ATTACHMENT A
BUDGET STUDY SESSION - BACKGROUND AND DISCUSSION

On January 23rd, your Board initiated the FY2007-08 Budget process by approving a set of Budget Policies that provided guidance to staff in preparing the County's FY2007-08 Proposed Budget. On March 13th, staff provided your Board with a Mid-Year review of the County's current fiscal status, including an estimate of what the General Fund's fiscal condition would be at the end of the current (2006-07) fiscal year. Departments have now submitted their FY2007-08 requested budgets, and County Executive Office Analysts are in the process of reviewing those requests.

At this point in the budget process, your Board typically holds a budget study session to receive an update and provide any needed direction concerning the budget for the upcoming fiscal year. As was the case last year, this year this study session will include a presentation of the General Fund Five Year Forecast as well as the identification of certain issues that have arisen thus far in the budget process.

Five-Year General Fund Forecast

Using the Mid-Year revenue and expenditure estimates as a base, staff has prepared a forecast of the General Fund's fiscal condition through FY2011-12 under three different scenarios (see Attachments B and C). Each of the scenarios makes different assumptions about what the General Fund's discretionary revenues and the Net County Cost of General Fund programs will be over the next five years. As can be seen, the scenarios project FY2011-12 ending fund balance of between $38 million and $58 million, compared to the FY2006-07 beginning balance of approximately $52 million. Based on these projections, staff's conclusion is that, assuming no major capital or operating program enhancements or increase in General Fund-supported positions and no significant revenue reductions or increases in employee salary and benefit costs beyond what is already known, the County's General Fund Budget is structurally balanced, but it is a precarious balance. A fairly small increase in Net County Cost or decrease in discretionary revenues could push the General Fund Budget into structural imbalance, requiring expenditure reductions or revenue increases to balance the budget in future years. At the same time, given the relatively robust nature of the General Fund's fund balance, staff believes that, even under the worse case scenario, the County would have a number of years to come up with a plan to address any structural imbalance before significant expenditure reductions are required.

The Five-Year Forecast is important, because revenue/expenditure decisions made in one year can have a significant impact on the resources that will be available to fund General Fund programs in future years. Based on the information contained in the Five-Year Forecast scenarios, staff believes that:

1. It is critically important to complete the Adult Correctional System Master Plan and develop a multi-year Capital Improvement Plan (CIP) and Strategic Financial Plan, to help set priorities for use of General Fund resources while maintaining a balanced General Fund budget and appropriate reserves.

2. In the meantime, in FY2007-08 it is appropriate to invest a limited amount of General Fund resources in new staff or programs if the investments are strategically targeted in accordance with the Board's Budget Policies.

Budget Issues – Information Only

In reviewing the FY2007-08 departmental budget submittals, CEO staff has identified a number of requests for increased General Fund support for new positions, new or enhanced programs and/or higher Net County Cost than the level called for in the Board's Budget Policies. This section outlines some of these requests. These matters are provided for the Board's information only; staff is not seeking any direction at this time. We are continuing to work with the Departments to evaluate these requests in accordance with the Board's approved Budget Policies.

As the Board will recall, your policy direction was to consider recommending new or enhanced discretionary-funded programs only to the extent the General Fund Five Year Forecast identified sufficient funding capacity and in accordance with the following criteria:

- Will the investment target high priority areas, including: (1) accountability and regulatory compliance; (2) critical public health and safety needs; and (3) organizational development and Board-community relations?
- Is the request justified in terms of workload, service demand and the efficient use of other resources in the relevant department?
- Will the investment correct imbalances in a service delivery system?
- Will the investment address service level deficiencies that have gone unaddressed for a number of years?
- Will the investment benefit programs that have little or no ability to generate other revenues?
- How critical is the need used to justify the request?

