



Judicial Council of California · Administrative Office of the Courts

455 Golden Gate Avenue · San Francisco, California 94102-3688

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on: February 20, 2014

Title	Agenda Item Type
Trial Court Trust Fund Allocations: 2 Percent State-Level Reserve	Action Required
Rules, Forms, Standards, or Statutes Affected	Effective Date
None	February 20, 2014
Recommended by	Date of Report
Administrative Office of the Courts (AOC) Curt Soderlund, Chief Administrative Officer Zlatko Theodorovic, Director, AOC Fiscal Services Office Judicial and Court Administrative Services Division	February 11, 2014
	Contact
	Patrick Ballard, 818-558-3115 patrick.ballard@jud.ca.gov

Executive Summary

The Administrative Office of the Courts (AOC) submits the following to the Judicial Council for its consideration: 1) Recommendation and options on the Superior Court of Kings County application for supplemental funding for the second year deployment of a new case management system. The amount remaining in the 2 percent state-level reserve set-aside in the Trial Court Trust Fund for 2013–2014 is \$35.2 million. By statute, the Judicial Council after October 31 and before March 15 of each year may distribute the remaining funds if there has been a request from a trial court(s) for unforeseen emergencies or unanticipated expenses for existing programs. 2) Allocations to all courts to be distributed after March 15 of a proportionate share of any unexpended funds from the 2 percent state-level reserve.

Recommendation 1

The AOC recommends that the Judicial Council consider the following options for the supplemental funding request from the Superior Court of Kings County for the second year cost of deployment of a new case management system:

Option 1 – Deny the Court’s Request

Do not distribute any supplemental funding monies to the Kings County court.

Option 2 – Grant the Court’s Request

Grant the court’s request for the second year deployment costs for the new case management system of \$130,000.

Option 3 – Approve Partial Funding of the Court’s Request and Operational Deficiency

Grant the court’s request for the second year cost of deployment of a new case management system of \$130,000 and the current year operational deficiency of \$17,000 for a total of \$147,000 but reduced by the amount of any additional allocations the Judicial Council makes at this meeting (anticipated at this time to be \$94,000) for a net total of \$53,000.

Recommendation 2

The AOC suggests that the Judicial Council allocate a proportionate share of any unexpended funds from the 2 percent state-level reserve to be distributed after March 15, 2014, to all trial courts.

Previous Council Action

Supplemental Funding Process and Criteria

On June 27, 2012, the Governor signed into law Senate Bill 1021, which repealed the provisions in Government Code section 77209 related to urgent needs funding from the Trial Court Improvement Fund (TCIF) and added Government Code section 68502.5, which requires that the Judicial Council set aside as a reserve an amount equal to 2 percent of the Trial Court Trust Fund (TCTF) appropriation in Program 45.10. In response to this new statute, the council, at its August 31, 2012 meeting, approved the policy with regard to the process, criteria, and required information for requesting supplemental funding from the reserve. This process modified what was approved by the Judicial Council at its October 28, 2011 meeting as it related to requests for supplemental funding for urgent needs from the TCIF. (See Attachment A: Judicial Council Approved Process for Supplemental Funding.)

In 2012–2013, the Superior Court of Kings County was facing a current year estimated negative ending fund balance of \$1.968 million which was comprised of a budget shortfall for an expenditure of \$2.11 million for a soon-to-be unsupported, antiquated county case management system. Therefore, Kings County court requested funding related to unanticipated expenses and unforeseen emergencies of \$2.11 million to replace a failing case management system. Kings

County court's presiding judge presented the court's request to the Judicial Council at its February 26, 2013 business meeting. The Judicial Council considered the court's request and approved an allocation of up to \$2.11 million over a five-year period, starting with \$733,000 in 2012–2013 with the following conditions:

- a. The court will use its best efforts to spread the cost of the project over the full five-year period so as to minimize each year's distribution from the Trial Court Trust Fund 2 percent state-level reserve.
- b. The court is allocated \$733,000 from the Trial Court Trust Fund 2 percent state-level reserve for 2012–2013. Any unused distribution amount from the 2 percent state-level reserve in 2012–2013 should be used in 2013–2014.
- c. The funds will be distributed upon the submission of invoices for products and services necessary to acquire and deploy the court's case management system.
- d. Any allocations for 2013–2014 through 2016–2017 would come from that year's Trial Court Trust Fund 2 percent state-level reserve.
- e. In order to receive a distribution from the Trial Court Trust Fund 2 percent state-level reserve for 2013–2014 through 2016–2017 for the project, the court must provide a projection of all project costs, and detailed financial information demonstrating why it is unable to address those costs within existing resources, to the Judicial Council by no later than November 1 of each year.
- f. The Administrative Director of the Courts will monitor the project and costs (including invoices) submitted and the payments made to assure that the distributions are appropriate.
- g. The court will provide the Administrative Director of the Courts with access to all records necessary to evaluate and monitor the project and will cooperate fully with the efforts of the Trial Court Liaison Office to do so.

Recommendation 1—Superior Court of Kings County

The AOC recommends that the Judicial Council consider the following options for the supplemental funding request in the amount of \$130,000 from the Superior Court of Kings County:

Option 1 – Deny the Court's Request

Option 2 – Grant the Court's Request

Option 3 – Approve Partial Funding of the Court’s Request and Operational Deficiency

Rationale for Recommendation 1

Judicial Council Criteria for Eligibility for Supplemental Funding

Under the policy adopted by the Judicial Council, the main criterion for determining whether a court may receive supplemental funding related to an urgent need is that the court is projecting a current year negative fund balance. The Kings County court is projecting a \$147,000 (General Fund) negative fund balance for 2013–2014, and therefore submitted an application requesting supplemental funding on January 16, 2014. In order to receive a distribution from the TCTF 2 percent state-level reserve for 2013–2014 through 2016–2017 for the project, the court must provide a projection of all project costs and detailed financial information demonstrating why it is unable to address those costs within existing resources, to the Judicial Council, no later than November 1st of each year. The court submitted the required information on October 17, 2013. At that time it was determined that upon further review and revision of the court's budget, the Kings County court would resubmit an updated projection in January 2014. Based on revised mid-year financial projections, the court is now requesting a total amount of \$130,000 for the expenses related to the second year deployment of a new case management system to be considered at the February 20, 2014 Judicial Council meeting. (See Attachment B for the application submitted by the Kings County court.)

