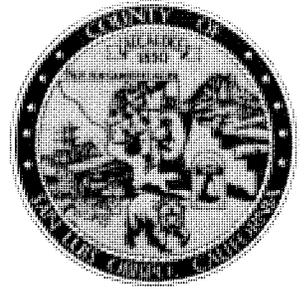


**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administration	(2) MEETING DATE September 20, 2011	(3) CONTACT/PHONE Emily Jackson (805)781-5011	
(4) SUBJECT Review of the FY 2010-11 Year End Financial Report and updates on the Los Osos Wastewater project and Phase II of the Willow Road Extension.			
(5) SUMMARY OF REQUEST The Board is asked to review the financial report for the end of FY 2010-11, approve the acceptance of various gifts/donations and the discharge of debt, and approve various budget adjustments.			
(6) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> 1. Receive, review, and file the FY 2010-11 Year End Financial Report. 2. Accept cash donations in the amount of \$13,541.60 made to FC 137- Animal Services during the third and fourth quarter of FY 2010-11. No budget adjustment is needed. 3. Accept cash donations and approve a budget adjustment to transfer \$59,120.58 from the Library's gift trust fund and \$1,015.98 from the Library's Oceano Bookmobile trust fund to the FC 377 - Library operating budget. 4. Accept cash donations and approve a budget adjustment in the amount of \$14,675.50 from the Parks gift trust fund to the FC 305- Parks operating budget. 5. Accept cash donations and approve a budget adjustment in the amount of \$2,676 from gift revenues to the FC 305- Parks operating budget. 6. Approve a budget adjustment to transfer \$5,058.60 from the Social Services Gift Trust Fund to the FC 180- Social Services Administrative operating budget. 7. Approve a request by the Public Works Department for relief from accountability for uncollectable debt in the amount of \$184.36. 8. Approve a request by the Health Agency for relief from accountability for Public Health- Public Health Laboratory for uncollectable debt in the amount of \$19,198. 9. Approve a request by the Health Agency for relief from accountability for Behavioral Health Services- Mental Health for uncollectable debt in the amount of \$81,130.30. 10. Approve a budget adjustment in the amount of \$78,000 to FC 200, Countywide Department Relocation, for the Human Resources Department Office Reconfiguration effort. 			
(7) FUNDING SOURCE(S) N/A	(8) CURRENT YEAR FINANCIAL IMPACT N/A	(9) ANNUAL FINANCIAL IMPACT N/A	(10) BUDGETED? <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A
(11) OTHER AGENCY INVOLVEMENT/IMPACT (LIST): All departments contributed to the development of this report. The Administrative Office, Human Resources and the Auditor-Controller's Office compiled data from departments and other sources for the report.			
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? ____ <input type="checkbox"/> Permanent ____ <input type="checkbox"/> Limited Term ____ <input type="checkbox"/> Contract ____ <input type="checkbox"/> Temporary Help ____			
(13) SUPERVISOR DISTRICT(S) <input type="checkbox"/> 1st, <input type="checkbox"/> 2nd, <input type="checkbox"/> 3rd, <input type="checkbox"/> 4th, <input type="checkbox"/> 5th, <input checked="" type="checkbox"/> All	(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A	(15) MADDY ACT APPOINTMENTS Signed-off by Clerk of the Board: <input checked="" type="checkbox"/> N/A	
(16) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Board Business (Time Est. <u>30 min</u>)	(17) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig) <input type="checkbox"/> Contracts (Orig + 3 Copies) <input type="checkbox"/> Ordinances (Orig) <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Email Resolution and Ordinance to <u>CR_Board_Clerk</u> (in MS Word)		
(18) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A	(19) BUDGET ADJUSTMENT REQUIRED? <input checked="" type="checkbox"/> BAR ID Number: <u>1112019, 1112013, 1112012, 1112014 and 1112001</u> <input checked="" type="checkbox"/> 4/5th's Vote Required <input type="checkbox"/> N/A		
(20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A	(21) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	(22) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date <u>5/17/2011</u>	
(23) ADMINISTRATIVE OFFICE REVIEW			

