Fiscal Year 2013 Recommended Budget

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Go to: http://www.sccgov.org/sites/scc/countygovernment/Pages/Budget-and-Finance.aspx to find the FY 2013 Recommended Budget online
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FY 2013 County Executive’s Budget Message

May 1, 2012

To: Board of Supervisors

From: Jeffrey V. Smith
County Executive

Subject: FY 2013 Recommended Budget

After eleven consecutive years of debilitating reductions, it is a great relief to be able to present a recommended budget that focuses on maintaining services and building capacity within the County. This financial plan is built upon the collaboration of labor and the Board of Supervisors in order to reduce the cost of a unit of service and maintain services across the County.

Entering FY 2013 having achieved $75 million in concessions from our union partners is critically important. This effort has allowed us to present this “maintenance” budget to the Board of Supervisors. Clearly, this is an important demonstration of the willingness of County employees and labor to work together with management to address the need to create a financially sustainable County in the new economic reality. It is important to recognize that there are still many threats on the horizon, including rising retirement costs, instability at the State and Federal levels, and a health care landscape that is creating significant challenges for Valley Medical Center. Any of these threats could impact us if they are not resolved in a way that avoids harsh outcomes for local government.

A Welcome Respite from Deficits

By solving our FY 2012 deficit with ongoing solutions, we prevented an automatic deficit from being created in FY 2013, a break in the pattern of the last 10 years. This approach, coupled with a stabilizing economy, has allowed the Administration to develop this maintenance budget. Reaching this likely short-lived period of stability is a critical achievement when you honestly look at the harm ten consecutive years and $2 billion in gap-closing actions have inflicted on the County organization. This respite will allow the organization to heal and embrace many of the initiatives that have been introduced by the Center for Leadership and Transformation (CLT) throughout the organization. These initiatives will improve service to clients, work processes and procedures, increase efficiency and effectiveness, and enhance revenue collections. We are committed to these efforts because business as usual will not result in the outcomes that we or the public are expecting. We are enormously proud of the great work that has been done by the County in the past. However, with the changing world around us, we must also change in order to meet the needs and imperatives of a new world. Although change can be threatening to some, it is clearly necessary if we are to survive in today’s “new normal” environment.

As we develop our roadmap for the future we must hold fast to the mission of the County. The mission statement the Board of Supervisors adopted in 2009 reaffirms the commitment to plan for the needs of a dynamic community, provide quality services, and promote a healthy, safe and
prosperous community for all. As we have developed our financial plan for FY 2013 and beyond we have made decisions that recognize this mission statement and the core values that are critical to the mission:

- Demonstrate ethical conduct reflecting honesty and integrity
- Commit to efficient, effective, quality service
- Value the community
- Uphold our fiscal responsibility
- Exhibit mutual respect
- Encourage innovation and flexibility

These important statements need to be reworked into the cloth of the County culture. Coupled with the fact that our workforce has changed considerably, ten years of deficits and the stresses and strains of doing more with less have created a set of circumstances that have obscured the County's mission and core value statements. An important aspect of this maintenance year is being able to focus on these important ideals and make sure they are understood by all members of the County organization, from the line level to the executive leadership. By embracing these values together, the ability of the organization to achieve goals and work through what will be difficult years in the future will be greatly improved.

Rebuilding the Infrastructure

An important benefit of this maintenance budget is our ability to address critical needs in both the physical and financial infrastructure of County government. In order to be prepared for the "new normal," we must start with a strong foundation. However, that foundation has been damaged in the past.

Over the past ten years, faced with constant General Fund deficits, the Administration and Board have worked hard to limit the impact of expenditure reductions upon direct services. This strategy was very appropriate given the clearly documented needs of our clients in the community and the importance of maintaining the safety net during difficult economic times. With this in mind, our investments in technology and our physical infrastructure have declined significantly. In addition, we have reduced our payments to benefit programs like retiree health in an attempt to limit impacts on direct services.

Retiree Health Funding

Ten years ago Santa Clara County was unique in that we were one of few jurisdictions that funded our retiree health liabilities on an actuarial basis. During the past ten years we have been unable to maintain this commitment and as a result, our unfunded actuarial accrued liability in this program as of 6/30/2011 had risen to $1.78 billion.

In the past two years we have reduced our funding of the normal cost of retiree health to 50% of the requirement in order to preserve resources for direct services. For FY 2013, we recommend an increase of the ongoing commitment to 75% of normal cost, committing to fund 100% of the cost by allocating funds from the retiree health trust fund for the other 25%.

Our current best estimate of the funding required for FY 2013 is reflected in Table 1. We continue to work with our actuarial advisors and it may be necessary to revise this funding estimate at the June Budget Hearing.

Table 1: FY 2013 Retiree Health Funding*

<table>
<thead>
<tr>
<th>Fund</th>
<th>100% Normal Cost Requirement</th>
<th>75% Normal Cost in Budget</th>
<th>Planned Allocation from Retiree Health Trust Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$41.0</td>
<td>$31.0</td>
<td>$10.0</td>
</tr>
<tr>
<td>SCVMC</td>
<td>$24.1</td>
<td>$17.7</td>
<td>$6.4</td>
</tr>
<tr>
<td>Other Funds</td>
<td>$7.1</td>
<td>$5.4</td>
<td>$1.7</td>
</tr>
<tr>
<td>Total</td>
<td>$72.2</td>
<td>$54.1</td>
<td>$18.1</td>
</tr>
</tbody>
</table>

a. $ millions. Does not reflect Superior Court share
b. Includes projected interest and assumes employee contribution of $2.4 million

In FY 2010, in order to provide us with the needed flexibility to maintain our cash balances, we stopped drawing from the retiree health trust fund.
to cover these expenses. Although our cash position remains a concern, circumstances have improved, and we believe it is prudent to begin slowly drawing down these trust fund reserves to meet our commitments in this area. Table 2 is taken from the most recent actuarial review of our retiree health program, and presents the reality we are facing in funding this important benefit program.

Table 2: Schedule of Employer Contributions for Retiree Healtha

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Annual Required Contributions (ARC)</th>
<th>Actual Contributions</th>
<th>% Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$125,328,000</td>
<td>$125,328,000</td>
<td>100.0%</td>
</tr>
<tr>
<td>2009</td>
<td>$123,772,000</td>
<td>$123,772,000</td>
<td>100.0%</td>
</tr>
<tr>
<td>2010</td>
<td>$127,980,000</td>
<td>$90,249,000</td>
<td>70.52%</td>
</tr>
<tr>
<td>2011</td>
<td>$140,635,737</td>
<td>$59,642,298</td>
<td>42.41%</td>
</tr>
<tr>
<td>2012</td>
<td>$175,948,528</td>
<td>Not made</td>
<td>N/A</td>
</tr>
</tbody>
</table>

a. Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2011 in accordance with GASB Statements No. 43 and No. 45 by The Segal Company
b. Includes an interest adjustment to the end of the year
c. Includes an interest adjustment to the end of the year

Investment in Information Technology

The second priority that we are addressing in this budget is our physical infrastructure, including technology. In this budget we are recommending that the County issue $100 million in technology bonds to support the implementation of the EPIC core health information system (HIS) at Santa Clara Valley Medical Center, and other technology needs. It is critical that this investment be made to allow SCVMC to utilize electronic medical records and other commonly used technology to increase efficiency and enhance our ability to deliver high quality medical services. The implementation of the EPIC system will require an investment of $200 million over ten years but will generate savings and efficiencies that will exceed our investment. The EPIC implementation is one of the key components to keeping SCVMC competitive and financially viable in the ever-changing health care financing environment.

In addition to funding the up-front costs of EPIC, we will also use $20 million of the technology bond proceeds to address other essential technology needs throughout the County. I recommend that the $20 million be allocated to the enterprise operations reflected in Table 3, all of which are functioning on equipment at or near the end of life.

Table 3: Bond Funded Technology Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Costa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunications/Mitel PBX Replacement, CLARAnet projects</td>
<td>$6.1</td>
</tr>
<tr>
<td>Server/Workstation/Storage/Backup/Printer Replacement</td>
<td>$5.0</td>
</tr>
<tr>
<td>Enterprise Software/Mobility/Security</td>
<td>$2.7</td>
</tr>
<tr>
<td>County Communications 9-1-1 Equipment and Radio Infrastructure</td>
<td>$6.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Recommended Bond Funded Projects</th>
<th>$20.0</th>
</tr>
</thead>
</table>
a. $ millions

Our dependence on technology is increasing, and our investments in the Information Services Department (ISD) and equipment utilized throughout the County have not kept pace. During the last ten years of reductions, ISD contributed $16 million in solutions and lost 57 staff, a reduction of 23% over this ten year timeframe. As we become more dependent on technology, it is clear that ISD is a critical function within our infrastructure that must be built back in a way that enables the provision of adequate support to departments and generates solutions that can improve the efficiency and quality of our services.

In terms of ongoing resources we are beginning the process of rebuilding ISD with an allocation of $4.1 million for additional staff resources, maintenance and new software tools. This is a large commitment in a maintenance year, but one that we feel is essential to rebuild this crucial support structure for all of County government. In addition to the technology bonds that will support equipment costs, we are also recommending the allocation of $1.5 million to support the Assessor’s PAAMS project, an upgrade of the KRONOS timekeeping system, and resources to assess three systems in County departments (Probation, Department of Correction, and Planning & Development).
Capital Projects
We are also recommending a significant allocation to the capital budget to make some progress in maintaining our facility infrastructure and meet other important major maintenance needs. As in prior years we are recommending to continue an allocation of $5 million toward the maintenance and repair backlog, and an additional $3.5 million to replace the HVAC system in the Elmwood Support buildings, among other projects. We are also recommending $1 million to support the Board’s priority of investing in energy savings projects. Although this allocation is substantially less than the $42.5 million requested, the total allocation of $13.75 million is a substantial investment in this very important area.

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance &amp; Repair Backlog</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Elmwood Support Services HVAC</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>James Ranch (match for 80% State funds)</td>
<td>$2,600,000</td>
</tr>
<tr>
<td>Energy Projects</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Warehouse Renovation at Army Site</td>
<td>$750,000</td>
</tr>
<tr>
<td>FY 2013 Capital Planning Budget</td>
<td>$300,000</td>
</tr>
<tr>
<td>Elmwood M1 Plan and Design</td>
<td>$200,000</td>
</tr>
<tr>
<td>Animal Shelter Modular Move</td>
<td>$200,000</td>
</tr>
<tr>
<td>Sig Sanchez Building Repairs</td>
<td>$200,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13,750,000</strong></td>
</tr>
</tbody>
</table>

Reserves
Consistent with our core value of upholding our fiscal responsibility, this budget retains the Contingency Reserve at 5% of General Fund revenues, net of pass-throughs, or $96.65 million. In addition, we have also set aside a Reserve for Economic Uncertainties of $10 million. This reserve is funded with ongoing funds, and has been established to address any impacts that result from State or Federal budget actions, given the significant uncertainty associated with the November election. An additional $2.9 million reserve, funded with one-time resources, is recommended as a reserve for cash.

Finally, this budget will fully repay the retiree health trust fund in the amount of $11.4 million for the loan used to acquire the San Jose Medical Center property.

Risks and Threats to the County Budget
Our ability to address these infrastructure needs is critical in attaining a financially sustainable county. At the same time, this budget will also allow for a limited number of enhancements and restorations to address reductions made in the past that are straining the organization. These improvements will be highlighted in a later section of this message.

Concurrently, it is also important to recognize the risks and threats that continue to plague our financial outlook. Some of these threats are economic and local, while others are based on decisions that are being made at other levels of government.

Healthcare Reform and SCVMC
As mentioned previously, Valley Medical Center is facing significant challenges relating to economic conditions and the uncertainty regarding healthcare reform. We are working hard to prepare for the changes that have already started in healthcare, and are due to change again dramatically in 2014. Recognizing that a decision by the U.S. Supreme Court could send Federal health care financing into chaos, the risk to Valley Medical Center and the County in the near future is considerable. This level of uncertainty is unsettling to say the least, considering the amount of preparation that has gone into meeting the Federal requirements associated with healthcare reform.

What we do know is that Valley Medical Center has had a very difficult year. As FY2012 unfolded, monthly financial reports revealed that VMC would generate a $60 million deficit. The Administration developed a plan to address this shortfall through changes in the scheduling of clinics and significantly increasing access to our healthcare system. At the same time, the Board approved bridge financing of $30 million from the
General Fund with the assumption that changes made in the second half of FY 2012 would annualize in FY 2013 and result in a balanced budget. The operational changes that have been made are beginning to show some results.

At this point in time we are projecting that significant improvements will result in additional inpatient and outpatient revenue. Although these recommendations may appear to be a “business as usual” approach from prior years, significant operational changes are underway, and we have more confidence that related revenues can be realized. The SCVMC budget plan also includes non-revenue components, including the elimination of vacant positions and other operational changes.

I do not believe a wholesale restructuring of the institution is warranted at this time, as changes underway are beginning to show results. It is important to note that if the revenues do not materialize as projected, I have directed the development of a “Plan B” that is already under development and would result in substantial reorganization of the health system. I am quite confident that we will be able to avoid this eventuality. However, we must be prepared for all options. If necessary, “Plan B” will be fully discussed in the Health and Hospital Committee and before the full Board in the fall if the changes discussed above do not result in SCVMC being able to achieve a positive financial balance in FY 2013.

Local Risks and Concerns
Other local concerns revolve around the County being successful in negotiating concessions with the remaining bargaining units whose contracts are open in FY 2013. The value of these necessary concessions totals approximately $15 million and requires agreements with units that include the Registered Nurses Professional Association and the Deputy Sheriff’s Association. The recommended budget assumes these savings and they must be achieved to retain the integrity of $75 million in total salary and benefit savings assumed in this budget.

In addition to the retiree health funding concerns discussed earlier in this message, another benefit issue that will result in increased costs in the future is the change in the assumed discount rate utilized by CalPERS. The reduction in the rate from 7.75% to 7.5% will result in increased contributions that will eventually total $36 million annually. CalPERS has indicated that this additional cost will be spread over three years, but this will still result in a $12 million impact in FY 2014, $24 million in FY 2015 and $36 million in FY 2016. The magnitude of these increases must factor into our labor negotiations, set to reopen again in the spring of 2013. We must find ways to reduce the cost of providing a unit of service if we are going to maintain any stability in our budget in the future.

State and Federal Issues
The last area of risk is the result of our reliance on State and Federal assistance. In FY 2013, Santa Clara County will receive over 50% of its revenue from Sacramento and Washington, D.C. This reliance creates significant risk in this period of economic uncertainty. At both the State and Federal levels, lawmakers are contemplating solutions to address their respective budget deficits. While the specific impacts on the County will not be known for some time, possibly not until mid-FY 2013, it is reasonable to assume that future State and Federal funding to the County will be reduced.

At the State level, the Governor has proposed various changes to social services, which would affect the County’s clients, and cuts to health programs, affecting both clients and the County. In the health area, a large cut to the Medi-Cal and Federal Qualified Health Center (FQHC) programs has been recommended, with unknown impacts to the County. If the Legislature rejects these cuts, they will be forced to identify alternative savings, with a limited range of options to choose from.

At the Federal level, the County is likely to be affected by two issues, passage of the Federal budget and the implementation of budget sequestration. Spending in the Federal FY 2013
budget is limited by the Budget Control Act, approved in 2011. In February, the President released his proposed budget, which contains budget reductions in many areas of importance to the County. While Congress is beginning its process to consider the budget bills, it is too early to determine which cuts will be enacted and the resulting impact to the County.

Budget sequestration, which will begin in January 2013 is also a result of the Budget Control Act. Sequestration requires automatic, across-the-board cuts to government programs, with half the reductions coming from defense spending. Cuts of $1.2 trillion over the next decade must be enacted, which represents lower Federal spending of approximately 9%. A number of County programs are exempt from sequestration, including Medicaid, the Children’s Health Insurance Program (CHIP), Temporary Assistance to Needy Families (TANF), and the CalFresh food stamp program. Unless Congress passes, and the President signs, legislation to alter or delay the pending sequestration, it will occur, and Federal funds to the County are likely to be reduced.

Restorations and Enhancements
In addition to our ability to address the financial and physical infrastructure needs highlighted above, this budget also has the flexibility to provide some General Fund restorations and enhancements totaling about $6.8 million. This represents about 34% of the $20 million in enhancements that were initially requested by General Fund departments. These additions can be best characterized as an attempt to address a variety of areas where reductions over the years have gone too far or where our stretched resources are not able to address needs that could have greater financial impacts in the future if not addressed today. The majority of what was requested was justified, but our financial situation is still fragile and could only support a portion of what was requested.

