

Support to County Departments

County Counsel

General Services Agency

Fleet Services

Information Technology

Human Resources

Risk Management

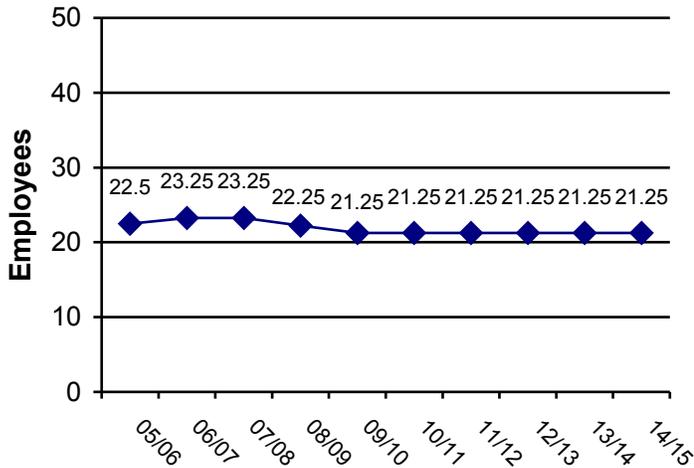
Self Insurance

MISSION STATEMENT

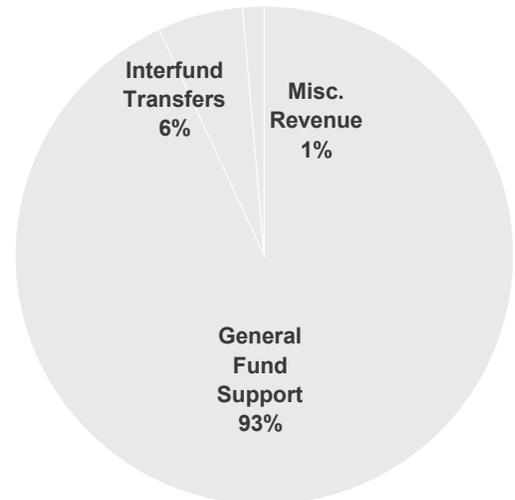
To provide accurate and reliable legal services to County departments, boards, agencies, and special districts in a manner which is cost effective and promotes excellence in delivery of government services to the public.

<u>Financial Summary</u>	2013-14	2013-14	2014-15	2014-15	Change From
	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2013-14</u>
Intergovernmental Revenue	\$ 2,483	\$ 2,483	\$ 3,500	\$ 3,500	\$ 1,017
Charges for Current Services	41,500	60,132	48,000	48,000	6,500
Interfund	<u>202,500</u>	<u>202,500</u>	<u>183,200</u>	<u>183,200</u>	<u>(19,300)</u>
**Total Revenue	\$ 246,483	\$ 265,115	\$ 234,700	\$ 234,700	\$ (11,783)
Salary and Benefits	3,303,778	3,267,430	3,320,303	3,320,303	16,525
Services and Supplies	<u>185,367</u>	<u>185,131</u>	<u>212,684</u>	<u>212,684</u>	<u>27,317</u>
**Gross Expenditures	\$ 3,489,145	\$ 3,452,561	\$ 3,532,987	\$ 3,532,987	\$ 43,842
General Fund Support (G.F.S.)	<u>\$ 3,242,662</u>	<u>\$ 3,187,446</u>	<u>\$ 3,298,287</u>	<u>\$ 3,298,287</u>	<u>\$ 55,625</u>

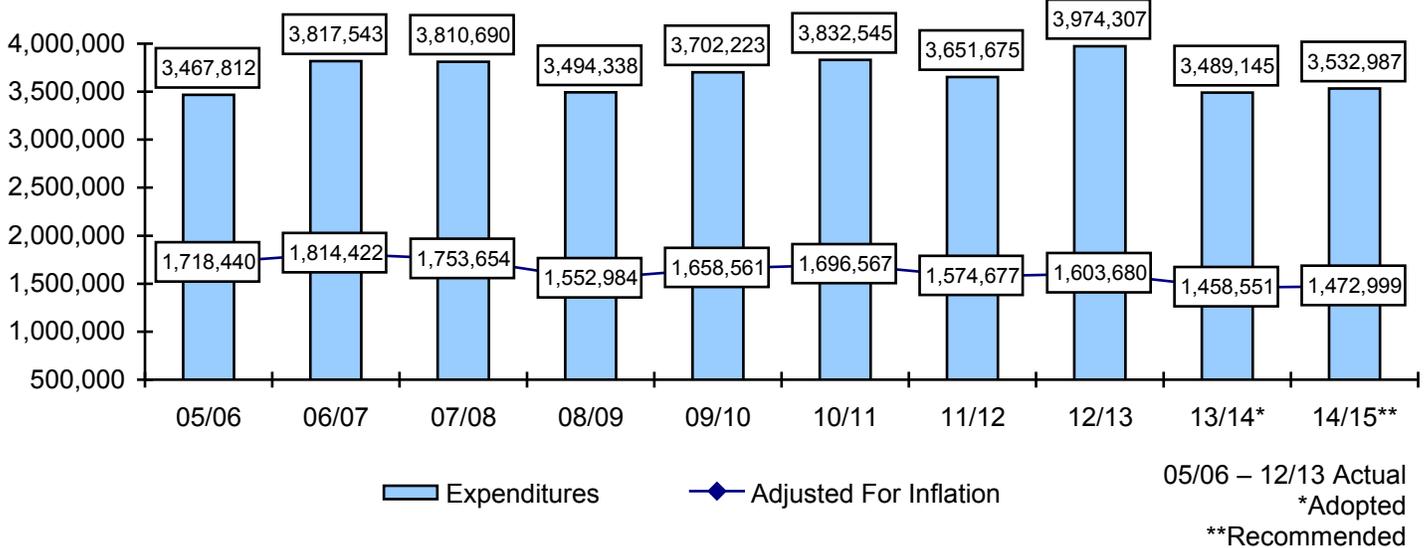
Number of Employees
(Full Time Equivalent)



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

County Counsel has a total expenditure level of \$3,532,987 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: \$1,095,226 Total Staffing (FTE): 6.50

Legal Advice

Provide representation and legal advice to the Board of Supervisors, approximately 70 County boards, commissions, departments, agencies, or divisions (including 3 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: \$2,437,761 Total Staffing (FTE): 14.75

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 funds. The department continues to scale back the number of hardcover publications and periodicals in order to avoid the expense of updating them.

In FY 2014-15, County Counsel will continue addressing the growing number of local and state issues involving water and supply. The scarcity of groundwater in all areas of the County is expected to give rise to additional litigation and continued governance work in the coming year. The department expects to address this challenge through both continued development of in-house expertise and the selective use of outside resources.

Following are some of the department's notable accomplishments for the last year and some specific objectives for the upcoming year:

FY 2013-14 Accomplishments

- Representative favorable judgments or settlements:
 - Upheld plan for supervisorial district redistricting at the Court of Appeal
 - Successfully resolved litigation challenging the Los Osos CSD plan for bankruptcy reorganization
 - Prevailed in a superior court challenge to Board of Supervisors action on the Huasna Excelaron project
- Significant transactional work includes:
 - Transferring County-owned Sunny Acres property to Transitions-Mental Health Association
 - Contracting for evaluation, preservation and restoration of the Cayucos Pier
 - Contracting with Sustain Technologies to implement a new case management system for the Probation Department
- Notable advisory efforts:
 - Consolidating the offices of Auditor-Controller and Treasurer-Tax Collector
 - Permitting expanded throughput at the Phillips 66 refinery
 - Implementing AB 109 realignment with the Sheriff and Probation Departments
 - Reassessing the value of Mission Linen corporate property

FY 2014-15 Objectives

- Provide Legal Counsel on the following major projects:
 - Juvenile Hall expansion project
 - Paso Robles ground water basin governance and management
 - Continued construction of the Los Osos Wastewater project
 - Los Osos Habitat Conservation Plan
 - Women's jail expansion project

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The level of General Fund support for this department is recommended to increase \$55,625 or 1% compared to FY 2013-14 adopted levels. Revenues are recommended to decrease \$11,783 or 4% and total expenditures are recommended to increase \$43,842 or 1%.

The department's revenue consists almost entirely of charges to outside agencies and other County departments for legal services. In FY 2013-14, the department budgeted for a significant increase in legal services revenues due to a projected increase in the number of hours billed to the Public Works department for a variety of projects. In FY 2014-15, revenues are recommended to decrease, due to expected reduced involvement in the Nacimiento Water Project, State Water project, and various flood control and water conservation district litigation.

Salary and benefits are increasing by \$16,525 or less than 1% due to an increase in salaries for step increases. Services and supplies are increasing by \$27,317 or 14% due to an increase in online legal research and increase in insurance expenditures.

The recommended FY 2014-15 General Fund support will support the department's ability to continue handling the same level of transactional matters, Child Welfare Services matters, and litigation matters as in the current year. As such, it is expected that the department will be able to maintain existing service levels in FY 2014-15.

GOALS AND PERFORMANCE MEASURES

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: Safe Healthy Livable Prosperous Well-Governed Community

1. 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.

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
700	690	695	651	650	675	675

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 matters on the Court's weekly CWS Calendar, any contested hearings and/or trials and all CWS Mediations.

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). To this point in FY 2013-14 there were 172 Petitions filed (calendar items), 50 contested hearings/trials and 22 mediations. 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 also be noted that the number of writs and appeals are beyond our control. For example: parents are entitled to outside appellate counsel from a large panel, and individual panel attorneys may take more aggressive approaches. In addition, changes in statutes or case law can trigger a rash of related appeals. 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.

2. 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.

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
143	148	156	153	150	175	170

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? So far during FY 2013-14, there have been 19 Habeas Corpus matters handled by County Counsel. Based on this number, it is expected that there will be approximately 50 during this fiscal year. At present, there are 117 ongoing/active conservatorship cases, as well as nine estate matters from the Public Administrator. The number of conservatorship cases has increased slightly, though their complexity continues to be at an elevated level, resulting in more hours of preparation and increased court appearances than in years past. 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: Safe Healthy Livable Prosperous Well-Governed Community

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
95%	97%	100%	98%	99%	99%	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 in the most effective manner. 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? Results are calculated by comparing the number of clients the department represents (106) with the comments received. As of this date all clients reported that advice from County Counsel was clear, relevant and timely, with three having less than positive comments. The results continue to improve due to changes in assignments of clients to attorneys that create better fits, more experience with the client, etc. No comparable county data is available.

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
98%	99%	91%	92%	98%	98%	98%

What: This measurement reflects the percentage of time that the review of 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? At this point in FY 2013-14 there have been 1,050 requests for legal advice submitted by various departments. Approximately 1,000 (95%) of these requests for legal advice were completed within five working days. Some of the requests for legal advice require considerable time to complete due to their complexity or necessary research but the requests are not weighted according to complexity or difficulty and therefore do not take this factor into account. 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: Safe Healthy Livable Prosperous Well-Governed Community

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
.69%	.81%	.75%	.66%	.75%	.64%	.70%

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.

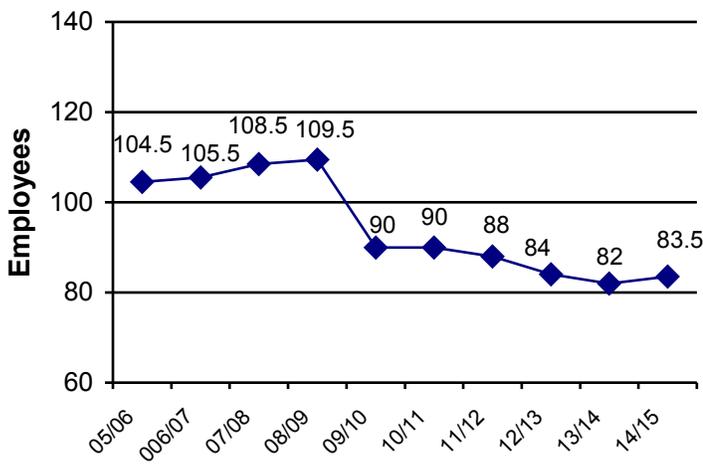
How are we doing? County Counsel's operating budget continues to stay fairly consistent with prior years. The budget status includes funds that are encumbered periodically during the year for professional services (i.e., outside law firms and outside technical experts). These professional services are incurred on behalf of the County and are budgeted and paid for through the County Counsel budget. Those encumbrances are not included in our calculations for this measure. Our department's budget is primarily staff costs and all other costs are closely monitored.

MISSION STATEMENT

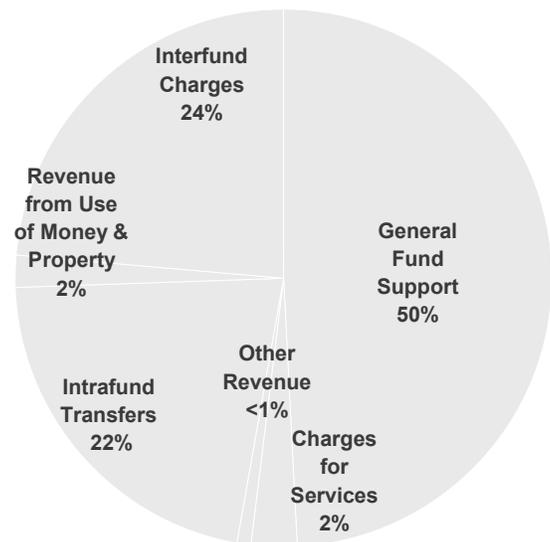
General Services provides cost effective, functional, safe facilities for San Luis Obispo County by delivering excellent services that enable the professional operation of County business.

