



County of Los Angeles
CHIEF EXECUTIVE OFFICE

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April 22, 2008

The Honorable Board of Supervisors
 County of Los Angeles
 383 Kenneth Hahn Hall of Administration
 500 West Temple Street
 Los Angeles, California 90012

Dear Supervisors:

FISCAL YEAR 2008-09 PROPOSED COUNTY BUDGET (3-VOTES)

The Fiscal Year (FY) 2008-09 County of Los Angeles Proposed Budget total of \$21.923 billion reflects a decrease of \$588.0 million in total requirements. General County funds, including the General Fund and Hospital Enterprise Funds (\$17.414 billion), reflect a net decrease of \$386 million. Special District/Special Funds reflect a decrease of \$202 million.

TOTAL REQUIREMENTS – ALL FUNDS – 2008-09				
(Billions of Dollars)				
Fund	2007-08 Budget	2008-09 Proposed	Change	% Change
Total General County	\$17.800	\$17.414	-\$0.386	-2.17%
Special District/Special Funds	4.711	4.509	-0.202	-4.29%
Total Budget	\$22.511	\$21.923	-\$0.588	-2.61%
Budgeted Positions	102,275.0	102,240.0	-35.0	-0.03%

BUDGET OVERVIEW

During the prior three years of budget restoration and growth, the County was able to significantly increase funding for public protection, children and family programs, health services, homeless services, unincorporated services and capital improvements. These investments in County programs were bolstered by the strong real estate market and a healthy local economy. Today the County now faces uncertainties driven by the economy and the State budget deficit. Although 2008-09 will be a challenging year for the County, we are in a good position to face these challenges in large part from our conservative approach to the budget in past years. Due to the uncertainty surrounding the extent and duration of the current economic downturn, the County should continue to exercise this same conservative approach in the management of the budget.

As a consequence of the slowing economy and the resulting impact to revenue growth, each County Department was asked to develop plans for a net County cost (NCC) budget reduction. Each Deputy Chief Executive Officer worked with departments in their respective clusters to conduct a critical review of all programs and services. After reviewing the results of the exercise and weighing the potential impact on public services, our office modified many of the reductions or eliminated them all together. In other cases, Departments who have consistently generated savings year after year from vacant positions or unspent funds were asked to reduce their budgets. These budgetary adjustments result in an overall NCC budget decrease of \$36.1 million. It is important to note that the review of departmental programs and services with the goal of improving service delivery and outcomes and generating further efficiencies will be an ongoing process.

Although reductions to some departmental budgets to address the deficit occurred, the County continues to have critical programs that must be funded. The funds to support these programs came from the elimination of long-term vacancies or other historical savings and did not impact services currently being provided.

Administrative Governance Structure

On March 27, 2007, your Board amended the County Code by adopting the Interim Governance Structure Ordinance. The ordinance took effect on April 26, 2007. This new administrative governance structure delegates to the newly created Chief Executive Officer (CEO) additional responsibilities for the administration of the County, including the oversight, evaluation, and recommendation for appointment and removal of specific Department Heads and County Officers.

The administrative structure organizes the County departments into five (5) Clusters. Each Cluster reflects the County's four Strategic Plan programmatic goals that are based upon a department's service mission, as well as, interdepartmental collaborations that are required to achieve service integration goals. There are four (4) programmatic clusters: Children and Families' Well-Being; Health and Mental Health Services; Community and Municipal Services; and Public Safety. The fifth cluster, Operations, is structured to align County functions that impact the overall organizational effectiveness of the County.

Although still in its infancy, the new administrative structure has already yielded improvements in how the County functions and the service it provides the public. Many of these important initiatives are incorporated into our budget recommendations. The most important improvement the new administrative structure brings is the collaboration between and among departments. By coordinating Department Head goals and establishing Cluster policies and program objectives, each Department Head is working toward the same overall goals. This effort will also result in revisions to each Department Head's Management Appraisal and Performance Plan (MAPP) goals to ensure critical goals and objectives are met.

