



SAN BENITO COUNTY BOARD OF SUPERVISORS

Don Marcus
District No. 1

Anthony Botelho
District No. 2
Vice Chair

Pat Loe
District No. 3

Reb Monaco
District No. 4

Jaime DeLaCruz
District No. 5
Chair

BUDGET HEARINGS – FISCAL YEAR 2008/2009 JUNE 9 – 10, 2008 ACTION MINUTES

The Board of Supervisors of San Benito County met in the Board Chambers beginning June 9, 2008 at 9:00 a.m. date *for budget hearings*. Supervisors Monaco, Loe, Marcus, Botelho and De La Cruz were present. Also present was County Administrative Officer Susan Thompson, County Counsel Dennis Le Clere and Clerk of the Board Linda Churchill. Chairman Jaime De La Cruz presided.

9:00 A.M. - CALL TO ORDER:

- a) Supervisor Marcus led the Pledge of Allegiance.
- b) *Upon motion duly made, seconded and carried, Acknowledged Certificate of Posting.*

BUDGET HEARING SCHEDULE

Budget Hearings began on Monday, June 9, 2008 at 9:00 a.m. and were continuous until completed. There was a regular board meeting held at 9:00 a.m. on Tuesday, June 10, 2008 and budget hearings resumed at 9:45 a.m. All budget hearing items were approved temporary due pass (TDP).

INTRODUCTION & OPENING REMARKS – County Administrative Officer

County Administrative Officer (CAO) Susan Thompson provided opening comments and a short overview noting that the final budget would be adopted at the June 24, 2008 regular meeting.

Documents handed out by Administrative Staff were as follows: Department Requests Over Recommended, 2008-2009 Budget; General Fund, Services & Supplies Comparison, 2008-2009 Budget; and, Salary & Benefit Reduction Summary, 2008-2009 Budget.

CAO Thompson pointed out that this was a budget that was balanced in spite of a severely constrained revenue environment noting that we have a very flat revenue growth for our discretionary local revenues. CAO Thompson stated that in order to balance this budget it holds a number of positions vacant throughout the year and eliminates one vacant position and it requires that we take our time in recruitments when we get vacant positions. CAO Thompson reported that this budget also recommends use of Capital Funds and Special Revenue Funds for critical one-time costs but it retains all of the \$17 million General Fund Reserves that you have in the current year budget. CAO Thompson indicated that there are other reserves that are not part of that General Fund Reserve and some of those are being recommended for use.

CAO Thompson answered questions posed by Board members and explained the 10-day requirement to complete budget hearings.

FY 2008/2009 RECOMMENDED BUDGET

There were no comments by members of the public on any of the budget items.

GENERAL GOVERNMENT

1. Board of Supervisors (*Page 2*)

CAO Susan Thompson provided an overview.

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe approved Temporary Due Pass (TDP) as recommended by CAO. (Unanimous)

2. Clerk of the Board (*Page 8*)

CAO Susan Thompson provided an overview.

Upon motion made by Supervisor Loe and seconded by Supervisor Botelho approved TDP as recommended by CAO. (Unanimous)

3. County Administrative Office (*Page 14*)

CAO Thompson provided an overview and stated that \$1200 was included under membership dues to have staff attend Leadership San Benito training.

Supervisor Loe asked how many employees have gone through this leadership training?

CAO Thompson was directed to bring the information tomorrow since she did not know the number of employees who have attended.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

4. Contributions to Community Based Organizations (*Page 20*)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe, approved TDP as recommended by CAO. (Unanimous)

5. First Five (*Page 24*)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

6. Veterans Services (*Page 27*)

Kellie Kennedy, Management Analyst, provided an overview.

Rich Garza, Veterans Services Officer, addressed the Board.

Upon motion made by Supervisor Botelho and seconded by Supervisor Marcus, approved TDP as recommended by CAO. (Unanimous)

7. County Counsel (*Page 31*)

Kellie Kennedy, Management Analyst, provided an overview.

Dennis Le Clere, County Counsel, addressed the Board.

Upon motion made by Supervisor Loe and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

8. Auditor (*Page 37*)

Janelle Cox, Management Analyst, provided an overview.

Joe Paul Gonzalez, Clerk/Auditor/Recorder, requested that the Accountant III position be allowed to be funded stating it was not a new position and has been vacant for a couple of years and they are close to hiring this necessary position.

Discussion ensued.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, approved TDP including \$98,000 for Accountant III position. (Unanimous)

9. County Clerk (*Page 44*)

Janelle Cox, Management Analyst, provided an overview.

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe, approved TDP as recommended by CAO. (Unanimous)

10. County Recorder (*Page 48*)

Janelle Cox, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

11. Elections (*Page 52*)

Janelle Cox, Management Analyst, provided an overview

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe, approved TDP as recommended by CAO. (Unanimous)

The following items (12-14) were considered together.