UC Cooperative Extension ($15,000):

The UC Cooperative Extension is requesting that the County increase funding for a Volunteer Program Coordinator position from .75 FTE to full time. According to the Cooperative Extension, this position is currently funded three quarters by the County (as a County employee) and one quarter by the State (as a State employee). Funding for the .25 FTE State position comes from annual research grants and the Cooperative Extension is concerned that those grant funds will likely not be available after FY2007-08. In addition, as a part-time employee of both the County and the State the incumbent is not eligible for the same level of benefits as full time County employee. Prior to 2001 this .75 FTE position assisted in managing the Master Gardener program. In 2001, with the retirement of the Extension Agent then managing the Master Gardener Program, this position was increased to 1 FTE (as described above) and took on full responsibility for the Master Gardener program and fieldwork on research projects. According to Cooperative Extension Service staff, the Master Gardener program is a very successful program with over 100 volunteers and requires a full time position to keep the program operating effectively.

Public Works- Property Management ($113,000):

Public Works is requesting two new custodial positions (total cost: $113,000; General Fund cost approximately $86,000) to adequately serve all of the County's facilities. In FY2004-05, the opening of the new Sheriff's building and Juvenile Justice Center increased the amount of County space to be maintained from 389,658 square feet to 465,708 square feet - a 20% increase. It is anticipated that custodian workload will increase to 481,237 square feet in FY2007-08 since custodians will be taking responsibility for the County Records Center. In response to the increase in custodial responsibilities, in FY2004-05, the Department was authorized two additional custodians, increasing the total number of custodians from 17 to 19 - a 12% increase. According to Public Works staff, prior to the addition of the new Sheriff's building and Juvenile Justice Center, the Department was averaging 17 complaints related to custodial services per year. Subsequent to these changes, annual complaints have increased to 141. One hundred and ten of those complaints relate directly to custodian teams where staffing was reduced to provide an additional team to service the new Sheriff's building and Juvenile Justice Center. Prior to the addition of the new buildings, the Department maintained a ratio of one custodian per 22,918 square feet. Now, this ratio is one custodian per 24,510 square feet and that will increase to 1 custodian per 25,328 square feet assuming no new positions are added. Adding the requested new positions will bring the ratio down to 1 custodian per 22,916 square feet, essentially the same ratio that existed prior to the construction of the new buildings. The International Facility Management Association (IFMA) has established a benchmark of 1 custodian per 25,000 square feet of space (and this assumes that the facilities are on a centralized campus - which is not the case here). The State Department of General Services has established a benchmark of 1 custodian per 19,000 square feet. Other county governments have standards that range from one custodian per 16,000 square feet to one custodian per 45,000 square feet, with the median appearing to be between one per 18,000 to 23,000, though some counties exceed that standard in practice.

Conservation, Development & Planning ($76,400):

The Conservation, Development & Planning (CDP) Department is requesting one additional Administrative Secretary II position. Approximately 20% of the cost of the position would be funded by the Building Inspection Fund and the Parks and Open Space District, for a Net County Cost increase of approximately $61,000. Currently, the Department has 5 clerical support positions, 1 Office Assistant in Planning & Development and 1 Secretary and 2 Office Assistants in Building Inspection, supervised by an Administrative Office Assistant, who also handles certain accounting and billing responsibilities). As proposed, the new Administrative Secretary position would assume responsibility for clerking the Planning Commission, Parks and Open Space District Board and other advisory boards, freeing up professional staff for other Department functions and provide an opportunity to better organize administrative functions within the Department and, in particular, provide supervision for several administrative support staff persons, including those responsible for public service at the reception desk. During the recent vacancy in the Clerk of the Board position, CDP assumed responsibility for clerking the Planning Commission. Adding this position would allow the Department to continue to perform those duties, as well as clerking the new Parks and Open Space District Board, the Airport Land Use Commission, Zoning Administrator, Watershed Information Center/Conservancy, Wildlife Commission, Building Appeals Board and Airport Industrial Area Subcommittee. With the exception of the Planning Commission and Parks and