Facilities and Fleet
In the Facilities and Fleet Department we are recommending the addition of four staff to reflect the responsibility for maintaining increased building square footage, and resources to address rate increases for utilities. Much of this cost is offset by savings related to the operation of our newly installed solar panels and better pricing due to the bulk purchase of natural gas. Although a net increase of $845,000 is recommended for Facilities and Fleet, the need is far greater and this department is operating with fewer resources than are needed to provide a comprehensive preventive maintenance program. This is an area that requires additional consideration when our financial picture further stabilizes.

Employee Services Agency
In the Employee Services Agency, eight new positions are recommended to address the workload associated with our increasing population of retired employees, providing additional depth in the Labor Relations Office that will be entering labor negotiations for the majority of our contracts once again in the spring of 2013, and the need to address Equal Opportunity (EO) requirements. Over the years, EO positions have been eliminated and there are no EO officers currently located within the Health and Hospital System. This situation creates substantial risk for the County that we believe must be addressed in this budget.

Social Services Agency
In the Social Services Agency, enhancements totaling a net increase of $406,558 are included in the Recommended Budget. $155,000 is allocated to the IHSS program to add four staff that will support timely processing of provider payroll, reduce excessive telephone wait times, and address delays in receiving responses to inquiries. $379,154 will be restored to the Senior Nutrition Program to address the rising cost of food, the increasing demand for nutrition services, and to make up for use of reserves to fund program costs.
Public Safety Realignment Program - AB 109
As the Board is aware, the County implemented the realignment of adult criminal justice services in 2011. On October 1 the County became responsible for a category of non-serious, non-violent, non-high risk sex offenders being released from state prison. At the same time, sentencing regulations changed and individuals convicted of certain felonies with sentences greater than one-year are now being housed in County jail instead of State prison. These changes created a new criminal justice system at the local level, and counties had only three months to plan and implement how to manage these populations.

Santa Clara County has been recognized across the State for developing an innovative plan that focuses significant resources on the programs and services these individuals need to exit the cycle of criminal behavior. The County has brought together Mental Health and the Department of Alcohol and Drug Services to work with Probation staff to design the programs and services that will meet the needs of each parolee or inmate. This is a work in progress, but initial results have been extremely promising as the number of individuals violating parole and re-offending is declining.

The original allocation for FY2012 for AB 109 programs was $12.6 million. For FY2013 the Governor’s budget has allocated additional funding, and even though final allocations have not been made, we have been told to expect at least twice the FY2012 amount in FY2013. With this in mind, the Administration has developed a spending plan based on a careful review of requests and our experience to date. We are still developing information and plans to fully implement our evaluation process as data becomes available. With input from Departments and after reviewing the data collected up to this point, we are recommending substantial increases in resources for the majority of the components of AB 109. Increased resources are recommended as follows:

<table>
<thead>
<tr>
<th>Department</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheriff/Corrections</td>
<td>$5.5</td>
</tr>
<tr>
<td>Probation Department</td>
<td>$2.3</td>
</tr>
<tr>
<td>Admin/Supply Costs</td>
<td>$2.1</td>
</tr>
<tr>
<td>Alcohol and Drug Services</td>
<td>$2.0</td>
</tr>
<tr>
<td>Custody Health Services</td>
<td>$1.1</td>
</tr>
<tr>
<td>Programs and Services</td>
<td>$1.2</td>
</tr>
<tr>
<td><strong>Total New Allocations</strong></td>
<td><strong>$14.2</strong></td>
</tr>
</tbody>
</table>

This recommended spending plan maintains the balanced approach that the Administration has consistently supported for this program. The pie chart below depicts how the funding is allocated by component.

We are still committed to a flexible approach to the AB 109 program as we gain more experience and fully evaluate the success of each program element and service, caseloads, and the population within the jail system. To the extent that adjustments need to be made in the allocations, they will be brought forward to the Board for discussion and approval.

A more comprehensive discussion of the AB 109 program is provided as part of the introductory material in this document and individual recommendations are described within the County Executive recommendations for each affected department.
**Innovation and Flexibility**

An important core value that must be emphasized is our commitment to innovation in this organization. The Center for Leadership and Transformation (CLT) program has been developed as a mechanism to drive the change that needs to take place as we look ahead to the future. As we have stated before, we must find new and more efficient ways to deliver excellent services. Without this change we will be unable to sustain the current level of service moving forward. This budget recommends an ongoing commitment to CLT, recognizing the importance of this initiative. We are recommending an increase of $556,145 to fund this effort at an annual level of $736,145.

CLT is described more completely within this document in several locations. In summary, our goal is to empower our employees to look at their jobs differently and initiate changes that will improve performance in a material way. To date, the 39 CLT teams that are currently working have created over $400,000 in ongoing savings and over $1 million in one-time savings, as well as numerous client and customer service improvements. This is just the beginning, and as this effort spreads to more employees within the organization, horizontally and vertically, we are confident more savings and customer satisfaction results will be achieved and reported. Several efforts, including the implementation of the “software as a service” and common directory technology and the core system in the Health and Hospital system, are poised to deliver tangible results. I strongly support this initiative and believe it is a critical tool to move us forward as an organization to the level required in this very challenging environment.

**Conclusion**

After 10 years of unrelenting financial difficulties, FY 2013 provides for a much needed pause for the County organization, as well as the opportunity to provide limited new resources to address critical service areas. However, wary of the significant threats on the horizon, it would be imprudent to recommend the allocation of even more resources for ongoing programs. Our goal is to manage challenges while shoring up our service delivery networks where possible. While there are compelling arguments for increasing safety net and support services, we are committed to strengthening our foundation so we can withstand some of the problems evident on the horizon. We must be deliberate and restrain our desire to move quickly or we will return to the spiral that we have experienced for the past 10 years.

The reality is that our world is filled with uncertainty and ever-changing circumstances and conditions. We are fortunate to have an outstanding group of employees who believe in the mission statement and core values of the County. We must prepare ourselves to embrace the continuous challenges facing government, and provide the leadership necessary to maintain our essential service delivery systems and the safety net during these difficult times.
Center for Leadership and Transformation

Summary of CLT to Date
During FY 2012, the Center for Leadership and Transformation (CLT) has added 19 active projects to an existing group of 20 teams, for a total of 39 CLT teams. In addition, the Finance Agency has added another 2 teams as a result of “homegrown” CLT efforts, for a total of 41 teams.

CLT teams have identified over $400,000 in ongoing savings, and over $1 million in potential one-time savings, as well as numerous client and customer service improvements. These improvements have been possible via team process improvements or redesigns and the use of new technology to enable improvements.

There is the potential to realize larger savings once critical workflows can be modified and supportive technology put in place. Examples of this include savings related to the implementation of the SaaS and Common Directory technology, and the Core System in the Health and Hospital System. CLT training and experiences are preparing employees and executives to work more effectively across boundaries within and across agencies to make a variety of operational improvements, be proactive, and steadily improve their operations over the short and long term.

Of particular note, the Re-entry Rapid Transformation Team worked with the Re-entry Network to spearhead the effort to create a Re-entry Resource Center, which is now up and running to serve clients resulting from the AB 109 Program. And, since last June, the rate of placement of juveniles out of County has gone from 62% to 26% is less than one year.

Teams from across the Finance Agency, across the area of Human Resources, and from across the Social Services Agency (SSA) have begun new transformation efforts in FY 2012, and a CLT class in May 2012 will kick off a cross-boundary effort between SCVMC and SSA to examine how we can best position ourselves to serve our clients and address the requirements of the Affordable Care Act (ACA) provisions that begin in 2014, as well as related State mandates.

A matrix of the current status of the CLT teams follows this report.

Key Benefits of CLT
In order to assess the impact of CLT to date, in January 2012 the Administration conducted a detailed survey of CLT participants, and confirmed that projects which have achieved concrete results have some common characteristics that need to be reinforced going forward. The survey included written responses, as well as interview follow-up where possible. The survey results indicate the following:

- 90% believe that action learning is a necessary component of CLT training
- 79% have utilized lessons in their work outside of CLT
- 71% felt that meeting and working with people from other departments was the greatest benefit
- 62% appreciated the permission to explore improvements across organizations, and
- 54% have transferred CLT and Rapid Transformation lessons to others in their work groups.

This investment in County employees has paid dividends by creating new opportunities for employees to look at and approach work differently, and in a supported and empowered manner. Survey participants indicated that as a result of CLT, they had experienced increased morale, built key relationships, found new means of collaborating with others, learned how to better plan projects, created stepping stones to broader gains, increased their appreciation of challenges...
which are common to multiple County departments, and experienced an increased sense of empowerment.

All employees have the potential to make a difference, and the CLT is a valuable means for a team to harness what would otherwise remain as individual knowledge and energy. CLT creates an environment to encourage and perpetuate knowledge sharing among team members with an aim toward process improvements that over time will change the County culture as a whole.

To create new outcomes for a program, existing processes have to be assessed and revised. The CLT process starts with diagnosing the problem, recommending changes, creating the environment for change, and then implementing the recommended changes. This process requires a tight coupling between staff involved in the work and executives with authority in the organization. Brining in the broader work group is an iterative process that will follow as the project progresses. Communication, change management, and more training are often required to cement the change.

Many of the programmatic recommendations made by the CLT teams are focused on process improvement and customer service intended to improve outcomes and reduce costs. However, baseline financial metrics have not been consistently available. In other cases, the changes implemented to date are dependent on factors outside of the teams’ control. Improving traction on existing projects, as well as creating a structure for lasting results, will be the focus of Fiscal Year 2013 CLT. Essential characteristics include:

- Robust executive sponsorship and support. 67% cited that lack of executive involvement hindered progress of their teams;
- Communication between team members, others within their organization and also with the County Executive’s Office;
- Maximum overlap between team activities and one’s regular job. 62% cited that the reality of everyday work diminished their ability to participate in CLT.

- Methods of communication whereby individuals are aware of the status of their project and how it fits into the larger organization. 55% cited that they were unable to provide the exact status of their project, several months after the formal CLT process ended;
- Structured follow-up to the CLT class to facilitate execution of recommended actions.
- Linking elements of the County Executive’s vision to CLT project outcomes, and holding departments accountable for those linkages will aid in driving teams toward results. The County Executive’s vision fundamentals are:
  - Customer Focus
  - Performance Measurement and Results
  - Mid-Manager Empowerment and Engagement
  - Use of Latent Talent and Resources
  - Reduce the Cost of Services
  - Consolidation where Needed
  - Build Bench Strength

**Incorporating Lessons Learned and Validating Best Practices**

The economic climate of the last decade provided an incentive for County departments to collaborate and leverage resources. As the outlook begins to improve, now is a critical time to emphasize the importance of collaboration in innovation, customer service, employee retention and building bench strength in preparation for baby boomer retirements.

In order for teams to maintain momentum after the initial class and coaching period, follow up work plans will be overseen by the Administration, and quarterly follow-up meetings will take place for active CLT teams. These processes will provide additional structure during the time when departments are learning how to invest staff time and energy into County improvement efforts, in parallel with daily operations. As the SharePoint platform is rolled out to the County portal, it will be
possible to establish an interactive portal site for teams to report their findings and share documents.

The January CLT survey results, as well as anecdotal evidence, parallel instruction from management literature related to how organizations change and improve. In Change the Culture, Change the Game: The Breakthrough Strategy for Energizing Your Organization and Creating Accountability for Results, the authors' method validates the approach that the County has begun by creating action learning teams through the CLT process. Connors and Smith write that to create a culture of accountability, one starts with the following:

- define the results to be achieved (defined CLT projects)
- take effective action to produce them (prioritize with active teams)
- identify core beliefs that guide and direct behavior (the Discovery phase of Rapid Transformation, along with sharing knowledge across departmental boundaries)
- provide experiences that support efforts (support from leaders, managers, and stakeholders)
- reinforce results to sustain their beneficial impact.

With regard to buy-in of the plan, once formulated, Connors and Smith suggest what they call Five Principles of Full Enrollment:

1. Start with accountability.
2. Get people ready for the change.
3. Begin with the top and intact teams.
4. Establish a process control and keep it honest.
5. Design for maximum involvement.

By creating visible efforts towards process improvement, CLT is reinforcing the importance of the possibility of change, led by employees who are intimately familiar with the work. In the book, The Manager as Change Agent: A Practical Guide to Developing High-Performance People and Organizations, the authors' recommendations are as follows:

1. Provide strong, highly visible, and personal leadership.
2. Institute employee involvement early and often, at all levels.
3. Build a clearly articulated, shared vision.
4. Provide frequent, consistent, and open communication.
5. Leverage talented, and trusted employees as co-change agents.
6. Set measurable operational and behavioral goals.
7. Celebrate successes and re-address shortcomings.

CLT efforts to date have launched changes in County culture that form the basis for working differently, and improving our current processes, while achieving tangible results and greater employee satisfaction.

Through CLT, middle managers and line employees can see the fruits of their labor, and are able to communicate more directly with executives about their work, while building relationships across the County. Executives are able to call upon employees to assist in critical improvement projects, and those projects serve as career development opportunities for employees. CLT provides a view of both the Countywide picture and micro processes in departments. Bringing the two perspectives together supports greater

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1. Roger Connors and Tom Smith, Portfolio/The Penguin Group (2011)
understanding, and encourages participants and executive sponsors to work together on positive organizational change.

## Center for Leadership and Transformation Team Status Overview

<table>
<thead>
<tr>
<th>CLT Team Focus</th>
<th>Element of County Executive's Vision</th>
<th>Outcome from CLT Teams</th>
<th>Primary Benefit to Date</th>
</tr>
</thead>
</table>
| SCC2 E-Tiger Team | Customer Focus, Consolidation Where Needed, Reduce Cost of Services, Employee Empowerment | Consolidation and centralization where possible will reduce the amount of hardware to purchase and maintain, and will provide a common platform for the use of e-mail and a variety of software across the County. Departments will be phased in over time, with careful consideration given to unique security and application circumstances. | ◆ Teams conducted an RFP for Cloud SaaS and Common Directory services  
◆ Selected the Office 365 Cloud SaaS product  
◆ Team continues to work on procuring the needed software licensing and services to implement the desired solutions  
◆ Will be included in the FY 2013 Recommended Budget. |
| iAccess         | Customer Focus, Performance Measurement and Results | Recommended that the internet and intranet portals be made more user-friendly to both clients and employees who help clients with service delivery. The result will be evaluated after the public and County portals are fully migrated to SharePoint. | ◆ The public portal redesign, effective in April 2012, has taken into consideration the input from the iAccess Team  
◆ Departments may now edit their own content. |
| Rapid Assistance Program (RAP) | Customer Focus, Performance Measurement and Results | Desired goal is for eligible clients to access benefits within 24 hours of application. | ◆ In process as part of the Central Client Services model. |
| B2B            | Customer Focus | Goal is to assist clients with benefit applications outside the Social Services Agency. | ◆ Excess computers have been provided to a limited number of CBGs for use by clients to apply for benefits. |
| ELMR           | Customer Focus, Performance Measurement and Results | The recommendation to roll out Next Gen to additional clinics and in a manner which fostered clinician adoption, additional revenue and an improved client experience was delayed in conjunction with Systemwide analyses related to revenue cycle and Core information systems. | ◆ Core HIS system should address this issue in conjunction with operational changes being made at SCVMC.  
◆ Team could assist in documenting baseline metrics as the system moves forward. |
| Clerk Recorder  | Customer Focus, Employee Empowerment, Performance Measurement and Results | The Call Center in the Clerk Recorder’s Office has been redesigned for increased efficiency and effectiveness. The team had an open house in November 2011 after taking the class in September 2011. Ongoing training is available for Call Center staff, FAQs are updated regularly, and the phone system now includes music to wait by, and information about a caller’s place in the queue. | Metrics:  
◆ Service levels +117%  
◆ Call volume +57%  
◆ Abandoned calls -57%  
◆ Answer delays -90% |
| Social Services Agency | Customer Focus, Performance Measurement and Results, Employee Engagement, Reduce (net) Cost of Services | A total of 5 teams comprised the January 2012 CLT class.  
1) Two teams combined together to focus on improving work processes that contribute to the debt load on the part of clients.  
2) Two teams combined together to focus on how the current amount of debt owed ($98 million) can be reduced and collected, as well as how systems can be linked to provide more efficient information to employees tracking the debt. The teams are meeting with the SSA Oversight Committee for these CLT projects to discuss how to implement their workplans.  
3) One team is focused on a full work process redesign for the In-Home Supportive Services Program, leveraging the recommendations of the Intellibrige consulting report. | |
### Center for Leadership and Transformation Team Status Overview