County of San Luis Obispo

COUNTY GOVERNMENT CENTER, RM. D430 • SAN LUIS OBISPO, CALIFORNIA 93408 • (805) 781-5011



JIM GRANT
COUNTY ADMINISTRATOR

TO: Board of Supervisors
FROM: Emily Jackson, Administrative Office
DATE: September 20, 2011
SUBJECT: Fiscal Year 2010-11 Year End Financial Report and update on the Los Osos Wastewater project and Phase II of the Willow Road Extension.

Recommendation:

It is recommended that the Board of Supervisors:

1. Receive, review, and file the FY 2010-11 Year End Financial Report.
2. Accept cash donations in the amount of \$13,541.60 made to FC 137- Animal Services during the third and fourth quarter of FY 2010-11. No budget adjustment is needed.
3. Accept cash donations and approve a budget adjustment to transfer \$59,120.58 from the Library's gift trust fund and \$1,015.98 from the Library's Oceano Bookmobile trust fund to the FC 377 - Library operating budget.
4. Accept cash donations and approve a budget adjustment in the amount of \$14,675.50 from the Parks gift trust fund to the FC 305- Parks operating budget.
5. Accept cash donations and approve a budget adjustment in the amount of \$2,676 from gift revenues to the FC 305- Parks operating budget.
6. Approve a budget adjustment to transfer \$5,058.60 from the Social Services Gift Trust Fund to the FC 180- Social Services Administrative operating budget.
7. Approve a request by the Public Works Department for relief from accountability for uncollectable debt in the amount of \$184.36.
8. Approve a request by the Health Agency for relief from accountability for Public Health- Public Health Laboratory for uncollectable debt in the amount of \$19,198.
9. Approve a request by the Health Agency for relief from accountability for Behavioral Health Services- Mental Health for uncollectable debt in the amount of \$81,130.30.
10. Approve a budget adjustment in the amount of \$78,000 to FC 200, Countywide Department Relocation Project for the Human Resources Department Office Reconfiguration effort.

Recommendations 3 through 10 require a 4/5^{ths} vote.

Discussion:

Overview

This report is intended to provide the Board of Supervisors and the public with an overview of the County's financial performance through the end of Fiscal Year 2010-11. The financial reports presented to the Board for the first three quarters of FY 2010-11 contained exception reporting only (i.e. no mention was made if the financial status of the fund center was as expected at that time). This Year End Financial Report contains an overview of the drivers behind the significant variance between budgeted and actual use of general fund dollars, as well as a more in depth discussion of the year end status for the Clerk-Recorder and Ag Commissioner which both received a significant amount of unanticipated revenues and the Public Defender which ended the year over budget. Also noted is information about departments that had significant issues reported in the FY 2010-11 Third Quarter Financial Report.

The report is divided into seven sections:

- **Section 1-** an overview of the County's financial position at the end of the fiscal year, as well as brief summaries of noteworthy departmental fiscal and operational issues.
- **Section 2-** an update on the Capital Improvement Projects (CIP) managed by the General Services Agency.
- **Section 3-** an update on the Capital Improvement Projects (CIP) managed by the Public Works Department.
- **Section 4-** an update on all of the Federal stimulus funding received as of the end of FY 2010-11.
- **Section 5-** a listing of all personnel changes approved by the Board of Supervisors during the fourth quarter.
- **Section 6-** miscellaneous financial items for the Board's consideration, such as requests from departments for acceptance of gift funds and donations and discharge of bad debt.
- **Section 7-** all departments' goals and performance measures with actual results for FY 2010-11.

Executive Summary

The overall spending levels and revenue receipts at the end of FY 2010-11 were generally consistent with prior years. General Fund expenditures were 91% of budget, while General Fund revenues were realized at 96% of budget.