Open Space District Board, all of the above boards are currently clerked by professional staff. CDP staff estimates that clerking the Planning Commission equates to approximately .2 FTE. CDP staff estimate that the other clerking responsibilities together equate to about .5 FTE, for a total of .7 FTE clerking need for the Department. The remaining approximately .3 FTE would allow this position to take over responsibility for supervising the Department's clerical staff. Among other things, the clerical staff performs the receptionist function for the department and schedules inspections. These positions play a critical role in ensuring high quality customer service, an important goal for the Department. Under this proposal, the Administrative Office Assistant would no longer supervise the clerical staff and could concentrate full time on fiscal matters, an area of critical need given the amount of billing the Department is involved in.

Corrections ($327,000):

The Corrections Department is requesting four new positions - a Sergeant and three Correctional Officers:

- Sergeant ($95,900): The Jail operates with two 12-hour operational shifts (a day shift and a night shift) each day. Three of the operational shifts are currently comprised of a Sergeant, a Corporal and 11 or 12 Correctional Officers and Correctional Technicians. The fourth shift consists of two Corporals (with one serving as acting Sergeant) and 10 Correctional Officers and Correctional Technicians. This proposal is to add an additional Sergeant position to the fourth shift, so that all four shifts will be supervised by Sergeants. As proposed, the Corporal position that is currently designated an acting Sergeant would either be retained as a Corporal or reclassified to Correctional Officer. In either case, it would be available to assist in providing appropriate supervision to the Jail's Protective Custody Unit, as described below. Until the current fiscal year, each operational shift in the Jail was supervised by a Sergeant and all of the Sergeants reported directly to the Assistant Corrections Director. A Lieutenant oversaw administrative and support functions. This year, as part of the effort to provide greater overall management of Jail operations, the Lieutenant position was placed in charge of operations with responsibility for managing the Sergeants that supervise each operational shift, a Sergeant position was moved to the five-person administrative and management team to oversee that function (which includes recruitment and selection, training, policy and procedure development, data collection and analysis, population management and coordination of all inmate services and programs, such as work furlough, electronic home detention and the work-in-lieu-of-jail Corrections Conservation Corps). The Corporal position previously assigned to the administration and support team was assigned to operations.

- Correctional Officers ($232,000): The Jail's 36-bed Protective Custody Unit houses male inmates who must be segregated from all other inmates due to the likelihood they would be at serious risk of bodily harm. This Unit is currently in a dormitory-style housing unit and has an average daily population of approximately 20 pre- and post-sentenced inmates. Originally this housing unit was designed to house minimum security inmate workers who had assignments in the Jail kitchen, laundry and janitor crews. As the Jail's population has increased and changed, it has been necessary to utilize this space for other purposes, including, most recently, those inmates needing protective custody. Minimum security inmate workers and work furlough inmates are now housed in a non-secure dormitory in the basement of the Hall of Justice. Given the open nature of Protective Custody housing unit, Jail staff believe it is critical to have 24 hour supervision. Currently, Jail staffing only allows for hourly "safety and security" checks, augmented by a Corrections Officer from Booking spending time in the unit when the Officer is not needed for processing inmates into the Jail. In addition, surveillance cameras have been installed that can be monitored from Central Control, but this does not provide the same level of supervision as having staff regularly in the Unit. Although there have been no major incidents, Jail staff is concerned that the risk exposure here is significant and the Department has requested three new positions, along with the Corporal or Corrections Officer that would be freed up if the new Sergeant position is added, to provide continuous supervision of this unit.