Below are some early examples of the benefits of the new administrative structure:

Public Safety

- The Alternate Public Defender, District Attorney, and Public Defender WiFi Project will provide access to case information while in court at the Clara Shortridge Foltz Criminal Justice Center, eliminating the need to make trips back and forth between the courtroom and office, and will provide better service to clients as information will be more readily available.
- The Countywide Criminal Justice Efficiency Study (in collaboration with the Alternate Public Defender, District Attorney, Public Defender, Probation, and Sheriff) will refine the court scheduling process, reduce overtime costs, reduce the jail population and reduce public defender unavailability.
- The expanded use of video technology for video-visiting, video-arraignment, and video-conferencing impacts the Alternate Public Defender, District Attorney, Probation, Public Defender and Sheriff. The expanded use will reduce movement of inmates within custody facilities, visitors to the custodial environment, staff needed for inmate movement, inmate transportation costs, delays in court proceedings, the need for attorney travel, and traffic congestion.

Community and Municipal Services

- The Department of Parks and Recreation budget includes a \$1.0 million one-time efficiency initiative for the purchase of an online facility and event reservation system, retrofit materials to install waterless urinals, water-cooled pumps for lake circulation, and suction pumps to chlorinate lake swimming areas. These investments will result in ongoing water utility savings in the millions of gallons of water annually, maintenance, and staffing cost savings of \$0.2 million annually, with a payback period of five (5) years.
- The Department of Beaches and Harbors' budget includes the Department's efforts to internally realign the budget to address cost increases attributable to maintenance, fuel, and general cost increases in materials and supplies and includes the deletion of 16.0 vacant positions, a reduction in fixed assets, and increases in parking revenue.

Children and Family Well-Being

- The Department of Public Social Services (DPSS) identified efficiency savings that will be set aside in Provisional Financing Uses for Board consideration in the Final Changes phase of the budget process to fund an innovative initiative called the General Relief (GR) to Stable Support and Income (SSI) Pilot Project. This program will target the 1,000 GR recipients who have received aide the longest, from seven to 29 years, in an effort to transition these individuals to SSI. Successfully moving a GR recipient to SSI benefits both the individual and the County. The individual's grant would almost quadruple and the individual would automatically qualify for Medi-Cal. This effort will have a positive impact on the County's law enforcement, detention, health and mental health programs. An individual's enrollment in Medi-Cal would benefit the County by subsidizing the individual's costs at County medical facilities. Net savings to the County as a result of this project are estimated at \$3.6 million.
- The Child Support Services Department budget reflects \$2.0 million in one-time funding from the CEO Information Technology Designation to enhance the pilot imaging project commenced in August 2007 to image and archive documents in child support cases. This pilot imaging project is expected to achieve significant program efficiencies that include the reduction of staff time required to retrieve hardcopy case files, the immediate electronic retrieval of relevant case documents, and information required to handle client inquiries. Based upon the results of this pilot, it may be expanded to the other County departments

co-located at the newly opened 8300 Vermont County building to extend document imaging and electronic retrieval to Children and Family Services (DCFS), DPSS, and Mental Health (DMH) Departments.

- The Department of Community and Senior Services (DCSS) budget reflects \$6.5 million for the year-round Youth Jobs program targeting vulnerable youth. Working with DCFS, DCSS, and the CEO, the program will specifically focus on the Foster Care Youth population with approximately 60 percent of the jobs earmarked for this population. The program also targets low-income, California Work Opportunities and Responsibility to Kids (CalWORKs), and At-Risk Youth.
- In collaboration with the Internal Services Department (ISD), the 2008-09 Proposed Budget recommends that \$3.8 million be set aside in the Provisional Financing Uses budget to support the transfer of the following IT functions from the DCFS to ISD: Desk Top Support, Mid-Range Server Support, Local Area Network (LAN) Support, one-time infrastructure upgrades, and responsibility for the annual technology refresh. Various planning activities and coordination with the State will be done in the first half of the year, with a goal of moving to the shared services model in the second half of 2008-09. DCFS will be added to the ISD County network, which will provide benefits such as back up and recovery capability for user documents, centralized anti-virus protection and security programs, centralized servers in the Data Center which will avoid local DCFS costs for space, power and cooling, and 24/7 network monitoring and repair. Due to a deteriorating IT infrastructure and out-dated data systems, failure to effectuate this transfer may have an adverse impact on the Department's ability to perform its core functions.