Overview of the Court’s Application for Supplemental Funding

AOC staff reviewed the completed application submitted by the Kings County court on January 16, 2014, which contained all of the required information to assess compliance with the terms and conditions approved by the council at its February 26, 2013 meeting and stipulated in an intra-branch agreement. The court has tried to mitigate costs whenever possible. It applied the unused distribution of \$470,000 to expenditures in 2013–2014 from the \$733,000 the Judicial Council allocated for 2012–2013 but due to the timing of the funding request it was necessary to delay the project start date. The court submitted invoices for all products and services received to-date and submitted periodic reports as requested by the AOC program manager. The application also identifies the consequences to the public, access to justice, and court operations of not receiving urgent needs monies. In order to mitigate a deficit for 2013–2014, the court has eliminated one executive officer position, one mid-level management position, and one line staff, as well as the imposition of a fifth consecutive fiscal year of mandatory furlough days for all remaining court employees, totaling 21 days per employee. Over the past four years, from 2009–2010 to 2013–2014, the court has implemented a hiring freeze, saving \$1.194 million in personal services costs. In addition to measures already taken in 2013–2014 that have limited access to justice, in 2014–2015 the court will implement additional measures. The court will achieve further cost savings by: 1) the termination of two additional management positions, which together with the positions already eliminated in 2013–2014 will total an additional \$556,000 in savings; and 2) requiring 22 mandatory furlough days for all remaining court employees, totaling an estimated \$360,000 or one-

twelfth of employee salaries. These measures will avoid a negative end-of-fiscal year fund balance if there is no TCTF restoration for 2014–2015. The court has indicated that it has been meeting on a monthly basis with its union representatives on the challenges the court may face in 2014–2015.

The Kings County court's current year estimated negative ending fund balance of \$147,000 is a result of an expenditure of \$130,000 for the second year deployment costs of a new case management system and an operational deficiency of \$17,000. The court's mid-year projection reflects a more accurate financial forecast for 2013–2014. The court has determined that the expenditures for court-appointed council for children and parents are projected to exceed the court's reimbursable allocation by \$100,000. Additionally, based on the average usage from July through December, it now appears that expenses for court reporters and transcripts will increase by an estimated \$60,000. Based on these revised projections, the court is unable to fund the second year deployment costs of the new CMS.

AOC staff reviewed the Kings County court's revenue and expenditure assumptions and related information provided in their application and concurs with the court's estimate of its negative fund balance. AOC staff have also reviewed the court's projections for fiscal years 2013–2014 and 2014–2015 and has determined that with the exception of their inclusion of the second and third year deployment expenditures for a new CMS for which it currently has no funding, the projections are reasonable.

Discussion of Options

Option 1 – Deny the Court's Request

Do not distribute any supplemental funding monies to the Kings County court.

The Kings County court indicates that this option would give the court no alternative but to default on its contract with Tyler and would have to continue on the antiquated county developed mainframe CMS for traffic and criminal, as well as the currently installed ACS system which, by the end of 2014, will no longer be supported by the county. The amount the county will charge the court to host the CMS on the county mainframe will increase from \$255,000 in 2013–2014 to an estimated \$430,000 per year by 2014–2015, because the court will be the only remaining entity on the system. In addition, because the primary county COBOL programming resource retired in January 2012, the court will need to provide and pay for all required system modifications to the CMS to ensure compliance with new statutes impacting the collection and proper distribution of fees and fines. The county has agreed to contract on an as-needed and as-available basis with the retired resource. However, reliance upon a part-time resource provides the court with very limited services and has placed the court in an untenable position of being unable to make changes to the mainframe to conform to statutory changes as well as produce statistical and ad hoc reports in a timely manner.

The court could continue to use their existing CMS systems and processes and would not incur any additional costs of deploying a new case management system. However, the amount the county will charge the court to host the CMS on the county mainframe and the programming costs that the court will incur for all required system modifications to the county CMS to ensure compliance with new statutes impacting the collection and proper distribution of fees and fines is estimated to increase from \$284,000 (\$255,000 for routine operations and maintenance and \$29,000 in COBOL programming costs) in 2013–2014, to an estimated \$586,000 by 2014–2015 (\$430,000 for routine operations and maintenance and \$156,000 in COBOL programming costs). Additionally, the court would continue to incur the cost of \$63,000 per year for their ACS “Contexte” civil case management system.

Option 2 – Grant the Court’s Request

Grant the court’s request for the case management costs for the second year of deployment of \$130,000.

Option 2 provides for the allocation of \$130,000 from the 2 percent state-level reserve in the TCTF to the Kings County court for the second year of a five year new case management implementation to assist with deployment of the vendor-hosted Tyler Technologies “Odyssey” case management system. The approval of \$130,000 to continue deployment of the “Odyssey” system will provide the Kings County court with a single case management system for all case types. The second year costs in 2013–2014, are estimated to be \$600,000. Subsequent fiscal year funding would be allocated from the TCTF 2 percent state-level reserve pending the submission of cost projections of all project costs and detailed financial information demonstrating why the court is unable to address those costs within existing resources.

By continuing to deploy the “Odyssey” case management system, the court is provided with a long-term solution of a modern case management system which includes features such as an integrated e-filing system and a document management system. Deploying the vendor-hosted “Odyssey” system will give the Kings County court a modern, functional CMS integrated across all case types which would include an e-filing and a document management system which the Kings County court believes can be fully deployed within 13-18 months. The five-year cost projection of \$2.11 million had the lowest five-year cost projection of all options considered by the court. The Tyler Technologies vendor offered the Kings County court a five-year structured payment plan with the actual terms and conditions to be finalized as part of contract negotiations and was the only vendor who provided a vendor-hosted solution which provides the court with cost savings from both a hardware and staffing perspective. There are some concerns since Tyler Technologies does not currently have the “Odyssey” system installed in a California trial court although there is a deployment in San Luis Obispo currently underway. Therefore, this will be the first time that a vendor-hosted case management system solution has been deployed in a California trial court. As such, there may be additional challenges encountered such as complying with Department of Motor Vehicle and Department of Justice interface requirements. Table A on the following page demonstrates the Kings County court estimated costs and savings

from replacement of the County CMS from 2012–2013, the first year of deployment, to 2016–2017 with a new CMS.