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</table>
| Customer CARES | Customer Focus                       | Transform the customer experience at VMC so every patient not only feels cared for, they will also feel cared about with every single interaction. Among the metrics to be evaluated are the following: HCAHPS scores, PRC scores (patient satisfaction), Patient concern data, and Reference to industry best practice: UCLA, Johns Hopkins, Ohio Health Network. Teams include:  
- “Every Contact Counts”  
- Way Finding Team  
- Quiet Team  
- Recognition Team  
- Customer Service Redesign  
- Department Specific Programs.  
Valley Health Center Moorpark Medical Home Clinics is currently participating in the PExT (Patient Experience Transformation) Action Collaborative. This is a nine-month demonstration project to rapidly transform patient and staff experience using experience mapping and design. Project end date: June 1, 2012. | - Training reached ~ 3,500 staff.  
- Some slight improvement in patient satisfaction scores for staff courtesy and friendliness in the ambulatory setting.  
- 11 departments submitted videos of best practices that were shared and celebrated across VMC.  
- Currently collaborating with County IS on the design of a smart phone app related to way finding.  
- Updated way finding information on VMC website.  
- Created an Outlook e-mail account specific to Staff Recognition. Weekly announcements sent to all staff recognizing staff that consistently demonstrate “Every Contact Counts” behaviors.  
- Branded the “Every Contact Counts” campaign collateral, including compliment certificates. Over 100 official commendations generated monthly.  
- Generated “Our Stories,” a regular publication for patients and staff publicizing the work of teams and departments at VMC.  
- Employee Engagement Survey.  
Second annual survey completed 3/16/2012. Data to be analyzed and results communicated to all staff. |}

| Clerk Recorder | Customer Focus, Performance Measurement and Results | Marriage Application Kiosk Project. This project improves service time at counter, reduces staff manual entry, increases application accuracy, captures additional data. Next phases are multiple languages, stand-alone kiosks, improved user interface, Internet application. | New kiosk went live Feb. 22, 2012  
- 250+ customers have used the application  
- Customer saves 2.25 minutes average  
- Estimated to save 53 staff hours (0.31 FTE) per month, reducing the impact of previous staff reductions. |

| Controller-Treasurer | Customer Focus, Performance Measurement and Results, Reduce Cost of Service, Employee Empowerment | E-payables team. E-payables program allows vendors to be paid electronically rather than by paper, thereby reducing County costs. It facilitates timely receipt of payments for vendors, streamlines the payment process, and assists with resolving pain points related to E-payable program. | Project $150,000 in revenue in FY 2012, higher in future years as additional vendors are added.  
- Transferred marketing and enrollment responsibilities to Bank of America. |
## Center for Leadership and Transformation Team Status Overview

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<th>Outcome from CLT Teams</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Controller-Treasurer</td>
<td>Customer Focus, Performance Measurement and Results, Employee Empowerment and Engagement, Reduce Cost of Service.</td>
<td><strong>Accurate Collaborative Timekeeping.</strong> This project is to reduce workload related to payroll adjustments, the equivalent of 1 FTE. There are 500 adjustments each pay period, on average. Plans in the future include training and FAQs, along with consistent pay practice policies and procedures.</td>
<td>◆ Conducted survey and received a 61% response rate.</td>
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<td></td>
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<td>◆ Conducting quarterly user group meetings to provide direction and promote best practices.</td>
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<tr>
<td>Local Alternative Placement of Juveniles (Probation)</td>
<td>Customer Focus, Reduce Cost of Service, Employee Empowerment, Performance Measurement and Results</td>
<td>Program is a cross-boundary collaboration with CBO partners and the Social Services Agency to reduce the out-of-County placement of juveniles. The success of this program in Probation has assisted the Department to examine how similar changes can take place in other Probation programs.</td>
<td>◆ Over the course of 12 months, the team was able to reduce the use of out of County placements from 78% to 26%. 74% of placements are now in homes or in the County</td>
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<td></td>
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<td>◆ General Fund savings were approximately $153,000, with $188,000 in total savings.</td>
</tr>
<tr>
<td></td>
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<td>◆ Reduced use of health and hospital and social services for juveniles.</td>
</tr>
<tr>
<td>Dept. of Revenue</td>
<td>Customer Focus, Reduce Cost of Services, Performance Measurement and Results</td>
<td><strong>DOR Paperless Project.</strong> Efforts are underway to move office files from paper to paperless. System improvements are expected to result in future revenue increases; when improvements are made it will be easier to focus collection efforts on those accounts with the highest probability of collection.</td>
<td>◆ Document types sorted into categories</td>
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<td>◆ Staff has immediate access to electronic documents for efficient service to the public.</td>
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<td>◆ Savings of time not having to call around and request information.</td>
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<td>◆ User guides have been developed.</td>
</tr>
<tr>
<td>Re-entry Network Transformation Team</td>
<td>Customer Focus, Performance Measurement and Results, Employee Empowerment, Use of Latent Talent and Resources</td>
<td>This team has provided the primary staff work in conjunction with the Re-entry Network to create a re-entry program among County departments and the community.</td>
<td>◆ The CAIS risk assessment tool will be used by DOC</td>
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<td>◆ The Re-entry Resource Center is operational</td>
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<td>◆ ISD is leading the effort to develop a data warehouse</td>
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<td>◆ The FY 2013 budget will include recommendations for additional resources using AB 109 funds, including for a Re-Entry Unit.</td>
</tr>
<tr>
<td>Controller Treasurer</td>
<td>Customer Focus, Performance Measurement and Results, Reduce Cost of Service</td>
<td><strong>Finance Agency Smart Transition (FAST).</strong> Determine how to best provide accounting services to small and mid-sized departments. First, the team identified vendors common to all Finance Agency Departments, and selected Ricoh copiers as the first consolidation. Continue consolidating the processing of other Finance Agency common vendor invoices. Complete Clerk Recorder’s Office study on improving accounting services.</td>
<td>◆ Identified $75,000 of copier credit memos that needed to be taken</td>
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<tr>
<td></td>
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<td>◆ Developed a procedure for processing the invoices centrally and in March, processed all Finance Agency Department copier invoices, and established a general e-mail address for centrally receiving electronic copies of invoices.</td>
</tr>
<tr>
<td>Admissions to TCNU</td>
<td>Customer Focus, Performance Measurement and Results, Reduce the Cost of Service</td>
<td>This project aimed to provide sustainable bed availability/reduce overcrowding in the Transitional Care Neurosurgery Unit.</td>
<td>◆ This team developed a process to better track how patients were assigned to this unit.</td>
</tr>
</tbody>
</table>

County of Santa Clara

Center for Leadership and Transformation
<table>
<thead>
<tr>
<th>CLT Team Focus</th>
<th>Element of County Executive’s Vision</th>
<th>Outcome from CLT Teams</th>
<th>Primary Benefit to Date</th>
</tr>
</thead>
</table>
| Tax Collector  | Customer Focus, Employee Empowerment | Building and Expanding Service Tools (BEST) Team. | ◆ Service lobby has been reconfigured and re-signed for easier customer flow and understanding  
◆ Duty desks have been designated  
◆ Customer queue in phone system will be streamlined to reduce wait times  
◆ Online inquiry process is being streamlined. |
| Tax Collector  | Customer Focus, Employee Empowerment, Performance Measurement and Results | Crossing Boundaries. Improve on manual processing of negative supplemental refunds and data sharing between the Office of the Assessor and the Tax Collector’s Office. | ◆ 63% improvement in the backlog of 28,083 supplemental negative roll corrections; down to 10,417.  
◆ Working on translation of 400 ownership codes and future interface between Tax and Assessor to automate the process. |
| Billing Initiative Team | Increase Revenue, Reduce (net) Cost of Services | Team focus was to create charge entry improvements that would increase revenue for VMC. The majority of evaluations at the Center for Child Protection in Pediatrics (CCPP) Department are authorized by and paid by law enforcement or child protective services. Evaluations on patients not referred by law enforcement or child protective services were provided for free. The team working on Advanced Practice Nursing-related services has encountered obstacles regarding accurate record keeping originating from charge entry through accounts receivable. This process has been further hampered by turnover in personnel, but they continue to work on problem solving in this area. | ◆ In the last three or four months, the CCPP is able to bill insurance for cases not authorized by law enforcement or child protective services  
◆ Advanced Practice Nurses and one Neonatologist are continuing to pursue improvements in the billing cycle for the Neonatal Intensive Care Unit  
◆ Radiology is now billing for services provided by Advanced Practice Nurses. |
| Human Resources | Internal customer focus, Employee Empowerment, Process improvement and Results | Four teams with members from the Employee Services Agency as well as a numerous operating departments have recently kicked off the following projects:  
◆ Demystifying the Merit System Rules  
◆ Reviewing and Updating Job Specifications  
◆ Realizing a successful probationary period for employees and managers  
◆ Transforming the Hiring Process, with SSA as a pilot effort | ◆ FAQ sheet for managers being field tested now  
◆ sccLearn collaborating on a course for hiring managers - in development  
◆ An estimated 350 job specs will be reviewed in a period of 18 months  
◆ Training for new supervisors will include specific material on coaching and mentoring new employees. |
| Project Portfolio Management / Governance | Internal Customer Focus, Reduce Cost of Service, Create Efficiencies | Focus is to create Countywide IT project oversight, as well as a process, structure and funding mechanism going forward for ongoing IT project review and management. | ◆ Business Information Technology Steering (BITS) Committee has been established  
◆ Governance structure is in development  
◆ Resources were added as part of the FY 2012 Mid-year budget to staff the oversight efforts  
◆ A new procedure was developed for the FY 2013 IT budget request process which is currently being put to the test. |
## Center for Leadership and Transformation Team Status Overview

<table>
<thead>
<tr>
<th>CLT Team Focus</th>
<th>Element of County Executive’s Vision</th>
<th>Outcome from CLT Teams</th>
<th>Primary Benefit to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countywide IT Integration (Fix IT)</td>
<td>Internal Customer Focus, Reduce Cost of Services, Consolidate Where Needed</td>
<td>This team focused on how information technology Countywide might be redesigned. Team recommendations included a) inventory of current infrastructure, b) service design for the County and c) a transition plan and implementation.</td>
<td>◆ An inventory of the current infrastructure contributed to the ability to identify critical infrastructure needs for the FY 2013 budget. ◆ Cross-boundary Integrated Workplace Management Software project is in process. ◆ Team members participating in numerous cross-boundary IT projects.</td>
</tr>
<tr>
<td>Service Agreements and Contracts</td>
<td>Internal Customer Focus, Reduce Cost of Service, Performance Measurement and Results</td>
<td>This team focused on procurement processes and recommendations to create clear governance and streamlined procedures.</td>
<td>◆ Leveraging efforts of the SCVHHs pilot procurement team (POST) are continuing ◆ Responsibility for the governance and policy document recommendations has been transferred to a cross-boundary team ◆ Board Policy 5 has been revised and Administrative Guidelines are the next step.</td>
</tr>
<tr>
<td>I am VINC: Valued, Inspired, Needed, Creative, Encouraged.</td>
<td>Mid-Manager Empowerment and Engagement, Employee Empowerment</td>
<td>Inconsistent executive support reduced momentum. Other recommendations which remain to be implemented are a mentorship program, add value to the performance appraisal process, promote and encourage simple, informal recognition practices in departments.</td>
<td>◆ New Employee Excellence Award ◆ New Service Award Offerings ◆ New course offerings and “certificates” offered by Employee Development ◆ Employee Development is working on Management Academy courses at this time.</td>
</tr>
<tr>
<td>Rapid Action Force (RAF)</td>
<td>Employee Empowerment and Engagement, Use of Latent Talent and Resources.</td>
<td>The idea that employees would propose team efforts to work on solving specific County problems was very useful, but the press of daily work prevented efforts from germinating.</td>
<td>◆ The ideas from the RAF have been used as part of beginning the Re-Entry CLT team ◆ Has served as the starting point for a feedback mechanism for future CLT teams.</td>
</tr>
<tr>
<td>Wellness Warriors</td>
<td>“Total Workplace Wellness.”</td>
<td>This team effort was cross-boundary “before it was cool,” and departments were unable to support it in a coordinated manner. Valley Health Plan desires to take the lead on future wellness efforts and has requested additional resources in the FY 2013 budget to support the effort.</td>
<td>◆ Team incorporated wellness activities into the June 2011 Festival in the Park “Where Wellness Meets Fun” ◆ Posted flyers and posters around the County ◆ Future plans require extensive data analysis to evaluate current benchmarks of health status and develop ongoing measurable milestones in the implementation and promotion of a culture of wellness among employees in the County.</td>
</tr>
<tr>
<td>Patient Population</td>
<td>Performance Measurement, Customer Service</td>
<td>Initiative to create a data warehouse for collecting patient data.</td>
<td>◆ ISD and SCVMC staff are currently working on this initiative in conjunction with the Core System replacement and EPIC.</td>
</tr>
</tbody>
</table>
## Center for Leadership and Transformation Team Status Overview

<table>
<thead>
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<th>Element of County Executive's Vision</th>
<th>Outcome from CLT Teams</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Controller Treasurer</td>
<td>Reduce Cost of Service</td>
<td><strong>SCVMC Sales Tax Revenue.</strong> Team recommendation that the County recoup sales tax related to purchases at SCVMC which have been attributed to the City or the State, rather than the County. Procedures need to be put in place to recoup the tax, and this is a cross-boundary effort between SCVMC Facilities, Finance, and the Controller’s Office.</td>
<td>◆ Ongoing revenue estimated at $185,000&lt;br&gt;◆ $1,000,000 in one-time revenue.</td>
</tr>
<tr>
<td>Streamline Small Dollar Purchases</td>
<td>Performance Measures and Results</td>
<td>Enhance off-contract County purchasing methods and streamline direct-pay coding. Specifically, a new purchase type (field purchase order) was created for small dollar purchases and the P-Card Policy was revised to provide additional clarity on the policy and permitting the use of P-Cards for services provided by California contractors. Some departments have started approaching Procurement with contracting opportunities because of the increased visibility of their field purchase order transactions. These changes facilitate analysis for contracting opportunities, increasing department purchasing flexibility and ensuring that internal controls are in place to manage the inherent risk of purchasing activities. It will take some more time to accumulate enough purchase history to see useful purchasing patterns.</td>
<td>◆ FY 2012 budgeted revenue of $5,000 is projected at $7,454, as the number of rebates has increased&lt;br&gt;◆ Created an itemized purchase history for visibility of individual department spending off-contract, in order to drive spending toward the contract.</td>
</tr>
<tr>
<td>21st Century Learning Team; LEDR (Leaders of the Employee Development Revolution); EPEA</td>
<td>Customer Focus, Reduce the Cost of Services, Create Efficiencies, Employee Engagement, Consolidation where needed.</td>
<td>Each of these teams envisioned e-learning of various kinds to allow for more efficient training, reduced costs and productivity savings. scclLearn reduces manual processes for training administration, reduces cost, and engages employees in more strategic work. scclLearn is empowering employees to take charge of their careers by easily researching classes available for career enhancement, and allowing them to use online learning in a self-paced manner. More ambitious projects such as Agency wide e-learning modules (performance appraisal process, hiring at the County) and tailored training for departments based on knowledge, skills and abilities (KSAs) will be provided as resources allow.</td>
<td>◆ scclLearn’s e-learning project is active, and has kicked off in March 2011&lt;br&gt;◆ Pilot phase will be expanded as resources allow&lt;br&gt;◆ Initial foci are driver’s safety training and sexual harassment prevention&lt;br&gt;◆ Resulting savings will be measured in:&lt;br&gt;◆ Person hours spent attending long training sessions&lt;br&gt;◆ Administrative hours spent on a variety of manual tracking systems&lt;br&gt;◆ Riverside County was able to document $288,000 annual savings in travel expenses related to e-learning&lt;br&gt;◆ Future will expand e-learning to webinar (live online) training as well.</td>
</tr>
<tr>
<td>EPEA</td>
<td>Reduce the Cost of Services</td>
<td>Recommendations include:&lt;br&gt;◆ Fill out and process forms online&lt;br&gt;◆ Centralize information for employees in one place on the employee portal&lt;br&gt;◆ Create an e-learning module.&lt;br&gt;Recommendations are partially dependent on the SaaS project and the Common Directory, which is in progress.</td>
<td>◆ Recommendations for E-pay have been implemented by ISD, saving 10,080 pounds of paper/year, or approximately $40,000. Indirect savings include reduced water, greenhouse gas emissions, and forest preservation.²&lt;br&gt;◆ scclLearn e-learning module has been launched.</td>
</tr>
</tbody>
</table>
### Center for Leadership and Transformation Team Status Overview