	2013-14 <u>Budget</u>	2013-14 <u>Projected</u>	2014-15 <u>Requested</u>	2014-15 <u>Recommended</u>	Change From 2013-14
Financial Summary					
Licenses and Permits	\$ 10,900	\$ 11,447	\$ 14,500	\$ 14,500	\$ 3,600
Revenue from Use of Money & Property	262,030	235,057	241,968	241,968	(20,062)
Intergovernmental Revenue	5,183	8,752	4,198	4,198	(985)
Charges for Current Services	327,695	297,857	309,895	309,895	(17,800)
Other Revenues	92,220	130,609	95,361	95,361	3,141
Interfund	<u>2,784,575</u>	<u>2,757,632</u>	<u>2,799,980</u>	<u>2,958,258</u>	<u>173,683</u>
**Total Revenue	\$ 3,482,603	\$ 3,441,354	\$ 3,465,902	\$ 3,624,180	\$ 141,577
Salary and Benefits	7,920,994	7,368,967	7,823,041	7,930,310	9,316
Services and Supplies	4,298,190	4,647,091	4,500,919	4,500,919	202,729
Other Charges	72,561	72,561	72,761	72,761	200
Fixed Assets	<u>0</u>	<u>24,800</u>	<u>29,000</u>	<u>29,000</u>	<u>29,000</u>
**Gross Expenditures	\$ 12,291,745	\$ 12,113,419	\$ 12,425,721	\$ 12,532,990	\$ 241,245
Less Intrafund Transfers	<u>2,679,398</u>	<u>2,568,697</u>	<u>2,744,390</u>	<u>2,744,390</u>	<u>64,992</u>
**Net Expenditures	\$ 9,612,347	\$ 9,544,722	\$ 9,681,331	\$ 9,788,600	\$ 176,253
General Fund Support (G.F.S.)	<u>\$ 6,129,744</u>	<u>\$ 6,103,368</u>	<u>\$ 6,215,429</u>	<u>\$ 6,164,420</u>	<u>\$ 34,676</u>

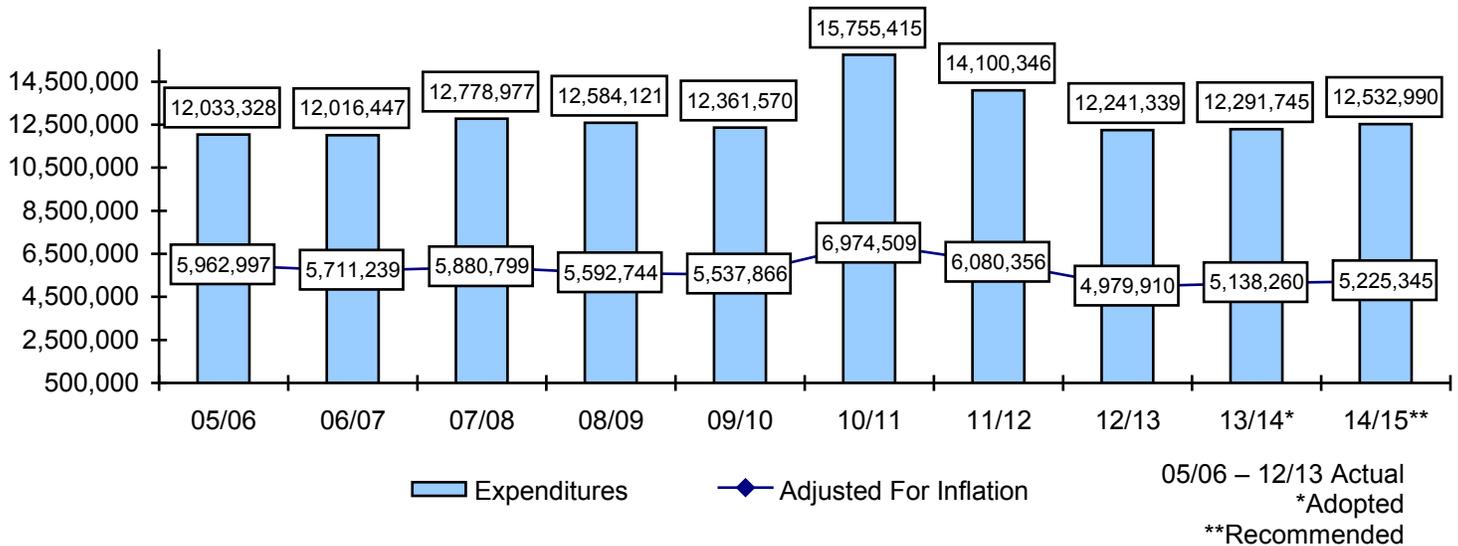
**Number of Employees
(Full Time Equivalent)**



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

General Services Agency (GSA) has a total expenditure level of \$12,532,990 and a total staffing level of 83.50 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: \$1,847,490 Total Staffing (FTE): 14.50

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: \$1,369,539 Total Staffing (FTE): 11.00

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: \$643,694 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: \$378,741 Total Staffing (FTE): 4.00

Custodial Services

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

Total Expenditures: \$1,930,745 Total Staffing (FTE): 24.00

Support to County Departments

Facility Maintenance Services

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

Total Expenditures: \$3,218,592 Total Staffing (FTE): 23.00

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, the Energy Element of the County Land Use Ordinance, and the County Energy Use Policy.

Total Expenditures: \$1,139,638 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: \$2,004,551 Total Staffing (FTE): 4.00

DEPARTMENT COMMENTS

General Services' mission is to provide all departments and agencies of San Luis Obispo County Facility, Real Property, and Purchasing services that are cost effective and are conducive to, and enhance the operations of the County.

The Architectural Services, Facilities Services, and Real Property Services teams provide project development, design management, and construction management for 70 capital improvement and maintenance projects totaling \$90 million; maintain buildings, facility equipment, and provide custodial services for approximately 130 facilities with a combined square footage of 1.3 million; manages 112 leased properties totaling 171,445 square feet and 320 parcels totaling 3,000 acres of County-owned real estate; and manages facility utilities and evaluates energy reduction and renewable energy options.

Countywide Purchasing centralizes the purchasing of all goods and services for all County departments processing 1,832 purchase order transactions accounting for \$93 million through the financial system (SAP); and internal County mail processes and delivers 859,000 pieces of external and internal mail.

General Services will focus on further development of existing financial systems and explore the use of other tools to provide better tracking, reporting, and analysis of data.

Following are some of the department's notable accomplishments for FY 2013-14 and some specific objectives for FY 2014-15:

FY 2013-14 Accomplishments

- Completed construction of the new Cambria Library in December 2013, transforming a vacant building in Cambria to a new library, delivering the project on schedule and 33% under budget.
- Leveraged a pre-qualification process to select a general contractor for the Women's Jail Expansion and Juvenile Hall Expansion projects.

FY 2014-15 Objectives

- Begin construction of SB81 funded Juvenile Hall Expansion project.
- Replace severely damaged and missing piles on Cayucos pier, restoring structural stability to the historic pier.
- Continue to manage the multi-year construction on the AB900 funded Women's Jail Expansion project to the planned budget and October 2016 completion date.

- Achieved substantial completion of the Atascadero Library and North County Service Center to expand library space and provide needed County services.
- Continue to manage the total inventory of approximately 90 construction and maintenance projects to planned schedules and budgets.
- Implemented electronic procurement bidding; adding 2,350 new vendors, a 450% increase, while saving 450 annual staff hours.
- Complete SAP update to allow for better tracking and reporting of metrics for plant maintenance and capital projects.
- Reached successful resolution of a Memorandum of Understanding between the County and the Nipomo Community Services District for the location of Jim O. Miller Park in Nipomo.
- Define standard dashboards to report on key performance indicators highlighting operational and financial performance.
- Established a San Luis Obispo County Purchasing Alliance creating a Memorandum of Understanding with cities, Cal Poly, and State agencies providing savings and transparency.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The level of General Fund support for this budget is recommended to increase by \$34,676 or less than 1% compared to the FY 2013-14 adopted level. Revenues are recommended to increase by \$141,577 or 4% and expenditures are recommended to increase by \$176,253 or 1%.

The operational expense for General Services is funded through a combination of General Fund support and service charges for custodial, maintenance, architectural, property management, purchasing and other services that are primarily applied to non-General Fund departments. Revenues are increasing due largely to an increase in Architectural Services billings to departments for various projects. Two factors impact this increase: 1. an increase in the hourly rate charged for Architectural Services staff work on capital projects, from \$110.20 to \$112.31, and 2. the expectation that an existing Capital Projects Coordinator which has been vacant for some time will be staffed, and that position's work on various projects will be billed out to departments.

Salary and benefits are recommended to increase by only \$9,316 or less than 1% due to regular pay step increases and the reclassification of a Senior Storekeeper to a Supervising Administrative Clerk I, as a result of a classification study conducted by the Human Resources Department. Salary and benefits also includes funding to extend the term of a limited term Associate Capital Projects Coordinator position that was created in May of 2012 to assist with increased workload in General Services' Architectural Services Division due to the Women's Jail Expansion and Juvenile Hall projects that are currently underway. The limited term position is currently set to expire at the end of FY 2013-14, but due to continued workload associated with these major capital projects, it is recommended that the position be extended through FY 2014-15.

Services and supplies are recommended to increase \$202,729 or 4%, due to increases in various accounts. Significant variances from FY 2013-14 include: a \$33,176 increase to professional services due to increased expense for facility repairs and an analysis of County Purchasing spend in 2014, a \$37,811 increase to rents and leases based on rent projects in lease terms or CPI increases, a \$24,750 increase in garage charges from Fleet, and a \$48,149 increase to the department's share of liability insurance costs. Intrafund expense offsets are recommended to increase of \$64,992 or 2% largely due to increased staff charges to the Department of Social Services for property management and other services.

Fixed assets are budgeted at \$29,000 to fund the replacement of various maintenance equipment that has been due for replacement but hasn't been replaced in the past two years due to budget constraints.

Several changes have been made to General Services' Position Allocation List (PAL) in the current year, which has increased the department's number of authorized positions by 1.50 FTE. On February 11, 2014, the Board approved the following changes to General Services' PAL:

- -1.00 FTE Accountant III (Vacant)
- +0.50 FTE Account Clerk (New- position transferred from FC 114- IT PAL)
- +1.00 FTE Accounting Technician-Confidential (Filled- position transferred from FC 114- IT PAL)
- +1.00 FTE Administrative Assistant II (New)
- +1.00 FTE Administrative Services Manager (Filled- position transferred from FC 114- IT PAL)
- -1.00 FTE Stock Clerk (Vacant)

As noted above, the FY 2014-15 budget recommends the extension of 1.00 FTE Limited Term Associate Capital Projects Coordinator position, as well as the elimination of 1.00 FTE Senior Storekeeper, to be replaced with the addition of 1.00 FTE Supervising Administrative Clerk I. The result of these recommendations and changes in the current year is a net increase of 1.50 FTE compared to FY 2013-14 adopted levels.

GOALS AND PERFORMANCE MEASURES

Department Goal: Manage County purchasing services to maximize value for the County dollar.						
Communitywide Result Link: <input type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community						
1. Performance Measure: Percentage of purchasing transactions subject to a competitive solicitation. <i>This measure is being deleted in FY 2014-15.</i>						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
22%	26%	26%	52%	55%	61%	Deleted
What: A measure of the percentage of purchasing transactions that include a local competitive solicitation, a governmental cooperative purchasing agreement or Board of Supervisors review prior to contracting.						
Why: To encourage market competition among suppliers of goods and services and get the best value for County expenditures.						
How are we doing? GSA-Purchasing is projecting to exceed its adopted goal for FY 2013-14, completing 436 competitive solicitations. A key factor in this improvement has been the implementation of an electronic procurement system providing increased competition maximizing the County dollar. In FY 2014-15, this measure is being deleted and replaced with a key industry standard measure (measure #2, below) of cost savings to align with the GSA-Purchasing strategic plan.						
2. Performance Measure: Total cost savings provided to all County departments by Purchasing.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
New Measure	New Measure	New Measure	New Measure	New Measure	New Measure	\$650,000
What: A measure of the total cost savings provided to County departments by subtracting the departmental requisition or estimated cost less the actual cost to purchase the good or service.						
Why: To achieve the most competitive costs for goods or services purchased.						
How are we doing? In calendar year 2013 GSA-Purchasing processed 1,832 purchase order transactions accounting for \$93 million through our financial system (SAP). During FY 2013-14 GSA-Purchasing continued to implement a Cost Savings and Strategic Procurement program as part of its strategic plan. It is projected in FY 2013-14 over \$600,000 in cost savings will be provided to County departments through this program. Cost savings have been achieved by sourcing new suppliers, negotiations, elimination of purchase orders, and price reduction utilizing Cooperative Agreements from other government agencies. This is a new measure for FY 2014-15 that aligns GSA-Purchasing to industry best practices.						