Health and Mental Health Services

- The CEO and the Department of Health Services (DHS) have initiated a collaborative effort to develop strategic approaches to address DHS' financial deficit such as the development of a multi-faceted and multi-phased deficit management plan. The overall strategy will incorporate a Financial Stabilization Plan, composed of system efficiencies; legislative solutions in collaboration with the State and other stakeholders, including active participation in the renegotiation of the terms for the next five year Medi-Cal Waiver; and the redesign of its service models to ensure a balanced healthcare delivery system.
- The Department of Public Health was awarded \$0.3 million from the CEO Information Technology Designation for the enhanced Unified Directory. This

project will allow agency partners and the general public to subscribe online for health information, critical health alerts, and advisories.

Operations

- Effective January 1, 2008, the Treasurer and Tax Collector moved all warehousing operations into a 120,000 square foot warehouse in the City of Industry on a five-year lease with an option to purchase. The option to purchase will be exercised within the next 12 months allowed in the contract, for a predetermined price of \$13.7 million. The new facility allows for much greater storage capacity. Most importantly, County ownership will result in an ongoing annual lease cost-savings of over \$0.2 million.
- ISD will continue to implement energy efficiency projects that will generate ongoing utility savings in future years by reducing the County's overall energy consumption. These projects include retro-commissioning, retrofit, demand reduction, and green/sustainable technologies. Since the mid-1990's, ISD has implemented nearly \$50.0 million in energy efficiency projects that have resulted in over \$110.0 million in cumulative utility savings and \$15.0 million in annual savings. For 2008-09, ISD will focus on energy conservation projects at DHS and the Sheriff's Department facilities. Future work will include the study and implementation of renewable resources (solar, wind, fuel cell projects). The Department will also implement energy efficiency measures and environmental programs to certify existing buildings under the Leadership in Energy and Environmental Design (LEED) program.
- ISD will also implement a program to review all existing County telephone lines to determine whether those lines are still needed or could be eliminated. The first phase of the program will focus on Health facilities, especially Martin Luther King, Jr.-Harbor Hospital, to identify savings.
- Registrar-Recorder/County Clerk is developing a Multi-County Electronic Recording Initiative with the \$0.7 million funding provided from the CEO Information Technology Designation. This project, in partnership with Orange, Riverside and San Diego counties, will greatly assist in integrating the electronic delivery elements into the department's workflow and records management processes. The project will also enhance services and efficiency by allowing financial institutions, government entities and others to have a single point of submission, with the ability to submit documents to multiple counties. This

initiative should result in a significant ongoing savings of staff time over the manual process now in place.

- The Executive Office of the Board was granted \$0.1 million from the CEO Information Technology Designation to install seven kiosks around the Board hearing room, lobby, and other public locations in the Kenneth Hahn Hall of Administration. This will allow the public to have easier access to the agenda information, thereby reducing the need to provide printed copies. This project, once implemented, will result in savings in staff time and printing costs over the current process of manually distributing printed agenda information.