<table>
<thead>
<tr>
<th>CLT Team Focus</th>
<th>Element of County Executive’s Vision</th>
<th>Outcome from CLT Teams</th>
<th>Primary Benefit to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Clearance &amp; Compliance Team</td>
<td>Performance Measurement and Results, Reduced Cost of Service</td>
<td>Recommendations are related to improved access to health care, patient education, standard workflows, and increased revenues due to staff working with patients in advance of elective appointments to capture available MediCal reimbursements and required patient payments. There is potential here to recoup over $10 million annually in unreimbursed cost. Leadership transitions in both SCVMC IT and Finance have caused some delays for this team, but since leadership has stabilized, efforts are progressing.</td>
<td>◆ Processes and workflows are being assessed and revised&lt;br&gt;◆ IT Infrastructure development will roll out over time, beginning this year, &amp; through the next several years. The Core Health Information System will be an integral part of the improvements in this area.</td>
</tr>
<tr>
<td>Maximizing our Resources Effectively (MORE)</td>
<td>Use of Latent Resources, specifically facilities</td>
<td>The original idea to maximize the best use of available County properties was not sponsored by any particular department.</td>
<td>◆ Options are being developed for community gardens in the County. This effort is ongoing, and is cross-boundary between AEM, Public Health, the County Executive’s Office, and others outside the County.</td>
</tr>
<tr>
<td>Extra Help</td>
<td>Use of Latent Talent, Reduce Cost of Services</td>
<td>The original idea was to examine whether the work experience of extra help personnel could be used to assist those employees in becoming permanent, reducing the churn of hiring extra help employees when permanent employees are unavailable. Team efforts provided a basis for ES&amp;A to modify the personnel process allowing for a pilot program to be implemented. However, the nature and extent to which processes could be changed were limited, causing the number of those who benefited from the changes in the hiring process, to date, to be relatively small and not far reaching. The logic behind the changes that were made as a result of the teams’ analysis is sound and if given time for a cumulative effect to develop, it is likely that a material benefit to the County will be realized.</td>
<td>◆ A pilot program related to extra help hiring for 10 specific classes was included in the FY 2012 – 2013 bargaining unit contracts&lt;br&gt;◆ Upon completion of the pilot (and no later than December 2011) ten additional classifications will be added to the pilot. The Union and the County shall mutually agree upon classifications to be added.</td>
</tr>
</tbody>
</table>

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#### Elements of County Executive Jeffrey V. Smith's Vision

<table>
<thead>
<tr>
<th>Customer Focus</th>
<th>Performance Measurement and Results</th>
<th>Mid-Manager Empowerment and Engagement</th>
<th>Use of Latent Talent and Resources</th>
<th>Reduce the Cost of Services</th>
<th>Consolidation where Needed</th>
<th>Build Bench Strength</th>
</tr>
</thead>
</table>

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a. 31,363 square feet of forest preserved; 2,052 trees planted and grown for 10 years, 96,139 gallons of wastewater discharge prevented, 176,208 lbs. of greenhouse gas avoided.
Executive Summary

In an effort to reduce the number of offenders incarcerated in the California prison system and assist in alleviating the State’s financial crisis, the Public Safety Realignment Act (AB 109) was signed into law on April 4, 2011. Subsequently, on June 30, 2011, AB 117 was signed by Governor Brown, further outlining the provisions of Realignment. This Act shifts the responsibility for inmates convicted of non-serious, non-violent, non-sex offenses to local jurisdictions by requiring them to serve their sentence in local jails rather than in State prisons, pursuant to the newly added Penal Code §1170(h). All inmates serving local sentences will now come under the post-release supervision of local agencies, Post Release Community Supervision (PRCS) offenders. Additionally, this legislation changes the sentencing laws to keep these offenders from being committed to State prison.

Community Corrections Partnership (CCP)

Outcome Measures

On September 27, 2011 the Board of Supervisors approved the 2011 Public Safety Realignment Implementation Plan as recommended by the CCP, to include the following key outcome measures:

- Increase the use of community sanctions and programs (both for lower level felons, parole violators, and community supervision clients).
- Increase the connections and coordination between offenders and potentially helpful people and services in the community. This includes family, educators, potential employers, and faith-based agencies.
- Develop an efficient system that strengthens cross agency coordination and use of services.
- Increased outcomes as it pertains to housing, sobriety, and employment.
- Reduce offender recidivism rates.
- Reduce prison commitments from the County, thus reducing the overall prison population.
- Reduce racial and ethnic disparities in key decisions across the criminal justice system.

Profile of PRCS and Mandatory Supervision

Since Realignment began in October 2011, Santa Clara County has received approximately 655 PRCS offenders and 47 §1170(h) Mandatory Supervision offenders. There is an estimated 51.4% Hispanic, 26.4% White, and 11.7% Black. Almost 40% are between 25 - 34 in age and 20.5% are older than 45, and the majority are males at 93.3%. This population includes only 12.8% that are considered transient.

Initial projections by the California Department of Corrections and Rehabilitation (CDCR) indicated that the County would expect 1,067 offenders, however, revised projections indicate that by the end of the first year of implementation Probation will realize approximately 1,260 PRCS and 1170(h) offenders. Table 1 provides information as to the number of offenders projected to be released to Santa Clara County compared to the actual numbers released as of March 31, 2012. Although, the number of PRCS Releases is decreasing, the number of 1170(h) Mandatory Supervision offenders will increase over time. Of the 655 total PRCS offenders processed at Probation, approximately 246 were assessed by the new risk/needs assessment tool that was started on December 12, 2011 after all staff were trained using the tool.

<table>
<thead>
<tr>
<th>Month</th>
<th>Projected</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2011</td>
<td>106</td>
<td>119</td>
</tr>
<tr>
<td>November 2011</td>
<td>125</td>
<td>136</td>
</tr>
<tr>
<td>December 2011</td>
<td>122</td>
<td>143</td>
</tr>
<tr>
<td>January 2012</td>
<td>118</td>
<td>100</td>
</tr>
<tr>
<td>February 2012</td>
<td>93</td>
<td>83</td>
</tr>
<tr>
<td>March 2012</td>
<td>77</td>
<td>74</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>641</strong></td>
<td><strong>655</strong></td>
</tr>
</tbody>
</table>

Impact on Jail Population

On September 30, 2011, (one day prior to the commencement of Realignment), the Daily Jail Population total was approximately 3,429. And, on March 31, 2012, the Daily Jail Population total was approximately 3,594. Of the 3,594 total, approximately 227 were sentenced as a result of 1170(h). Table 2 provides the monthly average of individuals who were sentenced as a result of 1170(h), since the commencement of Realignment.
### Table 2: Monthly Average of 1170(h) Inmates

<table>
<thead>
<tr>
<th>Month</th>
<th>Average # of 1170(h) Inmates</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2011</td>
<td>47</td>
</tr>
<tr>
<td>November 2011</td>
<td>87</td>
</tr>
<tr>
<td>December 2011</td>
<td>122</td>
</tr>
<tr>
<td>January 2012</td>
<td>155</td>
</tr>
<tr>
<td>February 2012</td>
<td>190</td>
</tr>
<tr>
<td>March 2012</td>
<td>220</td>
</tr>
<tr>
<td>Partial April 2012</td>
<td>225</td>
</tr>
</tbody>
</table>

The Daily Jail Population statistics show a steady increase in the number of 1170(h) inmates and this number is anticipated to significantly increase.

### Impact on Treatment Referrals of PRCS Offenders

The Mental Health Department, in collaboration with Probation, Custody Health, the Department of Alcohol and Drug Services, and Social Services Agency, established the Re-Entry Multi-Agency Project (Re-Entry MAP) to develop and test a service assessment and delivery model that will coordinate re-entry services. According to the Re-Entry MAP, income/benefits, substance use, and mental health areas were reported to carry the highest levels of need/risk based on an individual’s interview risk assessments for 191 PRCS offenders. Table 3 provides information on the referrals made and actual attendance/reporting for the current 655 PRCS offenders.

### Table 3: Treatment Referrals PRCS Offenders

<table>
<thead>
<tr>
<th>Type of Service Referral and Actual Enrollment</th>
<th># Oct. 2011 to March 2012</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Referrals to Mental Health Treatment</td>
<td>40</td>
<td>6%</td>
</tr>
<tr>
<td>Enrolled to Mental Health Treatment</td>
<td>36</td>
<td>5%</td>
</tr>
<tr>
<td>Referrals to Substance Abuse Treatment</td>
<td>123</td>
<td>19%</td>
</tr>
<tr>
<td>Enrolled to Substance Abuse Treatment</td>
<td>89</td>
<td>14%</td>
</tr>
<tr>
<td>Referrals to Employment, Vocational, and Educational Services</td>
<td>76</td>
<td>12%</td>
</tr>
<tr>
<td>Enrolled to Employment, Vocational and Education Services</td>
<td>47</td>
<td>7%</td>
</tr>
<tr>
<td>Valley Health Care II Enrollment (Health Insurance)</td>
<td>47</td>
<td>7%</td>
</tr>
</tbody>
</table>

This data is currently being compiled and will be analyzed more thoroughly by the CCP’s Data and Evaluation Working Group. Other data sources will include information from the community based organizations providing specific services.

### Evidence-Based Supervision and Services and County Strategy

**Probation Supervision:** Probation is responsible for using evidence-based correctional sanctions and programming, encompassing a range of custodial and non-custodial responses to criminal or non-compliant behavior. **County Strategy:** Create High Risk Offender Units that provide intensive supervision to offenders at a ratio of 30:1, serve the PRCS population and the non-serious, non-violent and non-high risk sex offenders sentenced to County Jail with a term of mandatory supervision, and to work collaboratively with Re-Entry MAP to conduct packet reviews, prison pre-release visits, and 4-6 month and 12 month screenings.

**Custodial Supervision and Direct Inmate Services:** California State Penal Code 1170(h) compels the Department of Correction (DOC) to incarcerate certain types of felons in our County jail facilities. These inmates now serve their sentences in jail and are no longer sent to State prisons. This increase in inmate population will continue to expand the number of medium and maximum security inmate beds needed at the Main Jail. Since October 2011, the Main Jail is gaining an average of ten (10) high-medium to maximum security AB 109 inmates each month. **County Strategy:** Provide access to effective programs and services and adequate out-of-cell time. Increase participation in the Food Service Inmate Vocational Program, the Operations/Industries Inmate Vocational Training Program, and the Minimum Camp Inmate Grounds Crew (vocational landscaping).

**Custodial Alternatives and Programs:** The DOC must utilize population management tools, designed to address jail overcrowding issues, such as the release of pre-sentenced inmates on electronic monitoring, the Supervised Own Recognizance Program, home confinement and day reporting programs. **County Strategy:** Work in collaboration with the Court to support the participation in the Public Service Program and Weekend Work Program. Utilize the DOC’s Custodial Alternative Supervision Unit (CASU) for early release programs, various work and education programs, the Re-Entry Correctional Program Phase II and the Day Reporting Center. Continue to utilize Rehabilitation Officers to develop and implement effective transition plans for suitable participants.
Re-Entry Programming: Establishing effective Re-entry initiatives targeting inmate rehabilitation and preparation for re-entry to the community and assisting those who have returned from custody, by providing programs and services, to become productive law-abiding citizens is critical. County Strategy: Establish a Re-Entry Resource Center as a centralized service and assessment center emphasizing multi-disciplinary service coordination such as the MAP Project, service referral to community-based support, and collaborative case management, utilizing Peer Support Workers. Provide alternatives to incarceration through various programs offered by the DOC. Include Community Based Organizations (CBOs) to provide more direct services and programs at the Center.

Health Services: To date, AB 109 client assessments for populations released from State prison and those housed in County jail facilities, reveal that approximately 60% suffer from acute and/or chronic medical health issues, approximately two-thirds suffer from substance abuse, and one-third suffer from mental health illnesses. County Strategy: Expand medical personnel to meet increasing medical and dental care needs and provide direct primary care services at the Center. Expand and change service level of mental health and substance abuse services to treat mental both. Treatment provided in an integrated setting is expected to lower preventable hospitalizations, reduce recidivism, and may help clients develop better coping skills. Integrate this population in the evolving new heath care system and enroll in the County’s health care program.

Community-Based Treatment: Investments made in more balanced, community-based treatment programs that employ evidence based principles are crucial to success. To date, the County has executed various contracts with multiple community-based service providers to target high risk clients; however, current experience indicates that expansion of services is required to meet housing, vocational/educational, employment and substance abuse treatment needs. County Strategy: Expand existing contracts for vocational/educational, employment, and cognitive behavior treatment support services and significantly increase the number of outpatient, residential treatment, and transitional housing units. Redirect under utilized contract services to fund Mental Health full service partnerships, faith based re-entry efforts, and day socialization services.

Program Administration, Evaluation and Training: Ongoing measurement of outcomes and coordinated program administration is fundamental to effective community corrections management. Outcome reporting and ongoing evaluation are necessary for stakeholders to understand whether or not intended impacts are being achieved, and if not, what needs to change. County Strategy: Increase administrative capacity to oversee the Re-Entry Resource Center planning process, coordinate responses to various internal and external stakeholders; provide outcome reports, analyze data. Promote the implementation and long term sustainability of data collection and analysis, track outcomes, and determine the effectiveness of policies, programs and practices in effecting offender behavior change, reducing recidivism and enhancing public safety.

Data Collection and Sharing: Identifying business and operational processes and performing workflow analyses will highlight critical data/information needs which is critical. County Strategy: Implement a Data Collection and Sharing Project (Charter Project), developed and led by ISD, to enable collection and data sharing between and among County and other agencies, with the end goal of establishing a multi-jurisdictional and comprehensive data warehouse whereby all needed data/information will be accessible to assist and improve direct services to AB 109 clients.

Current and Emerging Issues

Office of the Public Defender and Office of the District Attorney: Both Offices will receive FY 2013 State Realignment funding allocations once the State determines the exact formula. These will be specific to assist the offices with handling and processing of PRCS revocation hearings. It should be noted that PRCS revocations have also increased, most significantly in the last three months. Staff resources may need to be analyzed to determine whether adequate revocation hearing caseloads are being maintained.

Constitutional Protection Initiative: According to the State’s revenue estimates, counties should anticipate $842.9 million to implement Realignment in FY 2013. It is estimated that the County will receive between $24 million and $26 million based on preliminary formulas. The Governor’s initiative to protect the revenues that fund the Realignment Program is currently gathering signatures to get on the November 2012 ballot.
Summary of Departmental Ongoing Allocations for FY 2012 (Initial) and FY 2012-2013 (Total)

<table>
<thead>
<tr>
<th>Department</th>
<th>FY 2012 Amount</th>
<th>Department</th>
<th>FY 2012-2013 Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration BU107</td>
<td>$0</td>
<td>Administration BU107</td>
<td>$934,448</td>
</tr>
<tr>
<td>County Counsel BU120</td>
<td>$0</td>
<td>County Counsel BU120</td>
<td>$128,000</td>
</tr>
<tr>
<td>Information Services BU145</td>
<td>$0</td>
<td>Information Services BU145</td>
<td>$345,592</td>
</tr>
<tr>
<td>Facilities &amp; Fleet BU263</td>
<td>$0</td>
<td>Facilities &amp; Fleet BU263</td>
<td>$658,214</td>
</tr>
<tr>
<td>Procurement BU118</td>
<td>$0</td>
<td>Procurement BU118</td>
<td>$50,000</td>
</tr>
<tr>
<td>Criminal Justice System (Reserve) BU217</td>
<td>$0</td>
<td>Criminal Justice System (Reserve) BU217</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>District Attorney BU202</td>
<td>$296,808</td>
<td>District Attorney BU202</td>
<td>$296,808</td>
</tr>
<tr>
<td>Public Defender BU204</td>
<td>$296,808</td>
<td>Public Defender BU204</td>
<td>$296,808</td>
</tr>
<tr>
<td>Sheriff BU230</td>
<td>$105,516</td>
<td>Sheriff BU230</td>
<td>$105,516</td>
</tr>
<tr>
<td>Sheriff’s DOC Contract BU235</td>
<td>$1,857,996</td>
<td>Sheriff’s DOC Contract BU235</td>
<td>$6,460,091</td>
</tr>
<tr>
<td>Department of Correction BU240</td>
<td>$834,263</td>
<td>Department of Correction BU240</td>
<td>$1,698,748</td>
</tr>
<tr>
<td>Probation BU246</td>
<td>$4,572,635</td>
<td>Probation BU246</td>
<td>$6,843,017</td>
</tr>
<tr>
<td>Mental Health BU412</td>
<td>$2,000,000</td>
<td>Mental Health BU412</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Custody Health BU414</td>
<td>$968,029</td>
<td>Custody Health BU414</td>
<td>$2,042,893</td>
</tr>
<tr>
<td>Alcohol &amp; Drug Services BU417</td>
<td>$1,333,333</td>
<td>Alcohol &amp; Drug Services BU417</td>
<td>$349,995</td>
</tr>
<tr>
<td>Social Services Agency BU501</td>
<td>$0</td>
<td>Social Services Agency BU501</td>
<td>$200,528</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$12,265,388</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>$26,421,658</strong></td>
</tr>
</tbody>
</table>