Department Goal: Provide timely, reliable and cost-effective services that meet or exceed customer expectations.						
Communitywide Result Link: <input type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community						
3. Performance Measure: Percentage of Customers rating their experience with General Services as “satisfactory” or better.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
New Measure	New Measure	New Measure	89%	90%	90%	90%
<p>What: The aggregate percentage of those responding to an annual survey that rate General Services (Accounting, Administration, Purchasing, Mail, Architectural Services, Maintenance and Custodial services) in terms of both efficiency and quality (timeliness, accuracy, courtesy and satisfaction) as “Satisfactory” or better.</p> <p>Why: General Services Agency is dedicated to delivering accurate, reliable, and timely services that are valued by our customers.</p> <p>How are we doing? GSA-General Services received 183 responses to its annual survey and is projecting to meet its adopted goal in FY 2013-14. Overall, a continued effort on “Delivering Excellence to Every Customer” will remain, while making continuous improvements focused on our customers. The FY 2014-15 target will remain at 90%.</p>						
Department Goal: Manage the County’s real estate assets and leases to support the operational needs of County Departments.						
Communitywide Result Link: <input type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community						
4. Performance Measure: Percentage of customers rating the process and results as satisfactory or better. The process includes defining the space related business needs and meeting those needs with appropriate space and location.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
New Measure	New Measure	New Measure	100%	95%	100%	95%
<p>What: The percentage of customers responding to ‘point-of-service’ survey or interview, conducted at the completion of each transaction or project that rate Real Property Services transactions in terms of quality and timeliness as Satisfactory or better. This includes the lease and permitting processes.</p> <p>Why: To encourage timely processing of requests and high quality transactions by measuring customers responses.</p> <p>How are we doing? GSA-Real Property Services received 8 responses from customers during FY 2013-14 all providing a rating of satisfactory or better. It is projected Real Property Services will exceed its adopted FY 2013-14 goal. The FY 2014-15 target will remain the same at 95%.</p>						
Department Goal: Provide cost-effective, reliable and safe facilities and property for County use.						
Communitywide Result Link: <input checked="" type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community						
5. Performance Measure: Percentage change (as well as actual dollar change) of the Average Per- square-foot Maintenance and Custodial costs, as compared to the previous year.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
New Measure	New Measure	New Measure	-4% / -\$0.14	0% / \$0	0% / \$0	0% / \$0
<p>What: A comparison of the percentage change and actual dollar change in the per-square-foot costs of County owned facilities as compared to the previous year.</p> <p>Why: This is a measure of effective management of County facilities. Facility costs per-square-foot are developed annually as part of GSA-General Services Fees. This will create the basis for year-over-year comparisons. The goal is to keep the cost of ownership of County facilities flat or decreasing while ensuring optimal performance in terms of function and reliability.</p> <p>How are we doing? GSA-General Services is projecting to meet or exceed the adopted target with no significant changes to County facilities cost per sq. ft. in FY 2013-14. The FY 2014-15 target has been set equal to the FY 2013-14 as there a no significant anticipated changes in County facilities cost per sq. ft.</p>						

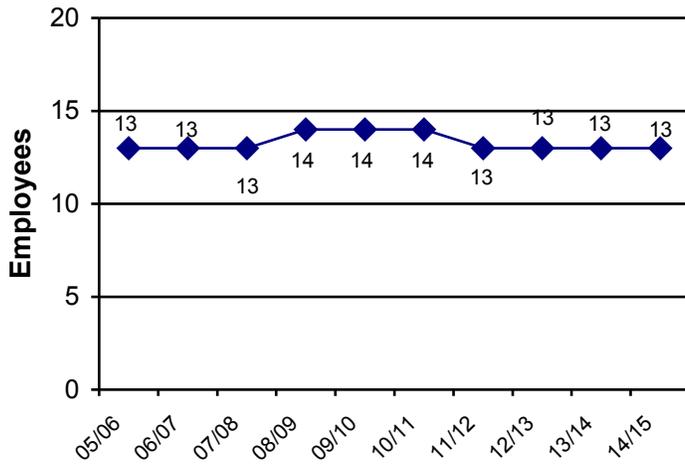
6. Performance Measure: The percentage of Corrective Maintenance (CM) work orders completed by Maintenance staff within seven days.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
New Measure	New Measure	New Measure	79%	84%	79%	81%
<p>What: The percentage of Corrective Maintenance (CM) work orders completed within the expected seven working day time frame for the fiscal year. The average number of annual work orders for Corrective Maintenance (CM) is approximately 4,450.</p> <p>Why: Completion of Corrective Maintenance (CM) work orders is highly visible to our customers and contributes to excellent customer service.</p> <p>How are we doing? GSA-Facility Services is projecting that it will not meet its adopted FY 2013-14 goal. Currently, non-urgent Corrective Maintenance (CM) work orders are completed on a 14 working day time frame rather than a 7 day time frame with the purpose of prioritizing critical Preventive Maintenance (PM) work orders with the goal of reducing the future quantity of Corrective Maintenance (CM) work orders. GSA-Facility Services will continue to implement this plan reducing the quantity of CM work orders during FY 2013-14, and has adjusted its FY 2014-15 target up to reflect this strategy.</p>						
7. Performance Measure: Percentage of Preventive Maintenance (PM) work orders completed within 14 days.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
New Measure	New Measure	New Measure	58%	30%	42%	40%
<p>What: The percentage of Preventive Maintenance (PM) work orders completed by Maintenance staff within the scheduled 14 working day time frame compared to the total amount generated from the automated work order system (SAP). The average number of annual Preventive Maintenance (PM) work orders is approximately 3,000.</p> <p>Why: To monitor and improve the completion percentage for Preventive Maintenance (PM) work orders. Timely completion of Preventive Maintenance (PM) activities contributes to functional facilities and fewer Corrective Maintenance (CM) or 'break-fix' calls. It leads to the most effective deployment of staff and optimizes the usefulness of the facilities to support our customers and the public.</p> <p>How are we doing? GSA - Facility Services is projecting to exceed its adopted goal in FY 2013-14. Staff completed 968 or 42% of Preventive Maintenance (PM) work orders within the 14 working day time frame as of November, well exceeding the adopted FY 2013-14 goal. Prioritizing critical Preventive Maintenance (PM) work orders continues to be the focus to reduce the future quantity of Corrective Maintenance (CM) work orders. In FY 2014-15 the target has been increased by 10% above the FY 2013-14 adopted to align with this strategy.</p>						
8. Performance Measure: Percentage of Capital and Maintenance projects that were completed within expected time estimates.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
New Measure	New Measure	New Measure	70%	90%	90%	90%
<p>What: The percentage of Capital and Maintenance projects that were completed within expected time estimates and according to Project Customer expectations.</p> <p>Why: Timely completion of capital and maintenance projects is one indicator of efficiency and contributes to functional facilities for our customer departments.</p> <p>How are we doing? In FY 2013-14 GSA- Architectural Services is projected to meet its adopted FY 2013-14 goal. During the first half of the fiscal year, 21 projects were completed and 19 or 90% of those projects were completed within expected time estimates. Improvements in project scope development, coordination with stakeholders, standardization of processes, and project management training showed positive results. Architectural services will continue to make positive improvement and is targeting 90% in FY 2014-15.</p>						

MISSION STATEMENT

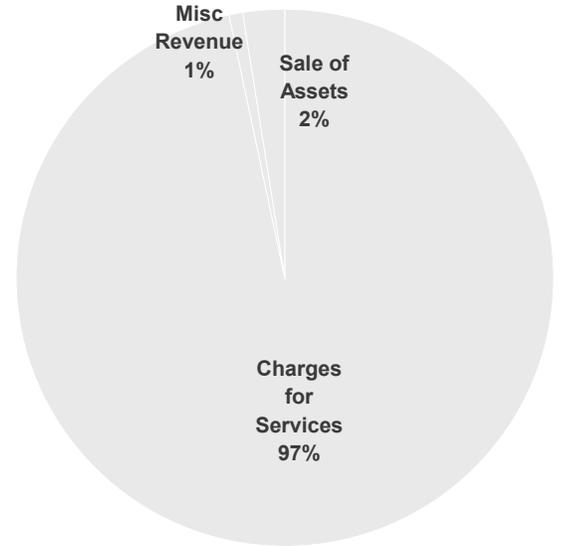
The San Luis Obispo County General Services Agency - Fleet Services provides reliable and cost effective transportation solutions through innovation and the application of industry best practices.

OPERATING DETAIL (1)	2012-13 ACTUAL (2)	2013-14 ESTIMATED (3)	2014-15 PROPOSED ESTIMATES (4)	2014-15 RECOMMENDED ESTIMATES (5)
OPERATING REVENUES				
Charges for current services	4,864,076	4,747,255	4,880,769	4,880,769
Depreciation Billings	999,180	1,135,876	1,260,557	1,260,557
TOTAL OPERATING REVENUES	5,863,256	5,883,131	6,141,326	6,141,326
OPERATING EXPENSES				
Salaries and Benefits	1,185,304	1,288,396	1,246,631	1,246,631
Services and Supplies	2,828,186	2,759,030	3,110,177	3,110,177
Depreciation	1,253,057	1,247,498	1,079,899	1,079,899
Countywide Overhead Allocation	68,348	95,701	37,038	37,038
TOTAL OPERATING EXPENSES	5,334,895	5,390,625	5,473,745	5,473,745
OPERATING INCOME (LOSS)	528,361	492,506	667,581	667,581
NON-OPERATING REVENUES (EXPENSES)				
Interest	8,837	6,773	6,780	6,780
Accident Restitution	0	0	0	0
Gain on Sale of Assets	0	0	0	0
Other	18,195	0	0	0
Prior Yr Adj	0	0	0	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	27,032	6,773	6,780	6,780
INCOME REF. CAPITAL CONTRBS. & TRANSFERS	555,393	499,279	674,361	674,361
Transfers in (out)	(60,155)	(42,768)	(47,140)	(47,140)
CHANGE IN NET ASSETS	495,238	456,511	627,221	627,221
Net assets - beginning	7,050,302	7,545,540	8,002,051	8,002,051
Net assets - ending	7,545,540	8,002,051	8,629,272	8,629,272
FIXED ASSET EXPENDITURES				
Equipment	1,651,700	2,422,970	1,764,000	1,629,000
Structures Improvements	0	0	0	0
TOTAL FIXED ASSET EXPENDITURES	1,651,700	2,422,970	1,764,000	1,629,000

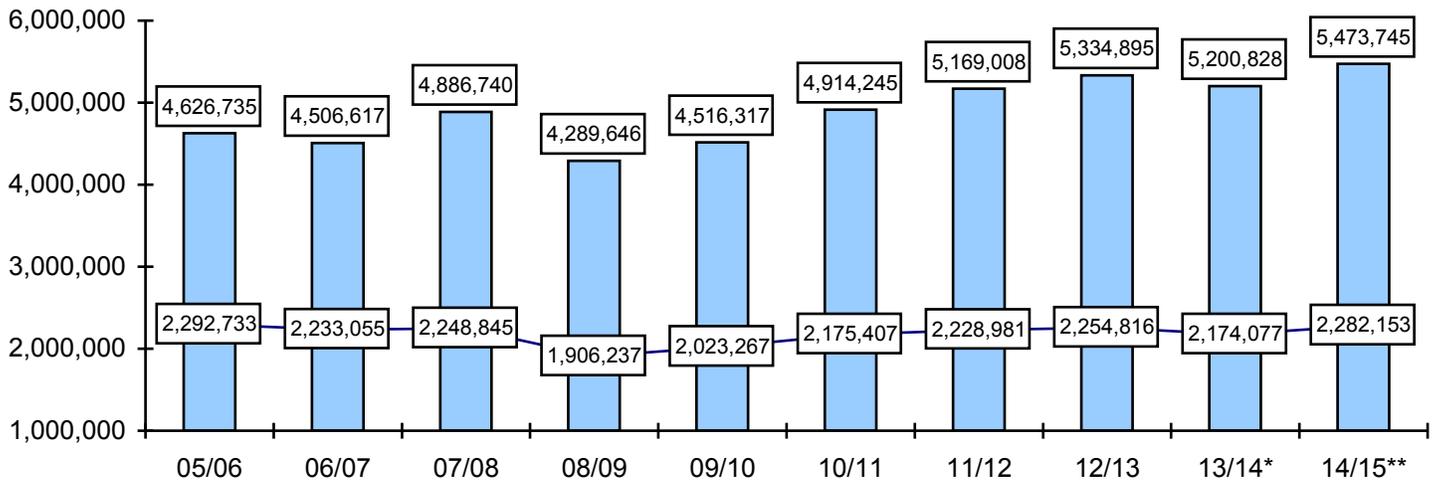
Number of Employees
(Full Time Equivalent)



Source of Funds



10 Year Expenditures Adjusted For Inflation



Expenditures

Adjusted For Inflation

05/06 – 12/13 Actual
*Adopted
**Recommended

SERVICE PROGRAMS

Fleet Services has a total operating expenditure level of \$5,473,745 and a total staffing level of 13.00 FTE to provide the following services:

Fleet Services Operations

Operate 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: \$5,473,745 Total Staffing FTE: 13.00

DEPARTMENT COMMENTS

Fleet Services is responsible for providing consistent economical and efficient transportation solutions for all County departments. Fleet Services provides full life cycle fleet solutions designed to meet the specific needs of each department's unique operational requirements. The Fleet maintenance team is tasked with acquiring, maintaining and repairing 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 and fuel card system which interfaces with our Fleet Management software.

The following are some of the notable accomplishments for FY 2013-14 and some specific objectives for FY 2014-15:

FY 2013-14 Accomplishments

- Implemented Fleet Selection Criteria Policy for non-emergency vehicles. Based on the first 29 vehicles purchased under the new policy, combined fuel economy improved by 39% and carbon production dropped by 26%.
- Completed the Fleet Services Business Model Policy which includes a general Service Level Understanding (SLU) as well as SLU's for individual departments.
- Received 61 Customer Survey's achieving a 98% customer satisfaction rating.

FY 2014-15 Objectives

- Complete California Air Resources Board (CARB) diesel emissions final tier level through the replacement of the final two County vehicles that don't meet the CARB Tier IV emission requirements.
- Implement fleet size reduction program targeting 3% reduction of underutilized vehicles.
- Select and build up Sheriff's Canine patrol Sport Utility Vehicles to replace the Crown Victoria Police Interceptor.
- Implement revised emission testing and certification processes as required by the Bureau of Automotive Repair.

COUNTY ADMINSTRATOR'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 ISF's compares the estimated actual amount for FY 2013-14 to the proposed amount of new allocated expense and revenues recommended for FY 2014-15.

**Fleet Services
Fiscal Year 2014-15 Proposed Budget**

Fund Center 407

Fleet Services has two budgetary components. The first is the operational budget, which includes revenues and expenditures related to the maintenance, modification, repair, and fueling of vehicles as well as the administrative and management oversight of these operations. The second component is capital expenditures which include the replacement of existing vehicles, the acquisition of new vehicles and the expense for administration and management of the vehicle procurement process.

Recommended operating revenue for FY 2014-15 is \$6,141,326, an increase of \$258,195 or 4% compared to FY 2013-14 estimates. The increase is due to a change in Fleet's labor rate, an increase in fuel charges, and an increase in reimbursements from departments, due to the fact that the Department of Social Services is planning to replace eight vehicles in FY 2014-15.

Recommended operating expense for FY 2014-15 is \$5,473,745, a \$83,120 or 2% increase compared FY 2013-14 estimates. Depreciation expense, a non-cash expense that identifies the decline in value of capital assets, is \$1,079,899 or 20% of the recommended operating expense.

