

STATE OF CALIFORNIA  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 0690	Department Office of Emergency Services	Priority No. 3
Budget Request Name 0690-006-BCP-DP-2016-GB		Program 0395	Subprogram N/A

Budget Request Description  
 Final Transfer of Public Safety Communications to the California Governor's Office of Emergency Services

Budget Request Summary

The California Governor's Office of Emergency Services requests 1.0 permanent position and \$83,000 in budget authority to be transferred from the Department of Technology, creation of a new Public Safety Communications Revolving Fund to be administered by the California Governor's Office of Emergency Services, and the transfer of existing authority from the Technology Services Revolving Fund to the new fund. This request completes the transfer of Public Safety Communications from the Department of Technology to the California Governor's Office of Emergency Services, initiated July 1, 2013. Proposed trailer bill language is attached to facilitate this request.

Requires Legislation <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed <b>Government Code Section 15283</b>
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR       SPR      Project No.      Date:

If proposal affects another department, does other department concur with proposal?  Yes       No  
*Attach comments of affected department, signed and dated by the department director or designee.*

Prepared By <i>ASmith</i>	Date <i>12/22/15</i>	Reviewed By <i>[Signature]</i>	Date <i>1/4/16</i>
Department Director <i>Walskill</i>	Date <i>12/29/15</i>	Agency Secretary	Date

**Department of Finance Use Only**

Additional Review:  Capital Outlay     ITCU     FSCU     OSAE     CALSTARS     Dept. of Technology

BCP Type:       Policy       Workload Budget per Government Code 13308.05

PPBA <i>[Signature]</i>	Date submitted to the Legislature <i>1/7/16</i>
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## Analysis of Problem

### A. Budget Request Summary

The California Governor's Office of Emergency Services (Cal OES) requests 1.0 permanent position and \$83,000 in budget authority to be transferred from the Department of Technology (CDT), the creation of a new Public Safety Communications Revolving Fund (9751) to be administered by Cal OES, and the transfer of existing authority from the Technology Services Revolving Fund (TSRF, 9730). This request completes the transfer of Public Safety Communications (PSC) from CDT to Cal OES, initiated July 1, 2013. Proposed trailer bill language is attached to facilitate this request.

### B. Background/History

The Governor's Reorganization Plan No. 2 of 2012 realigned PSC with Cal OES. Cal OES is the leader in emergency management and homeland security through dedicated service to all. We will realize our vision by building towards a safer and more resilient California, leveraging effective partnerships, developing our workforce, enhancing our technology, and maintaining a culture of continuous improvement. PSC serves the State by providing public safety communications to the State's first responders. PSC is dedicated to the preservation and protection of human life and public safety by delivering reliable and dependable communication services and keeping the public connected during times of crisis. As compensation for its services, PSC is supported by revenues from other departments which have historically been deposited into the TSRF. The TSRF is a shared fund administered by CDT. In addition to revenues from PSC, the fund also receives revenues for technology services provided by CDT.

Effective July 1, 2013, CDT transferred 374.0 PSC positions and associated budget authority to Cal OES. In order to ensure a smooth transition, both departments agreed that 1.0 accounting position from PSC would remain with CDT to maintain collection activities and accounting services because PSC continued to deposit revenues into the TSRF.

**Resource History**  
(Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY - 1	PY
Authorized Expenditures	0	0	0	71,882	73,251
Actual Expenditures	0	0	0	67,663	66,301
Revenues	0	0	0	64,064	69,848

### C. State Level Considerations

Completing the consolidation of PSC with Cal OES will benefit State and local agencies and California's residents by:

- Increasing the coordination and operational efficiencies for both departments,
- Concluding the consolidation of State governance responsibilities that are currently being shared with CDT and Cal OES, and
- Completing the alignment of public safety communications with emergency management provided by Cal OES.

### D. Justification

This proposal represents the last step to complete the Governor's Reorganization Plan No. 2 of 2012 for the transfer of PSC to Cal OES. CDT has maintained 1.0 Accounting Officer (Specialist) position to update accounts receivable, transfer funds through the State Controller's Office, deposit payments made outside of the transfer process, monitor and manage the monthly reconciliation of cash and coordinate the annual reconciliation of retained earnings in compliance with the federal Office of Management and Budget Circular A-87 for Cal OES.

Cal OES and PSC work with the same public safety agencies at the local, state and federal levels to achieve interoperability, reliability, and sustainability of public safety radio communications program

## Analysis of Problem

initiatives. Finalizing the integration of PSC within Cal OES provides the greatest direct benefit to the State's first responder network by ensuring the coordinated implementation of California's safety network.