Summary of FY 2013 Recommendations

<table>
<thead>
<tr>
<th>Program Areas</th>
<th>Highlights and Impacts</th>
<th>Funding Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probation Supervision</td>
<td>Increase Probation staff in the High Risk Offender Unit and allocate funds for equipment to support the new and existing Deputy Probation Officers.</td>
<td>$1,790,354</td>
</tr>
<tr>
<td>Custodial Supervision &amp; Direct Inmate Services</td>
<td>Increase Main Jail staff in Classification and Inmate Escort; Increase Elmwood staff for Perimeter Security, Kitchen, Visiting, Minimum Camp, and Industries.</td>
<td>$3,967,936</td>
</tr>
<tr>
<td>Custodial Alternatives &amp; Programs</td>
<td>Increase Elmwood staff for M8 Programming Housing, for Men’s and Women’s Re-Entry Corrections Programs, and Rehabilitation Officer positions for general programs.</td>
<td>$1,239,080</td>
</tr>
<tr>
<td>Re-Entry Center &amp; Related Programs</td>
<td>Add Center Coordinator and support staff; Allocate funds for Center utilities and building maintenance; for drug testing and bus passes; and to support Center programs. Add Eligibility Worker and staff to perform basic eligibility determination. Add Peer Support Workers.</td>
<td>$1,807,782</td>
</tr>
<tr>
<td>Health Services</td>
<td>Add medical personnel to expand medical and dental care services and redirect existing allocation to add staff for mental health and substance abuse counseling services and integrate services between health agencies and Santa Clara Valley Medical Center.</td>
<td>$1,044,864</td>
</tr>
<tr>
<td>Community-Based Treatment</td>
<td>Increase funding for vocational/educational, employment, and cognitive behavioral treatment support services; and expand outpatient slots, residential treatment, detoxification needs, and transitional housing units. Additionally, redirect under utilized contract services funding for mental health full service partnerships, faith based re-entry resource centers, and day socialization services.</td>
<td>$2,316,662</td>
</tr>
<tr>
<td>Program Administration &amp; Evaluation</td>
<td>Allocate funds in support of Program Administration and for establishment of comprehensive Evaluation and Assessment Process.</td>
<td>$455,000</td>
</tr>
<tr>
<td>Program Data Collection &amp; Sharing</td>
<td>Increase Information Services Department IS/IT staff and allocate funds to support the Countywide Charter Project.</td>
<td>$356,592</td>
</tr>
<tr>
<td>Legal Services &amp; other Support</td>
<td>Allocate funds for anticipated legal counsel/advice and for service agreement procurement support.</td>
<td>$178,000</td>
</tr>
<tr>
<td>Reserve</td>
<td>Allocate funds for unanticipated program needs.</td>
<td>$1,000,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$14,156,270</strong></td>
</tr>
</tbody>
</table>
One-Time General Fund Resources and Recommended Allocations

Overview
Board Policy 4.4, adopted in 1982, speaks to “dedicating one-time revenues only for use as one-time expenditures,” but recognizes that “the Board has seen fit to modify this policy to allow for the use of one-time sources of funds to ease the transition to downsized and/or reorganized operations.”

The County has a history of relying on one-time funds to support ongoing programs during periods of economic downturn, in order to reduce the level of service reductions which would otherwise be required to balance the budget. For the second year in a row, the FY 2013 Recommended Budget uses no one-time funds to support ongoing programs.

Sources of One-time Funds

General Fund Balance: The estimated fund balance available at the end of FY 2012, for use in FY 2013, is $123,000,000, much of which comes from unspent Contingency Reserve funds. The projected unspent reserve assumes as much as $1 million will be drawn from the reserve at year-end for costs associated with the June 2012 election. This is a conservative assumption and an updated projection will be available at the June Budget Hearing.

Fund balance from departmental operations is projected at $33.2 million, which is an improvement from the $24 million projection provided to the Board at the Mid-Year Budget Review. The improvement is a result of more positive revenue projections and projected savings from unspent reserves that were increased by the Board at Mid-Year.

One-time Revenues: The Recommended Budget includes $31.3 million in one-time revenues, $20 million of which comes from projected bond revenues to support General Fund technology needs. An additional $70 million in bond proceeds are expected to be available to support the new Core Health Information System replacement project, commonly referred to as Epic, in the Health & Hospital System. Those revenues are recognized in the SCVMC Enterprise Fund.

A second major source of one-time funds is $10.5 million in revenue anticipated as a result of the sale of the Children’s Shelter property.

FY 2013 One-time Resources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012 General Fund Balance</td>
<td>$89,826,400</td>
</tr>
<tr>
<td>Fund Balance from Departmental Operations</td>
<td>$33,173,600</td>
</tr>
<tr>
<td>Estimated FY 2012 General Fund Balance</td>
<td>$123,000,000</td>
</tr>
<tr>
<td>One-time Revenue</td>
<td></td>
</tr>
<tr>
<td>Bond Proceeds for General Fund Projects</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Sale of Children’s Shelter Property</td>
<td>$10,480,000</td>
</tr>
<tr>
<td>Federal Reimbursement of General Fund</td>
<td>$354,949</td>
</tr>
<tr>
<td>AB 109 Funding for One-time Needs</td>
<td>$443,250</td>
</tr>
<tr>
<td><strong>Total One-time Revenue</strong></td>
<td><strong>$31,278,199</strong></td>
</tr>
<tr>
<td><strong>Total One-time Resources</strong></td>
<td><strong>$154,278,199</strong></td>
</tr>
</tbody>
</table>

Uses of One-time Funds

The following table reflects the FY 2013 recommended allocation of one-time resources. Each allocation is discussed in more detail in the County Executive’s Recommendation section of each departmental budget.

FY 2013 Allocation of One-time Resources

<table>
<thead>
<tr>
<th>Use of One-time Resources</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingency Reserve</td>
<td>$96,650,000</td>
</tr>
<tr>
<td>FY 2013 Capital Program</td>
<td>$13,750,000</td>
</tr>
<tr>
<td>Repayment of Loan from Retiree Health Trust Fund for Downtown Medical Center</td>
<td>$11,353,965</td>
</tr>
<tr>
<td>Technology Projects - Bond Qualified General Fund projects</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Technology Projects - Additional General Fund projects</td>
<td>$3,624,808</td>
</tr>
<tr>
<td>Reserve for Cash</td>
<td>$2,900,000</td>
</tr>
<tr>
<td>AB 109 One-time Needs</td>
<td>$443,250</td>
</tr>
<tr>
<td>Receiving Assessment Intake Center (RAIC) Replacement</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>DCSS Relocation Costs</td>
<td>$537,802</td>
</tr>
<tr>
<td>Executive Training</td>
<td>$75,000</td>
</tr>
<tr>
<td>Registrar of Voters Election Costs</td>
<td>$154,000</td>
</tr>
<tr>
<td>Registrar of Voters Outreach</td>
<td>$400,000</td>
</tr>
<tr>
<td>DA Crime Lab Evidence Services</td>
<td>$163,000</td>
</tr>
<tr>
<td>Public Defender File Management</td>
<td>$150,000</td>
</tr>
<tr>
<td>Other Miscellaneous</td>
<td>$576,374</td>
</tr>
<tr>
<td><strong>Total Allocation of One-time Resources</strong></td>
<td><strong>$154,278,199</strong></td>
</tr>
</tbody>
</table>
Overview of General Fund Revenue Trends

Overview

General Fund revenues are projected to total $2,105,938,725 in FY 2013, compared to $2,008,273,090 in the FY 2012 Approved Budget; an increase of $97,665,635 or 4.9%.

Major year-over-year increases are attributable to an increase in tax revenue, AB 109 revenue, and one-time revenue associated with the anticipation of a bond issuance for funds to support technology improvements, as well as expected proceeds from the sale of the Children’s Shelter.

Table 1: Comparison Revenues from FY 2012 Approved to FY 2013 Recommended

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>FY 2012 Approved</th>
<th>FY 2013 Recommended</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes - Current Property</td>
<td>$612,100,000</td>
<td>$640,300,000</td>
<td>$28,200,000</td>
<td>4.6%</td>
</tr>
<tr>
<td>Taxes - Other Than Current Property</td>
<td>$46,835,914</td>
<td>$52,754,550</td>
<td>$5,918,636</td>
<td>12.6%</td>
</tr>
<tr>
<td>Licenses, Permits, Franchises</td>
<td>$8,767,712</td>
<td>$8,797,342</td>
<td>$29,630</td>
<td>0.3%</td>
</tr>
<tr>
<td>Fines, Forfeitures, Penalties</td>
<td>$16,835,140</td>
<td>$16,296,635</td>
<td>($538,505)</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Revenue From Use of Money/Property</td>
<td>$3,514,679</td>
<td>$3,307,679</td>
<td>($207,000)</td>
<td>-5.9%</td>
</tr>
<tr>
<td>Aid From Govt Agencies-State</td>
<td>$614,335,332</td>
<td>$583,592,413</td>
<td>($30,742,919)</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Aid From Govt Agencies-Federal</td>
<td>$386,637,906</td>
<td>$400,049,748</td>
<td>$1,411,842</td>
<td>0.4%</td>
</tr>
<tr>
<td>Revenue From Other Government Agencies</td>
<td>$7,013,997</td>
<td>$20,094,860</td>
<td>$13,080,863</td>
<td>186.5%</td>
</tr>
<tr>
<td>Charges For Services</td>
<td>$142,153,487</td>
<td>$100,527,964</td>
<td>($41,625,523)</td>
<td>-29.3%</td>
</tr>
<tr>
<td>Other Financing Sources</td>
<td>$158,078,922</td>
<td>$280,217,533</td>
<td>$122,138,611</td>
<td>77.3%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$2,008,273,090</strong></td>
<td><strong>$2,105,938,725</strong></td>
<td><strong>$97,665,635</strong></td>
<td><strong>4.9%</strong></td>
</tr>
</tbody>
</table>

Major Sources of General Fund Revenue

General Fund revenues continue to be derived from the three major sources: Property Tax, State revenue and Federal revenue.

The category “Other Financing Sources” has grown significantly; growth that is primarily explained by two factors:

- Monies formerly categorized as State revenue or revenue from Charges for Services have been shifted to Other Financing Sources as a result of the accounting changes required by Public Safety Realignment (AB 118)
- New revenue associated with AB 109 is accounted for in Other Financing Sources

In both instances monies from the State are now received by the County and deposited into restricted funds. The transfer of these monies to the General Fund is recognized as revenue in Other Financing Sources.

This peculiarity of County financial reporting distorts the reported level of State revenue, as the original source of revenue for both AB 109 and AB 118 is, in fact, the State.

Table 2: Percent of General Fund Revenue by Category

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>FY 2013 Amount</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes - Current Property</td>
<td>$640.3</td>
<td>30.4%</td>
</tr>
<tr>
<td>Aid From Govt Agencies-State</td>
<td>$583.6</td>
<td>27.7%</td>
</tr>
<tr>
<td>Aid From Govt Agencies-Federal</td>
<td>$400.0</td>
<td>19.0%</td>
</tr>
<tr>
<td>Other Financing Sources</td>
<td>$280.2</td>
<td>13.3%</td>
</tr>
<tr>
<td>Charges For Services</td>
<td>$100.5</td>
<td>4.8%</td>
</tr>
<tr>
<td>Taxes - Other Than Current Property</td>
<td>$52.7</td>
<td>2.5%</td>
</tr>
<tr>
<td>Revenue From Other Government Agencies</td>
<td>$20.1</td>
<td>1.0%</td>
</tr>
<tr>
<td>Fines, Forfeitures, Penalties</td>
<td>$16.3</td>
<td>0.8%</td>
</tr>
<tr>
<td>Licenses, Permits, Franchises</td>
<td>$8.8</td>
<td>0.4%</td>
</tr>
<tr>
<td>Revenue From Use Of Money/Property</td>
<td>$3.3</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$2,105.9</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

a. $ millions
The Office of Budget & Analysis will work with the Controller-Treasurer in FY 2013 to develop options for management reporting of revenues that remove this artifact of the accounting process.

The major changes in each of the major categories of revenue are described below:

Current Property Tax
Property Tax is expected to contribute over $640 million of the total General Fund revenue, up 4.6% from the amount budgeted in FY 2012. The total year over year increase in budgeted revenue is $28.2 million, of which $3.4 million is the expected result of a concerted effort by the Assessor and the Tax Collector to eliminate the backlog in appraisals. New staff resources are recommended for both offices for this effort.

For FY 2013, the Administration is projecting an increase in the secured roll of 2.5%. The property tax projection reflects improved performance of the real estate market, after two years of negative growth in FY 2010 and FY 2011 and modest growth of 1.5% in FY 2012. The FY 2007 assessed value (AV) growth rate was 8.25%, and it has declined precipitously since. Residential real estate growth is positive, and commercial real estate growth is projected to see a slight upturn for the second year in a row. Specific figures for commercial values are not available until later in the spring, and the Administration will monitor this account accordingly.

State Revenue
State revenue contributes $583.6 million of the total General Fund revenue, or $30.7 million less than was budgeted for FY 2012. However, as noted above, a significant portion of this reduction is simply a shift in revenue that is received directly from the State to "Other Financing Sources" where the State revenue is recognized in the General Fund as a transfer from a restricted fund.

This revenue shift accounts for a $63.4 million reduction in the State revenue category, offset by increases in Public Safety Sales Tax ($10.8 million), State revenue for In-Home Supportive Services ($10.9 million), and a number of smaller increases in various departments.

State revenues are a large source of non-discretionary revenue which funds health and social service programs. Medi-Cal, child welfare, CalWORKs, Foster Care, Short-Doyle revenues, and SB 90 mandate reimbursement revenues are among the key reimbursement sources which are budgeted in this category.

Federal Aid
Federal Aid accounts for $400 million of the General Fund revenue, and remains relatively flat at just $1.4 million more than in FY 2012. The large majority of Federal revenues are budgeted in the Social Services Agency, In-Home Supportive Services, Probation and the Health & Hospital System. Changes in Federal legislation in any of these policy areas carries the risk of an impact on County revenues. The most evident risk in FY 2013 is the implementation of Federal sequestration.

Federal Sequestration
The Deficit Reduction "Super Committee" failed to reach agreement on a plan to cut $1.5 trillion from the Federal budget. Based on an agreement made earlier this year in the Budget Control Act, the funds will instead be cut automatically through a process called sequestration, starting in January 2013.

As previously determined in the Budget Control Act, 50% of the cuts will come from defense spending. The remainder of the cuts will come from non-defense spending, both mandatory (entitlement) and discretionary. However, many programs of interest to the County are exempt, or limited in the amount that can be cut. For example, Medicaid spending (which was at high risk under the Super Committee) and the Children’s Health Insurance Program (CHIP) are exempt from any spending reductions. Medicare spending is limited to a 2% cut to providers and insurance plans (beneficiaries are exempt from cuts). The CalFresh food stamp program and child nutrition are exempt, but the Supplemental Nutrition Program for Women, Infants and Children (WIC) is not. Social Security and SSI benefits, as well as veterans’ benefits, are also exempt.

Because the cuts will not start until calendar year 2013, there is speculation that Congress could revisit this issue. However, absent agreement on an alternative to the cuts, any plan to modify their imposition would require consideration, negotiation, and compromise at the Federal level.
The FY2013 Recommended Budget does not include revenue adjustments in anticipation of Federal sequestration.

**Other Financing Sources**

Other Financing Sources contributes $280.2 million of the total General Fund revenue, or $122.1 million more than in FY 2012.

Major revenues reflected in this category are transfers from restricted funds to the General Fund (e.g., Mental Health Services Act funds, AB 109 funds, Property Tax Administration Program funds) and revenue related to the sale or lease of County property.

As discussed earlier, this revenue account has grown considerably as a result of the complicated accounting for receipt of monies under the new Public Safety Realignment (AB 118) as well as monies for the County’s new responsibilities under AB 109. The following table summarizes the major changes in this revenue category from FY 2012 to FY 2013.

**Table 3: Major Changes in Other Financing Sources**

<table>
<thead>
<tr>
<th>Reason for Change</th>
<th>CLB</th>
<th>REC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shift from State revenue (AB118)</td>
<td>$63.4</td>
<td></td>
<td>$63.4</td>
</tr>
<tr>
<td>Shift from Charges for Services (AB 118)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annualization of AB 109 Year 1 and New Revenue for AB 109 Year 2</td>
<td>$13.0</td>
<td>$14.2</td>
<td>$27.2</td>
</tr>
<tr>
<td>Prior Year One-time Revenue</td>
<td>($18.2)</td>
<td>$(18.2)</td>
<td></td>
</tr>
<tr>
<td>Sale of Property (Children’s Shelter)</td>
<td>$10.4</td>
<td></td>
<td>$10.4</td>
</tr>
<tr>
<td>Other Miscellaneous Adjustments</td>
<td>$6.4</td>
<td>$0.6</td>
<td>$7.0</td>
</tr>
<tr>
<td><strong>Total Changes in Other Financing Sources</strong></td>
<td>$96.9</td>
<td>$25.2</td>
<td>$122.1</td>
</tr>
</tbody>
</table>

**Charges for Service**

Charges for Services contributes $100.5 million, or $41.6 million less than in FY 2012. The majority of this reduction ($32.4 million) is a result of the shift in revenue to Other Financing Sources as noted above. This shift is primarily related to funding for Court Security and for Booking Fees, both of which were previously recorded as Charges for Services. The remaining $9 million reduction is spread throughout a variety of departments and is a result of various adjustments including the removal of prior year one-time revenue of about $1 million and the loss of State Prisoner Housing fees previously paid by the State of $1.5 million.