Salary and benefits for FY 2014-15 are decreasing \$41,765 or 3% compared to FY 2013-14 estimates. Services and supplies are increasing \$351,147 or 13% due primarily to the increase in fuel costs noted above, as well as increased maintenance costs due to increased fleet activity. Countywide overhead is down \$58,663 compared to FY 2013-14 estimates.

There have been no changes to Fleet's Position Allocation List (PAL) in the current year and no changes are proposed in FY 2014-15.

The recommended budget includes a total of \$1,629,000 in capital outlay expense. Of this total, \$1,579,000 is for vehicle replacements. The FY 2014-15 budget funds the replacement of 57 cars and trucks for various departments. This is a decrease of 13 replacement vehicles from FY 2013-14. The recommended budget also includes \$50,000 for fixed assets related to garage equipment necessary for the maintenance of vehicles, the operation of the fuel station and the maintenance of the Fleet yard. The fixed asset equipment includes a new drive-on lift for the Fleet yard, as well as a facility remodel.

The recommended budget funds the replacement of vehicles which meet replacement criteria, including exceeding 100,000 miles 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 maintains current service levels associated with the maintenance and replacement of the County's vehicle fleet.

BUDGET AUGMENTATION REQUESTS NOT RECOMMENDED

Unit Amount	Description	Results
Gross: \$135,000	Purchase of a Motor Pool Automated POD System	Strategically located fleet, available for shared use to make better use of the County's existing assets and reduce the number of redundant vehicles assigned in the same geographical area for department exclusive use.
General Fund support: \$0		

GOALS AND PERFORMANCE MEASURES

Department Goal: Provide timely, reliable and cost-effective fleet services to County Departments and public safety agencies that meet or exceed customer expectations.

Communitywide Result Link: Safe Healthy Livable Prosperous 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.

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
84%	76%	80%	82%	80%	83%	83%

What: GSA-Fleet Services' policy is to perform preventive maintenance on the current Fleet inventory of 989 vehicles every four months or 4,000 miles. For the current 213 Public Safety vehicles, the intervals are every two months or 5,000 miles. GSA-Fleet Service's goal is to perform all preventative maintenance 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 is on pace to exceed our adopted goal of 80% for all 3,750 service and repair work orders to be completed within 24 hours during FY 2013-14. This demonstrates a positive trend and exceeds our FY 2012-13 actual results. The target for FY 2014-15 is projected to continue this positive trend at 83% from faster turn rates as a result of a younger, well maintained fleet by well-trained high performing staff.

2. Performance Measure: Percentage of survey respondents who rated the quality of vehicle maintenance as satisfactory or better.

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
100%	99%	98%	99%	98%	98%	98%

What: Continuous surveys (point-of-service) of vehicle users measure how effective GSA-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? GSA-Fleet Services received a total of 226 surveys with 98% of ratings being satisfied or above to meet FY 2013-14 adopted goal. We are projecting during FY 2014-15 to maintain this current trend as an unchanged target of 98%. To obtain customer satisfaction input, Fleet Services conducts point-of-service surveys throughout the year and then participates in the General Services Agency annual survey at the end of the fiscal year. The point-of-service survey results have responded specifically to customer satisfaction questions related to Fleet with a 99% satisfactory or better. Results showed that just one of those surveyed was dissatisfied.

3. Performance Measure: Fleet Services' cost per brake service on Sheriff's patrol vehicles compared to a private vendor.

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
\$674.17 Fleet \$974.60 Private vendor	\$606.90 Fleet \$941.53 Private vendor	\$571.74 Fleet \$883.45 Private vendor	\$651.98 Fleet \$945.84 Private vendor	\$650.00 Fleet \$980.00 Private vendor	\$652.00 Fleet \$980.00 Private vendor	\$668.00 Fleet \$970.00 Private vendor

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 patrol vehicle compared to the quoted price from local private vendors. This includes parts and labor cost for like model vehicles.

Why: This measure helps to demonstrate Fleet Services' cost competitiveness.

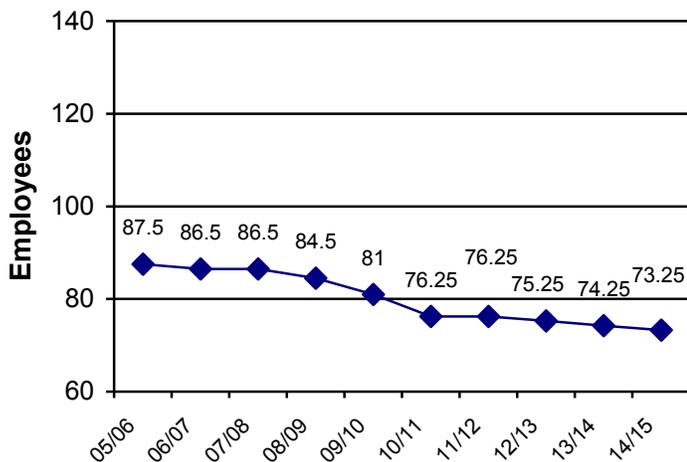
How are we doing? Fleet Services is currently projecting to exceed its FY 2013-14 target by \$2.00, based on current trends but quotes from private vendors still reveal that Fleet's costs are 45% less expensive than the average private vendor as projected. Based on the FY 2012-13 actual results, plus a 2.5% inflationary factor, we project FY 2014-15 at \$668.00 for Fleet Services and \$970.00 for private vendors. A survey of local private vendors and an internal study was conducted in July of 2013. This study revealed Fleet Services' actual cost had increased due to the additional staff time to complete a full brake service on the Chevrolet Caprices over the Ford Crown Victoria's and the study also revealed that outside vendors' cost for the same services had increased by 7% due to inflationary costs of parts and increase labor rates.

MISSION STATEMENT

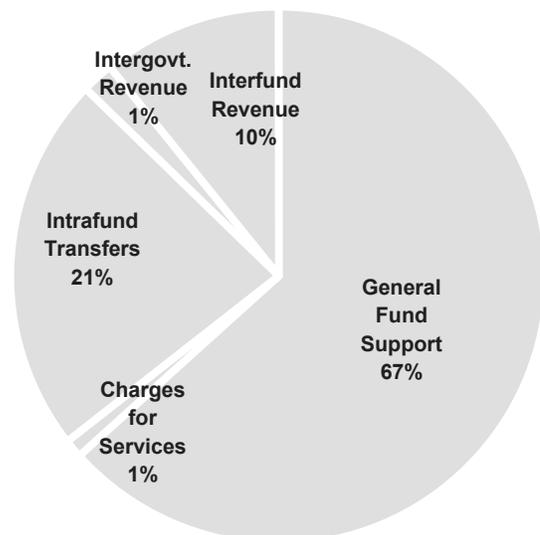
To provide cost effective, accurate, reliable, and timely information technology solutions that deliver excellence to our customers and support efficient delivery of services to the community.

	2013-14 Budget	2013-14 Projected	2014-15 Requested	2014-15 Recommended	Change From 2013-14
Financial Summary					
Revenue from Use of Money & Property	\$ 0	\$ 1,600	\$ 0	\$ 0	\$ 0
Intergovernmental Revenue	245,054	245,054	190,584	190,584	(54,470)
Charges for Current Services	152,705	150,470	367,331	146,733	(5,972)
Other Revenues	0	3	0	0	0
Interfund	1,404,303	1,327,592	1,266,199	1,306,199	(98,104)
**Total Revenue	\$ 1,802,062	\$ 1,724,719	\$ 1,824,114	\$ 1,643,516	\$ (158,546)
Salary and Benefits	9,777,473	9,631,026	9,853,459	9,972,342	194,869
Services and Supplies	3,219,555	3,325,249	3,587,744	3,601,244	381,689
**Gross Expenditures	\$ 12,997,028	\$ 12,956,275	\$ 13,441,203	\$ 13,573,586	\$ 576,558
Less Intrafund Transfers	2,955,949	2,936,400	2,858,311	2,858,311	(97,638)
**Net Expenditures	\$ 10,041,079	\$ 10,019,875	\$ 10,582,892	\$ 10,715,275	\$ 674,196
General Fund Support (G.F.S.)	\$ 8,239,017	\$ 8,295,156	\$ 8,758,778	\$ 9,071,759	\$ 832,742

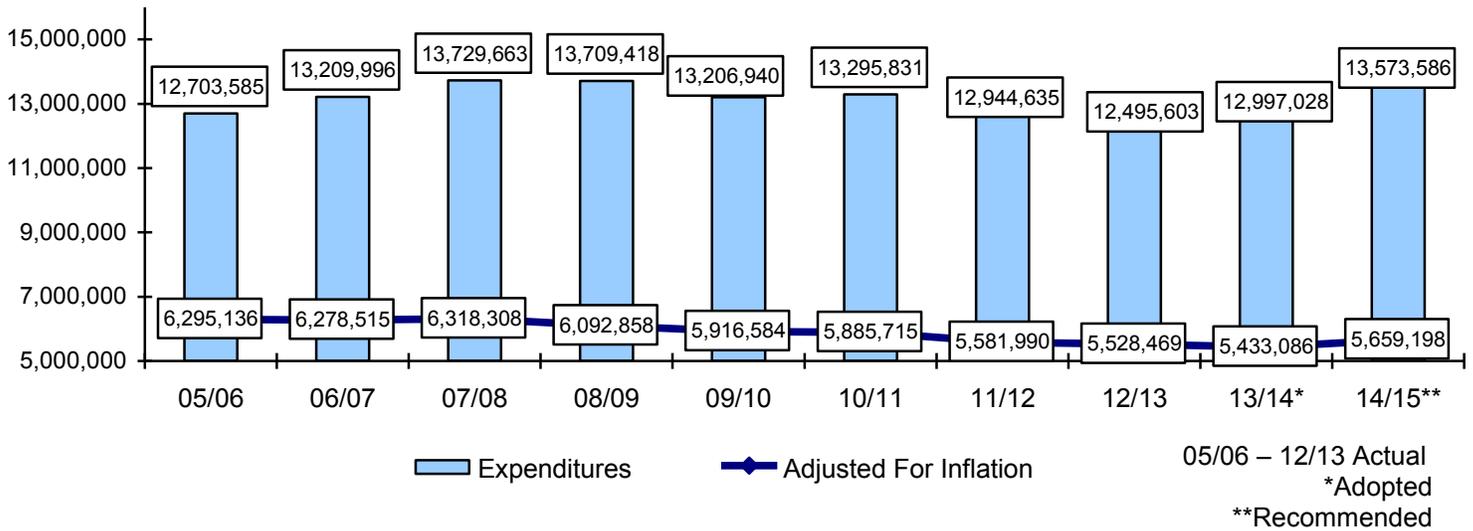
Number of Employees
(Full Time Equivalent)



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Information Technology has a total expenditure level of \$13,573,586 and a total staffing level of 73.25 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: \$5,343,362 Total Staffing (FTE): 31.30

Enterprise Services

Provide a physically secure and environmentally controlled computing facility; dispatch, schedule and run mainframe jobs; provide data center operations and support; provide Microsoft application environment; support Windows applications running on Intel platforms; provide administration and software services for the County's Enterprise Financial Services; provide database storage and administration; manage Disaster Recovery Planning (DRP), provide system security; support enterprise Geographic Information Systems (GIS); provide technical support and associated systems administration.

Total Expenditures: \$4,041,910 Total Staffing (FTE): 22.92

Networked Services

Provide email, scheduling, calendar, associated systems administration and technical support, internet server management, internet access, County intranet access, remote system access, Microsoft Active Directory Services, 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: \$1,631,225 Total Staffing (FTE): 9.25

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: \$1,564,212 Total Staffing (FTE): 8.87

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: \$992,877 Total Staffing (FTE): 0.91

DEPARTMENT COMMENTS

The General Services Agency - Information Technology (GSA-IT) mission is to provide cost effective, accurate, reliable, and timely information technology solutions to our internal customers in support of the efficient delivery of services to the community. The County's Information Technology Executive Steering Committee (IT-ESC) provides information technology governance countywide and drives a majority of the projects supported by GSA-IT. The countywide Information Technology Strategic Plan (ITSP) reflects current fiscal constraints, business practices, technology directions, the needs of the County, and lays the groundwork for the systems that GSA-IT will be supporting.

In FY 2014-15, GSA-IT will work on 10 projects approved by the IT-ESC. Most challenges will come from migrating old enterprise technologies to new systems. A concentrated effort will be placed on decommissioning the 30 year old mainframe system currently estimated to take three to six months to complete. Prior to beginning the decommissioning of the mainframe, all remaining mainframe applications will need to be replaced. The Property Tax System is currently being modernized to run on a server platform. Internal software engineers will continue to be necessary to support this system ongoing as the code base was written in-house. Additionally, the current Law and Justice Warrant system needs to be replaced with an off-the-shelf package. Overall, the schedule associated with the removal of the last two mainframe applications carries significant risks. Several staff retirements are anticipated in 2015 and will impact software support, computer operations, and system administration so any schedule slippage creates risk in the ability to support the Property Tax System and decommission the mainframe.

Following are some of the department's notable accomplishments for FY 2013-14 and some specific objectives for FY 2014-15:

FY 2013-14 Accomplishments

- Completed, on-time and within budget, a majority of IT-ESC directed projects.
- Supported the implementation of a new District Attorney (DA) case management system to improve efficiencies with the DA's office and reduce the reliance on the County's mainframe.
- Upgraded the County public safety communications microwave system to maintain continuous service.
- Continued the migration of the County's Property Tax System as it transitions off the mainframe to a modern technology platform.

FY 2014-15 Objectives

- Complete, on-time and within budget, all IT-ESC directed projects.
- Support the implementation of a new Warrants management system that will improve efficiencies with the Sheriff's Office and further reduce the reliance on the County's mainframe.
- Upgrade the County information network and storage systems to maintain reliable, adaptable, and cost effective services to all County facilities and support the growth of information.
- Complete the migration of the County's

- Supported the Superior Court's implementation of a case management system and ensured continued integration with County systems.
- Property Tax System off the mainframe to a modern technology platform.
- Migrate the County email and scheduling system to a new system that will meet the mobile needs of our workforce and provide better integration with other County systems.
- Complete a strategic plan creating a roadmap to bring additional government services and information online.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The level of General Fund support for this budget is recommended to increase by \$832,742 or 10% compared to the FY 2013-14 adopted level. Revenues are recommended to decrease \$158,546 or 8% and expenditures are recommended to increase by \$674,196 or 6%.