In order to ensure a successful transition of PSC to Cal OES, the transition was conducted in phases. Since Cal OES had never worked with an internal service fund, both departments agreed that PSC staff would be transferred to Cal OES but CDT would continue to administer PSC revenues deposited into the TSRF.

Currently, Cal OES collects financial information and sends invoices to customers monthly. The invoices for state agencies are collected through fund transfers made by the State Controller's Office. These invoices, except for fixed rate program cost recovery (radio maintenance, California Multiple Agency Radio Systems, and Microwave Program), are billed three to four months in arrears due to the length of time to collect information and create an invoice. These costs are typically the project services requested by clients and provided by PSC. Nearly one-half of PSC's expenditure authority and revenue is related to project services. At year-end there are typically three months of expenses PSC owes and/or has paid but have not been collected. These costs cannot be determined and collected until the project services are actually provided. This outstanding receivable creates a cash flow issue.

To mitigate this issue of delayed billing/collections, Cal OES is proposing provisional language to allow for borrowing General Fund dollars for cash flow purposes, to assure adequate funding is available to maintain the program. The borrowed funds would be required to be repaid four months after year-end (October 31, 2017 for the 2016-17 fiscal year).

### Outcomes and Accountability

Cal OES and CDT will continue to work cooperatively to ensure this final phase is successful by interviewing, hiring, training, and redirecting 1.0 Accounting Officer (Specialist) position, and transferring the remaining TSRF cash attributable to PSC to the new Cal OES fund. Revenue deposits and funds within the TSRF are separately accounted for (PSC v. technology services) and the PSC portion of funds can be easily identified and transferred to the new fund.

#### Projected Outcomes

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Customer Accounts Maintained	253	253	253	253	253	253*
Number of Invoices Processed	1,827	1,827	1,827	1,827	1,827	1,827*

\* Note: Regarding the future projected outcomes, the number of customer accounts maintained and invoices processed is expected to remain consistent moving forward.

### E. Analysis of All Feasible Alternatives

**Alternative 1:** Approve the request for 1.0 permanent position and \$83,000 in budget authority transferred from CDT to Cal OES and the creation of a new Public Safety Communications Revolving Fund to be administered by Cal OES and transfer of existing authority from TSRF to the new fund. This alternative will include provisional language to allow Cal OES to borrow from the General Fund when the fund balance and cash flows are not sufficient during the fiscal year.

#### PROS

- Completes the Governor's Reorganization Plan No. 2 of 2012.
- Eliminates the risk of inefficiency and potential adverse consequences that may arise when two separate departments utilize the same internal service fund by enabling Cal OES to establish its own separate fund source to support PSC
- Authorizes CDT and Cal OES to consolidate resources and efforts to advertise, interview, hire, train and redirect the 1.0 Accounting Officer (Specialist) position in the most efficient and precise manner available

## Analysis of Problem

- This option will result in no net increase in the State budget

### CONS

- Cal OES will have to borrow from the General Fund for cash flow purposes, to assure adequate funding is available to maintain the program

**Alternative 2:** Approve the request for 1.0 permanent position and \$83,000 in budget authority transferred from CDT to Cal OES and the creation of a new Public Safety Communications Revolving Fund to be administered by Cal OES. This alternative would also include provisional language to allow Cal OES to borrow from the General Fund when the fund balance and cash flows are not sufficient during the fiscal year. To minimize the need to borrow funds from the General Fund, Cal OES would collect the fixed cost portion of the services from customers six months in advance by billing 6/12 of the fixed costs in July and 1/12 of the fixed costs in each of the next six months.

### PROS

- Same as Alternative 1

### CONS

- Cal OES will have to borrow from the General Fund for cash flow purposes, to assure adequate funding is available to maintain the program
- Client agencies may not be supportive of the decision to bill fixed costs six months in advance

**Alternative 3:** Do not redirect 1.0 permanent position, budget authority associated with the position and cash attributed to PSC currently maintained by CDT to Cal OES. Under this scenario, PSC would continue to be funded by the TSRF.