Table A: Projected Costs and Savings for the Kings County Court for Option 2
(Allocating \$130,000 for Year 2)

	Projected 2012-2013	Actual 2012-2013	Projected and Actual 2013-2014	2014-2015	2015-2016	2016-2017	Total Costs Over 5 Years
CMS VENDOR COSTS							
One-Time Implementation Costs	181,500		257,500	181,500			439,000
Annual License and Maintenance	250,000	250,000		265,225	273,182	281,377	1,069,784
Subtotal CMS Vendor Cost	431,500	250,000	257,500	446,725	273,182	281,377	1,508,784
COURT CMS COSTS							
Project Manager (Temp)	47,414	5,720	58,130	25,052			88,902
Court Integration Technician (Temp)	47,414	4,810	58,511	25,581			88,902
COBOL Programmer	73,500	2,239	52,796	18,465			73,500
Infrastructure/T1 Installation	10,000		10,000				10,000
Annual T1 Costs - 5 YEARS (DMV, SaaS Connectivity)	29,838		29,838	29,838	29,838	29,838	119,353
Hardware and Scanners	22,500		22,500				22,500
Server Hardware							-
Travel	29,333		35,499	19,501			55,000
Unfunded CMS Costs*	41,249		75,624	37,699			113,323
Subtotal Court CMS Costs	301,248	12,769	342,899	156,136	29,838	29,838	571,481
Total Court and Vendor CMS Costs Per Year	732,748	262,769	600,399	602,861	303,020	311,215	2,080,265
Projected Savings from Transitioning off County CMS*				166,664	586,000	586,000	
Total Net Costs of New CMS Per Year		(262,769)	(600,399)	(436,197)	282,980	274,785	
TCTF Allocation Remaining	733,000	470,231	(130,168)				

*Costs for the county CMS include COBOL programming costs to the court. Costs are based on the court's timeline of complete transition off county CMS by March 2015.

Option 3 – Approve Partial Funding of the Court's Request and Operational Deficiency

Grant the court's request for the second year cost of deployment of a new case management system of \$130,000 and the current year operational deficiency of \$17,000 for a total of \$147,000 but reduced by the amount of any additional allocations the Judicial Council makes at its February 20, 2014 business meeting, anticipated at this time to be \$94,000, for a net total of \$53,000.

Option 3 provides for the allocation of \$53,000 from the 2 percent state-level reserve in the TCTF to the Kings County court for the second year of a five year new case management implementation to assist with deployment of the vendor-hosted Tyler Technologies “Odyssey” case management system. The court is estimating a \$147,000 negative fund balance in its General Fund which includes \$130,000 for the second year CMS deployment and a \$17,000 operational deficiency. However, the Judicial Council will be considering additional TCTF allocations recommended by the Trial Court Budget Advisory Committee for criminal realignment and court-appointed counsel which will help cover expenditures the court has budgeted for 2013–2014 for these programs, and the distribution of the remaining 2 percent state-level reserve, all of which total \$94,000. This additional funding, if approved by the council, will reduce the court’s negative fund balance for its General Fund from \$147,000 to \$53,000. An allocation of \$53,000 from the 2 percent state-level reserve in the TCTF to the Kings County court will allow the court to have funding for the second year deployment of the vendor-hosted Tyler Technologies “Odyssey” case management system. However, after furloughing staff for five years, the court indicates that any new funding received in addition to their request should be used to reduce the current 21 days of employee furloughs. Any reduction to the request of \$130,000 would compromise the ability of the court to reduce employee furloughs and function in a manner that is acceptable to the public. Table B below demonstrates that an allocation of \$53,000 from the 2 percent state-level reserve to the Kings County court and the additional TCTF allocations being considered by the Judicial Council will allow the court to have funding for the second year deployment.

Table B: Projected Fund Condition Statement for the Kings County Court for Option 3
(Allocating \$53,000 for Year 2)

	2013-2014 Estimated ¹	2014-2015 Estimated ²
Beginning Fund Balance	464,664	0
Total Current Year Financing Sources	8,946,571	8,216,339
Revenue Total	9,411,235	8,216,339
Personnel Services	5,887,578	5,513,198
Operations	3,070,216	3,070,216
New CMS Expenses Projected (Table A)	600,399	602,861
Expenditures Total	9,558,193	9,186,275
Fund Balance	(146,958)	(969,936)
Proposed Allocations	93,827	
Option 3 (2% State Level Reserve Funding)	53,131	
Revised Estimated Fund Balance	0	(969,936)

- 1) Total revenues includes: \$470,231 of the \$733,000 allocated by Judicial Council in 2012-13; and \$54,000 of \$117,000 remaining 2 percent state level reserve distribution for 2013-14.
- 2) Total revenues do not include an estimated \$421,659 WAFM Allocation Adjustment in 2014-15, assuming \$100 million in new funding or \$260,000 from Kings County Collaborative Courts/Avenal Court Assistance received in 2013-14. In addition, total expenditures do not include \$167,000 of projected savings from transitioning off county CMS in 2014-15.

Recommendation 2—Allocating Unexpended 2 Percent Reserve Funds

The AOC suggests that the Judicial Council allocate a proportionate share of any unexpended funds from the 2 percent state-level reserve to be distributed after March 15 to all trial courts.