12. Treasurer (*Page 56*)

13. Tax Collector (*Page 62*)

14. Public Administrator (*Page 68*)

Margie Riopel, Management Analyst, provided an overview of Items 12, 13 & 14.

Treasurer/Tax Collector Mary Lou Andrade provided an E-mail to the Board of Supervisors that she prepared and asked the Board to consider elevating two existing supervisor positions to chief deputies in lieu of an additional management position that she has previously requested.

CAO Susan Thompson stated she hadn't seen this request and it would be impossible to concur since she hadn't had any time to review it.

Internal Services Director Rich Inman stated that there are too many unanswered questions and that a meet and confer would have to take place and he hadn't had any time to look at this proposal.

Chairman De La Cruz suggested that these items be approved temporary due pass and directed staff to come back at the June 24, 2008 meeting with a report on this request.

Upon motion made by Supervisor Loe and seconded by Supervisor Marcus, approved Items 12, 13 and 14 TDP as recommended by CAO. (Unanimous)

15. Assessor (Page 72)

Margie Ripel, Management Analyst, provided an overview.

Assessor Tom Slavich addressed the Board.

Upon motion made by Supervisor Monaco and seconded by Supervisor Marcus, approved TDP as recommended by CAO. (Unanimous)

16. Internal Services (Page 78)

Rich Inman, Internal Services Director, provided an overview.

Upon motion made by Supervisor Monaco and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

17. Risk Management/Insurance (Page 85)

Internal Services Director Rich Inman provided a handout titled "Risk Management Programs" which described the following programs: Primary Workers Compensation, Excess Workers Compensation, General Liability, Medical Malpractice, Landfill Insurance, Property Insurance and Medical Liability. Mr. Inman explained these programs and the premiums for each.

Supervisor Botelho asked if there was any way to place a cap on the costs of paying medical insurances for retirees.

CAO Susan Thompson stated this could be discussed during negotiations and a two-tiered system could be looked into for future employees.

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe, approved TDP. (Unanimous)

18. Information Technology (Page 89)

Rich Inman, Internal Services Director, provided an overview.

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe, approved TDP. (Unanimous)

19. GIS (Page 96)

Margie Ripel, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, approved TDP. (Unanimous)

20. General Fund Contributions / Non-Departmental Expenditures (Page 102)

CAO Susan Thompson reported that this was an appropriation recommendation of \$4,256,816 with a revenue associated from Measure T reserves in the amount of \$1 million for a net county cost of \$33,256,816. Ms. Thompson stated that there were several major changes from last year in this budget and the first is in the Public Works Administration Engineering Operating transfer that the General Fund has given to Public Works in the past noting there is a major reduction line item and the main reason for that is that we did a major restructuring of the budgets that are in Public Works this year. Ms. Thompson explained that we combined the Surveyor's Budget and the Administrative Engineering Budget together and moved that to the General Fund so it is no longer stand-alone in the road fund. Ms. Thompson explained how the accounting has been simplified.

CAO Thompson stated that there were changes to the Line Item 3000 which is for the Capital Outlay Fund. Ms. Thompson explained that there is the \$1.75 million that the Board

adopted in the current year to pay for Capital Projects which she is recommending that we reverse out and not use General Fund to pay for that, either in the current year or in going forward with those projects, for expenditures that will be incurred in the upcoming year to finish them off. Therefore, there is a zeroing out of that \$1.5 million which has to be backfilled by other resources and this will be detailed in the Capital Outlay Budget.

CAO Thompson reported that the next area, the Non-Departmental Expenditures, with the first being retiree benefits, GASB (Government Accounting Standards Board), that is the OPEB (Other Post Employee Benefits) million dollar allocation (\$1.73 million) which is a million dollar shift of Measure T funds over to a designated reserve for the unfunded liability on the OPEB.

CAO Thompson further explained that next is the Special Departmental Expense Line Item of \$80,000, which are the funds for the Board's opportunity to expend dollars on local initiatives for gang violence and activities prevention, addressing those issues in concert with the City of Hollister, the Sheriff, the Probation Department, etc. Ms. Thompson said this is undesignated specific program money at this time that the Board could choose to award in any way they choose throughout the year to begin addressing the gang issues in a more aggressive way.

CAO Thompson said also included is a little change in the Litigation Expense Line Item, which has been lowered since we haven't expended funds for that for some time.

Supervisor Loe stated that she thinks that the million dollars for the back pay in the GASB should be looked at strongly because she did not feel that we need to put that kind of money in there right now in a bad budget year.

Supervisor Marcus agreed with Supervisor Loe's comments that we need to take a hard look at the million dollars for back pay. Supervisor Marcus asked with regards to the Public Works re-organization of funds does it inhibit the Public Works Department on the flexibility of projects they operate or do they have to come to the Board in a different fashion to ask for money?