Probation ($269,000):

The Probation Department is requesting four new positions - three Probation Officers I/II and a Probation Assistant – and an additional $50,000 for adult treatment services:

- Probation Officers and Treatment Services ($276,000): Until recently, 12 adult Probation Officers have carried caseloads of up to 360 probationers each, with most officers assigned to a shared general caseload with an average caseload of approximately 300 probationers. In addition, the Department has not used a validated risk assessment tool to determine the appropriate level and type of supervision for each offender. Early this year, the Department began a complete service delivery redesign for the adult probation program that focuses on: (1) using a validated assessment tool to evaluate each offender and determine their risk of re-offending and the probation supervision level required; (2) establishing specialized caseloads for different types of offenders and required supervision levels (for example, low risk, medium/high risk, very high risk); (3) setting caseload standards for the different caseload categories; and (4) providing treatment and services that research has shown can impact offender recidivism. Based on the risk assessment work done to-date, the Department has determined that they would need a total of 22 adult Probation Officers to provide offender supervision for the Department's caseload of 2,100 offenders based on caseload standards for different risk groups established by the American Probation and Parole Association (APPA). Recognizing that there are limited resources available, however, the Department is proposing to move toward an appropriate supervision regime by adding three additional adult Probation Officers (for a total of 15 adult Probation Officers). If this is approved, the Department's caseload would be allocated approximately as follows:

  Very High Risk (80 cases; 2 Probation Officers, for average caseload of 40)
  Moderate to High Risk (600 cases; 7 Probation Officers, for average caseload of 85)
  Low Risk and Very Low Risk (952 cases; 2 Probation Officers, for average caseload of 476)
  Proposition 36 (329 cases; 1 Probation Officer)
  Drug Court (42 moderate to high cases; 1 Probation Officer)
  Residential (120 moderate to high cases; 1 Probation Officer)
  Special Investigations Unit - Drug Grant (15 cases; 1 Probation Officer mandated by grant).

  In addition, the Department is requesting an additional $50,000 to provide evidence-based treatment and services for certain offenders. Currently, except for treatment for some substance abuse offenders, the Department does not provide any treatment or services for offenders on probation. The Department is still in the process of identifying the most appropriate mix of treatment and other services to be provided. Examples of the type of treatment or other services that evidence has shown are effective in reducing recidivism include cognitive-behavioral therapy and anger management training.

- Probation Assistant ($67,000): Currently, the Department has one Probation Officer assigned to supervise 329 cases on the Proposition 36 caseload (Proposition 36 requires that persons convicted of a non-violent drug possession offense be diverted from incarceration into licensed or certified community-based drug treatment). According to Department staff, the number of referrals to Proposition 36 is continuing to increase and it is becoming clear that one Probation Officer cannot work effectively with the number of defendants. The Department is proposing to add one Probation Assistant position to assist the Proposition 36 Probation Officer with much of the paperwork for this assignment as well as complete follow-up contacts with probationers. There was additional state funding for the Proposition 36 program in FY2006-07, but the Department chose to spend that money on treatment needs rather than an increase in staffing.

Sheriff ($78,000):

The Sheriff is requesting funding for an additional Evidence Technician position. Approximately half the cost of the position would be recouped under the American Canyon police services contract or from various grants, resulting in a Net County Cost increase of approximately $39,000. According to the Department, the position is needed due to an increase in the processing and reproduction of digital evidence and to insure the success of the new Automated Fingerprint Identification System (AFIS). Currently, the Department has one Evidence Specialist and two Evidence Technicians who are responsible for processing digital and other evidence for the Department. Processing digital evidence has increased to the point where the Evidence Specialist is spending approximately half his time dealing with that kind of evidence, which is interfering with his ability to work on processing other forms of evidence, such as latent fingerprint development, ballistics, blood stains, etc. In addition, the Sheriff's Department is in the final stages of implementing AFIS, which will require Sheriff's Office employees to input and manage all of the data and evidence that was previously managed by Department of Justice personnel, including entering decades worth of fingerprints into the system. The Department is proposing to add the Evidence Specialist position which would be responsible for entering fingerprint data into the AFIS system as well as for dealing other digital evidence processing.