Rationale for Recommendation 2

Approve allocations to all courts to be distributed after March 15, 2014, of a proportionate share of any unexpended funds from the 2 percent state-level reserve, as required by Judicial Council policy and by statute (Gov. Code, § 68502.5). The process for supplemental funding that was approved by the Judicial Council at its August 31, 2012, meeting states that:

Beginning in 2012–2013, after October 31 and by March 15 of each fiscal year, the Judicial Council shall allocate to all courts after March 15 a proportionate share of any unexpended funds from the 2 percent state-level reserve, regardless of whether the Judicial Council has allocated to a court supplemental funding for an urgent need in the current fiscal year, using courts' current year Trial Court Trust Fund and General Fund base allocation.

Therefore, the council is required to allocate any remaining funding to all the trial courts as stated in its policy. The actual amount to be allocated among the courts will be based on the council's decisions with regard to the options presented in Recommendation 1 of this report.

Comments from Interested Parties

As required by the Judicial Council-adopted process for supplemental funding for unavoidable funding shortfalls, the Superior Court of California, County of Kings was provided a preliminary version of the report for review and comment. The court provided the following comments:

Superior Court of California, County of Kings

The Superior Court of California, County of Kings requests that the Judicial Council consider the following additional information in regards to its request:

After five consecutive years of mandatory furloughs, extensive personnel actions (eliminated unfilled vacancies, layoffs, permanent hiring freeze) and reduced benefits for all employees, the Court has reached a place where we can no longer function in a manner that is acceptable to the public. The Court has an obligation and a commitment to the employees, at any available opportunity, to return them to work.

The court made a commitment two years ago that it would not use savings from any personnel actions taken, to even partially fund a case management project.

It is the Court's position that it will not fund a case management system at the expense of the employees.

Implementation Requirements, Costs, and Operational Impacts

The costs and operational impacts of granting or not granting the Superior Court of California, County of Kings' request are discussed within each option.

Attachments

1. Attachment A: Judicial Council Approved Process for Supplemental Funding
2. Attachment B: Superior Court of California, County of Kings, Application for Supplemental Funding and other documents provided by the court

Judicial Council-Approved Process for Supplemental Funding

Below is the process for supplemental funding that was approved by the Judicial Council at its August 31, 2012, meeting.

- a. Supplemental funding for urgent needs is defined as unavoidable funding shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs.
 - i. A request can be for either a loan or one-time funding that is not repaid, but not for ongoing funding.
- b. The submission, review, and approval process is:
 - i. All requests will be submitted to the Judicial Council for consideration;
 - ii. Requests will be submitted to the Administrative Director of the Courts by either the court's presiding judge or court executive officer;
 - iii. The Administrative Director of the Courts will forward the request to the AOC Director of Finance [now Fiscal Services Office].
 - iv. AOC Finance Division [Fiscal Services Office] budget staff will review the request, ask the court to provide any missing or incomplete information, draft a preliminary report, share the preliminary report with the court for its comments, revise as necessary, and issue a final report for the council;
 - v. The final report will be provided to the requesting court prior to the report being made publicly available on the California Courts website; and
 - vi. The court may send a representative to the Judicial Council meeting to present its request and respond to questions from the council.
- c. Beginning in 2012–2013, court requests for supplemental funding for urgent needs due to unavoidable budget shortfalls, must be submitted to the Administrative Director of the Courts, by no later than October 1. Courts are encouraged to submit supplemental funding requests for urgent needs before the October 1 deadline, but no earlier than 60 days after the Budget Act is enacted into law.
- d. Beginning in 2012–2013, the Judicial Council shall allocate up to 75 percent of the 2 percent state-level reserve fund by October 31 of each year to courts requesting supplemental funding for urgent needs due to unavoidable funding shortfalls.
- e. Beginning in 2012–2013, after October 31 and by March 15 of each fiscal year, the Judicial Council shall allocate the remaining funds if there has been an approved request from a trial court(s) requesting supplemental funding for urgent needs due to unforeseen emergencies or unanticipated expenses for existing programs. Any unexpended funds shall be distributed to the trial courts on a prorated basis.

- f. To be considered at a scheduled Judicial Council business meeting, requests submitted after October 31 for supplemental funding due to unforeseen emergencies and unanticipated expenses must be submitted to the Administrative Director of the Courts at least 25 business days prior to that business meeting.
- g. The Judicial Council would consider appropriate terms and conditions that courts must accept in order to receive supplemental funding for urgent needs.

Judicial Council-Approved Criteria for Eligibility for and Allocation of Supplemental Funding

Below are the criteria for eligibility for and allocation of supplemental funding for trial courts' urgent needs that were approved by the Judicial Council at its August 31, 2012, meeting.

- a. Only trial courts that are projecting a current-year negative fund balance can apply for supplemental funding related to urgent needs.
- b. Generally, no court may receive supplemental funding for urgent needs in successive fiscal years absent a clear and convincing showing.
- c. Courts submitting on or before October 1 can only receive up to the amount the court contributed to the 2 percent state-level reserve fund. If the requested amount is beyond the court's contribution to the 2 percent state-level reserve fund, the Judicial Council may distribute more funding to the court, after October 31 and prior to March 15 of the fiscal year.

More specifically, courts that submit by October 1 a request for an unavoidable funding shortfall, may apply with updated financial information for unforeseen emergencies or unanticipated expenses for existing programs distribution at a future Judicial Council business meeting prior to March 15.

- d. Allocate to all courts after March 15 a proportionate share of any unexpended funds from the 2 percent state-level reserve, regardless of whether the Judicial Council has allocated to a court supplemental funding for an urgent need in the current fiscal year, using courts' current year Trial Court Trust Fund and General Fund base allocation.
- e. If a court that is allocated supplemental funding determines during the fiscal year that some or all of the allocation is no longer needed due to changes in revenues and/or expenditures, [it] is required to return the amount that is not needed.

Judicial Council-Approved Information Required to be Provided by Trial Courts for Supplemental Funding

Below is the information required to be provided by trial courts for supplemental funding for urgent needs that were approved by the Judicial Council at its August 31, 2012, meeting.