CAO Thompson answered no. The plan is how we accounted for expenditures and the issues about what projects, roads, bridges, etc. get funded are the Board's determination and this does not inhibit that.

Supervisor Marcus stated that he would like to see some sort of press release on this gang activity violence reduction that the County is putting forward \$80,000 noting it was good publicity for a lot of reasons to let the community we're doing it.

Supervisor Botelho asked then are we taking the million dollars from Measure T to pay the unfunded liability and is that something we should be spending Measure T money on?

CAO Thompson answered that it was the Board's decision explaining that Measure T are undesignated, unencumbered funds. These are one-time monies and will never recur again and the change from Measure T to OPEB reserve does restrict those funds.

Supervisor Botelho stated that he didn't think Measure T was intended for OPEB and he would like to see less money appropriated to that retirement program.

Chairman De La Cruz stated that if the Board decides not to use Measure T money for the one million dollars in retirement it will be a direct dollar for dollar reduction in terms of revenues and expenses so we'll still have a balanced budget. Chairman De La Cruz suggested that we place this matter on the June 24th agenda and discuss it first before approval of the entire budget.

Clerk/Auditor/ Recorder Joe Paul Gonzalez stated that there is a statutory 10-day budget requirement and the Board must make appropriation decisions within the 10 days. Mr. Gonzalez stated that after those 10 days the Board is committed and the Auditor is bound to only produce a final budget based on the results of this hearing so the decision must be made within that 10 days.

Chairman De La Cruz stated that in light of this information he would like a consensus of the Board as to what direction they wish to go pertaining to use of Measure T funds.

It was the consensus of the Board to make the decision today. It was further the consensus of the Board to not pay down the OPEB liability.

CAO Thompson noted that the Board was not increasing the unfunded liability by the adoption of the budget as recommended this year.

Upon motion made by Supervisor Marcus and seconded by Supervisor Loe, moved to remove the \$1 million from Measure T and also from the budget so there will be a direct drop from \$4.25 million to \$3.25 million. (Unanimous)

Supervisor Loe asked if we go ahead with the temporary due pass that changes nothing at this point and that it is something that has already been approved?

CAO Thompson clarified that this was the Capital Outlay Fund issue.

Supervisor Loe stated yes on the adopted 2007/08.

CAO Thompson stated that the Capital Outlay Budget Unit was still to be discussed so we could obviously come back and revisit this since it's a temporary due pass and if the Board changes its mind during the Capital Outlay Budget later on in the hearings we can come back and discuss this. Ms. Thompson stated that right now the way this is set up with temporary due pass it would make the change that she had recommended and it would insure that you are not spending General Fund dollars for those projects in the upcoming year and if the Board wants to change it later it can be done.

Upon motion made by Supervisor Loe and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

21. General Purpose / Non-Departmental Revenues (Page 107)

County Clerk/Auditor/Recorder Joe Paul Gonzalez provided an overview stating that there has been no growth in property tax.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

EDUCATION

22. County Library (Page 474)

CAO Susan Thompson provided an overview.

County Librarian Nora Conte Addressed the Board.

Upon motion made by Supervisor Loe and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

23. Univ. of CA Extension / 4-H Advisor (Page 484)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Monaco and seconded by Supervisor Marcus, approved TDP as recommended by CAO. (Unanimous)

PUBLIC PROTECTION

24. Grand Jury (Page 113)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

25. District Attorney (Page 117)

Kellie Kennedy, Management Analyst, provided an overview.

District Attorney Candice Mancino requested additional funding for an Investigator position.

Upon motion made by Supervisor Botelho and seconded by Supervisor Marcus, approved TDP including an Investigator position increasing budget by \$30,200 as requested by the District Attorney. (Unanimous)

26. Victim Witness (Page 123)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (4-0 vote. Monaco absent for vote.)

27. Public Defender (Page 127)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (4-0 vote. Monaco absent for vote.)

28. Sheriff Operations - Patrol (Page 131)

Margie Riopel, Management Analyst, provided an overview.

Sheriff Curtis Hill agreed with CAO recommendations.

Supervisor Botelho stated that he thinks there is a value to a sub-station in the City of San Juan Bautista.

Sheriff Hill said that the rent for building falls under the purview of the City of San Juan Bautista.

Chairman De La Cruz stated that more Resource Officers at the schools are necessary and he would support funding for this.

Upon motion made by Supervisor Monaco and seconded by Supervisor Marcus, approved TDP as recommended by CAO. (Unanimous)

29. Sheriff Communications - 911 (Page 139)

Margie Riopel, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

30. Sheriff Corrections Division - Jail (Page 146)

Margie Riopel, Management Analyst, provided an overview.

Sheriff Curtis Hill addressed the Board.