BUDGET ECONOMIC OUTLOOK

The economic outlook for the nation and California varies from slow growth to recession. For the County, economic forecasts project a continued decline in both new homebuilding and the resale housing market. The resale housing market presents the biggest risk to the County, which could have a negative impact on property taxes. Property taxes, which account for approximately twenty-four percent (24%) of the County's general fund revenue and approximately sixty-two percent (62%) of the County's locally generated revenue, is the County's single most important source of funding. The Assessor recently announced that his office was in the early stages of reviewing approximately 310,000 single-family homes for a potential decline in value reassessment. The Assessor has already reassessed and reduced the property taxes of 41,000 properties in the County. In recognition of this, the 2008-09 Proposed Budget includes a five-percent (5%) growth assumption for property taxes, down from the nine-percent (9%) growth factor in fiscal year 2007-08. This is one-percent (1%) below the Assessor's 2008-09 Roll Forecast.

As a result of growth limits imposed by Proposition 13, there is a significant amount of home value appreciation that occurred over the last five years that has not been reflected on the property tax rolls. This increase will likely help offset any future valuation reductions. Unless declines continue for several more years, our property tax base will not likely be affected. However, we must continue to monitor our growth assumptions and update our forecasts accordingly.

The retail environment in the County will continue to be difficult in 2008, with taxable sales likely remaining lackluster through 2009. While prior fiscal years saw double-digit growth in taxable sales, the 2008-09 Proposed Budget reflects sales tax growth assumptions ranging from one-percent (1%) to only three and one-half percent (3.5%) increases, depending upon the program.

POTENTIAL STATE/FEDERAL BUDGET IMPACTS

State Budget

The Governor's 2008-09 Proposed State Budget was released on January 10, 2008. Although the Proposed Budget significantly impacts the County, it did not recommend exercising the State's option to borrow local government's tax revenues pursuant to Proposition 1A, the Protection of Local Government Revenues Act.

The overall fiscal impact to the County of the Governor's proposed reduction in 2007-08 and in his Proposed Budget for 2008-09 was projected to be \$18.4 million in 2007-08 and \$276.3 million in 2008-09. For 2007-08, the most significant impacts to the County included Cal/WORKS Program Reforms (\$11.3 million), Federal Safety Net Care Pool Payments/South L.A. Preservation Fund (\$2.0 million) and various payments deferrals from the State. For 2008-09, the following County programs would realize major negative financial impacts (\$3.0 million or more):

- CalWORKs Program Reforms (\$113 million)
- Medi-Cal Administration (\$50.1 million)
- Child Welfare Services Administration (\$25.6 million)
- Federal Safety Net Care Pool Payments/South L.A. Preservation Fund (\$24.4 million)
- Early and Periodic, Screening, Diagnosis and Treatment – EPSDT (\$23.1 million)
- February 2008 Presidential Primary Election (\$20 million)
- Medi-Cal Provider and Managed Care Rates (\$12.7 million)
- In-Home Supportive Services Administration (\$8.5 million)
- Juvenile Probation Camp Funding (\$8 million)
- Mental Health Managed Care Program (\$7.1 million)
- Alcohol and Other Drug Programs (\$6.6 million)
- Children's Medical Services (\$4.5 million)
- Juvenile Justice Crime Prevention Act Program (\$3.3 million)
- Proposition 36 Program (\$3.0 million)

Recent actions taken by the Legislature, in Special Session, effectively eliminated \$17.8 million of the original \$18.4 million in proposed reductions for 2007-08. In addition, the Legislature decided not to fund the cost-of-living (COLA) for EPSDT for 2008-09, increasing the County's potential 2008-09 impact from \$276.3 million to \$278.5 million. The impacts of any new State proposed changes are not included in the Proposed Budget. Upon adoption of the State Budget for 2008-09, our office will provide recommendations to the Board to align State budget actions with the County's budget.