- a. A description of what factors caused or are causing the need for funding;
- b. If requesting a one-time distribution, an explanation of why a loan would not be appropriate;
- c. Current status of court fund balance;
- d. Three-year history of year-end fund balances, revenues, and expenditures;
- e. Current detailed budget projections for the current fiscal year (e.g., FY 2012–2013), budget year (e.g., FY 2013–2014), and budget year plus 1 (e.g., FY 2014–2015);
- f. Measures the court has taken in the last three years regarding revenue enhancement and/or expenditure reduction, including layoffs, furloughs, reduced hours, and court closures;
- g. Employee compensation practices (e.g., cost-of-living adjustments) and staffing levels in the past five years;
- h. Description of the consequences to the court's operations if the court does not receive funding;
- i. Description of the consequences to the public and access to justice if the court does not receive funding;
- j. What measures the court will take to mitigate the consequences to court operations, the public, and access to justice if funding is not approved;
- k. Five years of filing and termination numbers;
- l. Most recent audit history and remediation measures;
- m. If supplemental funding was received in prior year, please identify amount received and explain why additional funding is again needed in the current fiscal year; and

- n. If the request for supplemental funding is not for a one-time concern, the court must include an expenditure/revenue enhancement plan that identifies how the court will resolve its ongoing funding issue.

APPLICATION FOR SUPPLEMENTAL FUNDING FORM

<p>Please check the type of funding that is being requested:</p> <p><input type="checkbox"/> CASH ADVANCE (Complete Section I only.)</p> <p><input checked="" type="checkbox"/> URGENT NEEDS (Complete Sections I through IV.)</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> ONE-TIME DISTRIBUTION</p> <p style="padding-left: 20px;"><input type="checkbox"/> LOAN</p>	
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SECTION I: GENERAL INFORMATION

<p>SUPERIOR COURT: KINGS</p>	<p>PERSON AUTHORIZING REQUEST (Presiding Judge or Court Executive Officer): Hon. Thomas DeSantos, Presiding Judge</p>	
	<p>CONTACT PERSON AND CONTACT INFO: Hon. Steven Barnes, Assistant Presiding Judge Jeffrey Lewis, Court Executive Officer</p>	
<p>DATE OF SUBMISSION: JANUARY 16, 2014</p>	<p>DATE FUNDING IS NEEDED BY: MARCH 1, 2014</p>	<p>REQUESTED AMOUNT: \$130,168</p>

REASON FOR REQUEST
 (Please briefly summarize the reason for this funding request, including the factors that contributed to the need for funding. If your court is applying for a cash advance, please submit a cash flow statement when submitting this application. Please use attachments if additional space is needed.)

Please see the enclosed document [with supporting Exhibits and Attachments], requesting California Judicial Council approval for FY13-14 supplemental funding for costs projected for year-two of Kings’ implementation of Tyler Technologies “Odyssey” case management system [CMS].

**Superior Court of Kings County
Request for Distribution from the Fiscal Year 2013-14
Trial Court 2% State Level Reserve Trust Fund
For Tyler Technologies "Odyssey" CMS Project**

January 16, 2014

PURPOSE:

The Superior Court of Kings County appreciates and again thanks the Judicial Council for its February 2013 decision to assist the Court with funding for a new case management system (CMS). Per the terms and conditions enacted by the Council, and based upon the projected financial status of the Court on June 30, 2014, Kings is respectfully submitting a funding request to offset the costs projected for the second-year of our Tyler Technologies "Odyssey" CMS implementation costs.

BACKGROUND:

In January of 2013, Kings County Superior Court submitted an application to the Judicial Council for supplemental funding that would enable the Court to migrate from the antiquated mainframe legacy case management system hosted by the County to transition to a new server-based or web browser-based CMS (*See Attachment A*).

On February 26, 2013, the Judicial Council reviewed and approved the Court's request for funding from the Trial Court 2% state-level reserve for up to \$2.11 million over a five-year period to assist Kings with the deployment of vendor-hosted Tyler Technologies "Odyssey" CMS. The funding was contingent on the terms and conditions as stated below:

- The court will use its best efforts to spread the cost of the project over the full five-year period so as to minimize each year's distribution from the TCTF 2% state-level reserve.
- The court is allocated \$733,000 from the TCTF 2% state-level reserve for FY 2012 – 2013. Any unused distribution amount from the 2% state level reserve in FY 2012–2013 should be used in FY 2013–2014.
- The funds will be distributed to the Court upon the submission of invoices for products and services necessary to acquire and deploy the Kings new CMS.
- Any allocations for FY 2013–2014 through FY 2016–2017 would come from that year's TCTF 2% state-level reserve.
- In order to receive a distribution from the TCTF 2% state-level reserve for FY 2013–2014 through 2016–2017 for the project, the court must provide a projection of all project costs, and detailed financial information demonstrating why it is unable to address those costs within existing resources, to the Judicial Council, no later than November 1st of each year.
 - Kings submitted the required information on October 17, 2013. At which time it was determined that upon further review and revision of the Court's budget, Kings would resubmit an updated projection in January 2014.
- The Administrative Director of the Courts will monitor the project and costs (including invoices) submitted and the payments made to assure that the distributions are appropriate.

These terms and conditions were memorialized in *Inter-Branch Agreement (IBA) No. 1-026932* between Kings County Superior Court and the Administrative Office of the Courts on April 10, 2013 (*Attachment B germane*).

COMPLIANCE:

To date, the Court has strictly adhered to and complied with all of the provisions set forth in the IBA, including conducting monthly status meetings and reviewing monthly reports provided by the Project Manager.

All project milestones and tasks have been completed on time and according to the master project schedule. Project Management (PM), meetings, data conversion, configuration, and integration activities are being conducted concurrent with other project related tasks. To summarize, the following key

milestones have been completed: (See *Attachment C* for detailed reports for the periods May through December, 2013)

MAY 2013

- ✓ Kings and Tyler Technologies (Tyler) conducted project Kickoff meeting on Tuesday, May 7 and established weekly project status meetings.
- ✓ Kings completed Business Process Review (BPR) documentation and submitted to Tyler Kings specific CMS business process scenarios.
- ✓ Tyler conducted initial *Odyssey* training for Subject Matter Experts (SMEs) in preparation for BPR and Functional Integration Testing (FIT) sessions.
- ✓ Kings had cooperative planning discussions with both ACS and County IT staff regarding legacy system data extracts.
- ✓ Kings completed Integration Questionnaires defining current and future data interfaces.