Information Technology (IT) is currently experiencing a significant and changing workload, as it leads the effort to migrate applications from the mainframe into more modern environments to enable the eventual decommissioning of the County's mainframe. The migration of applications off the mainframe and onto a more modern, Windows/Intel environment is consistent with the Board's adoption of a 2002 Information Technology Strategic Plan. Currently, it is expected that mainframe decommissioning will occur in June 2015. To accomplish this, IT must ensure that all applications are migrated off the mainframe and fully operational on new platforms in FY 2014-15. To facilitate a smooth transition, in addition to providing support for new applications, the department will continue to provide support to the mainframe. IT's budget will bear the burden of a larger amount of mainframe costs. Direct mainframe costs in FY 2014-15 will be approximately \$562,600.

The significant decrease in recommended revenue is due to reductions in various accounts. Nuclear Planning revenue is decreasing \$54,470 or 22% due to there being no evaluated exercise planned for FY 2014-15. In total, charges to departments for enterprise services, general departmental support and telephone support are decreasing by \$133,490. This decrease is due to several factors including reduced departmental mainframe usage and a reduction in charges to the County Medical Services Program (CMSP) (now the Medically Indigent Services Program, or MISP) due to a shrinking of that fund center as a result of the implementation of the Affordable Care Act. Although it does not contribute to the overall decline in revenue, it should also be noted that despite the fact that the negotiated deferral of mainframe charges to the Courts is due to expire at the end of FY 2013-14, the Courts' mainframe-hosted case management system will no longer be on the mainframe in FY 2014-15 and as a result, the Courts will no longer be paying the County for mainframe use. In FY 2014-15 and moving forward, the Courts will only pay IT for non-mainframe related IT support.

Salary and benefits are recommended to increase \$194,869 or 1% due to negotiated changes to employee compensation, as well as the recommended addition of a Software Engineer position to the department's Position Allocation List (PAL), described below.

Services and supplies are recommended to increase \$381,689 or 11% due to increases in various accounts. Maintenance contracts are increasing \$42,800 due largely to an increased cost for maintaining fiber connections at more County sites, and increased financial system support and maintenance. Maintenance software is increasing \$177,955 due to: the consolidation of Geographic Information System (GIS) software costs, consistent with a recommendation from the GIS Steering Committee (this increased cost in IT's budget is offset by decreases in the budgets of other departments who have historically had their own GIS software), and contractual increases in various maintenance software contract amounts. Professional services is increasing \$80,500 due largely to the increased costs for marking the location of County infrastructure utilities (fiber). Intrafund expense offsets are recommended to decrease \$97,638 or 3% due largely to reduced network support services provided to the Health Agency and Department of Social Services.

No fixed asset expense is recommended in FY 2014-15.

Several changes have been made to IT's PAL in the current year, which has reduced the department's number of authorized positions by 2.00 FTE. On February 11, 2014, the Board approved the following changes to IT's PAL:

- -0.50 FTE Account Clerk (Vacant- position transferred to FC 113- General Services PAL)
- -1.00 FTE Accounting Technician-Confidential (Filled- position transferred to FC 113- General Services PAL)
- +1.00 FTE Administrative Assistant II (New)
- -1.00 FTE Administrative Services Manager (Filled- position transferred to FC 113- General Services PAL)
- -1.00 FTE Communications Aide (Vacant)
- +1.00 FTE Information Technology Manager (New)
- -0.50 FTE Telephone Systems Coordinator (Vacant)

As noted above, the FY 2014-15 budget recommends the addition of 1.00 FTE Software Engineer to the department's PAL. The result of this recommendation and changes in the current year is a net decrease of 1.00 FTE compared to FY 2013-14 adopted levels.

The recommended budget for FY 2014-15 enables IT to maintain current service levels, despite a significant workload.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

Unit Amount	Description	Results
Gross: \$120,383	Add 1.00 FTE Software Engineer to support the Property Tax System to train and eventually backfill for senior staff members who will be retiring over the next 18 months.	<ul style="list-style-type: none"> • Complete the backlog of Property Tax System enhancement requests within 12 months of the new Property Tax System being implemented • Maintain existing response times and ability to resolve daily operational issues despite loss of staff with extensive institutional knowledge • Reduce risk of Property Tax System outages and data inaccuracies • Provide additional IT resources to the Property Tax System Modernization Project to improve the chance of eliminating mainframe operations by 2015, thus eliminating \$40,000/month in mainframe related costs
General Fund support: \$120,383	<p>* Note: The department requested 2.00 FTE Software Engineers. 1.00 FTE is being recommended and 1.00 FTE may be created using unspent funds that were previously allocated to the Property Tax System Modernization Project outside of the budget process.</p>	

BUDGET AUGMENTATION REQUESTS NOT RECOMMENDED

Unit Amount	Description	Results
<p>Gross: \$120,383</p> <p>General Fund support: \$120,383</p>	<p>Add 1.00 FTE Software Engineer to support the Property Tax System to train and eventually backfill for senior staff members who will be retiring over the next 18 months.</p>	<ul style="list-style-type: none"> • Complete the backlog of Property Tax System enhancement requests within 12 months of the new Property Tax System being implemented • Maintain existing response times and ability to resolve daily operational issues despite loss of staff with extensive institutional knowledge • Reduce risk of Property Tax System outages and data inaccuracies • Provide additional IT resources to the Property Tax System Modernization Project to improve the chance of eliminating mainframe operations by 2015, thus eliminating \$40,000/month in mainframe related costs
<p>Gross: \$93,175</p> <p>General Fund support: \$93,175</p>	<p>Add 1.00 FTE Mapping and Graphics Systems Specialist II to support the GIS needs of departments that do not have dedicated GIS staff or mandates or authority over a dataset.</p>	<ul style="list-style-type: none"> • Development and maintenance of specific GIS data layers for countywide and department needs • Inclusion of countywide and department specific data into the enterprise to increase GIS accessibility for County departments and citizens • Provide specialized mapping projects and analysis for departments that do not have dedicated GIS staff
<p>Gross: \$119,103</p> <p>General Fund support: \$119,103</p> <p>(Note: This request was submitted by the Health Agency for a dedicated resource to Health Agency operations)</p>	<p>Add 1.00 FTE Software Engineer II to augment the Health Agency technical team. This position would be included on the Information Technology department's Position Allocation List, but would be funded by the Health Agency and fully dedicated to supporting Health Agency operations.</p>	<ul style="list-style-type: none"> • Reduce risk of system outages, data inaccuracy and citizen complaints • Reduce response time to address technical problems down to 10 minutes • Clear backlog of tasks

GOALS AND PERFORMANCE MEASURES

Department Goal: Provide timely, reliable and cost-effective services that meet or exceed customer expectations.						
Communitywide Result Link: <input checked="" type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input type="checkbox"/> Well-Governed Community						
1. Performance Measure: Percentage of time the County's radio communication system is available.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
100%	100%	100%	100%	99.9999%	99.9999%	99.9999%
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).						
Why: The microwave radio communication system provides radio coverage of more than 3,300 square miles in San Luis Obispo County for countywide public, safety and emergency service agencies. Radio communications within the County support the Sheriff/Coroner, County Fire, medical/ambulance response, and many other emergency and general government activities. The radio system also provides reliable communications with other local jurisdictions such as cities within the county and our neighboring counties. Lastly, the system allows for coordinated communications response with State and Federal agencies. Full availability and reliability contributes to a safe community.						
How are we doing? GSA-Information Technology expects to meet its adopted goal and the industry standard for communication system availability during FY 2013-14. Critical system infrastructure such as communication towers and emergency generators are being replaced through the County Capital Improvement Plan process thereby ensuring efficient, reliable, and highly-available communications for County radio end-users. These improvements will continue allowing Information Technology to meet the expected target in FY 2014-15.						
Department Goal: Provide timely, reliable and cost-effective services and infrastructure that meet or exceed customer expectations						
Communitywide Result Link: <input type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community						
2. Performance Measure: Percentage of time the County's voice mail communication system is available.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
99.9%	99.9%	99.8%	99.9%	99.9%	99.9%	99.9%
What: The availability of the voice mail (voice mail boxes) system for internal or external access.						
Why: Voice mail is an integral management tool for County voice communications.						
How are we doing? GSA-Information Technology is projecting to meet its adopted goal for voice mail communication system availability in FY 2013-14 and continues to leverage the additional functionality and reliability of the upgraded voice mail system installed FY 2011-12. The upgraded system continues to offer improvements in management and features which have helped improve the communication between staff and the public allowing Information Technology to meet its FY 2014-15 target.						
Department Goal: Provide timely, reliable and cost-effective services and infrastructure that meet or exceed customer expectations						
Communitywide Result Link: <input type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community						
3. Performance Measure: Percentage of GSA-IT managed project milestones completed within expected baseline budget and time estimates.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
95%	86%	81%	97.73%	95%	95%	95%
What: This measure tracks the combined average 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? GSA-Information Technology expects to meet or exceed its adopted goal related to project milestones, budget estimates, and time estimates during FY 2013-14. Increased steering committee support and wider utilization of the Project Management Office is improving the County's ability to deliver technology projects within budget while meeting project and schedule requirements. The application of a consistent project management framework provided a repetitive, predictable, and measurable discipline which aligned business needs with technology and also ensured that business requirements were properly documented and met in the majority of information technology implementations.

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
99%	99%	99.2%	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? GSA-Information Technology expects to meet or exceed its adopted goal for LAN and WAN availability. Addressing security vulnerabilities and improving the data network's security will provide greater network reliability and protection to County data and systems. In FY 2014-15 the extension of fiber to County offices in Atascadero and Grover Beach will provide greater reliability and performance ensuring the projected target is met.

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

Communitywide Result Link: Safe Healthy Livable Prosperous Well-Governed Community

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
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	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: Periodic training or review of IT security policies and procedures will make staff 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? GSA-Information Technology expects to meet its adopted goal of providing optional security training to all existing and new County employees in FY 2013-14. The training will be provided via a security awareness email containing videos and associated quizzes which should provide a greater understanding of cyber security for staff Countywide.

Department Goal: To deliver excellent service to every customer.

Communitywide Result Link: Safe Healthy Livable Prosperous Well-Governed Community

6. Performance Measure: Percentage of responses to Customer Satisfaction Survey rating GSA-IT's overall effectiveness as "satisfactory" or better.

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
97.4%	97.9%	89%*	95.6%	97%	97%	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 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.

How are we doing? GSA-Information Technology received 162 responses in its annual survey and expects to meet its adopted Customer Satisfaction goal of 97% in FY 2013-14. GSA-IT continues to focus on its mission to “Deliver Excellence to Every Customer” and the organization continues to make changes intended to improve customer service.

* The FY 2011-12 survey was revised to include only 2 of 5 choices as “satisfactory” or better and a selection for “neither satisfied nor dissatisfied” was included. The revised survey was likely the contributing factor to the decline in survey results. *

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

Communitywide Result Link: Safe Healthy Livable Prosperous Well-Governed Community

7. Performance Measure: Percentage of technical issues reported to and resolved by the GSA-IT Service Desk Call Center. Calls that cannot be resolved by the Service Desk Call Center are dispatched and resolved by other GSA-IT or County department teams.

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
70%	74%	73%	67%	70%	70%	70%

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

Why: The goal is to resolve more technical issues within the GSA-IT Service Desk 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.

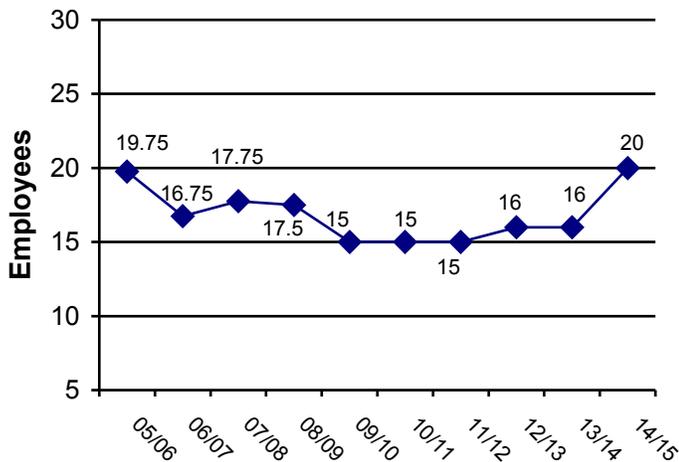
How are we doing? GSA-Information Technology expects to meet its adopted Service Desk dispatch and resolution goal in FY 2013-14. In June 2013, a new Service Desk ticketing system was implemented. Through the use of standard service templates and well-developed workflow processes, the new system is expected to make Service Desk staff and other GSA-IT or County department support teams more effective as the system provides a better platform for quicker intake, communication with customers, and resolution of technical issues increasing customer satisfaction.

MISSION STATEMENT

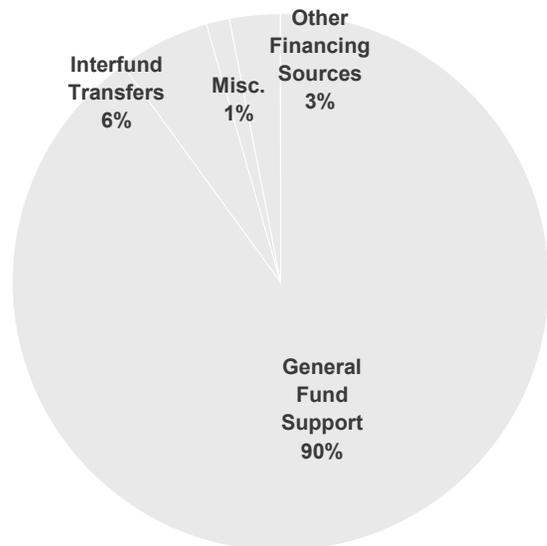
We attract, select, develop, and retain a talented and diverse workforce through strategic collaboration. We provide high quality and cost-effective programs to cultivate a healthy, safe, and productive work environment to maximize individual and organizational potential.