**Taxes - Other than Current Property Taxes**

Taxes other than current property taxes contribute $52.8 million of the total General Fund revenue, or $5.9 million more than was budgeted in FY 2012.

Revenue from Penalties and Costs (delinquent tax payments) and Real Property Transfer Tax are responsible for the growth in this area, increasing year over year by $4.5 million and $2 million respectively. Delinquent tax payments most often result from foreclosure activity, which, though reduced from previous years, is still a factor in our overall County revenue picture. Real Property Transfer Tax, which results from deed changes, has been flat for a few years. The small increase we project for FY 2013 is an indicator of improvement in the housing market.

**Revenue from the Use of Money**

Revenue from the use of money contributes $3.5 million of the General Fund revenue, or $207,000 less than budgeted in the FY 2012 approved budget. Earned interest projections are based on both the average daily cash balance in the General Fund, and interest rates. Interest rates and daily cash balances are continuing at low levels as they have in FY 2012. The State pattern of delaying the payment of both health and social services claims for reimbursement also affects interest earnings. Representatives from the Office of the Controller-Treasurer, the County Executive’s Office, the Office of Budget & Analysis, the Social Services Agency, Santa Clara Valley Medical Center and members of the Harvey Rose firm meet monthly to discuss the status of the County’s cash accounts. This account will continue to require close monitoring in FY 2013.

**Fines, Forfeitures and Penalties**

Fines, forfeitures and penalties contribute $16.3 million of the General Fund revenue, or $500,000 less than budgeted in FY 2012. The majority of this revenue is attributable to bail and fine revenue in the law enforcement departments. This revenue group has been affected by the struggling economy insofar as the low employment rate affects the inability of individuals to pay fines and fines.

**Licenses, Permits and Franchises**

Licenses, permits and franchises contribute $8.8 million of the General Fund revenue, relatively the same as the budgeted amount for FY 2012. The majority of this revenue is derived from a variety of application and
permit fees, primarily in the Planning and Development
Department, the Agriculture and Environmental
Management (AEM) Department and the Department
of Revenue.

Revenue from Other Government Agencies
Revenue from other government agencies contributes
$20 million, or $13 million more than budgeted in
FY 2012. This category is used to account for payments
to the General Fund from outside agencies or to
recognize revenues in departments that come from
dedicated trust funds. In FY 2012 the majority of the
revenue budgeted here was attributable to a one-time
transfer of funds from Measure B. In FY 2013 the
$20 million budgeted here represents the expected
bond proceeds related to General Fund technology
projects. Additional anticipated bond proceeds are
budget in the SCVMC Enterprise Fund. Actual bond
proceeds will be determined after the bond issuance
occurs in July 2012. The Board will be asked to approve
specific budget modifications aligning bond revenues
and expenses at that time. The revenue budgeted here
will likely be re-categorized as revenue in Other
Financing Sources as part of those actions.
All Fund and General Fund Summaries

The following summaries provide financial information at the highest level of detail. The All Funds summary presents expenditure and revenue totals for the entire Santa Clara County budget of $4.1 billion. Expenditures are presented at the object level of detail, which groups expenditures by category, i.e. salaries and benefits or services and supplies. Revenues are presented by source, which includes property tax, fines and forfeitures etc. Expenditure and revenue information is also presented by policy area. An additional chart featured in this section illustrates the proportions of revenues and expenditures, providing a visual presentation of where the County’s revenues come from and how they are spent.

Data is also presented for the General Fund, which totals $2.2 billion in expenditures. The General Fund is the largest of the County’s funds and supports the majority of the services. All revenues and expenditures that are not segregated for specific categorical purposes are budgeted in the General Fund.

There are a variety of other fund groups, including Capital Funds, Enterprise Funds (Valley Medical Center, Roads), Special Revenue Funds (such as Parks and Recreation) and Internal Service Funds (Data Processing, Fleet Management). The General Fund is discussed in detail because the majority of the County’s services are funded from this resource.

Like the All Funds summary, charts are also used to reflect General Fund expenditure and revenue totals. The $123,000,000 million difference between revenues and expenditures in the General Fund reflects the projected end-of-year balance, which is then reappropriated to fund specific items in the FY 2013 Recommended Budget.

### Countywide Budget Summary (All Funds)

<table>
<thead>
<tr>
<th>FY 2013 Recommended Budget</th>
<th>FY 2012</th>
<th>FY 2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures by Policy Area</strong></td>
<td>Approved as of 7/1/2011</td>
<td>Current Level Budget (Base)</td>
<td>Inc./(Dec.)</td>
</tr>
<tr>
<td>Finance and Government</td>
<td>723,448,302</td>
<td>713,046,393</td>
<td>559,302,668</td>
</tr>
<tr>
<td>Public Safety and Justice</td>
<td>613,891,231</td>
<td>586,350,349</td>
<td>608,543,896</td>
</tr>
<tr>
<td>Children, Seniors and Families</td>
<td>709,520,788</td>
<td>677,096,132</td>
<td>688,329,516</td>
</tr>
<tr>
<td>Santa Clara Valley Health &amp; Hospital System</td>
<td>1,687,884,696</td>
<td>1,764,290,790</td>
<td>1,747,075,319</td>
</tr>
<tr>
<td>Housing, Land Use, Environment &amp; Transportation</td>
<td>242,903,940</td>
<td>263,760,616</td>
<td>241,404,578</td>
</tr>
<tr>
<td><strong>Total Net Expenditures</strong></td>
<td>3,977,648,957</td>
<td>4,004,544,280</td>
<td>3,844,655,977</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures by Object</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries And Employee Benefits</td>
<td>2,042,728,228</td>
<td>1,975,964,984</td>
<td>2,018,241,345</td>
<td>2,039,258,925</td>
</tr>
<tr>
<td>Services And Supplies</td>
<td>1,615,965,758</td>
<td>1,692,620,597</td>
<td>1,716,932,564</td>
<td>1,741,496,555</td>
</tr>
<tr>
<td>Other Charges</td>
<td>112,946,899</td>
<td>162,790,519</td>
<td>99,600,158</td>
<td>104,428,930</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>164,202,686</td>
<td>66,685,622</td>
<td>16,200,720</td>
<td>133,172,937</td>
</tr>
<tr>
<td>Operating/Equity Transfers</td>
<td>286,238,755</td>
<td>200,855,376</td>
<td>197,820,372</td>
<td>229,462,139</td>
</tr>
<tr>
<td>Reserves</td>
<td>0</td>
<td>146,515,207</td>
<td>20,311,286</td>
<td>130,861,286</td>
</tr>
<tr>
<td>Expenditure Transfers</td>
<td>(244,433,370)</td>
<td>(240,896,024)</td>
<td>(224,530,468)</td>
<td>(231,191,899)</td>
</tr>
<tr>
<td><strong>Total Net Expenditures</strong></td>
<td>3,977,648,957</td>
<td>4,004,544,280</td>
<td>3,844,655,977</td>
<td>4,147,488,873</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resources by Type</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes - Current Property</td>
<td>752,562,030</td>
<td>767,492,529</td>
<td>776,855,011</td>
<td>780,255,011</td>
</tr>
<tr>
<td>Taxes - Other Than Current Property</td>
<td>73,743,216</td>
<td>54,793,348</td>
<td>60,487,835</td>
<td>60,487,835</td>
</tr>
<tr>
<td>Licenses, Permits, Franchises</td>
<td>31,288,541</td>
<td>30,912,763</td>
<td>32,324,006</td>
<td>32,480,905</td>
</tr>
<tr>
<td>Fines, Forfeitures, Penalties</td>
<td>26,100,910</td>
<td>26,674,640</td>
<td>25,597,385</td>
<td>25,597,385</td>
</tr>
</tbody>
</table>
## Countywide Budget Summary (All Funds)

<table>
<thead>
<tr>
<th></th>
<th>FY 2011 Actual</th>
<th>FY 2012 Approved as of 7/1/2011</th>
<th>FY 2013 Current Level Budget (Base)</th>
<th>FY 2013 Recommended</th>
<th>Inc./(Dec.)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue From Use Of Money/Property</strong></td>
<td>10,621,913</td>
<td>9,355,605</td>
<td>7,963,259</td>
<td>7,963,259</td>
<td>(1,392,346)</td>
<td>-14.9%</td>
</tr>
<tr>
<td><strong>Aid From Govt Agencies-State</strong></td>
<td>757,823,985</td>
<td>727,990,582</td>
<td>695,229,482</td>
<td>716,582,058</td>
<td>(11,408,524)</td>
<td>-1.6%</td>
</tr>
<tr>
<td><strong>Aid From Govt Agencies-Federal</strong></td>
<td>454,624,312</td>
<td>404,317,626</td>
<td>401,862,572</td>
<td>406,117,745</td>
<td>1,800,119</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Revenue From Other Government Agencies</strong></td>
<td>395,400,442</td>
<td>68,704,497</td>
<td>61,795,360</td>
<td>146,382,813</td>
<td>77,678,316</td>
<td>113.1%</td>
</tr>
<tr>
<td><strong>Charges For Services</strong></td>
<td>668,657,631</td>
<td>718,576,533</td>
<td>710,316,830</td>
<td>690,054,240</td>
<td>(28,522,293)</td>
<td>-4.0%</td>
</tr>
<tr>
<td><strong>Other Financing Sources</strong></td>
<td>800,450,403</td>
<td>1,027,408,489</td>
<td>1,081,629,206</td>
<td>1,128,398,909</td>
<td>100,990,420</td>
<td>9.8%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>3,971,273,384</td>
<td>3,836,227,112</td>
<td>3,854,060,946</td>
<td>3,994,320,160</td>
<td>158,093,048</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

### Resources by Policy Area

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>FY 2011 As of 7/1/11</th>
<th>FY 2012 As of 7/1/11</th>
<th>FY 2013 Current Level Budget (Base)</th>
<th>FY 2013 Recommended</th>
<th>Inc./(Dec.)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and Government</td>
<td>1,803.4</td>
<td>1,804.4</td>
<td>1,861.9</td>
<td>1,861.9</td>
<td>58.5</td>
<td>3.2%</td>
</tr>
<tr>
<td>Public Safety and Justice</td>
<td>3,365.0</td>
<td>3,470.0</td>
<td>3,529.0</td>
<td>3,529.0</td>
<td>164.0</td>
<td>4.9%</td>
</tr>
<tr>
<td>Children, Seniors and Families</td>
<td>2,631.0</td>
<td>2,678.5</td>
<td>2,691.5</td>
<td>2,691.5</td>
<td>60.5</td>
<td>2.3%</td>
</tr>
<tr>
<td>Santa Clara Valley Health &amp; Hospital System</td>
<td>6,367.7</td>
<td>6,419.2</td>
<td>6,427.0</td>
<td>6,427.0</td>
<td>59.3</td>
<td>0.9%</td>
</tr>
<tr>
<td>Housing, Land Use, Environment &amp; Transportation</td>
<td>790.3</td>
<td>790.3</td>
<td>787.8</td>
<td>787.8</td>
<td>(2.5)</td>
<td>-0.3%</td>
</tr>
<tr>
<td><strong>Total Positions</strong></td>
<td>14,957.4</td>
<td>15,162.4</td>
<td>15,297.2</td>
<td>15,297.2</td>
<td>339.8</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

## Permanent Authorized Positions (FTEs) (All Funds)

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>FY 2012 As of 7/1/11</th>
<th>FY 2013 Current Level Budget (Base)</th>
<th>FY 2013 Recommended</th>
<th>Inc./(Dec.)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and Government</td>
<td>1,803.4</td>
<td>1,804.4</td>
<td>1,861.9</td>
<td>58.5</td>
<td>3.2%</td>
</tr>
<tr>
<td>Public Safety and Justice</td>
<td>3,365.0</td>
<td>3,470.0</td>
<td>3,529.0</td>
<td>164.0</td>
<td>4.9%</td>
</tr>
<tr>
<td>Children, Seniors and Families</td>
<td>2,631.0</td>
<td>2,678.5</td>
<td>2,691.5</td>
<td>60.5</td>
<td>2.3%</td>
</tr>
<tr>
<td>Santa Clara Valley Health &amp; Hospital System</td>
<td>6,367.7</td>
<td>6,419.2</td>
<td>6,427.0</td>
<td>59.3</td>
<td>0.9%</td>
</tr>
<tr>
<td>Housing, Land Use, Environment &amp; Transportation</td>
<td>790.3</td>
<td>790.3</td>
<td>787.8</td>
<td>(2.5)</td>
<td>-0.3%</td>
</tr>
<tr>
<td><strong>Total Positions</strong></td>
<td>14,957.4</td>
<td>15,162.4</td>
<td>15,297.2</td>
<td>339.8</td>
<td>2.3%</td>
</tr>
</tbody>
</table>
All Fund Expenditures

- Housing, Land Use, Environment & Transportation: $279,807,807
- Public Safety and Justice: $619,811,636
- Children, Seniors and Families: $690,704,916
- Finance and Government: $763,698,542
- Santa Clara Valley Health & Hospital System: $1,793,465,972
- Total Net Expenditures: $4,147,488,873
## Countywide Budget Summary (General Fund)

<table>
<thead>
<tr>
<th></th>
<th>FY 2011 Actual</th>
<th>FY 2012 Approved as of 7/1/2011</th>
<th>FY 2013 Current Level Budget (Base)</th>
<th>FY 2013 Recommended</th>
<th>Inc./(Dec.)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures by Policy Area</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance and Government</td>
<td>334,998,910</td>
<td>428,926,992</td>
<td>310,948,477</td>
<td>488,830,182</td>
<td>59,903,190</td>
<td>14.0%</td>
</tr>
<tr>
<td>Public Safety and Justice</td>
<td>613,871,063</td>
<td>586,315,349</td>
<td>608,508,896</td>
<td>619,776,636</td>
<td>33,461,287</td>
<td>5.7%</td>
</tr>
<tr>
<td>Children, Seniors and Families</td>
<td>709,520,788</td>
<td>640,166,257</td>
<td>651,448,573</td>
<td>653,286,171</td>
<td>13,119,914</td>
<td>2.0%</td>
</tr>
<tr>
<td>Santa Clara Valley Health &amp; Hospital System</td>
<td>395,508,290</td>
<td>433,446,369</td>
<td>443,524,400</td>
<td>447,288,445</td>
<td>13,842,076</td>
<td>3.2%</td>
</tr>
<tr>
<td>Housing, Land Use, Environment &amp; Transportation</td>
<td>19,500,095</td>
<td>18,542,123</td>
<td>19,774,010</td>
<td>19,837,291</td>
<td>1,295,168</td>
<td>7.0%</td>
</tr>
<tr>
<td><strong>Total Net Expenditures</strong></td>
<td><strong>2,073,399,146</strong></td>
<td><strong>2,107,397,090</strong></td>
<td><strong>2,034,204,356</strong></td>
<td><strong>2,229,018,725</strong></td>
<td><strong>121,621,635</strong></td>
<td><strong>5.8%</strong></td>
</tr>
<tr>
<td><strong>Expenditures by Object</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries And Employee Benefits</td>
<td>1,113,235,256</td>
<td>1,017,261,639</td>
<td>1,058,209,717</td>
<td>1,077,641,286</td>
<td>60,379,646</td>
<td>5.9%</td>
</tr>
<tr>
<td>Services And Supplies</td>
<td>1,019,468,240</td>
<td>1,029,617,600</td>
<td>1,044,845,176</td>
<td>1,082,085,340</td>
<td>52,467,741</td>
<td>5.1%</td>
</tr>
<tr>
<td>Other Charges</td>
<td>23,257,076</td>
<td>24,181,564</td>
<td>20,819,515</td>
<td>20,819,515</td>
<td>(3,362,049)</td>
<td>-13.9%</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>2,222,925</td>
<td>125,000</td>
<td>0</td>
<td>712,300</td>
<td>587,300</td>
<td>469.8%</td>
</tr>
<tr>
<td>Operating/Equity Transfers</td>
<td>119,845,828</td>
<td>105,682,798</td>
<td>94,734,615</td>
<td>121,676,382</td>
<td>15,993,584</td>
<td>15.1%</td>
</tr>
<tr>
<td>Reserves</td>
<td>130,847,475</td>
<td>4,593,554</td>
<td>115,143,554</td>
<td>(15,703,921)</td>
<td>-12.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Expenditure Transfers</strong></td>
<td>(204,630,179)</td>
<td>(200,318,986)</td>
<td>(188,998,221)</td>
<td>(189,059,652)</td>
<td>(11,259,334)</td>
<td>-5.6%</td>
</tr>
<tr>
<td><strong>Total Net Expenditures</strong></td>
<td><strong>2,073,399,146</strong></td>
<td><strong>2,107,397,090</strong></td>
<td><strong>2,034,204,356</strong></td>
<td><strong>2,229,018,725</strong></td>
<td><strong>121,621,635</strong></td>
<td><strong>5.8%</strong></td>
</tr>
<tr>
<td><strong>Revenues by Type</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes - Current Property</td>
<td>602,320,720</td>
<td>612,100,000</td>
<td>636,900,000</td>
<td>640,300,000</td>
<td>28,200,000</td>
<td>4.6%</td>
</tr>
<tr>
<td>Taxes - Other Than Current Property</td>
<td>66,140,406</td>
<td>46,835,914</td>
<td>52,734,550</td>
<td>52,734,550</td>
<td>5,898,636</td>
<td>12.6%</td>
</tr>
<tr>
<td>Licenses, Permits, Franchises</td>
<td>9,234,205</td>
<td>8,767,712</td>
<td>8,793,503</td>
<td>8,797,342</td>
<td>29,630</td>
<td>0.3%</td>
</tr>
<tr>
<td>Fines, Forfeitures, Penalties</td>
<td>16,753,109</td>
<td>16,835,140</td>
<td>16,316,635</td>
<td>16,316,635</td>
<td>(518,505)</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Revenue From Use Of Money/Property</td>
<td>3,393,372</td>
<td>3,514,679</td>
<td>3,307,679</td>
<td>3,307,679</td>
<td>(207,000)</td>
<td>-5.9%</td>
</tr>
<tr>
<td>Aid From Govt Agencies-State</td>
<td>604,479,510</td>
<td>614,335,332</td>
<td>587,490,850</td>
<td>583,592,413</td>
<td>(30,742,199)</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Aid From Govt Agencies-Federal</td>
<td>445,458,212</td>
<td>398,637,907</td>
<td>395,794,576</td>
<td>400,049,749</td>
<td>1,411,842</td>
<td>0.4%</td>
</tr>
<tr>
<td>Revenue From Other Government Agencies</td>
<td>104,040,732</td>
<td>7,013,997</td>
<td>94,860</td>
<td>20,094,860</td>
<td>13,080,663</td>
<td>186.5%</td>
</tr>
<tr>
<td>Charges For Services</td>
<td>143,085,086</td>
<td>142,153,487</td>
<td>99,536,179</td>
<td>100,527,964</td>
<td>(41,625,523)</td>
<td>-29.3%</td>
</tr>
<tr>
<td>Other Financing Sources</td>
<td>101,852,958</td>
<td>158,078,922</td>
<td>254,994,854</td>
<td>280,297,533</td>
<td>122,218,611</td>
<td>77.3%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>2,096,758,309</strong></td>
<td><strong>2,008,273,090</strong></td>
<td><strong>2,055,963,686</strong></td>
<td><strong>2,106,018,725</strong></td>
<td><strong>97,745,635</strong></td>
<td><strong>4.9%</strong></td>
</tr>
<tr>
<td><strong>Resources by Policy Area</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance and Government</td>
<td>890,917,872</td>
<td>842,980,097</td>
<td>850,559,810</td>
<td>888,111,258</td>
<td>45,131,161</td>
<td>5.4%</td>
</tr>
<tr>
<td>Public Safety and Justice</td>
<td>280,603,406</td>
<td>295,389,845</td>
<td>304,491,934</td>
<td>313,378,896</td>
<td>17,989,051</td>
<td>6.1%</td>
</tr>
<tr>
<td>Children, Seniors and Families</td>
<td>631,219,047</td>
<td>544,792,575</td>
<td>568,677,596</td>
<td>570,010,541</td>
<td>25,217,966</td>
<td>4.6%</td>
</tr>
<tr>
<td>Santa Clara Valley Health &amp; Hospital System</td>
<td>281,710,760</td>
<td>313,651,385</td>
<td>320,287,376</td>
<td>322,805,779</td>
<td>9,154,394</td>
<td>2.9%</td>
</tr>
<tr>
<td>Housing, Land Use, Environment &amp; Transportation</td>
<td>12,307,224</td>
<td>11,459,188</td>
<td>11,946,970</td>
<td>11,712,251</td>
<td>253,063</td>
<td>2.2%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>2,096,758,309</strong></td>
<td><strong>2,008,273,090</strong></td>
<td><strong>2,055,963,686</strong></td>
<td><strong>2,106,018,725</strong></td>
<td><strong>97,745,635</strong></td>
<td><strong>4.9%</strong></td>
</tr>
</tbody>
</table>
## Permanent Authorized Positions (FTEs) (General Fund)

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>Column 1 to 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As of 7/1/11</td>
<td>Current Level Budget (Base)</td>
<td>Recommended</td>
</tr>
<tr>
<td>Finance and Government</td>
<td>1,339.6</td>
<td>1,342.6</td>
<td>1,400.1</td>
</tr>
<tr>
<td>Public Safety and Justice</td>
<td>3,365.0</td>
<td>3,470.0</td>
<td>3,529.0</td>
</tr>
<tr>
<td>Children, Seniors and Families</td>
<td>2,349.5</td>
<td>2,389.0</td>
<td>2,403.0</td>
</tr>
<tr>
<td>Santa Clara Valley Health &amp; Hospital System</td>
<td>1,190.5</td>
<td>1,239.5</td>
<td>1,258.0</td>
</tr>
<tr>
<td>Housing, Land Use, Environment &amp; Transportation</td>
<td>142.0</td>
<td>142.0</td>
<td>138.5</td>
</tr>
<tr>
<td><strong>Total Positions</strong></td>
<td><strong>8,386.6</strong></td>
<td><strong>8,583.1</strong></td>
<td><strong>8,728.6</strong></td>
</tr>
</tbody>
</table>
General Fund Resources

- Revenue From Use Of Money/Property: $330,679
- Licenses, Permits, Franchises: $8,797,342
- Fines, Forfeitures, Penalties: $16,316,635
- Revenue From Other Government Agencies: $20,094,860
- Taxes — Other Than Current Property: $52,734,550
- Charges For Services: $100,527,964
- Other Financing Sources: $280,297,533
- Aid From Govt Agencies—Federal: $400,049,749
- Aid From Govt Agencies—State: $583,592,413
- Taxes — Current Property: $640,300,000
- Total Revenues: $2,106,018,725
General Fund Expenditures

- Housing, Land Use, Environment & Transportation: $19,837,291
- Santa Clara Valley Health & Hospital System: $447,288,445
- Finance and Government: $488,830,182
- Public Safety and Justice: $619,776,636
- Children, Seniors and Families: $653,286,171
- Total Net Expenditures: $2,229,018,725
Historical Analysis of Fund Balance Allocations for the General Fund\(^a\)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>General Fund Balance as of June 30(^a)</th>
<th>Contingency Appropriation</th>
<th>Capital Budget</th>
<th>Computer and System Related</th>
<th>Reserves and Other One-time Needs</th>
<th>Ongoing Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Estimated</td>
<td>$123,000,000</td>
<td>$96,650,000</td>
<td>$13,750,000</td>
<td>$3,624,808</td>
<td>$8,975,192</td>
<td></td>
</tr>
<tr>
<td>2011 Approved</td>
<td>$99,124,000</td>
<td>$91,376,397</td>
<td>$7,747,603</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010 Approved</td>
<td>$121,660,000</td>
<td>$91,144,521</td>
<td>$8,775,000</td>
<td>$6,345,456</td>
<td>$1,861,867</td>
<td>$13,533,156</td>
</tr>
<tr>
<td>2009 Approved</td>
<td>$126,261,000</td>
<td>$93,760,139</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008 Approved</td>
<td>$93,200,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007 Approved</td>
<td>$167,028,000</td>
<td>$87,744,712</td>
<td>$13,557,133</td>
<td>$5,585,977</td>
<td>$30,302,810</td>
<td>$29,837,368</td>
</tr>
<tr>
<td>2006 Approved</td>
<td>$178,960,000</td>
<td>$87,730,182</td>
<td>$9,525,000</td>
<td>$3,524,530</td>
<td>$27,359,542</td>
<td>$50,820,746</td>
</tr>
<tr>
<td>2005 Approved</td>
<td>$164,600,000</td>
<td>$76,640,120</td>
<td>$10,000,000</td>
<td>$4,035,000</td>
<td>$34,024,880</td>
<td>$39,900,000</td>
</tr>
<tr>
<td>2004 Approved</td>
<td>$98,100,000</td>
<td>$43,805,944</td>
<td>$13,950,000</td>
<td>$1,252,663</td>
<td>$2,777,393</td>
<td>$36,314,000</td>
</tr>
<tr>
<td>2003 Approved</td>
<td>$120,300,000</td>
<td>$37,000,000</td>
<td>$8,620,000</td>
<td>$5,900,000</td>
<td>$58,780,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>2002 Approved</td>
<td>$111,400,000</td>
<td>$38,648,120</td>
<td>$11,884,000</td>
<td>$24,770,630</td>
<td>$5,097,250</td>
<td>$11,000,000</td>
</tr>
<tr>
<td>2001 Approved</td>
<td>$133,646,748</td>
<td>$68,146,748</td>
<td>$36,057,140</td>
<td>$17,754,696</td>
<td>$11,468,164</td>
<td></td>
</tr>
<tr>
<td>2000 Approved</td>
<td>$96,572,592</td>
<td>$28,100,000</td>
<td>$41,319,874</td>
<td>$19,382,745</td>
<td>$7,769,973</td>
<td></td>
</tr>
<tr>
<td>1999 Approved</td>
<td>$95,570,000</td>
<td>$24,100,000</td>
<td>$33,705,000</td>
<td>$20,153,000</td>
<td>$17,612,000</td>
<td></td>
</tr>
<tr>
<td>1998 Approved</td>
<td>$68,000,000</td>
<td>$23,742,000</td>
<td>$18,354,970</td>
<td>$17,715,030</td>
<td>$8,188,000</td>
<td></td>
</tr>
</tbody>
</table>

a. This table reflects the amount of fund balance allocated toward each of the expenditure categories shown above. Other available one-time resources may be required to fully fund these one-time expenditures. See “Available One-time Resources and Allocations” for more detail.

b. Fund Balance amount is the fund balance estimate in the Approved Budget for each fiscal year. Subsequent to the adoption of the Approved Budget, calculation of actual fund balance may be higher or lower than estimated. Adjustments to fund balance estimates are typically made in the annual Mid-Year Budget Review.

General Fund Discretionary Revenue

<table>
<thead>
<tr>
<th>BU</th>
<th>Department</th>
<th>Revenue Account</th>
<th>Account Name</th>
<th>FY 2011 Actual</th>
<th>FY 2012 Approved</th>
<th>FY 2013 Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>107</td>
<td>County Executive</td>
<td>4106100</td>
<td>Franchises</td>
<td>$232,068</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>110</td>
<td>Controller-Treasurer</td>
<td>4002200</td>
<td>Aircraft Taxes</td>
<td>$2,668,568</td>
<td>$2,650,000</td>
<td>$2,400,000</td>
</tr>
<tr>
<td>110</td>
<td>Controller-Treasurer</td>
<td>4006200</td>
<td>Prop Tax In-Lieu of VLF</td>
<td>$173,956,464</td>
<td>$175,800,000</td>
<td>$180,300,000</td>
</tr>
<tr>
<td>110</td>
<td>Controller-Treasurer</td>
<td>4010100</td>
<td>Sales Tax</td>
<td>$3,609,229</td>
<td>$2,633,217</td>
<td>$2,659,550</td>
</tr>
<tr>
<td>110</td>
<td>Controller-Treasurer</td>
<td>4010110</td>
<td>In-Lieu Sales and Use Tax Revenue</td>
<td>$792,769</td>
<td>$1,657,697</td>
<td>$1,270,000</td>
</tr>
<tr>
<td>110</td>
<td>Controller-Treasurer</td>
<td>4301100</td>
<td>Interest-Deposits</td>
<td>$2,791,520</td>
<td>$3,028,000</td>
<td>$2,841,000</td>
</tr>
<tr>
<td>110</td>
<td>Controller-Treasurer</td>
<td>4403100</td>
<td>State-Motor Vehicle</td>
<td>$49,360,678</td>
<td>$50,436,682</td>
<td>$36,987,792</td>
</tr>
<tr>
<td>110</td>
<td>Controller-Treasurer</td>
<td>4920115</td>
<td>Transfer In - AB 118 Motor Vehicle(^a)</td>
<td>$0</td>
<td>$0</td>
<td>$16,003,487</td>
</tr>
<tr>
<td>110</td>
<td>Controller-Treasurer</td>
<td>4404100</td>
<td>State-Highway Prop</td>
<td>$2,986</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>110</td>
<td>Controller-Treasurer</td>
<td>4419100</td>
<td>Homeowner Prop Tax</td>
<td>$3,542,003</td>
<td>$3,540,000</td>
<td>$3,485,000</td>
</tr>
<tr>
<td>112</td>
<td>Tax Collector</td>
<td>4001100</td>
<td>Current Secured</td>
<td>$373,619,707</td>
<td>$393,600,000</td>
<td>$298,400,000</td>
</tr>
<tr>
<td>112</td>
<td>Tax Collector</td>
<td>4002100</td>
<td>Current Unsecured</td>
<td>$38,001,985</td>
<td>$34,700,000</td>
<td>$28,600,000</td>
</tr>
<tr>
<td>112</td>
<td>Tax Collector</td>
<td>4002100</td>
<td>Property Taxes-Retiree Benefit Levy(^b)</td>
<td>$125,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>112</td>
<td>Tax Collector</td>
<td>4006100</td>
<td>Prop Taxes-SB813</td>
<td>$3,989,301</td>
<td>$8,000,000</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>112</td>
<td>Tax Collector</td>
<td>4205100</td>
<td>Penalties and Costs</td>
<td>$43,676,445</td>
<td>$25,500,000</td>
<td>$30,000,000</td>
</tr>
<tr>
<td>114</td>
<td>County Recorder</td>
<td>4020300</td>
<td>Real Prop Transferees</td>
<td>$14,015,780</td>
<td>$14,000,000</td>
<td>$16,000,000</td>
</tr>
<tr>
<td>148</td>
<td>Department Of Revenue</td>
<td>4020400</td>
<td>Transient Occupancy Tax</td>
<td>$321,716</td>
<td>$315,000</td>
<td>$325,000</td>
</tr>
<tr>
<td>148</td>
<td>Department Of Revenue</td>
<td>4106100</td>
<td>Franchises</td>
<td>$1,374,246</td>
<td>$1,430,000</td>
<td>$1,480,000</td>
</tr>
<tr>
<td>501</td>
<td>Social Services Agency</td>
<td>4301100</td>
<td>Interest-Deposits</td>
<td>$164,286</td>
<td>$161,679</td>
<td>$161,679</td>
</tr>
</tbody>
</table>

Total Discretionary Revenue $712,569,217 $717,455,275 $753,018,508

a. Beginning in FY 2013 a portion of State-Motor Vehicle is received through trust funds associated with AB 118 Public Safety Realignment accounting changes.
b. Beginning in FY 2013 the Retirement Levy portion of Current Secured and Current Unsecured Property Taxes is reported as a discrete revenue account.
## Use of Discretionary Revenue

<table>
<thead>
<tr>
<th>FY 2013 Base</th>
<th>FY 2013 Recommended</th>
<th>Change in Use of Discretionary Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net General Fund Cost</strong></td>
<td>$21,759,330</td>
<td>$25,159,330</td>
</tr>
<tr>
<td><strong>Available Discretionary Revenue</strong></td>
<td>$749,618,508</td>
<td>$55,582,397</td>
</tr>
<tr>
<td><strong>General Fund (Deficit)/Surplus</strong></td>
<td>$21,759,330</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Special Programs
- **FY 2013 Base**: ($81,491,744)
- **FY 2013 Recommended**: $92,230,742
- **Change**: $(10,738,998)

### Reserves
- **FY 2013 Base**: $0
- **FY 2013 Recommended**: $96,650,000
- **Change**: $96,650,000

### Board of Supervisors
- **FY 2013 Base**: ($5,741,225)
- **FY 2013 Recommended**: $(5,741,225)
- **Change**: $0

### Clerk-Board of Supervisors
- **FY 2013 Base**: ($6,572,590)
- **FY 2013 Recommended**: $6,590,980
- **Change**: $(18,390)

### County Executive
- **FY 2013 Base**: ($6,739,305)
- **FY 2013 Recommended**: $3,483,297
- **Change**: $3,256,008

### Assessor
- **FY 2013 Base**: ($28,186,083)
- **FY 2013 Recommended**: $29,748,603
- **Change**: $(1,562,520)

### Procurement
- **FY 2013 Base**: ($3,460,255)
- **FY 2013 Recommended**: $(3,527,911)
- **Change**: $(67,656)

### County Counsel
- **FY 2013 Base**: ($11,935,226)
- **FY 2013 Recommended**: $12,428,811
- **Change**: $(493,585)

### Registrar Of Voters
- **FY 2013 Base**: ($11,633,389)
- **FY 2013 Recommended**: $12,187,389
- **Change**: $(554,000)

### Information Services
- **FY 2013 Base**: ($16,120,390)
- **FY 2013 Recommended**: $25,172,824
- **Change**: $(9,052,434)

### Communications Department
- **FY 2013 Base**: ($10,217,157)
- **FY 2013 Recommended**: $10,217,157
- **Change**: $0

### Facilities Department
- **FY 2013 Base**: ($35,784,377)
- **FY 2013 Recommended**: $19,825,192
- **Change**: $(15,959,185)

### Human Resources, LR, and EOED
- **FY 2013 Base**: ($13,250,828)
- **FY 2013 Recommended**: $14,059,384
- **Change**: $(798,556)

### Risk Management Department
- **FY 2013 Base**: ($15,941)
- **FY 2013 Recommended**: $(15,941)
- **Change**: $0

### Controller-Treasurer
- **FY 2013 Base**: $289,379,974
- **FY 2013 Recommended**: $290,027,239
- **Change**: $(647,265)

### County Debt Service
- **FY 2013 Base**: ($18,404,264)
- **FY 2013 Recommended**: $(19,904,264)
- **Change**: $(1,500,000)

### Tax Collector
- **FY 2013 Base**: $474,526,295
- **FY 2013 Recommended**: $477,167,595
- **Change**: $(2,641,300)

### County Recorder
- **FY 2013 Base**: $20,701,151
- **FY 2013 Recommended**: $20,701,151
- **Change**: $0

### Department of Revenue
- **FY 2013 Base**: $4,556,687
- **FY 2013 Recommended**: $4,509,852
- **Change**: $(466,835)

### District Attorney Department
- **FY 2013 Base**: ($74,133,567)
- **FY 2013 Recommended**: $(74,375,867)
- **Change**: $(242,300)

### Public Defender
- **FY 2013 Base**: ($45,044,944)
- **FY 2013 Recommended**: $(45,396,735)
- **Change**: $(351,791)

### Office Of Pretrial Services
- **FY 2013 Base**: ($4,521,476)
- **FY 2013 Recommended**: $(4,521,476)
- **Change**: $0

### Criminal Justice Support
- **FY 2013 Base**: $134,093,135
- **FY 2013 Recommended**: $134,093,135
- **Change**: $0

### Sheriff’s Department
- **FY 2013 Base**: ($61,021,213)
- **FY 2013 Recommended**: $61,021,213
- **Change**: $0

### Sheriff’s Doc Contract
- **FY 2013 Base**: ($103,130,678)
- **FY 2013 Recommended**: $(103,903,084)
- **Change**: $(772,406)

### Department Of Correction
- **FY 2013 Base**: ($56,881,495)
- **FY 2013 Recommended**: $(57,756,612)
- **Change**: $(875,117)

### Probation Department
- **FY 2013 Base**: ($90,245,873)
- **FY 2013 Recommended**: $90,245,873
- **Change**: $0

### Medical Examiner-Coroner
- **FY 2013 Base**: ($3,130,850)
- **FY 2013 Recommended**: $(3,270,014)
- **Change**: $(139,164)

### In-Home Supportive Services
- **FY 2013 Base**: ($55,582,397)
- **FY 2013 Recommended**: $(55,582,397)
- **Change**: $0

### Social Services Agency Office
- **FY 2013 Base**: ($90,077,921)
- **FY 2013 Recommended**: $(90,364,272)
- **Change**: $(286,351)

### SSA-Family & Children Services
- **FY 2013 Base**: $14,420,369
- **FY 2013 Recommended**: $14,420,369
- **Change**: $0

### SSA-Employment & Benefit Services
- **FY 2013 Base**: $50,743,996
- **FY 2013 Recommended**: $50,783,451
- **Change**: $39,455

### SSA-Aging & Adult Services
- **FY 2013 Base**: ($2,275,025)
- **FY 2013 Recommended**: $(2,532,782)
- **Change**: $(257,757)

### Public Health
- **FY 2013 Base**: ($28,013,138)
- **FY 2013 Recommended**: $(28,013,138)
- **Change**: $0

### Mental Health Department
- **FY 2013 Base**: $68,311,685
- **FY 2013 Recommended**: $68,625,522
- **Change**: $(313,837)

### Custody Health Services
- **FY 2013 Base**: $0
- **FY 2013 Recommended**: $0
- **Change**: $0

### Alcohol and Drug Services
- **FY 2013 Base**: ($20,083,802)
- **FY 2013 Recommended**: $(21,015,607)
- **Change**: $(931,805)

### Community Health Services
- **FY 2013 Base**: ($6,828,399)
- **FY 2013 Recommended**: $(6,828,399)
- **Change**: $0

### Planning & Development
- **FY 2013 Base**: ($5,055,489)
- **FY 2013 Recommended**: $(5,055,489)
- **Change**: $0

### Office of Affordable Housing
- **FY 2013 Base**: ($1,096)
- **FY 2013 Recommended**: $(1,096)
- **Change**: $0

### Agriculture & Environmental Mgmt
- **FY 2013 Base**: ($2,770,455)
- **FY 2013 Recommended**: $(3,068,455)
- **Change**: $(298,000)
The Relationship to the Budget Process
The Board of Supervisors adopted a committee structure that has a strong linkage to the budget process. At this current time there are five Board Committees. Each Board member is the Chair of one committee and the Vice-Chair of a second committee. Each committee has been designed to focus on a major functional area of County Government. The Board’s stated goal is to have the committee system provide a venue for a comprehensive review of major policy and budgetary issues.

<table>
<thead>
<tr>
<th>Policy Committee</th>
<th>Chairperson</th>
<th>Vice-Chairperson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and Government Operations Committee</td>
<td>Yeager</td>
<td>Cortese</td>
</tr>
<tr>
<td>Public Safety and Justice Committee</td>
<td>Shirakawa</td>
<td>Wasserman</td>
</tr>
<tr>
<td>Children, Seniors and Families Committee</td>
<td>Cortese</td>
<td>Shirakawa</td>
</tr>
<tr>
<td>Health and Hospital Committee</td>
<td>Kniss</td>
<td>Yeager</td>
</tr>
<tr>
<td>Housing, Land Use, Environment and Transportation Committee</td>
<td>Wasserman</td>
<td>Kniss</td>
</tr>
</tbody>
</table>

The following committees review the budget recommended by the County Executive.

Finance and Government Operations
The Finance and Government Operations Committee (FGOC) provides oversight and direction to the County Executive in the areas of Finance, Budget, Technology and Capital Projects.

The FGOC maintains the strongest linkage to the budget process, and is tasked with reviewing the budget process and working toward the most efficient and effective process possible.

The FGOC also focuses on identifying cost-saving recommendations through the use of the Board’s independent management auditor, the Harvey Rose Corporation. The Harvey Rose Corporation conducts an annual review of the Recommended Budget Document to assure its accuracy and to identify areas where savings or additional revenues can be found.

Finally, the FGOC reviews the budgets of some direct reports to the Board including the Board Offices, the County Executive, the Clerk of the Board and the County Counsel.

Public Safety and Justice
This committee is responsible for oversight of the criminal justice system. A key area of focus is preserving the non-custodial treatment options brought about by the implementation of the voter-approved referendum mandating drug treatment instead of incarceration for non-violent drug crimes. Another key area is the statutory relationship between the Department of Correction and the Office of the Sheriff. This committee also provides a venue for discussion of matters related to the court system. This committee reviews budget recommendations relating to the criminal justice departments, including the:

- Office of the District Attorney
- Office of the Public Defender
- Office of the Sheriff
- Probation Department
- Department of Correction
- Pretrial Services
- Medical Examiner-Coroner

Children, Seniors and Families
This committee is focused on a wide variety of issues in the areas of social services and child support services. The Committee considers issues concerning family, seniors and children’s issues, including the continued development of multi-disciplinary initiatives and partnerships with community-based organizations to provide affordable supportive direct services to clients. This committee is also working on issues resulting from reduced State and Federal funding.

This committee reviews the budgets for the Social Services Agency, In-Home Supportive Services, and the Department of Child Support Services.
Health and Hospital

The work of the Health and Hospital Committee is focused on the operation of a comprehensive health care system that provides prevention, education, and treatment; monitoring the ongoing health status of our County, and maintaining a health care safety net for our community’s most vulnerable residents. This committee reviews the budget recommendations of the following county departments:

- Public Health Department
- Mental Health Department
- Alcohol and Drug Services
- Custody Health Services
- Community Health Services
- Valley Health Plan
- Santa Clara Valley Medical Center

Housing, Land Use, Environment and Transportation

This committee is focused on long-range, strategic planning in the area of housing, land use, environment and transportation planning. In addition, this committee will review general transportation issues, including those related to the Roads and Airports Department, and review transportation programs and fiscal policies. This committee also oversees issues related to the Housing Trust Fund and reviews the impact of budget recommendations for the departments of:

- Planning and Development
- Office of Affordable Housing
- Agriculture and Environmental Management
- Vector Control District
- Environmental Health
- Parks and Recreation
- Roads
- Airports
Funding Status of Budget Inventory Items Approved in FY 2012

The Board of Supervisor’s Budget Inventory List reflects augmentations, new proposals, restoration of budget cuts, and other funding issues approved by the Board at the June Budget Hearing.

The list presented here reflects Budget Inventory items approved by the Board of Supervisors for FY 2012.

All ongoing items remain funded in the FY 2013 base budget. Funding for all one-time items has been removed from the FY 2013 base budget with the following exceptions:

- The 4.0 FTE Estate Administrator positions restored in Inventory Item No. 3 remain funded in the FY 2013 base budget. However, the County Executive recommends deletion of these positions in FY 2013.
- The 8.0 FTE restored to the Probation Department in Inventory Item No. 10 remain fully funded in the FY 2013 base budget with AB 109 funds.
- The 2.0 FTE restored to the Registrar of Voters in Inventory Item No. 17 remain fully funded in the FY 2013 base budget.
- The unclassified positions added to the Tax Collector’s Office in Inventory Item No. 23 remain funded in the FY 2013 base budget.

**FY 2012 Board Approved Budget Inventory**

<table>
<thead>
<tr>
<th>Item</th>
<th>Department</th>
<th>Proposal</th>
<th>Ongoing General Fund Expense</th>
<th>One-time General Fund Expense</th>
<th>Other Fund(s) One-time Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 &amp; 2</td>
<td>Social Services Agency</td>
<td>Restore ongoing funding to the following contract categories to the level of a 25% reduction from FY 2011 funding: Children and Families restored to $818,690, Aging and Dependent Adult restored to $832,967, Children and Families &quot;Safety Net&quot; restored to $183,718, Housing and Homeless Services restored to $274,970, and Domestic Violence restored to $451,160. Reduce FY 2012 funding for School Linked Services contracts to $0 and acknowledge that, for FY 2013, the expectation is that $850,000 will support the School Linked Services contracts.</td>
<td>$1,503,066</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>3</td>
<td>Social Services Agency</td>
<td>Restore funding to the Programs for Immigrant Integration contracts to $779,396 (100% of the level of funding received in FY 2011).</td>
<td>$311,758</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>District Attorney</td>
<td>Restore $139,320 for 1.0 FTE Criminal Investigator II, $122,028 for 1.0 FTE Criminalist III and $30,005 for equipment and supplies for a total of $291,353 for the Cold Case Unit.</td>
<td>$291,353</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>6</td>
<td>District Attorney</td>
<td>Restore $139,320 for 1.0 FTE Criminal Investigator II, and $36,266 for equipment and supplies for a total of $175,586 for the Conviction Integrity Unit.</td>
<td>$175,586</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>7</td>
<td>Probation</td>
<td>Restore 9.0 FTE Probation Community Worker positions in the Probation Department and request Probation Department to report to PSJC on how restored positions can best be utilized to support the focus on community-based supervision of clients.</td>
<td>$843,264</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>8</td>
<td>Sheriff</td>
<td>Restore ongoing funding for 2.0 FTE Deputy Sheriffs in the Office of the Sheriff to retain the Rural Crimes Unit.</td>
<td>$293,040</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>9</td>
<td>Sheriff</td>
<td>Restore funding for 2.0 FTE Deputy Sheriff patrol positions in the West Valley Division to serve unincorporated County areas.</td>
<td>$293,040</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
## FY 2012 Board Approved Budget Inventory

<table>
<thead>
<tr>
<th>Item</th>
<th>Department</th>
<th>Proposal</th>
<th>Ongoing General Fund Expense</th>
<th>One-time General Fund Expense</th>
<th>Other fund(s) One-time Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Probation</td>
<td>Restore 1.0 FTE Supervising Probation Officer, 5.0 FTE Deputy Probation Officers, and 2.0 FTE Justice System Clerks one-time in the amount of $1,093,524 in the Recovery Services Unit for the purpose of preparing for implementation of State criminal justice realignment, Assembly Bill 109.</td>
<td>$0</td>
<td>$1,093,524</td>
<td>$0</td>
</tr>
<tr>
<td>11</td>
<td>Department of Correction</td>
<td>Restore 2.0 FTE Sheriff Correctional Deputy/Officer positions in Inmate Program in the amount of $253,512.</td>
<td>$253,512</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>12</td>
<td>Sheriff</td>
<td>Restore 1.0 FTE Sheriff’s Deputy position in Special Operations - Mutual Aid.</td>
<td>$147,324</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>13</td>
<td>Registrar of Voters</td>
<td>Reduce the recommended fee for Superior Court Judges’ Candidate Statements of Qualifications from full costs recovery to an amount equal to 1% of the salary of the position of Superior Court Judge.</td>
<td>$48,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>16</td>
<td>Facilities and Fleet</td>
<td>Restore 6 Gardener positions in FAF budget in order to implement proposal submitted by staff.</td>
<td>$142,138</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>17</td>
<td>Registrar of Voters</td>
<td>Reallocation of the $800,000 in one-time funds recommended for the purchase of a second ballot sorting machine and the reconfiguration of office cubicles at the Registrar of Voters as follows:</td>
<td>($800,000)</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Allocate $400,000 to be made available to community-based organizations through a competitive bid process to fund voter outreach and education efforts in traditionally underrepresented communities.</td>
<td>$0</td>
<td>$400,000</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Allocate $758,792 to a reserve within the Registrar of Voters budget to contribute to the funding of future equipment purchases, possibly including a ballot sorting machine, on an as-needed basis.</td>
<td>$0</td>
<td>$758,792</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Restore 1.0 FTE Associate Management Analyst A and 1.0 FTE Accountant II on a one-time basis for FY 2012.</td>
<td>$0</td>
<td>$206,208</td>
<td>$0</td>
</tr>
<tr>
<td>19</td>
<td>Santa Clara Valley Medical Center</td>
<td>Restore full-time coverage in the pharmacies at the Valley Health Center Milpitas and the Valley Health Center Sunnyvale and provide services in the evening hours in the Sunnyvale Pharmacy, adding 1.5 FTE Pharmacist and 3.0 FTE Pharmacy Technicians in the Valley Medical Center budget.</td>
<td>$543,374</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>20</td>
<td>Office of Affordable Housing</td>
<td>Consider modification to the County Executive’s Fiscal Year 2012 Recommended Budget to approve a one-time appropriation from the Affordable Housing Fund in the amount of $200,000 for the Housing Trust of Santa Clara County to continue the County’s support of affordable housing programs.</td>
<td>$0</td>
<td>$0</td>
<td>$200,000</td>
</tr>
<tr>
<td>21</td>
<td>District Attorney</td>
<td>Add 1.5 FTE Attorney and 2.0 FTE Justice Systems Clerk I to Office of District Attorney budget for program of infracting misdemeanor traffic offenses. (b) Report back to the Board in six months on the status of this program.</td>
<td>$524,760</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>22</td>
<td>Public Health</td>
<td>Restore contract expenses by $225,000 on a one-time basis relating to State one year suspension of CalLearn funding.</td>
<td>$0</td>
<td>$225,000</td>
<td>$0</td>
</tr>
<tr>
<td>23</td>
<td>Tax Collector</td>
<td>Extend 3.0 FTE Unclassified Account Clerk positions for an additional 12 months (to end December 31, 2012)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Add 3.0 FTE Unclassified Account Clerk II positions for 18 months (to end December 31, 2012).</td>
<td>$0</td>
<td>$228,960</td>
<td>$0</td>
</tr>
</tbody>
</table>

**FY 2012 Inventory Total**  
$4,810,775  
$1,993,107  
$200,000