Upon motion made by Supervisor Monaco and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

31. Sheriff - Office of Emergency Services (Page 154)

Margie Riopel, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

32. Sheriff / Coroner (Page 159)

Margie Riopel, Management Analyst, provided an overview.

Upon motion made by Supervisor Botelho and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

33. Sheriff - UNET (Page 164)

Margie Riopel, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

34. Sheriff's State Grants (Page 168)

Margie Riopel, Management Analyst, provided an overview.

Sheriff Curtis Hill addressed the Board.

Upon motion made by Supervisor Botelho and seconded by Supervisor Marcus, approved TDP as recommended by CAO. (Unanimous)

35. Marshal (Page 173)

Janelle Cox, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

The Board adjourned for a lunch-break at 12:01 p.m. and reconvened at 1:01 p.m. re:

Internal Services Director Rich Inman stated that he wanted to make a correction for the record noting that there are 41 two-party retiree employees and the total retiree employees is 93. Mr. Inman stated he was incorrect in his report to the Board during the morning session. Mr. Inman stated that this will have an impact and will be a part of the mid-year adjustment.

36. Probation (Page 177)

Janelle Cox, Management Analyst, provided an overview.

Brent Cardall, Chief Probation Officer, addressed the Board.

Upon motion made by Supervisor Loe and seconded by Supervisor Marcus, approved TDP as recommended by CAO. (Unanimous)

37. Juvenile Detention Facility (Page 184)

Janelle Cox, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

38. Ag. Comm./Sealer of Weights (Page 190)

Kellie Kennedy, Management Analyst, provided an overview.

Paul Matulich, Agricultural Commissioner, addressed the Board.

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe, approved TDP as recommended by CAO. (Unanimous)

39. Mosquito Abatement Program (*Page 196*)

Kellie Kennedy, Management Analyst, provided an overview.

Paul Matulich, Agricultural Commissioner, addressed the Board.

Upon motion made by Supervisor Monaco and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

40. Child Support Services (*Page 201*)

Margie Riopel, Management Analyst, provided an overview.

Kathy Sokolik, Director of Child Support Services Department, addressed the Board.

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe, approved TDP as recommended by CAO. (Unanimous)

41. County Fire Dept. (*Page 206*)

Margie Riopel, Management Analyst, provided an overview.

Curt Itson, County Fire Department, read a statement from Fire Chief Reno Ditullio stating that the County engine is understaffed and does not meet OSHA regulations or National Fire Protection Association standards for safe operations. The statement noted that two person staffing is a safety issue, not only for the firefighters but for the public. An increase in staffing to three firefighters (24/7) would cost approximately \$200,000 more than the current request.

Board members expressed their concerns with fire department staffing.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

42. Fish and Game Commission (*Page 212*)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Botelho and seconded by Supervisor Marcus, approved TDP as recommended by CAO. (Unanimous)

43. Animal Control/Veterinarian Services (*Page 215*)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

44. Planning and Building (*Page 219*)

Janelle Cox, Management Analyst, provided an overview.

Planning and Building Director Art Henriques addressed the Board.

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe, approved TDP as recommended by CAO. (Unanimous)

45. Abandoned Vehicle Abatement (*Page 227*)

Planning and Building Director Art Henriques addressed the Board.

Janelle Cox, Management Analyst, provided an overview.

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe, approved TDP as recommended by CAO. (Unanimous)

46. Housing & Economic Development (Page 230)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Botelho and seconded by Supervisor Marcus, approved TDP as recommended by CAO. (Unanimous)

47. Monterey Bay Unified Air Pollution (Page 234)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Monaco and seconded by Supervisor Botelho, approved TDP as recommended by CAO. (Unanimous)

87. DEBT SERVICES

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Loe and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

74. County Med. Services. Participation Fee (Page 400)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Loe and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

84. General Relief-Aid to Indigents (Page 459)

Kellie Kennedy, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

The Board took a 5-minute break at 1:30 p.m. and reconvened at 1:35 p.m. awaiting the arrival of the Public Works staff.

PUBLIC WAYS AND FACILITIES

48. Public Works Admin and Eng. (Page 238)

Janelle Cox, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

49. Public Works Roads (Page 246)

Janelle Cox, Management Analyst, provided an overview.

Jerry Lo, Public Works Director, explained that chip seal could not be done this year due to not being able to get the bid process done in time and he recommended a slurry seal instead as a preventative method.

Lengthy discussion ensued regarding the chip seal program and whether or not a slurry seal should be done instead as a preventative method. Also discussed was the concerns from Board members that roads are deteriorating rapidly and they encouraged maintenance.

Mr. Lo answered questions posed by Board members.

CAO Susan Thompson explained that the chip seal program that was budgeted for the current year is not going to happen until the change of the fiscal year. It will happen this construction season but will be after July 1st. The crews that are ready to do chip seal will have the funds because the Board will be asked to move those unspent dollars over to next year so they can continue working on this. Ms. Thompson explained that the chip seal program for next year would be happening around the same time so we recommended, in order to balance the budget, to take \$100,000 out of that program and the Board may be able to put it back in the following year.

