



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: 17-0684

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Introduced: 6/20/2017

Current Status: Agenda Ready

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Matter Type: General Agenda Item

Adopt a resolution to approve and authorize the Auditor-Controller to modify the FY 2016-17

Adopted Budget to cover a deficiency in Sheriff's Office appropriations, as follows:

- a. Increase appropriations by \$160,000 in the Administration and Enforcement Operations Bureau, SHE001-001-2300-8273-6222, funded by the Sheriff's asset forfeiture fund, Balance Sheet Account 3041 (4/5ths vote required);
- b. Increase appropriations by \$850,000 in the Administration and Enforcement Operations Bureau, SHE001-001-2300-8273-6111 funded by the Termination Assignment, Balance Sheet Account 3115 (4/5ths vote required);
- c. Transfer appropriations from Corrections Operations Bureau, SHE003-001-2300-8238-6613 to Inmate Medical Program, SHE004-001-2300-8237-6604 in the amount of \$600,000 (4/5ths vote required).
- d. Transfer appropriations from Corrections Operations Bureau, SHE003-001-2300-8238-6613 to Administration and Enforcement Operations Bureau, SHE001-001-2300-8227-6613 in the amount of \$200,000 (4/5ths vote required); and
- e. Transfer appropriations from Coroner Unit, SHE002-001-2300-8226-6111 to Administration and Enforcement Operations Bureau, SHE001-001-2300-8227-6222 in the amount of \$50,000 (4/5ths vote required).

RECOMMENDATION:

It is recommended the Board of Supervisors adopt a resolution to approve and authorize the Auditor-Controller to modify the FY 2016-17 Adopted Budget to cover a deficiency in Sheriff's Office appropriations, as follows:

- a. Increase appropriations by \$160,000 in the Administration and Enforcement Operations Bureau, SHE001-001-2300-8273-6222, funded by the Sheriff's asset forfeiture fund, Balance Sheet Account 3041 (4/5ths vote required);
- b. Increase appropriations by \$850,000 in the Administration and Enforcement Operations Bureau, SHE001-001-2300-8273-6111 funded by the Termination Assignment, Balance Sheet Account 3115 (4/5ths vote required);
- c. Transfer appropriations from Corrections Operations Bureau, SHE003-001-2300-8238-6613 to Inmate Medical Program, SHE004-001-2300-8237-6604 in the amount of \$600,000 (4/5ths vote required).
- d. Transfer appropriations from Corrections Operations Bureau, SHE003-001-2300-8238-6613 to Administration and Enforcement Operations Bureau, SHE001-001-2300-8227-6613 in the amount of \$200,000 (4/5ths vote required); and
- e. Transfer appropriations from Coroner Unit, SHE002-001-2300-8226-6111 to Administration and Enforcement Operations Bureau, SHE001-001-2300-8227-6222 in the amount of \$50,000 (4/5ths vote required).

SUMMARY/DISCUSSION:

Even with various cost saving measures implemented throughout the fiscal year and comprehensive analysis of each expense and revenue account, the Sheriff's Office (the Office) is expecting approximately \$1.1 million shortage in appropriations, approximately \$1.9 million shortfall in projected revenues for an estimated \$3.0 million shortage in the General Fund Contribution (GFC).

The main reasons for the appropriation shortage and the Office not meeting the target GFC are 1) excess overtime for the Corrections Operations Bureau due to not only mandatory shift coverages but also escorting and providing security for contractors in the Jail facility addressing plant issues identified in the jail conditions litigation; 2) excess enforcement overtime due to fires, winter storms and regular law enforcement activities; 3) excess overtime used to provide security at off-site hospitals for high risk, in-custody inmates; 4) unbudgeted termination payoffs and vacation buy backs; 5) maintenance and repair costs for old and deteriorating Sheriff's facilities; 6) various contracts related to recruitment efforts; 7) uniforms and safety equipment costs for newly hired employees and replacement of aging safety equipment; 8) police academy tuitions; 9) appropriation shortage for Vehicle Asset Maintenance Program (VAMP); 10) shortage in revenues due to reduced expenditures on a reimbursable inmate housing contract with Alameda County; and 11) increased inmates' medical bills.

The Sheriff's Office assisted with evacuating rural mountain neighborhoods, securing evacuated areas and the safe re-entry of those controlled zones since the beginning of the Soberanes fire on July 22, 2016. Sheriff's personnel were assigned on a 24-hour basis for approximately 65 days working 12-hour shifts. Due to our response to the Soberanes Fire, the Office incurred 7,258 manpower hours or \$512,000 of costs, which includes 5,033 hours of overtime or \$387,000 in overtime costs. Additionally, the Office assisted with the Chimney fire between August 20, 2016 and August 29, 2016 and incurred 1,081 manpower hours or \$74,000 of costs, which includes 797 hours of overtime or \$59,500 in overtime costs. Between these two fires the Office had incurred approximately a total of \$664,000 in personnel and equipment costs and is expecting to get reimbursed by Federal and State governments approximately \$500,000 at unknown future date. Therefore, the Office is requesting additional appropriation increase to close the FY 2016-17 meantime.