### PROS

- Maintains current permanent staffing levels within CDT and Cal OES

### CONS

- Outcome is not consistent with the Governor's Reorganization Plan No.2 of 2012
- Would not eliminate the risk of inefficiency and potential adverse consequences that can arise when two separate departments utilize the same internal service fund

**Alternative 4:** Create the new PSC fund to be administered by Cal OES but do not redirect 1.0 permanent position and budget authority to Cal OES

### PROS

- Maintains current permanent staffing levels within CDT and Cal OES

### CONS

- Outcome is not consistent with the Governor's Reorganization Plan No.2 of 2012
- By not redirecting the position, Cal OES would have to absorb the heavy workload and would be deprived of the expertise provided by a properly trained Accounting Officer (Specialist) from CDT

## F. Implementation Plan

Cal OES and CDT will interview, hire, train, and redirect the Accounting Officer (Specialist). The position and person will transfer to Cal OES on July 1, 2016, with related equipment (e.g. computer). The Public Safety Communications Revolving Fund will be created July 1, 2016, and all revenues relative to the 2016-17 fiscal year will be deposited into and expended from the new fund. CDT will continue to maintain the TSRF for all revenues and expenditures relative to the 2015-16 and prior fiscal years. The remaining TSRF fund balance will be transferred after all encumbrances for 2015-16 and prior fiscal years have been paid and liquidated. This is expected to occur in the 2017-18 fiscal year.

**G. Supplemental Information**

N/A

**H. Recommendation**

Approve Alternative 1 requesting 1.0 permanent position and \$83,000 in budget authority transferred from CDT to Cal OES and the creation of a new Public Safety Communications Revolving Fund to be administered by Cal OES, and transfer of existing authority from TSRF to the new fund. This alternative will include provisional language to allow Cal OES to borrow from the General Fund when the fund balance and cash flows are not sufficient during the fiscal year.

Attachments

Attachment A – Proposed Fund Description

Attachment B – Proposed Trailer Bill Language

Attachment C – Proposed Budget Act Provisional Language

**Proposed Fund Description – Public Safety Communications Revolving Fund**

**Legal Title:** Public Safety Communications Revolving Fund – Fund Number TBD

**Legal Citation/Authority:** To be established...

**Fund Classification – GAAP Basis:** Internal Service Fund

**Fund Classification – Legal Basis:** Nongovernmental/Working Capital and Revolving Funds

**Purpose:** The Public Safety Communications Fund is proposed to receive all revenues from the administration of public safety communications services, and other services provided by the California Office of Emergency Services' Public Safety Communications Division, to pay for operating and other expenses of the division and costs associated with approved public safety communications projects, and to establish reserves.

The fund will consist of the following:

1. Money appropriated and made available by the Legislature for the purpose of this chapter.
2. Any other money that may be made available to the department from public agencies for providing services to those agencies that the agencies have contracted with division to provide.
3. Payments collected by the department from public agencies for providing services to those agencies that the agencies have contracted with the division to provide.

If the balance remaining in the fund at the end of any fiscal year exceeds 25 percent of the division's current fiscal year budget, the excess amount will be used to reduce the billing rates for services rendered during the following fiscal year.

**Administering Agency/Organization Code:** Office of Emergency Services/Org.0690

**Major Revenue Source:** Revenue from the sale and delivery of public safety communications services.

**Disposition of Fund (upon abolishment):** Pursuant to Government Code section 16346, in the absence of language that identifies a successor fund, and balance in this fund upon abolishment shall be transferred to the General Fund.

**Appropriation Authority:** This money in this fund is available upon appropriation by the Legislature.

**State Appropriation Limit:** ALWAYS EXCLUDED – Revenues in this fund are not proceeds or taxes and even after transfer, will never become proceeds of taxes because the major revenue source is derived from a Working Capital and Revolving Fund.

**Comments/Historical Information:** The Public Safety Communications Division was transferred from the Department of Technology to the Office of Emergency Services as part of the Public Safety Communications Act of 2013. The funding was shifted from the Department of Technology to the Office of Emergency Services during the April Revision process for fiscal year 2013-14. The transfer was effective July 1, 2013.

## **Proposed Trailer Bill Language – Public Safety Communications Revolving Fund**

Government Code Section 15283

(a) The Public Safety Communications Revolving Fund, hereafter known as the fund, is hereby created within the State Treasury. The fund shall be administered by the Director of the California Governor's Office of Emergency Services to receive all revenues from the provision or sale of public safety communications services provided for in this chapter, for other services rendered by the California Governor's Office of Emergency Services' Public Safety Communications Section, hereafter known as the section, and all other monies properly credited to the section from any other source, to pay, upon appropriation by the Legislature, all cost arising from this chapter and rendering of services to state and other public agencies, including, but not limited to, employment and compensation of necessary personnel or expenses, such as operating and other expenses of the section, and costs associated with approved public safety communications projects, and to establish reserves. At the discretion of the Director of the California Governor's Office of Emergency Services, segregated, dedicated accounts within the fund may be established. The amendments made to this section by the act adding this sentence shall apply to all revenues earned on or after July 1, 2016.