Supervisor Monaco asked if there shouldn't be an increase in the road crews rather than getting administratively top heavy and he is very troubled that there aren't enough on the road crew to get the jobs done.

Supervisor Botelho felt we really must invest in our roads and stated that he felt we should put a portion of the Measure T funds back into the road maintenance program and get caught up with some of our basic needs on our rural roads.

Supervisor Monaco agreed that any delay was not good and we should make sure that we get caught up on road maintenance because the roads are deteriorating seriously and rapidly out in South County.

CAO Thompson stated that the road crews can do the jobs and explained that administrative positions are needed.

Further discussion ensued.

Chairman De La Cruz expressed his concerns about the roads in his district that have not been worked on yet.

Lisa Rheinheimer, COG Director, stated that regarding the COG funds, there first must be a set of hearings before funds can be released and the final hearing for those funds will be held within two weeks and after that they will go through the normal channels to get those funds released so that they can be apportioned out to the City of Hollister, City of San Juan Bautista, and the County of San Benito. Ms. Rheinheimer noted that these are one-time funds only.

CAO Thompson stated that if the Board wants to increase the expenditures in the road maintenance projects for this year's budget we are going to have to find a source for those dollars and that source can be anywhere that the Board feels comfortable. Ms. Thompson further stated but if you are going to see COG funds here in the next couple of weeks and know what that's all about you could actually expand the program pretty significantly this year and not have to use the reserve funds or contingencies unless you wanted to try to do more. Ms. Thompson stated that there might be more options than she knew when preparing this budget.

Supervisor Botelho asked what needed to be done to make sure the road maintenance program keeps going on the same path. Supervisor Botelho stated that he would like to move forward without any cut.

CAO Thompson said then we would have to find \$100,000.

Supervisor Botelho suggested that we take the \$100,000 that we're probably cutting out of the OPEB and put it into this program out of Measure T funds.

Supervisor Loe stated that we should get through the whole budget and look at this later in the hearings.

Chairman De La Cruz continued this item to later in the hearings to consider how to fund the \$100,000.

49. Public Works Roads (Page 246) (Continued from earlier in the hearings.)

Chairman De La Cruz stated we are going to incorporate \$100,000 out of expenditures for Road Maintenance and increase revenues by \$100,000 for a total of \$9,558,916.

CAO Thompson stated that the tally right now on the Contingency Fund is \$1,900,000.

Upon motion made by Supervisor Monaco and seconded by Supervisor Botelho, approved this budget as revised. (Unanimous)

50. Road. Capital Improvement Project (Page 254)

Janelle Cox, Management Analyst, provided an overview.

Upon motion made by Supervisor Monaco and seconded by Supervisor Marcus, approved TDP as recommended by CAO. (Unanimous)

51. CSA Internal Service Fund (Page 259)

Janelle Cox, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

52. Capital Outlay Fund (Page 265)

Janelle Cox, Management Analyst, provided an overview.

Ms. Cox referred to two handouts, "Capital Outlay Fund, Change to Recommended Budget" and "General Fund Substitution, Tobacco Securitization or Measure T" which she prepared. Ms. Cox noted that after the budget was duplicated there were some changes to it and she wanted to go over these before getting into the project detail. The first worksheet shows changes detailed indicating that this Capital Outlay Fund is going to increase by \$1,467,421 for a total recommended budget of \$9,024,568.

Ms. Cox reported that the second handout proposes substitution of General Fund for Tobacco Securitization or Measure T Funds. The total recommended for Fiscal Year 2008/09 for Tobacco Securitization is \$2,254,400 and for Fiscal Year 2008/09 for Measure T is \$245,000.

Supervisor Loe stated that her reluctance with this shift is that last year when we did the 2007/08 budget we said that we had the funds available in the General Fund to pay this roughly \$800,000 and what she sees us doing and what she needs clarification on is that we're re-designating these funds to balance this year's budget. So we are taking one-time money that can only be spent for these certain items, and last year we said we didn't need to use one-time money and that we could use General Fund money for it, so we're re-designating it for one time funding and we're balancing the budget with that.

CAO Thompson explained that there is another way to look at it. The monies that were General Fund dollars were not necessarily one-time dollars and are part of the on-going operating revenues and you had money to fund those. CAO Thompson said it was her assumption that those revenues are going to continue in the macro sense and are not one-time whereas Tobacco Securitization and Measure T are one-time for capital projects. CAO Thompson stated she considered capital projects one time and I'm thinking about shifting or freeing up on-going revenues instead for on-going costs and paying the one-time costs with one-time monies.