As reported by the Auditor-Controller's Office on September 6, 2011 (item A-6), the actual year end fund balance available (FBA) for the General Fund was \$22.25 million. This was \$4.95 million higher than the budgeted amount of \$17.3 million. The two variables that drive FBA are actual revenues compared to budgeted amounts and actual expenditures compared to budgeted amounts. FY 2010-11 non-departmental revenues ended the year only \$6,900 (0.005%) below adopted levels. Although overall departmental revenue totals were below the budgeted amount, the shortfall in revenue

was more than offset by savings in departmental expenditures. The savings in departmental expense is the major factor in the year end FBA being greater than projected.

Fund Balance Available was budgeted as a funding source for FY 2011-12. On September 6th, it was recommended that the \$4.95 million of additional FBA be added to designations for future use. Details of how the additional FBA was recommended to be used can be found in the September 6th staff report from the Auditor-Controller's Office (item A-6).

In October 2007, your Board implemented a hiring chill that limited hiring only to essential positions (i.e., those essential to public health or safety, or funded with outside revenue) as a means to reduce spending. In October 2008, your Board added the direction that all County departments absorb all prevailing wage increases for the year in order to contain costs. At your Board's direction these measures continued in FY 2010-11 and have contributed to the positive fund balance at year end.

In October 2009 and again in October 2010, your Board also approved major initiatives for the County's labor program. These initiatives included: 1. the sharing of (50/50) pension rate increases between the County and employees; 2. the implementation of a 2nd tier pension plan; and 3. the negotiation of prevailing wage adjustments, consistent with the County's Prevailing Wage Ordinance. Since that time, County staff has followed these initiatives in negotiating labor agreements with the majority of employee groups. During FY 2010-11, agreements were reached with several labor groups, which limited the County's cost of the labor agreements, causing the County to have to pay significantly less than it had budgeted for labor agreements in FY 2010-11.

Nearly all County departments ended the year at or below their budgeted level of General Fund support. This contributed approximately \$6.2 million in savings to the General Fund. Thirteen County departments finished the year \$200,000 or more below their budgeted level of General Fund support. The factors contributing to this savings are described generally in Section One of this report. This report includes both positive and negative financial variances.

The County's "Results Based Decision Making" initiative is the tool used to identify performance measurements, which help to link local government activities and spending to results that benefit the community. The performance measures for each County department and their FY 2010-11 results are included in Section Seven of this report.

Other Agency Involvement/Impact:

All departments contributed to the development of this report. The Administrative Office, Human Resources, and the Auditor-Controller's Office compiled data from departments and other sources for the report.

Financial Considerations:

Approval of the recommendations in this report will allow for \$96,088.26 of gift funds and donations to be accepted on behalf of County departments and transferred to the receiving departments' operating budgets, and the discharge of \$100,512.66 of bad debt on behalf of County departments. Approval will also enable a budget adjustment in the amount of \$78,000 to FC 200 for modifications to the Human Resources/Risk Management offices (discussed in Section Six of the report).

Results:

This report provides the Board of Supervisors and the public with an overview of the County's financial position at the end of Fiscal Year 2010-11.

ATTACHMENTS

cc: Department Heads

Updates on Current Major Projects

Willow Road Project

Willow Road Phase I is complete and open to traffic. The Willow Road Phase II construction contract was awarded to Granite Construction and work started in March 2011. The project is the construction of Willow Road between Hetrick Avenue and Thompson Avenue and the interchange with Hwy 101. The north bound traffic on Hwy 101 has been diverted to a detour constructed in the median. The north bound bridge is being constructed and should be open to traffic in November. Next, the south bound traffic will be detoured to the median and work on the south bound bridge will begin. The retaining wall on the north bound ramps are also being constructed at this time. The fill for Willow Road is in place. Asphalt will be placed late next summer. The Phase II work is currently scheduled to be completed and open to traffic in December 2012.