	2013-14	2013-14	2014-15	2014-15	Change From
<u>Financial Summary</u>	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2013-14</u>
Intergovernmental Revenue	\$ 4,269	\$ 4,269	\$ 3,630	\$ 3,630	\$ (639)
Charges for Current Services	30,550	30,610	35,550	35,550	5,000
Other Revenues	45,742	45,742	0	0	(45,742)
Other Financing Sources	0	0	0	80,337	80,337
Interfund	<u>120,985</u>	<u>120,985</u>	<u>142,804</u>	<u>142,804</u>	<u>21,819</u>
**Total Revenue	\$ 201,546	\$ 201,606	\$ 181,984	\$ 262,321	\$ 60,775
Salary and Benefits	1,925,678	1,925,678	2,008,058	2,193,950	268,272
Services and Supplies	<u>393,837</u>	<u>390,033</u>	<u>402,727</u>	<u>399,787</u>	<u>5,950</u>
**Gross Expenditures	\$ 2,319,515	\$ 2,315,711	\$ 2,410,785	\$ 2,593,737	\$ 274,222
General Fund Support (G.F.S.)	<u>\$ 2,117,969</u>	<u>\$ 2,114,105</u>	<u>\$ 2,228,801</u>	<u>\$ 2,331,416</u>	<u>\$ 213,447</u>

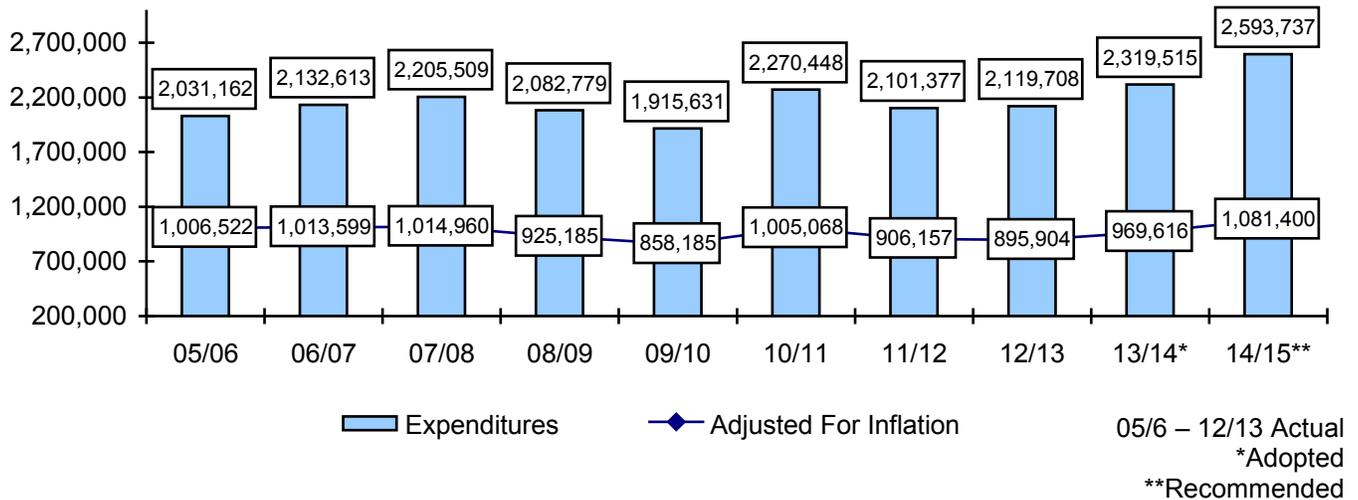
**Number of Employees
(Full Time Equivalent)**



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Human Resources has a total expenditure level of \$2,593,737 and a total staffing level of 20.00 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 support 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: \$1,360,762 Total (FTE): 12.15

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: \$280,360 Total (FTE): 2.40

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; and preparing an annual report for the Board of Supervisors.

Total Expenditures: \$210,923 Total (FTE): 1.25

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: \$741,692 Total (FTE): 4.20

DEPARTMENT COMMENTS

The Human Resources (HR) Department is responsible for providing the County's traditional personnel 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 (e.g., liability, workers' compensation, insurance, safety, and employee benefits). Funding for the programs is located in Fund Center 112 – Human Resources, Fund Center 105 – Risk Management, and Fund Centers 408 through 412 – the Self-Insurance internal service funds.

The Human Resources Department has been able to make headway on a variety of priorities for the County (noted below).

FY 2013-14 Accomplishments

- Reached labor contract agreements with seven employee bargaining units. Balanced recognition of five years of employee concessions with modest economic stability.
- Continued implementation of the Board's existing Labor Relations strategy, while assisting with development of new strategies to address future needs.
- The Loss Prevention Initiative and Workers' Compensation collaborated to reduce workplace injuries. Claims are down 19% since FY 2012-13.
- Met the challenge of 60% workload increase in recruitment & selection activity.
- Led the Employee University (EU) Advisory Committee to select an organizational development vendor to assist in delivering enhanced EU programs and services.

FY 2014-15 Objectives

- Negotiate with the seven employee bargaining units that have open contracts in FY 2014-15 in compliance with the Board's Labor Strategy.
- Engage with the newly identified organizational development vendor to greatly expand the Employee University. Countywide employee development opportunities through new supervisory and management academies will develop talent and support succession planning initiatives.
- Maintain high performance of Risk Management programs.
- Focus on impacts of the Affordable Care Act, with emphasis on employment-related compliance.
- Through collective bargaining, attempt to reduce number of employees who "opt out" of the County's medical benefit plans to increase opportunities for competitiveness in healthcare market by eliminating incentive language in 100% of labor contracts.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The Human Resources Department includes two General Fund budgets; Fund Center (FC) 112 - Human Resources and Fund Center 105 - Risk Management. The level of General Fund support for the two fund centers combined is recommended to increase \$261,470 or 10% compared to the FY 2013-14 adopted level.

The most significant increase in General Fund support is in FC 112- Human Resources; increasing \$213,447 or 10%. Revenues in FC 112 are recommended to increase \$60,775 or 30% and total expenditures are recommended to increase \$274,222 or 11%.

Revenues are increasing primarily due to the addition of \$80,337 in funding from FC 266 - Countywide Automation to cover the cost of 1.0 FTE Limited Term Personnel Analyst position to support the implementation of a new on-line job application, on-boarding and performance management system. This new system will replace the JobApps system currently used, which is becoming obsolete. Other sources of revenue that are increasing include an increase of approximately \$22,000 in funding from the Self Insurance fund centers (FCs 408-412) to support the cost of the HR Deputy Director position and a new agreement with Pension Trust to provide human resources services at a price of \$5,000. These increases help offset the elimination of one-time funding from a settlement that has now been depleted.

The most significant increase in expenditures is in salaries and benefits (increasing \$268,272 or 13%), primarily due to the addition of 4.0 FTE. Along with the 1.0 FTE Limited Term position noted above, the recommended budget also includes the addition of 2.0 FTE Human Resource Analysts Aides – Confidential and 1.0 FTE Administrative Assistant III. With the added staff resources and technology updates, the HR Department expects to elevate their ability to serve the County as a strategic business partner; implementing best practices to improve efficiencies and the quality of employee recruitment, selection and retention.

Services and supplies are increasing \$5,950 or 1%. Most accounts are increasing between 1% - 2% to reflect a slight increase in the cost of goods and services. The most significant variances include a reduction of almost \$7,000 due to the elimination of customization charges for the JobApps system, which will be replaced next year, and an increase of more than \$1,600 in the charge for Liability due to an increase in rates charged to departments Countywide.

The funding to purchase and implement two new automation systems is included in FC 266 – Countywide Automation. The new system that will replace JobApps is expected to total \$168,000 for implementation in FY 2014-15 and \$77,000 per year in future years. The second system is a scientifically-based talent measurement system that will be used in the recruitment process to select the most suitable candidates for County jobs. The estimated cost to implement this new, web-based system is \$45,000 with an annual subscription fee of \$80,000 per year. Only the funding for the Limited Term position noted above will be transferred into the Human Resources budget from FC 266.

Four full-time positions are recommended to be added to the Position Allocation List. These four positions are described in the following table. Given the addition of these four positions, service levels for the Human Resources Department are expected to improve as described below.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

Unit Amount	Description	Results
Gross: \$192,919 General Fund support: \$192,919	Add 2.0 FTE HR Analyst Aide – Confidential positions and 1.0 FTE Administrative Assistant III to enhance the HR Department’s capability to serve the County as a strategic business partner.	<ul style="list-style-type: none"> Analysts will transfer certain tasks to HR Analyst Aides, so their time is freed up to implement industry best practices, providing strategically focused HR services. Anticipated increase in analyst time spent on recruitment processing (from 40% to 80%), due to demographic trends, will be avoided. Analyst time spent on recruitment will remain at 40% or decrease to 35%; however, analyst time will be spent more on value-added selection services and less on routine process work. Improve quality and reduce transaction time in the recruitment and selection process from the current target of 60 days to 50 days to list in

**Human Resources
Fiscal Year 2014-15 Proposed Budget**

Fund Center 112

		<p>FY 2014-15. Quality improvement will be initially assessed with customer satisfaction ratings, which are expected to rise from the current target of 85% to 90% in FY 2015-16.</p> <ul style="list-style-type: none"> • Reduce HR deferred maintenance, namely Job Specification updates, will increase to 10% of most outdated specs per year.
<p>Gross: \$80,337 General Fund support: \$80,337</p>	<p>Add 1.0 FTE Limited Term Personnel Analyst to support the implementation of the on-line application on-boarding and performance management system (to replace JobApps). Funding will come from FC 266 – Countywide Automation.</p>	<p>Replace the outdated applicant tracking system with new industry standard system. Implement technology solution for current manual onboarding and performance management systems.</p>

BUDGET AUGMENTATION REQUESTS NOT RECOMMENDED

The following budget augmentation requests were not included in the recommended budget due to limited available funding. Further augmentation of HR Department staffing levels may be recommended in future years based on need and the department’s level of success in achieving the results noted above.

Unit Amount	Description	Results
<p>Gross: \$111,550 General Fund support: \$111,550</p>	<p>Add 2.0 FTE Administrative Assistant III positions to further enhance the HR department’s capability to serve the County as a strategic business partner.</p>	<p>Deferred maintenance of the classification system and other HR-related systems will be performed more quickly.</p>
<p>Gross: \$148,154 General Fund support: \$148,154</p>	<p>Add 1.0 FTE Personnel Analyst III to manage the Employee University.</p>	<ul style="list-style-type: none"> • Successful implementation of the supervisory, management and executive academies. • Develop and deliver training curriculum to employees. • Assist County departments in succession planning • Develop, monitor, report and refine training results (return on investment).

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: <input type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community						
1. Performance Measure: Average number of calendar days to produce eligibility lists for departments for open recruitments.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
34 days	44 days	62 days	62 days	45 days	45 days	50 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 workload and 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? In FY 2013-14, departments are now requesting fast turnaround on recruitments. HR is responding by de-prioritizing other tasks in deference to these clients' requests. However, reduced staffing due to leave of absence, new staff, and additional workload continue to put upward pressure on recruitment duration. HR will aim to meet this important measure by continuing to defer other initiatives. For FY 2014-15, it is anticipated that Human Resources staff capacity limitations, coupled with anticipated demographically-driven increases in recruitments, will drive continued increases in transaction times. Comparable-entity data is not available.						
2. NEW. Performance Measure: Average number of calendar days to fill positions for departments for open recruitments.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
New	New	New	New	New	New	120 days
What: This measures the time it takes to fill a vacant position. "Time" is measured from when a hiring department requests that Human Resources (HR) initiate an open recruitment through the successful candidate's start date.						
Why: The number of days to fill positions is one measure of departmental workload and efficiency. This measure also reflects the efficacy of HR's strategic business partnership with departments. Human Resources endeavors to fill positions as quickly as possible to maintain staffing levels adequate to provide services to the community.						
How are we doing? New Measure. Historically, Human Resources has measured only the time required to complete that portion of the work to fill a vacant position which was solely within the HR department's control (see performance measure number 1.) Although hiring department resource and timing constraints may impact this measure, HR asserts that it is a better measure of HR Services and Countywide system performance. This new measure is important because candidates, County departments and the community view "time to fill" as the entire time it takes to recruit, select and place a candidate.						
3. Performance Measure: Percentage of departments rating their level of satisfaction with the overall recruitment process as above satisfactory or better.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
New	New	New	80%	85%	85%	85%
What: This measure represents 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? Year to date we have received 30 responses, 27 of which are above satisfactory or better. We expect this trend to continue and we expect to meet or exceed our goal of 85%. This measure replaces a nearly identical measure and targets a higher level of customer satisfaction. Human Resources endeavors to provide above satisfactory service rather than simply satisfactory service. The 85% target represents a stretch goal based on the first year of data (FY 2012-13, at 80% above satisfaction).						