Supervisor Loe stated that in the instance of replacing a water heater or carpet she sees that as maintenance and not one time and that is the biggest problem she has with doing this. Supervisor Loe stated that she felt it would be more sincere if we said we were balancing the 2008/09 budget with reserves. Supervisor Loe stated she did not feel it was straightforward to say we're going to go back and change 2007/08 dollars and we're going to put those dollars into one-time funding and then roll that dollar amount over to balance the 2008/09 budget.

CAO Thompson explained that the Board could choose to use any monies it has to balance this and the if the Board thinks its more appropriate to use your undesignated General Fund Reserves which are now totaling over \$17.3 million, that is a perfectly legitimate use of those funds and it really doesn't matter in the budgetary sense. If it matters in a policy sense to you as a Board you can certainly make that change. CAO Thompson said it was her intent to try to avoid using

that reserve because Measure T and Tobacco Securitization are within your General Fund Reserve. CAO Thompson said that it was not her choice, it was her recommendation noting it was the Board's choice and they could choose not to do these programs and that is the other option.

Chairman De La Cruz asked what direction Supervisor Loe would like to go.

Supervisor Loe answered that she was still not comfortable.

Chairman De La Cruz asked then you would be more comfortable if we tapped into our current General Fund Reserves.

Supervisor Loe answered yes. She feels that is more transparent.

Chairman De La Cruz asked for a consensus from remaining Board members

It was the consensus of Supervisors Monaco, Botelho and Marcus that they agreed with the recommendation of the CAO.

Upon motion made by Supervisor Monaco and seconded by Supervisor Marcus approved TDP as recommended by CAO. (4-1. Loe voted no.)

The Board adjourned for a 5-minute break and reconvened re:

CAO Thompson stated that during the break she and Clerk/Auditor/Recorder Joe Paul Gonzalez met to figure out a source of funding for the chip seal program, which is truly a maintenance program. CAO Thompson explained what we were really trying to do is to see whether it would meet the definition of Tobacco Securitization Funding to see if would meet the Capital definition and Mr. Gonzalez does not believe that it does. Ms. Thompson stated that the options for \$100,000 increase to the road chip seal project will either need to be 1) A reduction to contingency and your contingency right now is at \$2 million and if we add half a million more it will be at \$2.5 million; 2) Or, you could go to the Measure T funding which is totally legitimate use of those funds as far as finance; and, 3) The other option is to potentially look at the General Fund undesignated reserve from which you could also designate the \$100,000.

Chairman De La Cruz asked Board members which option they wished to go with.

Supervisor Marcus answered Measure T funds.

Supervisor Botelho answered Measure T funds.

Supervisor Loe asked that since we have that extra \$500,000 that we weren't anticipating if we would use \$100,000 of that amount then we're not taking any monies out of reserves because contingencies were going to be \$2 million and we agreed that was fine. So we have an extra \$500,000 if we put this \$100,000 towards that I believe it's a better way of doing it then taking it out of reserves.

Chairman De La Cruz supported Supervisor's Loe suggestion.

Supervisor Loe made a motion to put \$100,000 from the \$500,000 Contingency increase toward the project. Chairman De La Cruz seconded the motion.

Roll Call Vote:

Monaco - No

Loe - Yes

Marcus - Yes

Botelho - Yes

De La Cruz - Yes

The motion passed 4-1.

53. Bldg. & Grounds Maintenance (*Page 279*)

Janelle Cox, Management Analyst, provided an overview.

Upon motion made by Supervisor Botelho and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

54. Veterans Memorial Park (Page 284)

Janelle Cox, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, approved TDP as recommended by CAO. (Unanimous)

55. County Parks & Recreational Areas (Page 289)

Janelle Cox, Management Analyst, provided an overview.

Discussion ensued with regards to the budgeted salary amount and also travel/meeting expenses, professional services and the need for an increase in membership dues.

Upon motion made by Supervisor Monaco and seconded by Supervisor Marcus, approved TDP as recommended by CAO with an increase of \$500 for membership dues. (Unanimous)

56. Council of Governments (Page 295)

Janelle Cox, Management Analyst, provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Loe, approved TDP as recommended by CAO. (Unanimous)

BEHAVIORAL HEALTH

57. Mental Health (Page 302)

Kellie Kennedy, Management Analyst, provided an overview.

Behavioral Health Director Alana Yamamoto addressed the Board.

Upon motion made by Supervisor Loe and seconded by Supervisor Marcus, approved TDP as recommended by CAO. (Unanimous)

58. Substance Abuse (Page 313)

Kellie Kennedy, Management Analyst, provided an overview.

Behavioral Health Director Alana Yamamoto addressed the Board.

Upon motion made by Supervisor Loe and seconded by Supervisor Marcus, approved TDP as recommended by CAO. (Unanimous)

HEALTH AND SANITATION

The following items (59 thru 72) were considered as a whole.