JUNE 2013

- ✓ Kings reviewed/approved Communications Plan, Project Charter, Project Plan and Statement of Work.
- ✓ Tyler and Kings conducted BPR June 10-14.
- ✓ Kings IT set up an environment on their SQL Server so ACS could provide SQL data files to Tyler.
- ✓ Kings IT provided test data from both ACS and County mainframe systems to Tyler via Secure File Transfer Protocol (SFTP)...Data Conversion efforts continue.
- ✓ Tyler and Kings conducted FIT session June 18-19.

JULY 2013

- ✓ AOC prepared contract amendment to include Enterprise Custom Reporting (ECR) module...Kings signed and forwarded to Tyler for signature.
- ✓ Kings reviewed and signed off on Conversion Plan and Configuration Plan.
- ✓ Kings IT set up training room, including PCs and projector, to be used through duration of project.

AUGUST 2013

- ✓ Governance Board meeting was conducted, and future dates were tentatively scheduled.
- ✓ BPR and FIT findings were reviewed and approved by Kings.
- ✓ Configuration Workshop completed...Kings continuing configuration activities in *Odyssey*.
- ✓ Kings trained on Code Mapper Utility and is continuing code-mapping activities.
- ✓ Kings IT is maintaining a progress tracking and assignment worksheet for configuration tasks. Kings is currently 19% complete with Case Manager configuration tasks, 29% in progress.
- ✓ Integration Toolkit workshop was conducted August 20-22...Integrations to be completed by Kings IT were identified.
- ✓ Tyler submitted narrative and DMV Information Security Agreement (DISA) to DMV for approval.
- ✓ Tyler delivered DMV Interface Conceptual Product Design to Kings.

SEPTEMBER 2013

- ✓ Kings is currently 56% complete with System configuration tasks, with 16% in progress, and 28% remaining to address. Case Manager configuration is 36% complete, 50% in progress, and 14% remaining to address.
- ✓ Kings staff reviewed legacy offense codes and is evaluating best approach for importing and mapping offenses. Court obtained Offense Code Tables from both DA's office and from SLO, and is reviewing and comparing with its legacy data.
- ✓ Tyler performed some initial data cleanup on legacy offense codes and imported these into *Odyssey* and the Code Mapper...Kings now analyzing results and mapping these codes.

- ✓ Tyler delivered DMV Interface CPD (Conceptual Product Design) to Kings, which was reviewed, and was revised to reflect recommended changes...a second round of revisions is in progress.
- ✓ The initial Business Process Engineering workshop was conducted September 3-5...the next is scheduled for October 22-24.
- ✓ Kings reviewed Phoenix Interface Manual and determined there was not enough benefit to Court to pursue an interface (as Kings only processes one or two Phoenix deposits per month).

OCTOBER 2013

- ✓ The SME team has completed the first phase of the configuration and mapping tasks in preparation for the first data conversion run of Civil case data. The team continues to work on configuration for Criminal and Traffic.
- ✓ Tyler prepared to run the first Data Conversion and populate the Test environment for the Court's review.
- ✓ DMV approved Tyler's DMV Information Security Agreement (DISA). This is the first step in becoming an approved DMV data center.
- ✓ Kings twice reviewed the DMV Interface CPD (Conceptual Product Design) and provided feedback to Tyler. Tyler has revised the CPD to reflect the changes. Kings will next review the final draft CPD.
- ✓ Tyler was onsite and completed the Security Workshop with Kings, October 7 – 10.

NOVEMBER 2013

- ✓ Tyler ran the first Data Conversion and populated the Test Environment for the Court's review.
- ✓ Weekly data issue review calls were conducted to review status of all data conversion issues.
- ✓ Tyler updated Kings' Odyssey application to Odyssey 2013. This update also included numerous California specific enhancements for citations, charges, sentencing and ePayments.
- ✓ Tyler led a walk-through of the DMV Interface CPD (Conceptual Product Design) with Kings to address any questions and discuss the latest updates.

DECEMBER 2013

- ✓ Tyler continues to resolve reported data conversion issues.
- ✓ A conference call between Tyler, Kings and DMV confirmed that the Kings will need to complete a DMV Information Security Agreement (DISA).
- ✓ Tyler led a walk-through of the DMV Interface to discuss the latest updates.
- ✓ Weekly project team status calls were conducted.
- ✓ A Governance Board meeting was conducted on December 18.

FINANCIAL INFORMATION:

As part of the initial application for funding, a project budget was submitted (*Exhibit 1A*) *pertains*). Due to the timing of Kings funding request and the date of actual funding approval, Kings determined it necessary to delay the project start date. Thus, the actual first-year expenses and funding are not accurately reflected in *Exhibit 1A*.

For this reason, Kings prepared *Exhibit 2A* which reflects actual costs incurred in FY 2012-13 of \$262,770 and forecasted FY 2013-14 costs -- \$82,573 (year-to-date expenditures) and another \$517,824 (in projected costs) -- for a total of \$600,399 in FY 2013-14. This table, which represents a more accurate estimate of how the funding and expenses are aligned with the progress of the CMS implementation--and which provides a more precise accounting of the funding needed for FY 13-14, is also reflected in the Court's budget submission to the AOC for FY 2013-14.

NOTE: There is also the potential that some initial projected expenses (now reflected in this FY13-14 funding request) may extend into FY 14-15 and possibly beyond.

Accordingly, and pursuant to the aforementioned *IBA (Attachment B)*, to receive a distribution from the TCTF 2% state-level reserve for FY 2013–2014 through 2016–2017 for the *Odyssey* project, Kings must provide a projection of all project costs *and* detailed financial information demonstrating why it is unable to address those costs within existing resources, to the Judicial Council.