Federal Budget

On February 8, 2008, President Bush released his proposed budget for Federal Fiscal Year 2008, which begins on October 1, 2008. The President's proposed budget mirrors the broad themes of his previous budgets, potentially resulting in full-year revenue loss to the County of \$305.9 million. The largest reduction of \$240.0 million would result from two Medicaid regulatory changes proposed last year by the Center for Medicare and Medicaid Services. A Congressional moratorium prohibiting the implementation of these rules will expire on May 25, 2008. Other reductions are again proposed for health, community development, law enforcement and homeland security, and social programs. We are actively working to ensure that Congress does not enact legislation to eliminate County priority programs, such as the State Criminal Alien Assistance Program and Community Services Block Grant or to make deep cuts in other priority programs such as Community Development Block Grant and the Medicare and Medicaid Programs.

MAJOR FUNDING RECOMMENDATIONS BY CLUSTER SERVICE MISSION

Outlined below are major recommendations included in the 2008-09 Proposed Budget.

Public Safety

- The Sheriff's budget reflects the final year of a four-year plan to improve medical services within the Sheriff's custody system. This final installment provides \$10.0 million in funding and adds 115.0 positions.
- The Sheriff's budget includes \$2.7 million to continue with the operation of the Pitchess South jail complex.
- The Sheriff's budget reflects \$3.3 million in ongoing funding and \$0.6 million in one-time start-up costs for Operation Safe Streets. This program, which aims to enhance gang enforcement and criminal investigations, adds 22.0 budgeted positions.
- The Sheriff's budget reflects \$4.6 million in ongoing funding and \$1.0 million in one-time start-up costs to supplement law enforcement patrols in the unincorporated County areas. This adjustment adds 31.0 budgeted positions.
- The Sheriff's budget reflects \$3.6 million in one-time overtime funding for the Summer Gang Suppression Program.

- The Proposed Budget reflects an increase of 4.0 positions and \$0.9 million in the Sheriff's (\$0.6 million), District Attorney's (\$0.2 million) and Probation Department's (\$0.1 million) respective budget to implement the Vandalism Enforcement Team.
- The District Attorney's budget reflects \$0.7 million in new funding to supplement the High-Tech Crimes Programs. This adjustment adds 6.0 positions to help combat and prosecute high-tech crimes throughout the County.
- Probation Department's budget reflects \$1.0 million to supplement the Operation Read program, which works toward improving the literacy skills of juveniles at the Department's camps and halls.
- Probation Department's budget reflects 5.0 positions and a \$1.0 million investment to implement the Juvenile Reporting Center. The program is designed to reduce the number of violations of youth and offer an intermediate sanction of day reporting as an alternative to juvenile institutional services.
- Probation Department's budget reflects an increase of \$2.0 million for mental services for juveniles in camps and halls. This adjustment is necessary to fully implement the Department of Justice findings and recommendations.
- The Alternate Public Defender's budget includes a restructuring of positions and an increase of \$2.1 million for 9.0 attorneys and 2.0 investigators budgeted positions. These additional positions will be used to manage the projected increase in caseload and aims to reduce the escalating cost of contract defense attorneys.
- The Fire Department's budget reflects the increase of 43.0 positions and \$6.5 million to supplement existing service levels and to address increases in service demands for emergency and preventive services. These increases are fully offset with financing from the Fire District.

Children and Families Well Being

- The DPSS In-Home Supportive Services' (IHSS) budget reflects cost increases of \$30.6 million related to projected caseload increases (\$18.2 million), increases in the number of hours per case (\$8.9 million), increases in enrollment in the IHSS Health Care Plan (\$2.3 million) and various other changes (\$1.2 million).

This cost increase is partially offset with a \$13.0 million increase in Realignment Sales Tax revenue.