59. Public Health Services Administration (Page 322)

60. Local Enforcement Agency (Page 332)

61. Tobacco Education (Page 336)

62. Ryan White AIDS Program (Page 341)

63. Child Health. Disability Prevention (Page 345)

64. Maternal & Child Health (Page 350)

65. Environmental Health (Page 356)

66. Immunization and Prevention (Page 361)

67. Adolescent Family Life Project (*Page 366*)
68. Challenge Grant (*Page 370*)
69. Maternal & Child Health C/F Commission (*Page 374*)
70. Local Public Health Preparedness (*Page 379*)
71. California Children's Services -Administration (*Page 385*)
72. California Children's Services - Therapy (*Page 389*)

Health & Human Services Agency Director Kathy Flores addressed the Board.

Mark Eiserer, Deputy Director of Administration for Health & Human Services Agency provided an overview of Items 59 through 72. Mr. Eiserer handed out a summary sheet for the Board and staff titled "Human Services Budget Comparison". Mr. Eiserer noted that there was a error in the formula on Page 332 of the budget where you see the increase/decrease in total appropriations says \$73,000 and it should be an increase of \$439,000.

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe, approved Items 59-72 TDP as recommended by CAO. (Unanimous)

PUBLIC ASSISTANCE

The following items (76 thru 82) were considered as a whole.

76. Human Services Agency - Administration (*Page 410*)
77. Cal Works Assistance (*Page 429*)
78. AFDC Foster Care Assistance (*Page 434*)
79. Title IV-B Child Welfare Services (*Page 439*)
80. Cal Works Support Services (*Page 443*)
81. Cal Learn (*Page 447*)
82. Cal Works – State Only (*Page 450*)

Mark Eiserer, Deputy Director of Administration for Health & Human Services Agency provided an overview.

Health & Human Services Agency Director Kathy Flores addressed the Board.

Upon motion made by Supervisor Botelho and seconded by Supervisor Marcus, approved Items 76-82 TDP as recommended by CAO. (Unanimous)

83. Public Authority – In Home Supportive Services (*Page 453*)

Mark Eiserer, Deputy Director of Administration for Health & Human Services Agency provided an overview.

Health & Human Services Agency Director Kathy Flores addressed the Board.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved as recommended by CAO. (Unanimous)

85. Comm. Services & Workforce Development (*Page 462*)

Mark Eiserer, Deputy Director of Administration for Health & Human Services Agency provided an overview.

Health & Human Services Agency Director Kathy Flores addressed the Board.

Upon motion made by Supervisor Monaco and seconded by Supervisor Loe, approved as recommended by CAO. (Unanimous)

86. Migrant Labor Housing Center (*Page 469*)

Mark Eiserer, Deputy Director of Administration for Health & Human Services Agency provided an overview.

Upon motion made by Supervisor Monaco and seconded by Supervisor Marcus, approved as recommended by CAO. (Unanimous)

73. Emergency Medical. Services (*Page 394*)

Mark Eiserer, Deputy Director of Administration for Health & Human Services Agency provided an overview.

Upon motion made by Supervisor Marcus and seconded by Supervisor Botelho, approved as recommended by CAO. (Unanimous)

75. Integrated Waste Management (*Page 403*)

Margie Riopel, Management Analyst, provided an overview.

Director of Integrated Waste Management Department Mandy Rose addressed the Board.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, approved as recommended by CAO. (Unanimous)

Management Analyst Kellie Kennedy reported that the General Fund amount originally started out with a \$2 million contingency and as she understood it correctly this would be increased by \$500,000 for anticipated General Fund fund-balance now amounting to \$2.5 million. There was \$228,811 appropriated in this budget from contingency leaving a balance of \$2,271,189 under General Fund fund-balance.

Discussion ensued with regards to the request by the Treasurer/Tax Collector Mary Lou Andrade earlier during the hearings. It was the consensus of the Board to invite Ms. Andrade to come back to budget hearings and address the personnel request today.

The Board adjourned for a break at 3:35 p.m. and reconvened at 3:42 p.m. re:

Chairman De La Cruz explained to Ms. Andrade that with regards to her request the Board is allowing for a full-blown analysis of her departments and see what other activities and functions and personnel staff and resources are needed in order to have an efficient and effective department for the public. Chairman De La Cruz stated that her budgets were approved TDP and then Ms. Andrade can work with CAO Susan Thompson within the next couple of months to have an analysis of the department done.

Chairman De La Cruz adjourned at 3:45 p.m. to continued budget hearings on Tuesday, June 10, 2008 at 9:45 a.m. after the regular Board of Supervisors meeting.

June 10, 2008 – 9:45 a.m. The Board reconvened into continued Budget Hearings re:

88. APPROPRIATION FOR CONTINGENCIES (Page 496)

CAO Susan Thompson provided an overview noting there was one last budget to complete today which is the Appropriation for Contingency Fund (Budget Unit 999) on Page 496 of the budget book.