Kings has provided the requisite financial forecasts to AOC Finance for Fiscal Years 2013-14 and 2014-15; Tables 1 and 2 herein summarize Kings financial projections with - and without - funding for the Tyler *Odyssey* CMS project. In January 2014 Kings reviewed its previously submitted Schedule 1 and submitted a revised Schedule 1 based on anticipated increased expenses.

Table 1 - KINGS ENDING FUND BALANCE PROJECTION WITHOUT 2nd YEAR CMS FUNDING

Fiscal projection - <u>without</u> 2nd Year Funding	FY 13-14	FY 14-15 - Projection
Beginning Fund Balance	464,664	(146,959)
State Financing Sources	6,966,515	6,966,515
Return of 2% Reserve Projected	53,598	53,598
CMS Funding from FY 12-13**	470,231	0
<i>FY 14-15 Proposed \$100M***</i>		387,737
<i>FY 13-14 & FY 14-15 CMS Funding request</i>	0	0
Non TCTF Local Revenue	739,950	739,950
Kings County Collaborative Courts/Avenal Court Assistance	260,000	0
AB 1058 Grant	456,276	456,276
Revenue Total	9,411,234	8,457,117
Personnel Services	5,887,578	5,513,198
Operations	3,070,216	3,070,216
CMS Expenses Projected in FY 13-14 & FY 14-15 (Exhibit 2A)	600,399	602,861
Expenditures Total	9,558,193	9,186,275
Projected Fund Balance	(146,959)	(729,158)
1% Reserve	90,300	95,582
Total Expenditures with 1% Reserve	9,648,493	9,281,857
Revised Projected Fund Balance/Deficit	(237,259)	(824,740)

Table 2 - KINGS ENDING FUND BALANCE PROJECTION WITH 2nd YEAR CMS FUNDING

Fiscal Forecast <u>with</u> CMS Funding	FY 13-14	FY 14-15 - Projection
Beginning Fund Balance	464,664	(16,791)
State Financing Sources	6,966,515	6,966,515
Return of 2% Reserve Projected*	53,598	53,598
CMS Funding from FY 12-13**	470,231	0
<i>FY 14-15 Proposed \$100M***</i>		387,737
FY 13-14 & FY 14-15 CMS Funding request	130,168	602,861
NonTCTF Local Revenue	739,950	739,950
Kings County Collaborative Courts/Avenal Court Assistance	260,000	0
Grants	456,276	456,276
Revenue Total	9,541,402	9,190,146
Personnel Services	5,887,578	5,513,198
Operations	3,070,216	3,070,216
CMS Expenses Projected in FY 13-14 & FY 14-15 (Exhibit 2A)	600,399	602,861
Expenditures Total	9,558,193	9,186,275
Projected Fund Balance	(16,791)	3,871
1% Reserve	90,300	95,582
Total Expenditures with 1% Reserve	9,648,493	9,281,857
Revised Projected Fund Balance/Deficit	(107,091)	(91,711)
*In FY 2013-14 Kings received funding from Kings County for the support of the Avenal Court and the collaborative court. The assumption is that this funding is one time in nature. **Bal of FY 12-13 approved funding. ***Projected Kings share of the \$100M restoration to the Trial Courts in the Governor's proposed budget.		

ACTIONS TAKEN TO ADDRESS PROJECTED FY 13-14 AND FY 14-15 BUDGET SHORTFALLS:

Table 1 reflects a budget savings of \$514,898 in Fiscal Year 2013-14 realized by the elimination of one (1) executive officer position, one (1) mid-level management position and one (1) line staff, as well as the imposition for a fifth consecutive fiscal year of mandatory furlough days for all remaining Court employees, this time totaling 21 days per employee.

A mid-year budget adjustment has been made to reflect a more accurate financial forecast in FY 2013-14. Expenditures for Court Appointed Council for Children and Parents are projected to exceed the Court's reimbursable allocation by \$100,328 and based on the average usage from July through December; expenses for court reporters and transcripts were increased by \$60,000. The revised budget also reflects a shift in costs for the Tyler CMS project from FY 2014-15 to FY 2013-2014 for T1 costs and installation. This mid-year update has been posted for public comment and certified.

Table 2 estimates further savings totaling \$781,936 for FY 14-15 through the termination of two (2) additional management positions, a full fiscal year of savings for the FY 13-14 elimination of an executive officer-level position, and requiring 22 mandatory furlough days for all remaining Court employees.

NOTE: Kings is prepared to take further measures to reduce expenses so as to avoid a negative end-of-fiscal year fund balance if there is no additional TCTF restoration forthcoming in FY 13-14 or FY 14-15 or

in the event the Court experiences an unexpected [and far more drastic reduction] in funding in comparison to the FY 13-14 allocation.

FIVE-YEAR COSTS & SAVINGS PROJECTION:

Table 3 demonstrates Kings projected costs and savings from replacement of the County legacy CMS with Tyler Technologies Odyssey CMS over the five-year period from Fiscal Year 2012-13 through Fiscal Year 2016-17, equaling an overall estimated savings to the Judicial branch of more than \$700,000.

Table 3 also reflects a decrease in anticipated costs for both FY 2012-13 and FY 2013-14 for the installation and use of T1 data lines. This change, netting a savings of \$60,385, due to both a multi-month delay in the project start until late-April 2013 and a reassessment of when the T1 lines would actually be required, results in a reduction in the overall forecast project cost from \$2.11M to \$2.05M.