<p>Department Goal: Serve as a strategic business partner through providing quality Human Resources expertise and services to county departments.</p> <p>Communitywide Result Link: <input type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community</p>							
<p>4. Performance Measure: Percentage of County departments that rate Human Resources' service as above satisfactory or better in serving as a strategic business partner and providing Human Resources expertise.</p>							
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target	
New	New	New	New	70%	70%	70%	
<p>What: The Human Resources Department acts as a strategic business partner with County departments to provide innovative, effective, and responsive Human Resource services. Our goal is to attract, select, develop, and retain a talented and diverse workforce so that County departments can achieve their mission, and serve the citizens of the County. The Human Resources department surveys departments annually to determine their level of satisfaction with the quality of service our staff provides. The results of the survey reflect client perception of Human Resources' technical expertise as well as partnership in providing effective solutions based upon strategic and operational needs.</p> <p>Why: This measure reflects the information gained from the satisfaction survey and allows us to continuously improve our service and support to departments.</p> <p>How are we doing? This new measure is replacing the former measure of timeliness, accuracy, and quality of service (competency). This new survey covers a broader set of criteria and reflects Human Resources' new focus on the value of strategic business partnerships. The target level is chosen conservatively because the measure and survey tool used are new (no comparable historic data) and the success threshold is aggressive at above satisfactory or better. The survey that supports this measure is conducted at year end.</p>							
<p>Department Goal: To provide effective response to, and resolution of, unanticipated challenges to County employment related rules or personnel actions.</p> <p>Communitywide Result Link: <input type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community</p>							
<p>5. Performance Measure: Percentage of concluded grievances and appeals resolved prior to Civil Service Commission hearing</p>							
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target	
89%	89%	75%	85%	80%	80%	80%	
<p>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 (CSC) hearing.</p> <p>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.</p> <p>How are we doing? There were five grievances/appeals concluded so far in FY 2013-14. All of these were resolved prior to hearing. Because certain grievances or appeals are more appropriately heard rather than resolved prior to hearing, a result of 80% resolution represents a high achievement rate. The target resolution rate of 80% represents a continued high expectation for this area of emphasis within Human Resources. Comparable-entity data is not available.</p>							
<p>6. Performance Measure: Number of grievances and appeals filed per 1,000 employees.</p>							
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target	
New	New	New	4.51	Less than 10	9.8	Less than 10	
<p>What: This measure tracks the number of grievances and appeals filed per 1,000 employees.</p> <p>Why: The grievance/appeal rate is a possible reflection of the quality of Human Resources' policies and/or the conduct of departmental supervision or management. Exemplary Human Resources policies and practices, including HR dept training and consultation of/to departmental supervision and management should minimize the grievance/appeal rate.</p> <p>How are we doing? Eight grievances were filed in the first four months of the year, for a workforce of 2,444 employees. Historic data reflects that the target of less than 10 is an appropriate target for this measure.</p>							
<p>Department Goal: Provide an appropriate level of Human Resources support to enable our strategic business partners to cost-effectively attain their mission and goals.</p> <p>Communitywide Result Link: <input type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community</p>							

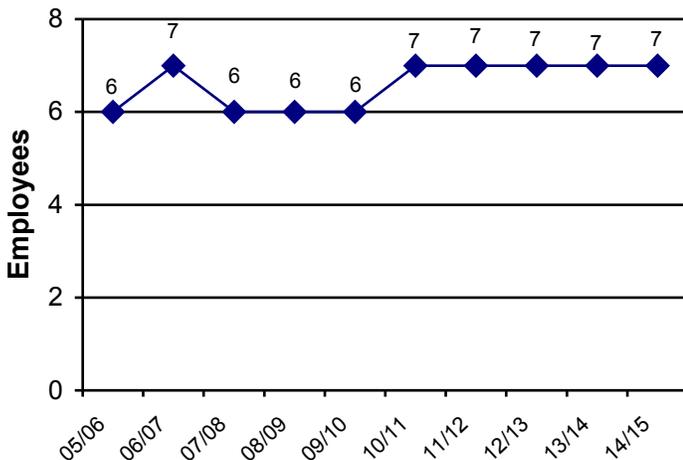
7. Performance Measure: Number of full-time equivalent Human Resources department staff per 1,000 employees.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
5.8	6.3	6.3	6.6	Consistent with Industry Standards	6.5	Consistent with Industry Standards
<p>What: This measures the number of Human Resources department full time equivalent (FTE) staffing per 1,000 employees.</p> <p>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.</p> <p>How are we doing? In FY 2012-13, Human Resources had 6.5 Personnel FTE per 1,000 employees (16.0 filled FTEs, for a total County employee count of 2,444). Human Resource departments comparable to San Luis Obispo County's (including Placer, Solano, Sonoma, Marin, Butte County, Santa Barbara and Santa Cruz, CalPoly, SLO Coastal USD, and the City of San Luis Obispo) had an average Human Resources staffing level of 8.4 FTE per 1,000 employees in FY 2012-13. The fact that the County employs fewer Human Resources staff per 1,000 employees than comparable Human Resource departments shows the County invests in Human Resources at a lower level than industry standards.</p>						

MISSION STATEMENT

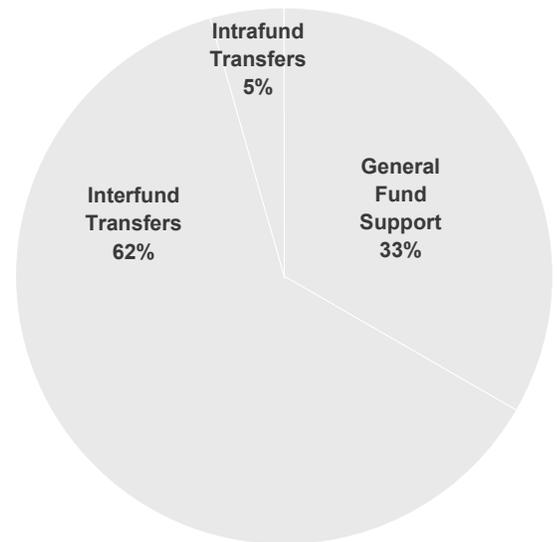
We collaborate with County Departments to protect financial stability and promote safe practices by managing and administering the Safety, Benefit, Workers' Compensation, and Liability programs and providing education and training to ensure the health and welfare of all employees and the public we serve.

<u>Financial Summary</u>	2013-14	2013-14	2014-15	2014-15	Change From
	<u>Budget</u>	<u>Projected</u>	<u>Requested</u>	<u>Recommended</u>	<u>2013-14</u>
Interfund	\$ 982,095	\$ 982,095	\$ 1,010,640	\$ 1,010,640	\$ 28,545
**Total Revenue	\$ 982,095	\$ 982,095	\$ 1,010,640	\$ 1,010,640	\$ 28,545
Salary and Benefits	785,309	785,309	806,432	806,432	21,123
Services and Supplies	768,563	788,258	821,257	821,257	52,694
**Gross Expenditures	\$ 1,553,872	\$ 1,573,567	\$ 1,627,689	\$ 1,627,689	\$ 73,817
Less Intrafund Transfers	77,154	77,154	74,223	74,223	(2,931)
**Net Expenditures	\$ 1,476,718	\$ 1,496,413	\$ 1,553,466	\$ 1,553,466	\$ 76,748
General Fund Support (G.F.S.)	\$ 494,623	\$ 514,318	\$ 542,826	\$ 542,826	\$ 48,203

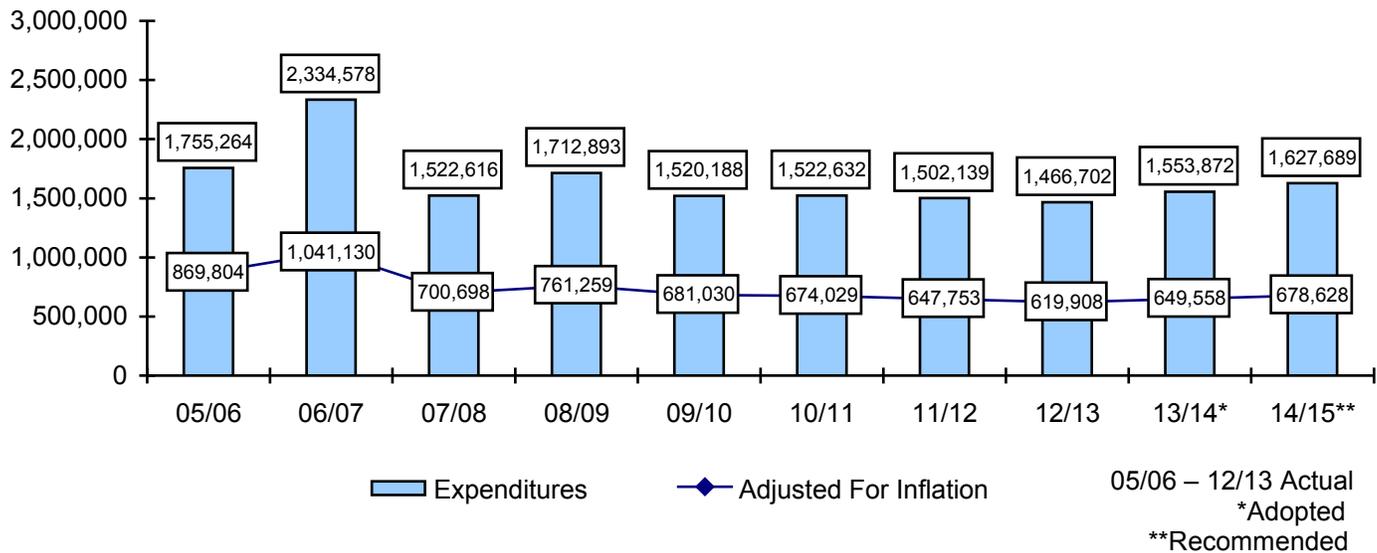
**Number of Employees
(Full Time Equivalent)**



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Risk Management has a total expenditure level of \$1,627,689 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 and life insurance, flexible spending accounts for health and dependent care, wellness, etc.) to active employees and retirees.

Total Expenditures: \$299,613 Total Staffing (FTE): 1.20

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: \$223,385 Total Staffing (FTE): 1.75

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: \$845,273 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: \$259,418 Total Staffing (FTE): 2.60

COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS

Risk Management services are provided by the Human Resources department. FC 105 – Risk Management is one of several budgets managed by Human Resources and includes the staffing costs for Safety, Liability, Work Comp, and the Loss Prevention Initiative, as well as the revenues and expenditures associated with insurance payments for property, crime, watercraft, airport and cyber liabilities, and the employee wellness program. Information on the Human Resources Department’s goals and accomplishments associated with Risk Management can be found in the Department Comments for FC112 – Human Resources.

The level of General Fund support for this budget is recommended to increase \$48,203 or 9% compared to FY2013-14 adopted levels. Revenues are recommended to increase \$28,545 or 2% and total expenditures are recommended to increase \$76,748 or 5%.

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.

Salary and benefits are increasing \$21,123 or 2% due staff promotions and slight increases in benefits recently approved by the Board of Supervisors. There were no changes requested to the Risk Management Position Allocation List. Services and supplies are increasing \$52,694 or 6% primarily due to an increase in insurance premiums.

Given that the budget is recommended as submitted, no service level impacts to other departments or to the community are expected.

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: <input type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community						
1. Performance Measure: Percentage of County employees who contacted the benefits program and rated the services provided by the Benefits Coordinator as above satisfactory or better.						
09-10 Actual Results	10-11 Actual Results	11-12 Adopted	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
New	New	New	New	80%	80%	85%
<p>What: The Human Resources department conducts monthly analysis of survey responses of County employees. The Human Resources department sends a survey to employees who have contacted the Benefits Coordinator by email or phone. The survey evaluates the employees’ level of satisfaction with the service provided. The survey addresses the following critical service areas: timeliness, accuracy, responsiveness, and reliability of information.</p> <p>Why: The Benefits Coordinator is responsible for educating and providing guidance to County employees on all aspects of benefits, and assisting employees in making informed decisions. Regularly surveying our customers allows us to gauge the quality of our services and make program improvements as needed.</p> <p>How are we doing? This new measure is replacing the former measure which tracked results from surveys of payroll coordinators only. This new measure tracks a broader customer base, and is more reflective of daily interactions with the benefits program. The target level is chosen conservatively because the measure and survey tool used are new (no comparable historic data) and the success threshold is aggressive at above satisfactory or better. We expect to meet the adopted target level.</p>						
Department Goal: To promote a safe work environment for County employees.						
Communitywide Result Link: <input type="checkbox"/> Safe <input type="checkbox"/> Healthy <input type="checkbox"/> Livable <input type="checkbox"/> Prosperous <input checked="" type="checkbox"/> Well-Governed Community						
2. Performance Measure: Rate of Occupational Health and Safety Administration (OSHA) recordable work-related illnesses/injuries per 100 employees as compared to other local government agencies in California.						
09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
3.8	4.5	4.5	3.9	3.6	3.6	3.6

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. The OSHA Recordable injury rate is a regulatorily-defined injury statistic that is a common state and national industry benchmark. While injury statistics are maintained for the purposes of managing both safety and workers comp programs, the OSHA recordable rate is most appropriate when seeking to measure actual injuries of at least a minimal severity. Workers Comp claim frequency statistics are not as rigidly defined as OSHA "Recordables," nor are they as descriptive given that the base unit – claims- is not further distinguished between first aid claims, minor injury claims and more significant claims.

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 7.0 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. Recent improvements over previous low rates are due to FY 2012-13 county wide Supervisor Workers' Comp trainings and maturity of the Loss Prevention Initiative (LPI) program. If the County can maintain the rate seen so far this year - 31 injuries logged for 1,722,222 hours worked in FY 2013-14 - we can reach our target. The projected injury rate of 3.6 would represent a historic low for the organization.

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.

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
1	1	0	1	0	0	0

What: 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 2013-14, there have been no serious employee work-related injuries. The County always endeavors to achieve zero serious injuries each year. Direct comparable-entity comparison data are not available for this measure.

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
419	666	1,460	656	900	750	650

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 experienced a significant jump in the number of lost days in FY 2011-12. Resource reallocation within HR and staffing changes at our Third Party Administrator resulted in reduced success in returning employees to work and early closure of claims. Restoration of the Return to Work Coordinator position in FY 2012-13 provided the department the resources needed to reverse this trend. The improvement realized is testament to the quality of new staff in the program, and the effectiveness of the Loss Prevention Initiative. Note that the ground lost on this program in FY 2011-12 may have an impact that extends through FY 2013-14. Direct comparable-entity comparison data are not available for this measure.

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

Communitywide Result Link: Safe Healthy Livable Prosperous Well-Governed Community

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
County: .65 EIA average: .93	County: .57 EIA average: .83	County: .65 EIA average: .77	County: .57 EIA average: .78	Better than the EIA average	County: .63 EIA average: .75	Better than the EIA average

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 2013 actuarial, claim frequency of 96 claims for \$151,672,000 of payroll is an increase compared to FY 2012-13 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.