(b) The fund shall consist of all of the following:

(1) Monies appropriated and made available by the Legislature for the purposes of this chapter.

(2) Any other monies that may be made available to the section from any other source, including the return from investments of monies by the Treasurer.

(c) The section may collect payments from public agencies for providing public safety communication services. Pursuant to Section 11255, the Controller shall transfer any amounts so authorized by the section, consistent with the annual budget of each department, to the fund. The section shall notify each affected state agency upon requesting the Controller to make the transfer.

(d) At the end of any fiscal year, if the balance remaining in the fund at the end of that fiscal year exceeds 25 percent of the portion of the section's current fiscal year budget used for support of public safety communications and other client services, the excess amount shall be used to reduce the billing rates for services rendered during the following fiscal year.

**Budget Act Provisional Language**

0690-001-XXXX—For support of Office of Emergency Services, payable from the Public Safety Communications Revolving Fund..... \$\$\$\$

Schedule:

(1) 0395-Public Safety Communications..... \$\$\$\$

Provisions:

1. Notwithstanding any other provisions of law, the Director of Finance may authorize a loan from the General Fund, in an amount not to exceed 35 percent of expenditures appropriated in this item to the Office of Emergency Services, provided that:
  - (a) The loan is to meet cash needs resulting from the delay in receipt of payments for services provided.
  - (b) The loan is for a short term and shall be repaid by October 31, 2017.
  - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
  - (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not later than whatever lesser time prior to that effective date that the chairperson of the joint committee, or his or her designee, may determine.

# BCP Fiscal Detail Sheet

BCP Title: Public Safety Communications Office

DP Name: 0690-006-BCP-DP-2016-GB

## Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	1.0	1.0	1.0	1.0	1.0
<b>Total Positions</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
Salaries and Wages						
Earnings - Permanent	0	-64	-64	-64	-64	-64
Earnings - Temporary Help	0	118	118	118	118	118
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>
Total Staff Benefits	0	26	26	26	26	26
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$80</b>	<b>\$80</b>	<b>\$80</b>	<b>\$80</b>	<b>\$80</b>
Operating Expenses and Equipment						
5301 - General Expense	0	3	3	3	3	3
5362 - Capital Asset Purchases - Equipment	0	-1,568	-1,568	-1,568	-1,568	-1,568
5368 - Non-Capital Asset Purchases - Equipment	0	1,568	1,568	1,568	1,568	1,568
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$3</b>	<b>\$3</b>	<b>\$3</b>	<b>\$3</b>	<b>\$3</b>
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>

## Fund Summary

Fund Source - State Operations						
9730 - Technology Services Revolving Fund	0	-79,987	-79,987	-79,987	-79,987	-79,987
9751 - Public Safety Communications Revolving Fund	0	80,070	80,070	80,070	80,070	80,070
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>

## Program Summary

Program Funding						
0395 - Public Safety Communications	0	83	83	83	83	83
<b>Total All Programs</b>	<b>\$0</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>

**Personal Services Details**

			<b>Salary Information</b>						
Positions	Min	Mid	Max	<u>CY</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
-				0.0	0.0	0.0	0.0	0.0	0.0
4546 - Accounting Officer (Spec) (Eff. 07-01-2016)				0.0	1.0	1.0	1.0	1.0	1.0
<b>Total Positions</b>				<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
			<u>CY</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>	
Salaries and Wages				0	0	0	0	0	0
4546 - Accounting Officer (Spec) (Eff. 07-01-2016)				0	54	54	54	54	54
<b>Total Salaries and Wages</b>				<b>\$0</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>	<b>\$54</b>
<b>Staff Benefits</b>									
5150150 - Dental Insurance				0	1	1	1	1	1
5150350 - Health Insurance				0	4	4	4	4	4
5150450 - Medicare Taxation				0	1	1	1	1	1
5150500 - OASDI				0	3	3	3	3	3
5150630 - Retirement - Public Employees - Miscellaneous				0	14	14	14	14	14
5150900 - Staff Benefits - Other				0	3	3	3	3	3
<b>Total Staff Benefits</b>				<b>\$0</b>	<b>\$26</b>	<b>\$26</b>	<b>\$26</b>	<b>\$26</b>	<b>\$26</b>
<b>Total Personal Services</b>				<b>\$0</b>	<b>\$80</b>	<b>\$80</b>	<b>\$80</b>	<b>\$80</b>	<b>\$80</b>

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DEPARTMENT OF FINANCE  
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