- The DPSS GR budget reflects an increase of \$4.1 million due to caseload increases (\$3.8 million) and cost per case increases (\$0.3 million).
- The Department of Community and Senior Services budget reflects an increase of \$2.1 million to strengthen the County's infrastructure system with continued repairs at the Department's community and senior centers. The \$2.1 million, coupled with an additional \$2.2 million in Extraordinary Maintenance funds, will be used to complete the most critical infrastructure repairs at the centers.
- The DCFS' Assistance budget reflects an increase of \$3.7 million for the Adoption Assistance Program primarily due to an 8.3% increase in caseloads.
- The DCFS' budget reflects \$12.4 million in funding associated with the Katie A. Settlement Corrective Action Plan.
- The DPSS' Administration budget reflects 31.0 positions to support the growing appeals caseload in the Appeals and State Hearing Section of the CalWORKs program. These newly requested staff will carry out the mandate to accord claimants an opportunity to a State hearing within 30 days pursuant to the California Welfare and Institution Code. The Department's goal is to increase the appeals completed within the statutory time frame from 60 percent currently to 80 percent. The Department deleted 35.0 vacant CalWORKs Greater Avenues to Independence (GAIN) Services Workers to create sufficient appropriation for the Appeals staff.
- The DCFS' Administration budget reflects administrative and programmatic efficiency savings. These efficiency savings were reinvested to fund 14.0 positions needed to support core administrative functions including: 6.0 risk management positions to strengthen investigative operations to enhance the review and assessment of child fatalities and to develop appropriate corrective action plans to address systemic issues within the County's child welfare system and 5.0 procurement positions to address Auditor-Controller audit findings to implement administrative tracking and monitoring controls to enhance accountability and prevent unnecessary expenditures. Furthermore, these positions will also be used to update policies and procedures in the areas of procurement, fixed assets and portable equipment inventory management. In addition, the Proposed Budget also reflects 2.0 human resources positions to

develop a more aggressive return-to-work program primarily to reduce the number of employees out on long-term leave, and 1.0 accounting position as a single point of contact for vendors to address accounts payable issues.

Health and Mental Health Services

- The DHS' 2008-09 Proposed Budget reflects a net County cost decrease of \$100.7 million. The Department is currently working on a plan to address its structural deficit to be included in the final changes phase of the budget process that will be considered by the Board of Supervisors in June 2008.
- The Department of Mental Health's (DMH) budget reflects \$7.2 million in ongoing funds for the Institutions for Mental Disease (IMD) program, which provides intensive mental health services, including treatment of co-occurring substance abuse disorders, peer support and family involvement, and community re-integration activities in a locked setting. The IMD program provides beneficial services to a vulnerable segment of our community, as an alternative to using beds in our over-crowded jails and hospitals.
- DMH's budget reflects an additional \$3.2 million for the Mental Health Services Act (MHSA) Community Services and Supports (CSS) program to transform the Mental Health Court Program. The program will transform the type of services provided to mentally ill individuals involved in the criminal justice system by providing identification, outreach, support, advocacy, linkage, and interagency collaboration in the courtroom. Program staff will assist individuals in navigating the court process, offer alternatives to incarceration, linkage to forensic mental health services and community-based mental health services upon release. Program staff will provide continuity of care and services between jail, court and the community which is currently absent.
- DMH's budget reflects an increase of \$0.5 million to enhance services to Lanterman-Petris-Short (LPS) Act conservatees, and reduce current caseloads to more effectively meet the needs of LPS clients, and comply with deadlines set by the courts. DMH will continue to review additional proposals to address these workload needs.
- Public Health's budget reflects \$2.6 million in Tobacco Settlement Designation Funds for a smoking cessation program which provides for the use of contracted services including personnel, pharmacy, social marketing and Employer Smoking Cessation Tool Kit expenses. This new program will allow the Department to

greatly expand its tobacco cessation efforts by working with employers, healthcare providers and community organizations to increase the availability of effective tobacco cessation services and reduce barriers that prevent many smokers from using these services. This program can provide invaluable short- and long-term health benefits to the individual as well as financial relief to the overall County healthcare system.