Additionally, the Office is estimating the termination benefit payoffs of approximately \$850,000 for 34 separations from County service and \$100,000 vacation buyback by the end of current fiscal year. There is not enough salary savings to offset these unbudgeted costs.

The Office is requesting to increase appropriations by \$160,000 for the Sheriff's asset forfeiture fund usages. The Office changed the type/model of duty weapon in this fiscal year which was not included in the budget because the new model offers a higher round count per magazine, less weight, faster and more accurate shots, and easier control for employees with smaller hands. In addition, the Office made additional investment in technology for the items not included in the budget but needed to improve law enforcement services. The Office has been regularly budgeting the asset forfeiture use in technology especially in connectivity of mobile computers in patrol vehicles. However, the aforementioned items were not included in the Sheriff's FY 2016-17 budget. The expected fund balance after the use is approximately \$100,000 for the combined balance of the Federal and State asset forfeiture funds.

There were 77 inpatient medical bills incurred during Fiscal Year 2016-17, with an unpaid balance due from the Inmate Medical Unit of approximately \$600,000 for hospital billings and \$50,000 in ancillary services billings. The Office previously reported \$2.3 million outstanding; after intensive review with Natividad Medical Center, Salinas Valley Memorial and other hospitals, the bill amounts were discounted to the appropriate level of payment due on each bill. The Office logs and monitors inmates as hospitalized, but each hospitalization has billings from the hospital, attending physicians, radiology, therapies and other ancillary services that comprise the total cost of hospitalization. Not all ancillary services were discoverable at the time of this report, hence the estimated amount.

Out of \$650,000 pending, over \$414,000 is due to Natividad Medical Center (NMC) by the Office, and additional amounts are due NMC by CFMG (unpaid \$15,000 per hospitalization). The remaining balance is for large bills to Regional Medical Center in San Jose and Salinas Valley Memorial Hospital. Most of the pending amounts were incurred after submission of the mid-year estimate, as a result, these additional expenditures in inmate medical were not known or included in the Forecast.

CFMG is the provider of inmate medical services at the Monterey County Jail. When inpatient medical services are provided to inmates, the medical provider(s) send the invoices directly to CFMG. CFMG is contractually obligated to pay all inpatient bills \$15,000 or less. Bills in excess of \$15,000 are forwarded by CFMG to the Office after CFMG payment, and the Office pays the balance. This process takes significantly longer than it should. The Sheriff's Office, County Counsel and Purchasing Department are working together to rewrite the CFMG contract without the \$15,000 inpatient cap language. The list of all FY 16-17 inpatient bills was created and maintained to determine the appropriate amount of money to remove from the CFMG contract for "cost" of their \$15,000 coverage of inpatient bills. The revised contract will make the Office the primary processor for all inpatient medical bills and will allow participation in the Medi-Cal Inmate Program (MCIP), which covers inpatient stays estimated to be 24 hours or more. All emergency room bills will continue to be paid by CFMG as primary payor; these bills are not eligible for MCIP coverage.

Throughout 2016-17, the Office partnered with the Department of Social Services, Health's Medi-Cal Enrollment grantee and NMC to develop a network to rapidly identify inmates without Medi-Cal coverage and enroll these parties to enable MCIP payment. The MCIP program start date was delayed and no Fiscal Year 2016-17 claims will be payable. However, during this process, a greater need for enrollment efforts for transients, the homeless, and chronically ill patients was identified, and the Office recommends enrollment staffing dedicated to the unique needs of this extremely high medical cost group to improve their health and reduce their medical costs, countywide. It also highlighted an internal need in the Office for staffing to assemble, validate, discount and pay all inpatient medical bills, track bill reimbursement by the MCIP program and to coordinate inmate enrollment into Medi-Cal.

OTHER AGENCY INVOLVEMENT:

The County Administrative Office has reviewed this report.

FINANCING:

The Sheriff Office is expecting \$1.26 million appropriation shortage in the Administration and Enforcement Operations Bureau, financed by the Sheriff's restricted revenue fund balance of \$160,000, \$250,000 appropriation transfers-\$200,000 from Corrections Operations Bureau and \$50,000 from Coroner's Unit, and \$850,000 transfer from the Terminations assignment. Additionally, the Office is estimating revenue shortage of \$1.9 million. The main reasons for the revenue shortages are 1) reduced expenditures on a reimbursable inmate housing contract with Alameda County; 2) reduced projected public safety sales tax revenue; and 3) less than expected Court Security reimbursement. There is an additional appropriation shortage expected in the Inmate Medical Program Unit in the amount of \$600,000, which will be covered with \$600,000 appropriation transfer from Corrections Operations Bureau. In a summary, the Sheriff's Office is expecting to over use of the General Fund Contribution by approximately \$3.0 million due to excess use of appropriations, \$1.1 million and shortages in revenues, \$1.9 million, for aforementioned reasons.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This request meets the Board's strategic initiatives by providing and improving programs to and creating a safer environment for communities.

Mark a check to the related Board of Supervisors Strategic Initiatives:

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Hye-Weon Kim, Finance Manager, x3749

Approved by: Steve Bernal, Sheriff-Coroner, x3856



Attachment: Resolution