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
County: \$9,460 EIA average: \$7,700	County: \$12,280 EIA average: \$8,990	County: \$10,350 EIA average: \$8,760	County: \$8,720 EIA average: \$8,967	Better than the EIA average	County: \$7,520 EIA average: \$10,070	Better than the EIA average

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 2013 actuarial study, the County's weighted and adjusted loss value was calculated at \$721,920 for state-wide benchmarking purposes. There were 96 open claims during the study period. The average loss per claim decreased 14% from FY 2012-13 levels. Risk Management will meet the FY 2013-14 target due to the County achieving favorable outcomes in several recent litigated matters, and due to the fact that program fundamentals are sound.

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
County: .62 EIA average: .67	County: .70 EIA average: .67	County: .67 EIA average: .62	County: .50 EIA average: .64	Better than the EIA average	County: .48 EIA average: .65	Better than the EIA average

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 2013 actuarial, the County's weighted and adjusted loss value was calculated at \$721,920 for state-wide benchmarking purposes. Based on payroll of \$151,672,000, the rate of per \$100 of payroll was calculated at .48. Consequently, the rate per \$100 of payroll of decreased from FY 2012-13 by about 4% keeping the County well below the EIA average. A reduction in claim frequency, due in part to economics, the LPI, and other factors, combined with a reduction in claim costs due to good program management and favorable outcomes in several cases, have brought our losses down.

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

Communitywide Result Link: Safe Healthy Livable Prosperous Well-Governed Community

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
County: \$1.38 EIA average: \$2.10	County: \$1.27 EIA average: \$2.06	County: \$1.13 EIA average: \$2.08	County: \$0.91 EIA average \$2.01	Better than the EIA average	County: \$1.19 EIA average \$2.10	Better than the EIA average

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 saw an increase (30% from FY 2012-13) in its loss rate per \$100 of payroll. The loss rate is based upon the November 2013 actuarial study which calculated a weighted and adjusted loss of \$1,804,897 for state-wide benchmarking purposes. Based on payroll of \$151,672,000, the rate per \$100 rose from \$.91 to \$1.19. However, at about half the EIA average, we continue to remain well below our target. Two large claim settlements impacted FY 2012-13 costs. Otherwise, low claim numbers as affected by safety and loss prevention efforts, and excellent claims and program management, contribute to the better than average program statistics.

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
County: 6.6 Comp Co. avg: 8.1	County: 6.9 Comp Co. avg: 8.4	County: 7.0 Comp Co. avg: 9.0	County: 6.4 Comp Co. avg: 8.6	Better than the Comp Co. average	County: 6.6 Comp Co. avg: 8.6	Better than the Comp Co. average

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 (Marin, Santa Barbara, Santa Cruz and Sonoma).

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 November 2013 TCS report shows the claim frequency for the County appears to be leveling off. At 175 claims for 2,660 employees, the report shows that the County ranks among the lowest claim rates in the state. Safety and loss prevention efforts contribute to a low level of Workers' Compensation claims.

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

09-10 Actual Results	10-11 Actual Results	11-12 Actual Results	12-13 Actual Results	13-14 Adopted	13-14 Projected	14-15 Target
County: \$5,730 EIA average: \$10,790	County: \$6,170 EIA average: \$10,940	County: \$5,910 EIA average: \$11,770	County: \$5,260 EIA average: \$11,902	Better than the EIA average	County: \$7,890 EIA average: \$12,389	Better than the EIA average

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-EIA average. The average loss projected by the CSAC-EIA 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 to other counties. An effective workers compensation program limits the number and cost of workers' compensation claims.

How are we doing? While San Luis Obispo County's claim costs had been decreasing in recent years, two large claim settlements and the growing cost of the 4850 (Peace Officers injured on duty) benefits have changed this trend. San Luis Obispo County's claim costs are presently 64% of the CSAC-EIA average, but the rise in the 4850 legislatively enhanced benefits will likely erode this achievement. The Workers' Comp program, including in-house staff, a Third Party Claims Administrator, and a third party management consultant, is recognized state-wide as a model program. Proactive claims management contributes to low dollar loss per claim. The County adopted and effectively implemented a Return to Work program sooner than many other CSAC-EIA members. The maturity of our program contributes to our lower cost per claim than the EIA average.

**Self-Insurance
Fiscal Year 2014-15 Proposed Budget**

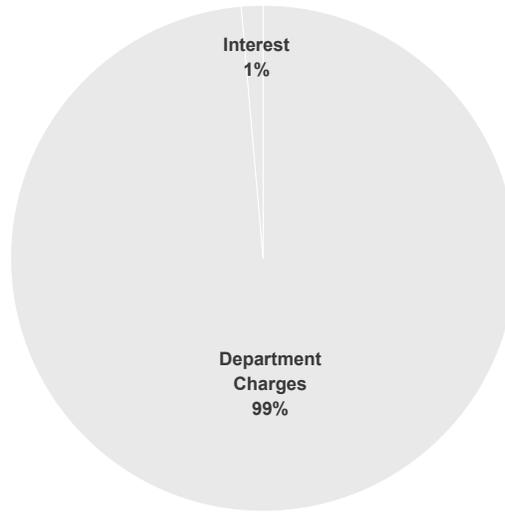
Fund Centers 408 – 412

PURPOSE STATEMENT

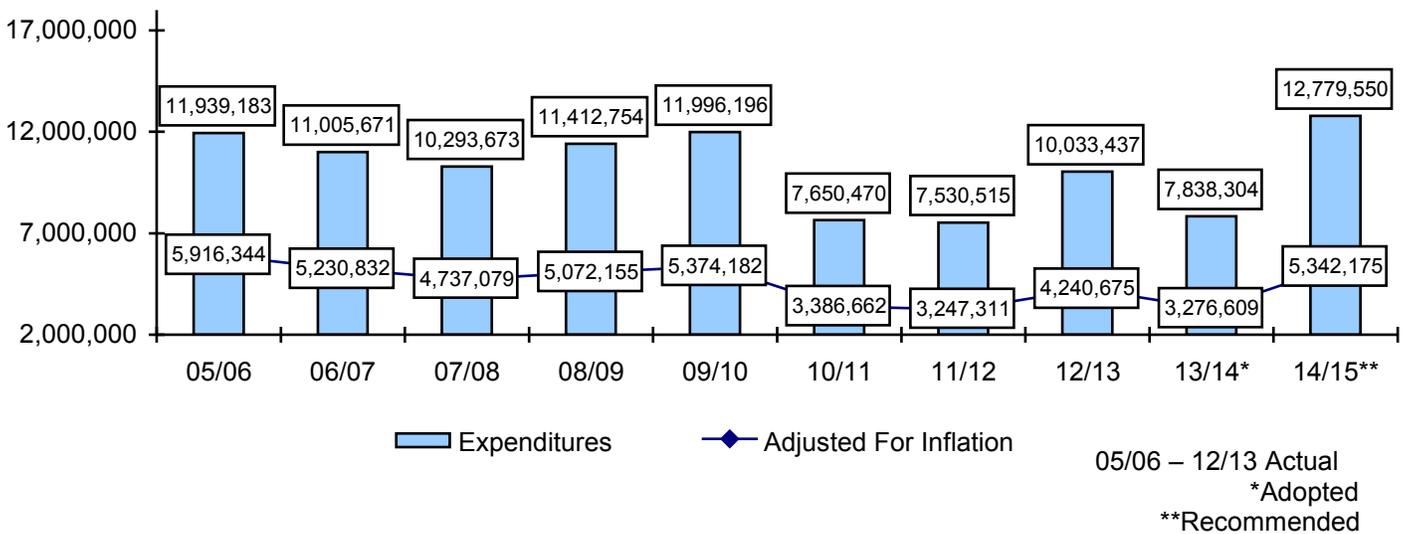
Fund Centers 408-412 comprise the County's self-insurance budget and provide funding for Workers' Compensation (Fund Center 408), Liability Self-Insurance (Fund Center 409), Unemployment Insurance (Fund Center 410), Medical Malpractice (Fund Center 411) and Self-Insured Dental (Fund Center 412). Funding 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)	2012-13 ACTUAL (2)	2013-14 ESTIMATED (3)	2014-15 PROPOSED ESTIMATES (4)	2014-15 RECOMMENDED ESTIMATES (5)
OPERATING REVENUES				
Charges for current services	5,936,736	7,390,000	8,578,000	8,578,000
TOTAL OPERATING REVENUES	5,936,736	7,390,000	8,578,000	8,578,000
OPERATING EXPENSES				
Services and Supplies	3,116,293	2,365,947	2,298,362	2,298,362
Overhead	127,533	45,402	292,049	292,049
Insurance Premiums	0	0	0	0
Insurance Benefit Pmts	3,920,031	6,696,569	9,289,139	9,289,139
Claims	0	0	0	0
Outside Legal	674,447	610,000	900,000	900,000
TOTAL OPERATING EXPENSES	7,838,304	9,717,918	12,779,550	12,779,550
OPERATING INCOME (LOSS)	(1,901,568)	(2,327,918)	(4,201,550)	(4,201,550)
NON-OPERATING REVENUES (EXPENSES)				
Interest	70,867	40,648	94,654	94,654
Other Income	0	0	0	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	70,867	40,648	94,654	94,654
INCOME REF. CAPITAL CONTRBS. & TRANSFERS	(1,830,701)	(2,287,270)	(4,106,896)	(4,106,896)
Transfers in (out)	(392,665)	0	0	0
CHANGE IN NET ASSETS	(2,223,366)	(2,287,270)	(4,106,896)	(4,106,896)
Net assets - beginning	7,120,468	4,897,102	2,609,832	2,609,832
Net assets - ending	<u>4,897,102</u>	<u>2,609,832</u>	<u>(1,497,064)</u>	<u>(1,497,064)</u>

Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Self-Insurance has a total expenditure level of \$12,779,550 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: \$6,733,913 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: \$3,567,000 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: \$330,586 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: \$359,760 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: \$1,788,291 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 included in the budget for Risk Management (Fund Center 105).

Industry norms, including guidelines set by the County's excess insurance carrier, the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), suggest that fund reserve levels for these programs should be maintained between 70% (minimum) and 90% (conservative) confidence levels. The programs in the self-insurance budget have been well managed in recent years, and have been on a good financial foundation. Because of this, it has been reasonable and appropriate to minimize charges to departments during recent difficult budget years, while still maintaining adequate reserve levels and a confidence level of 70-85%. Setting and maintaining of reserve levels is done in conjunction with annual actuarial studies. In FY 2014-15, charges to departments for their share of liability costs are recommended to increase as part of a two-year phased approach to return to normal levels. An additional increase of approximately \$1.5 million in charges will also be recommended in the FY 2015-16 budget.

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 2014-15 recommended budget with the FY 2013-14 adopted budget. Variances between these two fiscal years are described by fund center as follows:

Fund Center 408- Workers' Compensation

This is the largest of the five fund centers, with more than \$6.7 million in appropriation recommended. Revenues generated from charges to departments are recommended to remain level with the FY 2013-14 adopted amount of \$4,875,000. The recommendation to increase charges in FY 2013-14 will yield a 72% confidence level for this fund.

Expenditures are recommended to increase \$489,835 or 7% compared to FY 2013-14 adopted levels due largely to an expected \$165,000 or 16% increase to the County's workers' compensation insurance premium, based on an estimate provided by CSAC-EIA, as well as a \$201,528 increase to Countywide Overhead. There was no charge to this fund center for Countywide Overhead in FY 2013-14.

Fund Center 409- Liability

Revenues are recommended to increase \$1.2 million or 233% compared to FY 2013-14 adopted levels due to increased liability insurance billings to departments which have been set to generate \$1.7 million in FY 2014-15. The third-party Liability program enjoyed a high confidence limit in reserve funds prior to FY 2013-14. This allowed for a substantial reduction in charges to departments in FY 2013-14 to offset the significant increase required for the Workers' Compensation fund. However, this reduction in charges impacted reserves enough that charges to departments must increase in FY 2014-15 and again in FY 2015-16. The increase in liability charges to departments in FY 2014-15 results in approximately one half of the typical program revenue. Anticipated increases for FY 2015-16 will bring charges to departments in line with historical average rates.

Expenditures are recommended to increase \$195,511 or 5% compared to FY 2013-14 adopted levels primarily due to an expected \$351,000 or 34% increase to the County's liability insurance premium, based on an estimate provided by the CSAC-EIA, combined with a decrease in expenditures for outside legal counsel in the amount of \$200,000 or 22%. An increase of \$28,288 or 125% in Countywide overhead also contributes to the overall increase in recommended expenditure levels.

Fund Center 410- Unemployment Insurance

Revenue is decreasing \$42,000 or 25% compared to FY 2014-15 adopted levels. The amount charged to departments has decreased 25%, yet the \$120,500 in revenue is expected to yield sufficient funds to fund future potential layoffs. Expenditures are recommended to increase \$9,932 or 3% compared to FY 2013-14 adopted levels primarily due to the more than \$10,000 or 65% increase in staffing costs. This fund pays for a portion of the staff costs in Fund Center 105 - Risk Management, to reimburse that fund center for staff time spent on processing unemployment insurance claims. The reimbursement amount is increasing in FY 2014-15 to add the cost of program oversight by the Human Resources Department Deputy Director.

Fund Center 411- Medical Malpractice

Revenues are recommended to increase \$35,000 or 13% compared to FY 2013-14 adopted levels due to an increase in medical malpractice insurance charges charged out to departments to cover higher insurance premiums costs. Expenditures are recommended to increase \$56,169 or 18% compared to FY 2013-14 adopted levels largely due to an expected \$57,000 or 21% increase to the County's medical malpractice insurance premium, based on an estimate provided by the CSAC-EIA. Other accounts are decreasing which helps partially mitigate this increase.

Fund Center 412- Self-Insured Dental

Revenues are recommended to remain flat compared to FY 2013-14 adopted levels, at \$1,660,850. Expenditures are recommended to increase by \$10,886 or less than 1% compared to FY 2013-14 adopted levels primarily due to the more than \$10,000 or 65% increase in staffing costs. Similar to the Unemployment Insurance fund, this fund also pays for a portion of the staff costs in Fund Center 105 - Risk Management time spent managing the dental plan. The reimbursement amount is increasing in FY 2014-15 to add the cost of program oversight by the Human Resources Department Deputy Director.