
CHANGE IN NET ASSETS	(4,623,343)	162,450	(4,980,314)	(4,980,314)
Net assets - beginning	11,614,541	6,991,198	6,420,548	6,420,548
Net assets - ending	6,991,198	7,153,590	1,440,234	1,440,234

Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Self Insurance has a total expenditure level of \$12,408,968 to provide the following services:

Workers' Compensation

Provides funding for all costs associated with the County's self-insured Workers' Compensation Program, including benefit payments to eligible recipients and administrative expenses.

Total Expenditures: \$5,869,924 Total Staffing (FTE): *

Liability Self-Insurance

Provides funding for all costs associated with the County's self-insured Liability Program, including loss payments to resolve claims/litigation and administrative expenses.

Total Expenditures: \$4,099,460 Total Staffing (FTE): *

Medical Malpractice

Provides funding for all costs associated with the County's Medical Malpractice Program, including insurance premiums, deductibles, and administrative expenses.

Total Expenditures: \$283,632 Total Staffing (FTE): *

Unemployment Insurance

Provides funding for all costs associated with the County's self-insured Unemployment Program, including benefit payments to eligible recipients and administrative expenses.

Total Expenditures: \$369,967 Total Staffing (FTE): *

Dental Plan

Provides funding for all costs associated with the County's self-insured dental plan, including benefit payments and administrative expenses.

Total Expenditures: \$1,785,985 Total Staffing (FTE): *

*Staffing for these programs is reflected in fund center 105 – Risk Management.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The Self Insurance Budget consists of Internal Service Funds (ISF's) that charge County departments in order to service the Workers Compensation (fund center 408), Liability (fund center 409), Unemployment Insurance (fund center 410), Medical Malpractice (fund center 411), and Self-Insured Dental (fund center 412) programs. Staffing for each of these programs is described in the budget for Risk Management (fund center 105).

Industry norms, including guidelines set by our excess insurance carrier, the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), suggest fund reserve levels for these programs should be maintained between 70% (minimum) and 90% (conservative) confidence level. The programs in the self insurance budget have been well managed in recent years, and are on a good financial foundation. Therefore, it is reasonable and appropriate to minimize charges to departments during this difficult budget year, while still maintaining adequate reserve levels. For this reason, charges to departments have been reduced in most cases to maintain a 70-85% confidence level in the reserve funds. Setting and maintaining of reserve levels is done in conjunction with annual actuarial studies.

Because the Self Insurance Programs are Internal Service Funds, the State Controller's Office requires that an Operation of Internal Service Fund Schedule 10 be submitted. The format of the Schedule 10, as well as some of the data it contains, is different from how other County departments' budgets are reported. For consistency purposes, this narrative, Service Programs, and the 10 Year Expenditure chart use the information and data from the Schedule 10.

For consistency with the manner in which changes in other fund centers are explained, this narrative provides a comparison of the FY 2011-12 recommended budget with the FY 2010-11 adopted budget. Variances between the FY 2011-12 recommended budget and the FY 2010-11 adopted budget are described by fund center as follows:

Fund Center 408- Workers Compensation

Revenues are recommended to increase by \$516,000 or 28% compared to the FY 2010-11 adopted budget. This increase is due largely to an increase in Workers' Compensation charges to departments which have been set to generate \$2,254,000 in FY 2011-12. As a budget balancing solution, charges to departments were temporarily reduced to \$1,600,000 in both FY 2009-10 and FY 2010-11; in an effort to reduce County departments' need for general fund support. In the interest of maintaining appropriate reserves for this fund center, the reduced rates cannot be sustained further. While department charges are being increased, the \$2,254,000 generated in FY 2011-12 will still be less than the standard charges of \$3,200,000. This increase in departmental charges has as little impact as possible to the General Fund without jeopardizing the fund center's reserves, enabling the fund center to maintain an 85% confidence level.

Expenditures are recommended to decrease by \$233,248 or 3% compared to the FY 2010-11 adopted budget, due largely to a \$220,716 decrease in Countywide overhead charged to the fund center.

Fund Center 409- Liability

Revenues are recommended to decrease by \$339,000 or 10% compared to the FY 2010-11 adopted budget. This decrease is due largely to a decrease in interest earnings and a reduction in liability insurance rates charged to departments which have been set to generate \$3,000,000 in FY 2011-12. Despite this decrease, the fund has sufficient reserves to maintain a 70% confidence level.

Expenditures are recommended to increase by \$442,584 or 12% compared to the FY 2010-11 adopted budget. This increase is due largely to a \$365,000 increase in outside legal counsel which is being increased to more realistically budget for use of outside counsel to defend the County in any liability related litigation. This account has historically been under budgeted in prior fiscal years and the \$365,000 budgeted for FY 2011-12 reflects an average of actual expenditures in this account since FY 2004-05. An increase in Countywide overhead charged to the fund center also contributes to the overall increase in expenditures.

Fund Center 410- Unemployment Insurance

Revenues are recommended to decrease by \$153,674 or 43% compared to the FY 2010-11 adopted budget. This decrease is due largely to a decrease in unemployment insurance rates charged to departments. Expenditures are recommended to increase by \$7,525 or 1% compared to the FY 2010-11 adopted budget. Despite the decrease in charges to departments, the fund center maintains adequate reserves to cover any potential layoffs in the near future.

Fund Center 411- Medical Malpractice

Revenues are recommended to decrease by \$2,995 or 1% compared to the FY 2010-11 adopted budget due to a decrease in interest earnings. Expenditures are recommended to increase by \$46,356 or 19% compared to the FY 2010-11 adopted budget due to an increase in medical malpractice insurance premiums based on estimates provided by CSAC-EIA.

Fund Center 412- Self-Insured Dental

Revenues are recommended to decrease by \$110,980 or 6% compared to the FY 2010-11 adopted budget due to a decrease in interest earnings and charges to departments. Expenditures are recommended to increase by \$4,646 or less than 1% compared to FY 2010-11 adopted levels.

BOARD ADOPTED CHANGES

None.