Kellie Kennedy, Management Analyst, handed out two documents: 1) The General Fund Budget changes that the Board discussed and approved *temporary due pass* yesterday and how that potentially affects contingency; and, 2) a document listing county employees who have attended Leadership San Benito as requested by Supervisor Loe during yesterday's hearings.

Ms. Kennedy reported that the Fiscal-Year 2008/09 General Fund budget changes from yesterday's hearings include two added positions: Accountant III for the Auditor's Department and the Investigator for the District Attorney. There was a chip seal program in the amount of \$100,000 and membership dues for County Parks & Recreation Commission in the amount of \$500,00 for a total of \$228,811 over the CAO's recommendations.

Ms. Kennedy reported that we increased the General Fund Balance by \$500,000 thinking that with the expenditure control that would be added back to our fund balance for the beginning of the fiscal year. Also with that we added \$500,000 into Contingency and taking away the \$228,811 it leaves a total of \$271,189 added to the \$2 million contingency.

Ms. Kennedy further reported that other changes to Non-Departmental Expense was the unfunded OPEB amount of \$1 million that was taken out and the Measure T revenue offsetting that expense was also taken out of the budget.

Ms. Kennedy and County Clerk / Auditor / Recorder Joe Paul Gonzalez and CAO Thompson answered questions posed by Board members relating to handling the change in adopting the budget in June this year rather than August as we have done in the past.

Upon motion made by Supervisor Loe and seconded by Supervisor Botelho, approved TDP with a revised Contingency amount of \$2,271,189. (Unanimous)

Final Budget Deliberations

Discussion ensued pertaining to Leadership San Benito and having employees attend trainings on a more informal basis also.

Chairman De La Cruz stated that we need to create policy reserves with a statement incorporated into the budget and define such things as Measure T, Tobacco Securitization Funds, and Contingencies for the public to better understand.

CAO Thompson asked for clarification in that what Chairman De La Cruz wants is some kind of definition of all of the various funds in the Auditor's final version of the budget.

Auditor Joe Paul Gonzalez explained the process by which ideally our budget should contain everything, every revenue, every source of funding that are available should be in the budget, either as a part of fund balance or part of undesignated reserves or designated reserves and these components should equal exactly what we have in financial statements.

CAO Thompson stated that when she and Mr. Gonzalez began looking at this budget when she first came to the county there were lots of small special reserve funds that were appropriated but had stayed off budget for a long time. Ms. Thompson stated that they brought in a lot of those small reserve funds, and in fact all of those funds were always at the discretion of the Board of Supervisors only, but some of the department heads in the past looked at those as their pots of money because they had been appropriated previously by previous Boards for certain things.

These probably should have been a designated reserve and were just off budget and although this was not illegal it is not the best accounting practice. Ms. Thompson stated she and Mr. Gonzalez are working through these things together. Ms. Thompson explained that Tobacco Securitization Funds are restricted or designated funds and Measure T funds are not restricted in any way and can be used in any way the Board of Supervisors chooses. Ms. Thompson indicated that she and Mr. Gonzalez plan on bringing an item to the Board within the next few months for the Board to consider bringing all of those funds into the General Fund Reserve and designate them or not so they are reflected in our budget the same way they are reflected in our financial statement.

Mr. Gonzalez indicated that adoption of the Final Budget would be agendized on the June 24, 2008 Board of Supervisors meeting and then will take the Auditors about a month to actually prepare the required form.

Chairman De La Cruz wants the definitions of the funds incorporated into the budget. Chairman De La Cruz said he would like to take this matter to the Finance Committee and discuss it and develop some kind of policy then bring it before the Board of Supervisors for next year.

CAO Thompson stated they would work on this and hopefully get it into the budget book this year.

Mr. Gonzalez stated that once the audit is complete he would bring the audited financial statements to the Board and at that time make the recommended for these changes to the budget. Mr. Gonzalez reminded the Board that there is currently a glossary of all budget terms in the budget book.

Upon motion made by Supervisor Marcus and seconded by Supervisor Monaco, moved to adjourn to the June 24, 2008 regular meeting of the Board of Supervisors. (Unanimous)

The vote of each member of the Board of Supervisors upon each matter at the foregoing meeting, unless otherwise stated, was as follows:

AYES: SUPERVISORS: Monaco, Loe, Marcus, Botelho, De La Cruz
NOES: SUPERVISORS: None
ABSENT: SUPERVISORS: None

There being no further business the Board adjourned to Tuesday, June 24, 2008 at 9:00 a.m. for a regular meeting.

JAIME DE LA CRUZ, CHAIRMAN
San Benito County Board of Supervisors

ATTEST:
Linda Churchill
Clerk of the Board