District Attorney ($234,000):

The District Attorney is requesting two new positions - a Staff Services Analyst and an additional Investigator - and the reclassification of a Legal Secretary to a clerical management position:

- Staff Services Analyst and Legal Secretary Reclassification ($89,000): Currently, the District Attorney's Office's fiscal and clerical support function is comprised of one

Administrative Services Officer, two Account Clerks, one Supervising Legal Secretary, 9 Legal Secretaries and 1 Office Assistant. According to the District Attorney, the current structure does not provide for adequate supervision of the clerical staff, nor does it provide sufficient resources to appropriately manage the Department's fiscal operations. To address this situation, the District Attorney has proposed to; (1) reassign responsibility for managing the clerical staff from the Administrative Services Officer to a newly created clerical management position (which would result from reclassifying a Legal Secretary); and (2) add a Staff Services Analyst position, which would assist the Administrative Services Officer in dealing with Departmental fiscal issues. If this reorganization is approved as proposed, the newly reclassified clerical services manager would supervise the Supervising Legal Secretary who would supervise the 7 Legal Secretaries and 1 Office Assistant. The Administrative Services Officer would then be responsible for the Department's fiscal administration and supervise the Staff Services Analyst and two Account Clerks. The District Attorney contends that additional professional fiscal expertise is needed in the Department, in part because of the number of grant-funded programs the Department administers. The District Attorney also contends that it is important to have a full-time management level employee supervising the clerical staff, rather than a union employee like the Supervising Legal secretary.

- <u>District Attorney Investigator ($145,065):</u> Currently, the District Attorney's Office has 8 full-time regular Investigator positions (including the Chief Investigator and Supervising Investigator) and 2 FTE of extra help Investigators, which are primarily grant-funded. These Investigators conduct follow-up investigations at the request of the District Attorney, keep in contact with and serve subpoenas on trial witnesses, respond to discovery requests by defense counsel and generally assist Deputy District Attorney's in trial preparation and at trial (including things like preparing power-point presentations). In addition, Investigators provide 24 hour/7 day a week support to law enforcement when any major crime occurs within the County. Investigators are called out an average of 12 times each year. According to the District Attorney, the Investigator workload is now too heavy for the existing Investigator staff (with the Investigators responding to 1,700 follow-up requests).

<u>County Counsel ($145,000):</u>

County Counsel is requesting a $145,000 increase in the budget for outside legal services (from $100,000 to $245,000) to address critical Board priorities, including: water service issues in the County Airport area ($170,000), issues related to the City of Napa's proposed Soscol Avenue Redevelopment Area ($15,000), issues related to collecting document transfer taxes on changes of majority control of corporate ownership ($20,000) and issues related to imposing local worker restrictions on housing developments($10,000). These are estimates only, and the money would only be spent, if needed.

Budget Issues – Policy Direction Requested

The following are issues with implications for the FY2007-08 Budget where staff is requesting policy direction from the Board.

Road Fund Financial Status:

The Road Fund's FY2007-08 Budget is balanced assuming that the County will proceed with approximately $5.3 million in needed road repairs related to the December 2005/January 2006 flood event and that those expenditures will be fully offset with revenue from the Federal Emergency Management Agency (FEMA). However, the budgeted FEMA revenue, and the related expenditure assumptions, are problematic, as is the overall fiscal status of the Road Fund. Attachment D provides some revenue and expenditure information related to the short- and long-term fiscal status of the Road Fund. Essentially that information shows two issues of concern:

- As of this date, the County has spent approximately $6 million on road repairs related to the December 2005/January 2006 flood event. In addition, the County has identified another $5.3 million in necessary flood-related road repairs that have not yet been made. Thus far, FEMA has approved reimbursements of approximately $5 million and denied approximately $3.2 million in requested reimbursements. The County is currently appealing this denial. There are also approximately $3.2 million in flood-related repairs for which the County has submitted claims and those claims are still pending with FEMA or where the Public Works Department's estimate of repair costs exceeds the claim amount approved by FEMA. At this point, of the $5 million in approved claims, the County has only received $1.4 million. In accordance with accounting rules, the Road Fund budget will reflect the balance as "receivable" revenue to cover flood repair expenditures that have already been made but where the revenue has not been received. As indicated above, however, the County has only actually received $1.4 million in revenue to cover $6 million in expenditures, creating a cash shortfall of approximately $5 million in the Road Fund. As the Board will recall, to insure that the Road Fund did not end the 2005-06 fiscal year with a cash deficit, the Board approved a $722,000 loan from the General Fund, with the expectation that that loan would be repaid as FEMA funds were received. At this point, it is not clear when the County will receive payment of the FEMA funds related to the already approved claims. Further, in part because of the general condition of the Road Fund (discussed below), unless the County is willing to loan or otherwise provide the Road Fund with additional General Fund monies, it will not be possible to proceed with any of the flood-related road repairs that have not yet already been made. As part of Attachment D, Public Works staff has provided cash-flow projections for Road Fund projects under different flood project expenditure and flood claim reimbursement scenarios. These projections show Road Fund project-related cash deficits totaling between $1.5 million (best case) and $7 million (worse case) over the 7 year period starting in FY2005-06.

- Even without the FEMA claim problem, the Road Fund may be facing a potential structural imbalance between operating revenues and expenditures. The attached cash-flow projections for the Road Fund show that, over the next six years, operating expenditures will exceed revenues by approximately $447,000, with the annual shortfall increasing as time goes on. There are a number of reasons for this situation, including the fact that State revenues tend to remain constant while the cost of doing business increases over time and the decision to appropriately allocate OMB A87 (County overhead) and other internal costs to the Road Fund.

Taken together, the operating and project-related cash status of the Road Fund totals between a $1.2 million surplus (best case) and a $4.3 million deficit (worst case) over the seven year period starting in FY2005-06 (with the difference between the scenarios for the most part reflecting assumptions about whether or when we will receive reimbursement from FEMA and other funding sources and what we will spend on flood-related projects even if we don't receive reimbursement from FEMA). The "Mitigated Middle Case" Scenario, which essentially assumes that the County will be reimbursed by FEMA for all expenditures made to-date (except for one $1 million project) and that the only flood repair expenditures made in the future will be those that are fully reimbursed, shows a total cash surplus of $533,000 at the end of that seven year period, and annual cash short-falls in excess of $400,000 into the future, suggesting that the Road Fund faces a potentially serious structural imbalance. Historically, the Road Fund has maintained a fund balance of closer to $2 million, in part to cover any emergencies that might arise. Further, even under the best case scenario, it may be necessary to make future General Fund loans to the Road Fund in particular years and/or delay repayment to the General Fund of monies that have been loaned. At this point, staff is recommending that the County: (1) not undertake any flood repair projects for which claims have not been approved; (2) not undertake other road repair projects unless they are critical and are substantially revenue-offset; and (3) look for potential road fund operating cost reductions. As indicated above, it may be necessary to make additional General Fund loans to the Road Fund to cover cash flow problems in certain years. CEO staff would not, however, recommend that the Board consider a regular General Fund Contribution to the Road Fund for the following reasons:

- As indicated in the General Fund Five Year Forecast, though the General Fund appears to be in structural balance, that balance is precarious. And there are a number of potential needs for a significant amount of additional General Fund resources for existing General Fund-supported programs (jail and corrections being the biggest potential future need, but others are identified above). With the ability to adequately fund existing General Fund supported programs at needed levels in the long-run problematic; staff believes that now is not the time to be adding new General Fund program responsibilities.

- The potential road-related needs are very large in relation to the amount of General Fund resources that would be realistically available to meet those needs. Thus, any amount transferred from the General Fund to try and meet those needs would likely be insufficient, but once the precedent is set, there is the potential for a significant drain on General Fund resources.