Los Osos Wastewater Project

The Los Osos Wastewater Project efforts continue to focus on preparing for construction and on addressing project affordability. Project pre-construction efforts include the engineering aspects of design and construction management and satisfying the pre-construction conditions of the permitting and funding agencies prior to award of the construction contracts. The following items are ongoing and involve specific issues or approvals which will require Board action in the next several months, including approval of agreements and contracts and providing policy direction.

- Complete Project design for the collection and recycled water systems
- Secure all necessary rights of way and real property
- Select an engineering consultant to serve as construction manager
- Satisfy the conditions of the CDP (required before construction):
 - Recycled Water Management Plan
 - Water Conservation Program
 - Habitat Management Plan
 - Others
- Satisfy the conditions of the United States Department of Agriculture (USDA) and State Water Board (SWB) (required before construction)
- Advertise the construction contracts for the collection system, obtain low-bids and award the construction contract(s)
- Re-initiate the treatment facility design-build contracting process

The Project budget, totaling \$173.4 million, was established in May 2011 as a result of completing all funding approvals and securing financing. A Project Budget Status Report is provided on the next page. The total Project costs are being financed by a combination of State and Federal low interest loans and grants, and the loans will be repaid by Los Osos property owners. The special assessments, approved under Proposition 218 in December 2007, have been added to the tax rolls and the first payments are due with the December 2011 property tax bills.

Recently, Assembly Bill 1125 (Achadjian, 2011) was adopted to allow the County to develop a financial assistance program for low income residents and the project was also awarded a \$6 million grant from the Department of Water Resources (DWR). This amount, combined with grants of over \$4 million from the USDA and \$7.5 million from the SWB bring the total grants, to date, for the Project to almost \$18 million. Additional financial assistance is pending, including an approximately \$3 million application to the SWB water recycling funding program and a SWB hearing to consider further reducing interest rates on their portion of the Project financing.

**Los Osos Wastewater Project
Budget Status Report as of July 31, 2011**

Item Description	Budget	Costs to Date	Remaining Budget
County Financed Pre-Due Diligence costs (through 4/30/2011)	\$ 8,137,210	\$ 8,137,210	
Administration/Preliminary Engineering			
Carollo Engineers	\$ 72,703	\$ 33,614	\$ 39,089
Meyers Nave...	\$ 25,900	\$ 900	\$ 25,000
County Staff/Other Direct Costs	\$ 800,000	\$ 185,689	\$ 614,311
Unallocated	\$ 101,397		\$ 101,397
Environmental Permits/Mitigation			
Coastal San Luis RCD	\$ 30,361	\$ 5,361	\$ 25,000
Far Western Anthropological	\$ 23,500	\$ -	\$ 23,500
Rick Engineering	\$ 85,690	\$ 20,222	\$ 65,468
SWCA	\$ 41,571	\$ 24,510	\$ 17,061
Wallace Group	\$ 67,657	\$ 7,552	\$ 60,105
County Staff/Other Direct Costs	\$ 500,000	\$ 88,232	\$ 411,768
Unallocated	\$ 4,351,221		\$ 4,351,221
Collection and Recycled Water - Design and Construction			
Camp Dresser & McKee	\$ 4,902,430	\$ 70,095	\$ 4,832,335
County Staff/Other Direct Costs	\$ 500,000	\$ 90,861	\$ 409,139
Unallocated	\$ 98,089,570		\$ 98,089,570
Treatment Facility - Design and Construction			
County Staff/Other Direct Costs	\$ 350,000	\$ -	\$ 350,000
Unallocated	\$ 35,760,160	\$ -	\$ 35,760,160
Right of Way			
Hamner Jewell & Associates	\$ 65,633	\$ 10,251	\$ 55,382
Schenberger Taylor...	\$ 46,788	\$ 20,913	\$ 25,876
Real Property Acquisition	\$ 2,500,000	\$ 510,819	\$ 1,989,181
County Staff/Other Direct Costs	\$ 125,000	\$ 67,131	\$ 57,869
Unallocated	\$ 62,579		\$ 62,579
Contingency	\$ 9,360,630	\$ -	\$ 9,360,630
SRF Refinance	\$ 6,288,416	\$ -	\$ 6,288,416
Interest/Finance Charges	\$ 1,110,000	\$ 553,498	\$ 556,502
Totals			
	\$ 173,398,416	\$ 9,826,857	\$ 163,571,559

Section 4: Federal Stimulus Update

Purpose

The purpose of this report is to provide a status update on the County's projects and programs funded with the American Reinvestment and Recovery Act (ARRA) funds through the end of the fourth quarter of FY 2010-11.