Table 3: Projected Costs and Savings for the Kings County Court CMS Allocations over 5 Years

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	Total Costs Over 5 Years
CMS VENDOR COSTS						
One-Time Implementation Costs			181,500			181,500
Annual License and Maintenance	250,000	257,500	265,225	273,182	281,377	1,327,284
Subtotal CMS Vendor Cost	250,000	257,500	446,725	273,182	281,377	1,508,784
COURT CMS COSTS						-
Project Manager (Temp)	5,720	58,130	25,052			88,902
Court Integration Technician (Temp)	4,810	58,511	25,581			88,902
COBOL Programmer	2,239	52,796	18,465			73,500
Infrastructure/T1 Installation			10,000			10,000
Annual T1 Costs - 5 YEARS (DMV, SaaS Connectivity)			29,838	29,838	29,838	89,515
Hardware and Scanners		22,500	-		-	22,500
Server Hardware	-	-	-	-	-	-
Travel		35,499	19,501			55,000
Unfunded CMS Costs*		75,624	37,699			113,323
Subtotal Court CMS Costs	12,769	303,060	166,136	29,838	29,838	541,642
Total Odyssey CMS Costs Per Year	262,769	560,560	612,861	303,020	311,215	2,050,426
CMS costs based on remaining with the County.*			166,664	586,000	586,000	1,338,664
TOTAL CMS PROJECTED COSTS & SAVINGS PER YEAR	(262,769)	(560,560)	(446,197)	282,980	274,785	(711,762)

*Costs reflect Kings County mainframe hosting and programmer costs [\$21,000 per month for 8 months] in FY 14-15 and the Court as the sole resident on the County mainframe in FY 2015-16 through FY 2016-17

CONCLUSION:

In view of the continued fiscal dire straits that Kings predicts it will find itself in for the next two fiscal years (as reflected in **Tables 1 and 2** *supra*), the Court now respectfully requests the California Judicial Council authorize a funding distribution from the Trial Court 2% State Level Reserve Trust Fund for FY 13-14 Odyssey roll-out costs in the amount of \$130,168 [i.e., CMS project year-two], as outlined in *Exhibit 2A and Exhibit 3A*, which will enable Kings to continue with its timely implementation of the Tyler CMS project.

EXHIBIT 1A

	Year 1 2013	Year 2 2014	Year 3 2015	Year 4 2016	Year 5 2017	TOTAL COSTS FOR 5 YEARS
CMS VENDOR COSTS						
One-Time Implementation Costs*	181,500					181,500
Annual License and Maintenance	250,000	257,500	265,225	273,182	281,377	1,327,284
SUBTOTAL CMS VENDOR COST	\$ 431,500	\$ 257,500	\$ 265,225	\$ 273,182	\$ 281,377	\$ 1,508,784
COURT CMS COSTS						
PROJECT MANAGER (TEMP)	47,414	41,488	-	-	-	88,902
COURT INTEGRATION TECHNICIAN (TEMP)	47,414	41,488	-	-	-	88,902
COBOL PROGRAMMER	73,500	-	-	-	-	73,500
INFRASTRUCTURE/T1 INSTALLATION	10,000	-	-	-	-	10,000
ANNUAL T1 COSTS - 5 YEARS (DMV, COURT)	29,838	29,838	29,838	29,838	29,838	149,192
HARDWARE and SCANNERS	22,500	-	-	-	-	22,500
SERVER HARDWARE	-	-	-	-	-	-
TRAVEL	29,333	25,667	-	-	-	55,000
UNFUNDED COUNTY CMS COSTS **	41,249	72,074				\$ 113,323
SUBTOTAL COURT CMS COST	\$ 301,250	\$ 210,554	\$ 29,838	\$ 29,838	\$ 29,838	\$ 601,319
TOTAL CMS COSTS PER YEAR	\$ 732,750	\$ 468,054	\$ 295,063	\$ 303,020	\$ 311,215	\$ 2,110,103

*Vendor proposal shows reduced implementation costs in year 1 with balance of implementation costs spread over the remaining years 2-5 and is included in the Annual License and Maintenance costs. (all subject to final contract negotiations with the vendor)

**Unfunded County CMS costs shows the additional cost for operating the old mainframe system concurrent with the implementation of the new system. These are unfunded costs due to cost increases the county will impose on to the Court once the court becomes the sole user of the mainframe system.

EXHIBIT 2A

Project Budget	2012/13 Actual Expenses	2013/2014 YTD Expenses	Total to Date	Balance to Date	FY 13-14 Projected Expenses	FY 14-15 Projected Expenses	FY 15-16 Projected Expenses	FY 16-17 Projected Expenses	Balance Year 5
CMS VENDOR COSTS									
\$ 181,500				\$ 181,500		\$ 181,500			\$ -
\$ 1,327,284	\$ 250,000		\$ 250,000	\$ 1,077,284	\$ 257,500	\$ 265,225	\$ 273,182	\$ 281,377	\$ -
				\$ 1,258,784		\$ 446,725			
COURT CMS COSTS									
\$ 88,902	5,720	29,645	35,365	\$ 53,537	28,485	25,052	-	-	\$ -
\$ 88,902	4,810	21,521	26,331	\$ 62,571	36,990	25,581	-	-	\$ 0
\$ 73,500	2,239	2,419	4,658	\$ 68,842	50,377	18,465	-	-	\$ 0
\$ 10,000			-	\$ 10,000	10,000	-	-	-	\$ -
\$ 149,192			-	\$ 149,192	29,838	29,838	29,838	29,838	\$ 29,839
\$ 22,500			-	\$ 22,500	22,500	-	-	-	\$ -
\$ 55,000			-	\$ -	6,510	19,501	-	-	\$ -
\$ 113,323			28,989	\$ 26,011					\$ -
				\$ 113,323	75,624	37,699			\$ -
		\$ 82,573		\$ 113,323	\$ 260,324	\$ 156,136	\$ 29,838	\$ 29,838	\$ 29,839
	\$ 262,769	\$ 82,573		\$ 3,023,545	\$ 517,824	\$ 602,861	\$ 303,020	\$ 311,215	\$ 2,080,264
\$ 2,110,103	\$ 262,769	\$ 82,573		\$ 3,023,545	\$ 517,824	\$ 602,861	\$ 303,020	\$ 311,215	\$ 2,080,264

EXHIBIT 3A	
CMS Funding Need Projection FY 2013-14	
Actual Expenses FY 2012-13	\$ 262,769
Projected Expenses FY 2013-14 Exhibit 2A	\$ 600,399
Total Expenses FY 2013-14	\$ 863,168
Funding approved and held in Trust from FY 2012-13	\$ 733,000
Additional Funding needed for FY 2013-14	\$ 130,168