- To receive certain State transportation funds, counties are required to provide local funding at a "maintenance of effort" (MOE) level. If the County begins spending General Fund money on road projects, that will factor into the MOE, making it difficult to reduce General Fund spending if the funds are needed to meet other critical needs or in times of fiscal distress.

New Conflict Public Defender Model:

Under the current Conflict Public Defender system, when the Public Defender's Office cannot legally represent an individual because of a conflict of interest, the Court appoints the County's full-time contracted conflict attorney to provide defense services. If this attorney declares a conflict, the court appoints the County's part time contracted conflict attorney. If this attorney declares a conflict, the court then appoints private attorneys to provide defense representation at the County's expense. This model has become increasingly problematic over the last few years as the cost of Conflict Public Defenders has continued to increase (for FY2006-07 costs are estimated to be $960,000), and, if no changes are made, those costs are projected to continue to increase, in part because the court intends to increase the private attorney hourly rates. One of the reasons for the continuing rise in costs is that the County's contracted attorneys are declaring an increasing number of conflicts which results in greater use of private attorneys, where there is little control over costs. In addition, under the current system, there is little incentive for the private attorneys to restrain costs. To address this problem, the County Public Defender has worked with the CEO, courts and County Counsel to develop the proposal outlined in more detail in Attachment E. In summary, under this proposal: (1) the Public Defender's Office would add one attorney and take responsibility for Sexually Violent Predator (SVP) cases (currently, these are handled by contract or private attorneys); and (2) the County would adopt the Yolo County model of providing Conflict Defender services: we would issue a request for qualifications to select 6 attorneys to handle conflict claims part-time on a rotating basis. These attorneys would be paid a flat monthly rate ($7,000 a month for five of the firms and $4,000 monthly for the firm assigned to juvenile court) and each firm would be allocated up to $50,000 annually for investigative and expert services. One attorney would be selected as the "lead" and paid an additional amount of money to assist in balancing the number and type of cases assigned to each attorney. The six contract attorneys would be selected by a panel that includes representatives from the courts to insure that the contractors are properly qualified. According to Yolo County staff, this approach has been successful in controlling costs in that County and other counties are looking at this model as well. If adopted, it is estimated that this approach will reduce costs in the Conflict Public Defender budget by approximately $191,000, partially offset by a $96,000 increase in the Public Defender's budget, for net estimated annual cost savings of approximately $95,000. CEO staff supports this proposal in concept, but believes further analysis is needed in one area: the addition of an attorney to the Public Defender's Office to deal with SVPs. CEO staff is continuing to work with the Public Defender's Office to evaluate this issue.

Creation of Community & Intergovernmental Affairs (CIA) Division in County Executive Office:

The County Executive Officer is proposing a reorganization of the current Community Partnership Office to address a number of critical needs that have been identified in the area of intergovernmental relations, housing, economic development and Board-constituency relations. This proposal would include adding 3.5 to 4.5 positions (2 Board Aides, 1 Housing Coordinator, a .5 FTE Secretary and possibly an additional Analyst) and reclassifying the existing Community Partnership Manager and Community Partnership Analyst positions. The cost of these new positions and reclassifications is estimated to be approximately $370,000 to $470,000 (depending on whether the second Analyst position is needed), with approximately

$170,000 of that cost for the two positions (Housing Coordinator and .5 FTE Secretary) that will be dedicated to providing administrative support for the Napa County Housing Authority. .

Currently, the County does not have any staff dedicated to intergovernmental or Board-constituency relations, general Board staff support, housing or economic development. A CEO Management Analyst spends part of his time coordinating the County's legislative agenda, but is primarily responsible for budget analysis. This has become more problematic as the County's involvement in legislative issues has increased significantly. The Community Partnership Manager handles some intergovernmental relations issues, but devotes more than half of his time to the General Plan update and other special projects. Board members handle their own constituency issues, but that has become increasingly difficult as Board members have become more involved in representing the County's interests on regional bodies (like the Association of Bay Area Governments [ABAG], the Regional Council of Rural Counties [RCRC], California State Association of Counties [CSAC], Metropolitan Transportation Commission [MTC] and others), in dealing with legislative matters and in addressing complex policy issues. Many counties have Board Aides that assist Board members in handling constituency and intergovernmental relations issues, but Napa County does not (see Attachment F). As a result of the full activation of the County Housing Authority, the County will be responsible, through an intergovernmental agreement, for administering and providing staff support for that agency. It has also become apparent that regular communication and coordination with Napa County's cities and other local governments on a variety of issues would be beneficial in addressing and resolving issues that arise. Finally, the Board has expressed an interest in the County becoming more involved in economic development issues and, potentially, in the Community Development Block Grant (CDBG) program. Additionally, the Board is developing a plan for allocating Special Projects Fund monies to visitor management, parks and open space and arts and culture programs. Currently, there is no staff available to support these efforts.

The CEO's proposal for dealing with this situation involves reorganizing the current Community Partnership Office (a Division of the CEO - with 1 Manager, 1 Analyst and a .8 FTE Secretary) into a new Community and Intergovernmental Affairs (CIA) Division of the CEO, with a CIA Director, 1 Analyst (and possibly a second Analyst), 1 Housing Coordinator (approximate cost: $142,000), 2 Board Aides (approximate cost: $177,000) and 1.3 FTE clerical support. This new Division would be responsible for all of the functions described above and more fully outlined in Attachment G (initially the Division would continue to assist in the General Plan Update, but the current responsibility for Workforce Investment Board [WIB] administration would be moved to Health & Human Services). Under this plan, the two Board Aides would be part of the CEO rather than Board appointees as is the case in many counties. CEO staff believes that this makes sense, since there would only be two Board Aides rather than one per Board member and there would be an ability to cross-train and utilize all of the CIA staff as needed to deal with intergovernmental, legislative and constituency issues (where there is often an overlap of interest and responsibilities).

Closure of Drinking Driver Program:

The Drinking Driver Program screens clients for alcohol, assesses their level of substance abuse penalty and assigns them to appropriate courses. State law requires that this program be fully funded through fees paid by participants. However, in Napa County costs have historically exceeded revenues. In an effort to bring the program to a break-even point, in FY2005-06, the Department eliminated vacant positions, trimmed services to statutory minimums and moved the program to the Old Sonoma Road campus in order to eliminate rent payments as a cost of the program. Client fees were increased to a level that is among the highest in the State. Unfortunately, these efforts did not make the program self-supporting, with current year losses projected to be approximately $160,000. As indicated to your Board during the FY2006-07 Budget process, H&HS then hired a consultant who specializes in DDP fee collection in an effort to assist the Department in evaluating the problem. That consultant has completed his work and advised the Department that: (1) staff caseloads and productivity are appropriate; (2) further fee increases are not feasible; (3) and we would not be able to make the County-operated program break even. The consultant further indicated that this scenario is playing out in the few counties still attempting to directly provide DDP services. Most counties have already been driven out of the business, turning responsibility over to private providers. Given the overall situation and the need to comply with State law, the Department is recommending the closure of the County DDP program and the careful transition to a private provider. To that end, in November, the union and affected County staff were notified of the intended closure of the program and the Department has been meeting with staff and making every reasonable effort to move DDP employees into other appropriate vacant jobs in the Department. The Department has also issued a Request for Qualifications to provide DDP services in the County, with the intent of licensing one provider for the County in order to maximize the likelihood of attracting a well qualified firm that will remain viable. Among other things, the RFQ requires applicants to explain how they will prioritize the recruitment of existing staff into the new program. CEO staff supports closure of this program which, if approved, will result in a $691,000 reduction in expenditures compared to the FY2006-07 Adopted Budget.