History

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

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

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

The County applied for approximately \$95.2 million in competitive grants and loans. A total of \$92.56 million in grants and loans has been awarded to the County—approximately \$85 million on a competitive basis and \$7.01 million on a formula basis. This enabled various County departments to increase and/or maintain levels of services currently being provided.

Status at the end of the Fourth Quarter:

As reported in the first quarter, the County's ARRA funding had increased to \$99,894,745. At the end of the fourth quarter, \$3,120,281.57 has been invoiced against or received bringing the total amount of ARRA funding received through the end of FY 2010-11 to \$16,778,025.

One of the major objectives of ARRA was the saving and creation of jobs. At the end of the fourth quarter, ARRA funding received by the County enabled approximately 31.97 jobs to be maintained or added:

- 17.24 were specifically related to ARRA funded contracts;
- 14.73 are related to County staff

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

Competitive Grants

- The Public Works Department received \$87 million (\$4 million in grants and an \$83 million low interest loan) from the USDA for the Los Osos Sewer project; the number of jobs that will be maintained or added as a result of granting these funds is not known at this time. The Board of Supervisors adopted the due diligence resolution on March 15, 2011; Camp Dresser & McKee (CDM) was chosen to provide engineering services for the design of the collection system; no funds have been expended at this time.
- Together, the District Attorney's Office/Probation Department/Sheriff's Office received a Justice Assistance Grant in the amount of \$103,015 to purchase new computers and software. No funds were expended in the fourth quarter and there is \$10,010 in ARRA funds remaining. The Sheriff's Department anticipates expending those funds in the first quarter of FY 2011-12. As reported in prior quarters, the total spent to date by all three departments is \$93,005.
- The Planning Department received Energy Efficiency and Conservation Block Grant funds which created/maintained a reported 13.39 (9.41-County, 3.98-Contractor) jobs. These funds were used for the following:
 - The Planning Department continued developing: 1) the Green Build Ordinance which is undergoing technical review; 2) the Climate Action Plan (renamed EnergyWise) which is in the administrative draft review stage; and 3) a tool lending library at Cuesta College.
 - The General Services Agency completed lighting upgrades for the North County Fleet maintenance building and three lighting projects are in progress. HVAC replacements are completed at the Sheriff-Detective building, Health Department in Paso Robles, Atascadero Hospital and the Kimball Building in San Luis Obispo. The HVAC retrofit for the Arroyo Grande office of the Ag Commissioner is currently underway. The yearly savings for these projects is estimated to be 5.23 MWH of electricity consumption, \$1,377 savings in energy costs, and 7.8 Mte CO2 savings in green house gases.
 - The Public Works Department:
 - Work began on the construction of a bike lane in Templeton in April. To date, 590 linear feet of bike lane on each side of the road has been completed. The project will add approximately 600 linear feet of bike lane, and has the potential to save 0.257 gallons of fuel and 5.143 lbs of emissions per day.
 - The replacement of lights for 57 streetlights began in March and continued through the fourth quarter. Projected results are: 1) a total annual energy savings of 6,730 kilo watt hours; 2) savings in maintenance annual costs due to the longer operational lifespan; 3) annual savings to the Road budget of \$5,000; 4) annual reduction of 5.3 tons of green house gases.

Formula grants

- The Probation Department completed the first of the "Thinking for Change" sessions; a total of \$72,838.51 was expended in the fourth quarter for expenses associated with holding the sessions; this funding allows the department to retain two existing Deputy Probation Officer positions.