Community and Municipal Services

- The Department of Animal Care and Control budget includes \$1.3 million in one-time funding for facility improvements at all six of the Department's animal shelters. In addition, \$0.4 million has been added to the County's Extraordinary Maintenance Budget to address major maintenance repairs at the various shelters. The Proposed Budget also recommends that \$2.5 million be set aside in the Provisional Financing Uses budget unit for staffing and other classifications changes that will be allocated to the department in the Final Changes budget phase once the staffing plan has been approved. These changes seek to address a staffing shortage throughout the Department's six shelters as well as allow the Department to recruit and retain qualified staff to meet the needs of the County's increasing animal population.
- The Museum of Art's budget reflects the first year of a three-year plan to provide \$2.0 million annually to the base funding agreement with the Museum Associates to support increased operating costs that resulted with the Phase I opening of the Broad Contemporary Art Museum and a parking garage.

Operations

- ISD will centralize Local Area Network/Wide Area Network (LAN/WAN) and Voice-over Internet Protocol (VoIP) telephone service to provide more responsive and efficient support services (management, repair and optimization) for customers. This centralization is a reflection of the growing usage of LAN/WAN and VoIP by departments, particularly in new and renovated facilities and leased space.
- The Human Resources Department will work with California State University Los Angeles to create a Criminalist Internship Program at the new Hertzberg-Davis Forensic Science Center. This program, designed in collaboration with the Sheriff's Department, will provide students pursuing future careers in forensic science with valuable firsthand experience and will be an excellent resource to

support the County's recruitment efforts to hire criminalists and forensic identification specialists.

- The Human Resources Department Administrative Internship Program will be expanded to add four additional internship positions and to broaden the internship experience by enabling interns to work in a line department, in addition to Human Resources and the CEO's office. The internship program is a focused recruiting tool for the County to hire "the best and the brightest" and assists in addressing succession planning issues.
- The Proposed Budget also includes funding for the Registrar-Recorder/County Clerk to begin implementation of Social Security Number Truncation program. The implementation of this program will enable compliance with the State legislation restricting access to personal information contained in recorded documents by protecting the fraudulent misuse of personal information contained in recorded documents.

CAPITAL PROJECTS/EXTRAORDINARY MAINTENANCE PROGRAMS

Capital Projects

The 2008-09 Proposed Capital Projects/Refurbishments Budget recommends appropriation of \$1.4 billion for the continued development, design, and construction of projects that address high-priority health, public safety, recreation, and infrastructure needs. The proposed appropriation reflects a decrease of \$248.7 million from the 2007-08 Final Adopt Budget, due to the completion of 129 projects in 2007-08. The 2008-09 Proposed Capital Projects/Refurbishments Budget is highlighted by the following recommendations:

- \$523.0 million for public protection facilities, such as the refurbishment of Men's Central Jail, construction of new barracks at Pitchess Detention Center, construction at Sybil Brand Institute, new construction at the Biscailuz Center Training Academy, construction of new fire stations in the Santa Clarita Valley, refurbishment and expansion of the Coroner's facility, security improvements at Probation juvenile halls and camps, and construction of a new animal shelter in the east Antelope Valley, and new spay and neuter clinics at three shelters.

The Proposed 2008-09 Capital Projects/Refurbishment Budget does not reflect \$391.0 million in additional appropriation for the Revised Jail Facilities Plan that is scheduled for consideration by the Board of Supervisors in April 2008. Any

appropriations approved by the Board of Supervisors, with respect to the Revised Jail Facilities Plan, will be reflected in the Final 2008-09 Capital Projects/Refurbishments Budget;

- \$194.1 million for recreational facilities including construction of community rooms and refurbishment of swimming pools at County parks, and facility refurbishments at County beaches;
- \$261.7 million for general government facilities highlighted by the construction of a new Countywide data center in Downey;
- \$193.6 million for health and mental health facilities, including refurbishment of the South Health Center, construction of a Mental Health Urgent Care Center on the Olive View Medical Center site, and construction of a new multi-service ambulatory care center in the City of Lancaster;
- \$87.0 million for construction of new or replacement libraries in the unincorporated area of the San Gabriel Valley, La Crescenta, and Topanga Canyon, and refurbishment of the historic Patriotic Hall; and
- \$110.4 million for high priority infrastructure improvements in the County's flood control and aviation facilities, soil and groundwater investigation and remediation activities, and watershed testing efforts.

The Proposed 2008-09 Capital Projects/Refurbishments Budget also reflects the County's increasing commitment to the ideal of sustainability, with the incorporation of sustainable design technologies into 162, or 46.3%, of the County's 350 active projects. This level of sustainable design represents a 305.7% increase from 2007-08, when 53 projects had been identified as candidates for sustainable design and 20 for the United State's Green Building Council's Leadership in Energy and Environmental Design Program (LEED) certification.

In 2008-09, LEED certification is being pursued on 30 projects, including 25 that are expected to be certified at a level of Silver, or higher. Fire Station 93 in the City of Palmdale, which is scheduled for completion in November 2008, will be the County's first LEED certified building with certification at a Silver level. It is anticipated that the sustainable design of Fire Station 93 will reduce the facility's energy and water consumption and carbon emissions by 30% or more.

Of the 162 County projects that incorporate sustainable design elements, 94 projects utilize designs and technologies that will reduce energy consumption. Water efficiency technologies are integrated into the building designs of 88 projects, while drought tolerant landscaping or xeriscaping (no irrigation) is incorporated into 90 projects. Measures to reduce storm water runoff and to treat waste water are applied in 63 projects. Priority has also been placed on the introduction of solar power generation, use of recycled building materials, and recycling of construction waste.

Extraordinary Maintenance

The Extraordinary Maintenance budget reflects a proposed appropriation of \$84.7 million in 2008-09 for high-priority repairs and maintenance needs at County facilities including Probation camps and juvenile halls, animal shelters, parks in unincorporated areas and other departmental facilities.

TIMETABLE

Approved schedule for budget hearings and deliberation is as follows:

Board Action	Approval Date
Adopt Proposed Budget; Order Printing, Notice and Distribution; and Schedule Hearings	April 22, 2008
Commence Public Budget Hearings	May 7, 2008
Commence Final Budget Deliberations and Adopt Final Budget Upon Conclusion	June 16, 2008

Prior to deliberations on the FY 2008-09 Final Budget, we will file reports on:

- May revisions to the Governor's Budget and updates on other FY 2008-09 State and federal budget legislation and the impact on the County's Proposed Budget;
- Final revisions reflecting the latest estimates of requirements/available funds;
- Issues raised in public hearings or written testimony;
- Specific matters with potential fiscal impact; and
- Issues as instructed by your Board.

APPROVAL OF PROPOSED BUDGET

The matter before your Board is adoption of the Proposed Budget.

- The documentation must be available for consideration by the public at least 10 days prior to the commencement of public budget hearings.
- Adjustments to the budget, including revisions to reflect your Board's funding priorities and State and federal budget actions, can be made during budget deliberations, prior to adoption of the Final Budget.
- Pursuant to State law, your Board may make changes to the Proposed Budget with a simple majority (3 votes) until adoption of the Final Budget, if changes are based on the permanent record developed during public hearings (e.g., Proposed Budget, budget requests and all written and oral input by Supervisors, County staff and the public).
- Changes not based on the "permanent record" require 4/5 vote.

THEREFORE, IT IS RECOMMENDED THAT YOUR BOARD:

1. Order such revisions, additions and changes to the Chief Executive Officer's budget recommendations as deemed necessary and approve the revised figures as the Proposed Budget for FY 2008-09; instruct the Auditor-Controller to have the necessary copies printed; order the publication of the necessary notices; and set May 7, 2008 as the date that public budget hearings will begin.
2. Approve discounted prepayment on the County's retirement contribution and authorize the Chief Executive Officer to negotiate with Los Angeles County Employee's Retirement Association on the County's behalf in this regard.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer