



# **2014 Board Retreat**

January 28

# 2014 Budget and Key Issues

- Key Issues:
  - Budget and Finance
  - Labor
  - Infrastructure
  - Select Department Specifics
    - General Government
    - Health and Human Services
    - Law and Justice
  - Fire
  - Questions/Comments

# Familiar Budget Drivers and Challenges for 2014/15 and Beyond

- Recognize sacrifice by Employees that were needed to address long term structural issues and to insure delivery of essential services to the public and to achieve financial stability
- Labor negotiations
- Continue to support Pension Reform Options that achieve a stable and sustainable Pension System
- Build Reserves
- Fund Infrastructure Needs (Repair & Maintenance)
- Federal Budget
- Adequately Fund Public Safety Departments and Public Safety Realignment
- Health & Human Services Realignment
- Reduce hospital dependency on General Fund as national Health Care Funding occurs
- As Successor Agency for Redevelopment, deal with issues of Bond indebtedness, disposal of assets, and related matters
- Contra Costa County Fire Protection District structural deficit



# Budget and Finances

# Contra Costa County

- In 2008 Beacon Economics made the following prediction:
  - “Beacon Economics expects property taxes to decline by nearly 11% over the next three years, with the largest declines coming in 2009-10.”
- Actual Contra Costa County experience:
  - 2009/10                   (7.2% decline)
  - 2010/11                   (3.4% decline)
  - 2011/12                   (0.48% decline)
  - 2012/13                   0.86% increase
  - 2013/14                   3.45% increase
  - 2014/15                   Projected to increase 6.5%

# FY 2013/14 Mid-Year Preliminary Stats

<b>ALL FUNDS</b>	<b>Budget</b>	<b>Actual</b>	<b>Percent</b>
Expenditures	\$ 2,667,416,136	\$ 1,162,706,726	43.6%
Revenues	\$ 2,556,453,302	\$ 973,878,916	38.1%

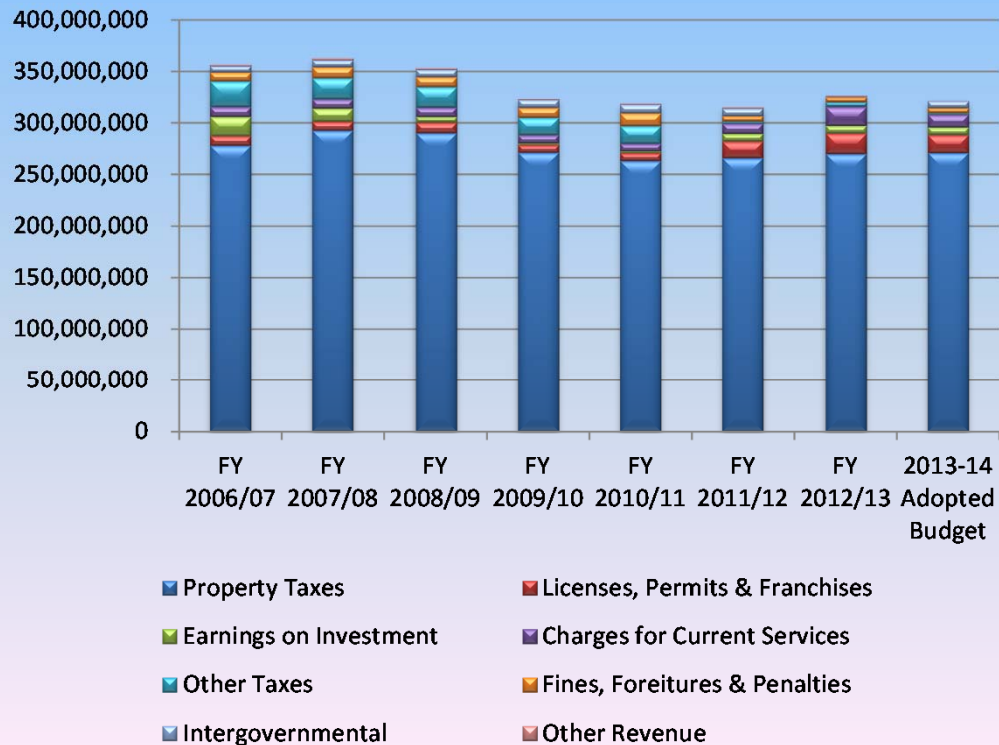
<b>GENERAL FUND</b>	<b>Budget</b>	<b>Actual</b>	<b>Percent</b>
Expenditures	\$ 1,354,222,232	\$ 582,311,859	43.0%
Revenues	\$ 1,315,439,200	\$ 452,629,559	34.4%

<b>GENERAL FUND</b>	<b>Budget</b>	<b>Actual</b>	<b>Percent</b>
Wages & Benefits	741,824,235	332,358,975	44.8%
Services & Supplies	420,922,521	171,987,556	40.9%
Other Charges	236,832,370	116,402,678	49.1%
Fixed Assets	34,217,056	2,490,928	7.3%
Inter-departmental Charges	(81,688,856)	(40,928,728)	50.1%
Contingencies	2,114,906	450	0.0%
<b>Total Expenses</b>	<b>\$ 1,354,222,232</b>	<b>\$ 582,311,859</b>	<b>43.0%</b>

<b>GENERAL FUND</b>	<b>Budget</b>	<b>Actual</b>	<b>Percent</b>
Taxes	\$ 291,424,000	\$ 187,372,177	64.3%
Licenses, Permits, Franchises	11,288,576	2,582,353	22.9%
Fines, Forfeitures, Penalties	26,044,296	3,074,151	11.8%
Use of Money & Property	2,139,761	1,155,844	54.0%
Federal/State Assistance	550,521,573	124,919,676	22.7%
Charges for Current Services	211,701,000	65,158,474	30.8%
Other Revenue	222,319,994	68,366,884	30.8%
<b>Total Revenues</b>	<b>\$ 1,315,439,200</b>	<b>\$ 452,629,559</b>	<b>34.4%</b>

# General Purpose Revenue

	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	2013-14 Adopted Budget
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Budget</u>
Property Taxes	278,070,589	292,844,817	290,226,190	271,340,322	263,410,494	266,177,126	270,099,929	270,900,000
Licenses, Permits & Franchises	9,464,697	8,608,175	10,266,183	7,549,279	7,648,768	16,117,187	19,843,785	17,524,000
Earnings on Investment	18,593,601	12,766,633	5,465,546	1,344,994	1,620,945	7,347,466	7,402,661	7,400,000
Charges for Current Services	9,418,200	8,959,053	9,226,290	8,001,888	7,234,435	9,833,684	18,402,209	12,300,000
Other Taxes	24,816,693	20,254,974	19,784,051	16,952,226	17,129,427	1,823,372	4,415,052	1,450,000
Fines, Foreitures & Penalties	8,768,838	10,648,126	9,381,467	9,400,863	12,493,236	5,251,426	4,661,882	4,950,000
Intergovernmental	6,057,205	6,824,242	7,281,018	7,937,202	8,297,228	7,578,851	722,065	6,600,000
Other Revenue	<u>1,289,973</u>	<u>1,883,225</u>	<u>1,619,071</u>	<u>992,706</u>	<u>910,173</u>	<u>1,215,856</u>	<u>1,043,997</u>	<u>360,000</u>
<b>Total</b>	<b>356,479,796</b>	<b>362,789,245</b>	<b>353,249,816</b>	<b>323,519,480</b>	<b>318,744,706</b>	<b>315,344,968</b>	<b>326,591,580</b>	<b>321,484,000</b>



# General Fund/General Purpose Revenue

## FY 2014/15 Projections

- Property Tax – 5% growth - General Fund increase of \$8.3 million, Property Tax-In Lieu of VLF \$4.7 million.
  - Total Taxes for Current Property increase of \$13.0 million (less than a 2% general fund wage increase)
- Public Safety Half-Cent Sales Tax (Prop 172) – 1.71% growth including pro-rata decrease - \$1.2 million
- Sales Tax – County receives less than \$11 million per year, small growth is anticipated.
- State – Mostly stable
- Federal - unknown



# Continue General Purpose Revenue Cost Avoidance

- Contribution to Hospital Enterprise Fund:
  - 2008/09                      \$61,349,686
  - 2013/14                      \$30,408,776 (50% decrease)
- Potential reduction in General Fund Contribution to the Hospital as the Affordable Care Act (National Health Care) is implemented
  - 2014/15 reduce by additional \$10 Million
  - 2015/16 reduce by additional \$10 Million
  - 2016/17 and beyond – Continued Contribution = \$10 Million
- Assumption is that we will likely have \$10 Million Uncompensated Care burden even after National Health Care

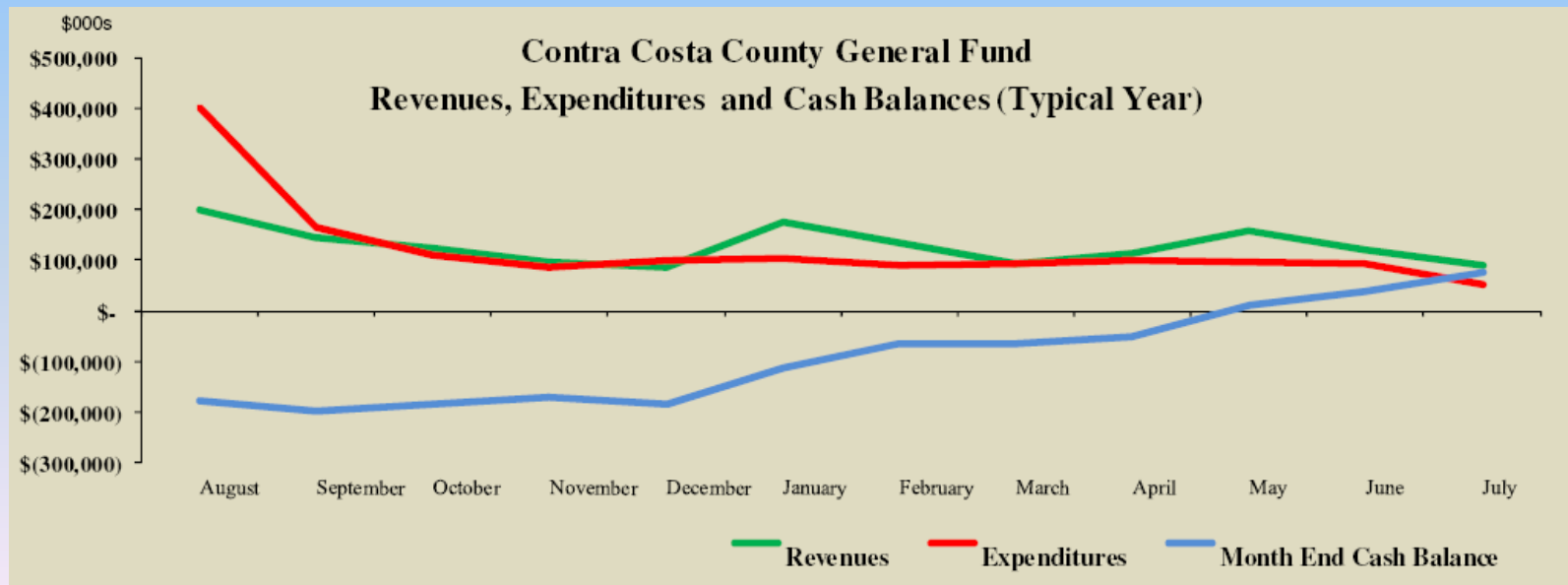
# General Fund Balance Assumptions

- June 30, 2013:
  - Total general fund revenues were \$1,226,614,000 and total fund balance including reserves was \$187,508,000.
  - Total fund balance is 15.3% of total revenue
  - Of the \$187.5 million
    - \$115.5 million was unassigned
    - \$72.0 million was assigned, committed, restricted or nonspendable
  - Minimum fund balances of 5% and 10% would be \$61,331,000 and \$122,661,000 respectively. There was \$64,846,000 available over the 10% reserve minimum.
- June 30, 2014:
  - It is planned and anticipated that Total General Fund Balance including Reserves will remain stable. Projections depend upon labor negotiations.
- June 30, 2015:
  - No fund balance use is recommended in FY 2014-15

# Importance of Reserves for Cash Flow

- Although revenues are volatile, expenses (majority for salaries) are quite smooth.
- Even with a General Fund Reserve of \$187.5 Million, the General Fund has a negative cash flow at least 9 months of the year.
- The General Fund cash balance begins the year with a negative cash balance due to large disbursements for advances, pension pre-pay costs, and accrued expenses.
- Cash flow is not positive until the second installment of property tax receipts are received in late spring.
- The Tax Losses Reserve Fund helps with the Treasury operations (cash flow) as it relates to the Teeter Advance of Taxes.

These are reasons why it is important to maintain a reasonable balance in the Tax Losses Reserve Fund, rather than the minimum level.



# Recent Tax Losses Reserve Activity

## Tax Losses Reserve

<u>Fiscal Year</u>	<u>Transfers</u>
FY 93-94	6,225,373
FY 94-95	15,321,481
FY 95-96	14,389,022
FY 96-97	9,889,000
FY 97-98	7,389,000
FY 98-99	7,389,000
FY 99-00	7,389,000
FY 00-01	7,389,000
FY 01-02	7,389,000
FY 02-03	7,389,000
FY 03-04	20,889,000
FY 04-05	9,000,000
FY 05-06	9,000,000
FY 06-07	8,000,000
FY 07-08	10,000,000
FY 08-09	9,000,000
FY 09-10	9,000,000
FY 10-11	12,000,000
FY 11-12	9,000,000
FY 12-13	22,300,000

<b>Budgeted</b>	<b>FY 13-14</b>	<b>22,000,000</b>
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<b>Total Since 1993</b>	<b>230,347,876</b>
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Recent higher than 'normal' delinquency deposits into the Tax Losses Reserve have allowed the County to:

- Transfer larger annual amounts into the General Fund for general purpose;
- Fund property tax related losses such as the recent adverse decision regarding Property Tax Administration Fees (\$5.3 million) without impacting services in the General Fund; and
- Fund much needed facility repairs, which would otherwise be funded with General Fund dollars.

12,000,000	Budget for General Purpose Rev Transfer
10,000,000	Budget for Facility Projects



# Infrastructure

# Infrastructure

- We continue to grapple with the huge deferred maintenance costs for facilities.
- We will be completing an updated assessment of our facilities this year and we have started work on an overall facilities master plan.

# Capital Maintenance Costs

- Recall that our comprehensive building condition assessments identified an updated total of \$270.2 million in deferred facilities maintenance needs and capital renewal requirements
- The distribution of costs by level of priority was as follows:

– Priority 1 – Currently Critical	\$ 2,165,000
– Priority 2 – Potentially Critical	27,391,000
– Priority 3 – Necessary, but not Critical	186,933,000
– Priority 4 – Necessary, within 6-10 Years	53,743,000
- \$ 5 Million was Budgeted in FY 2012/13
- \$10 Million was Budgeted in FY 2013/14

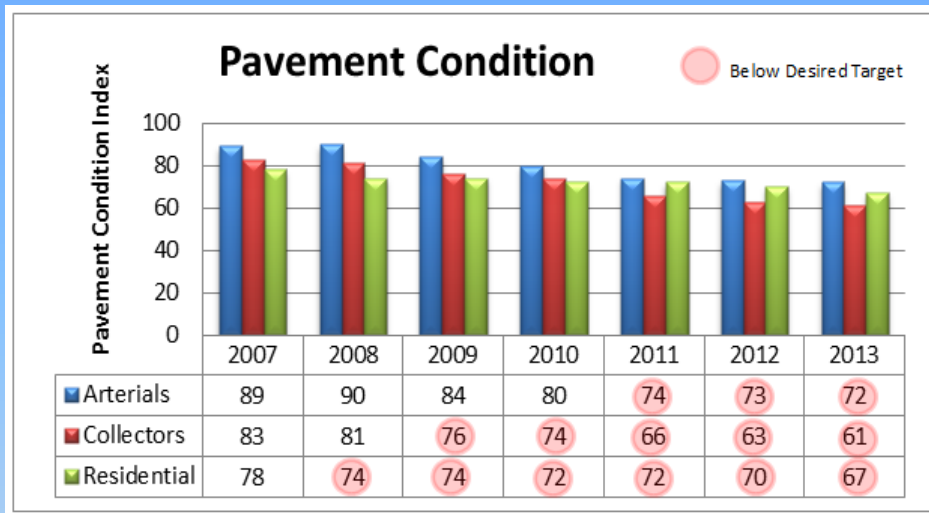
# Infrastructure

- Continue to fund Infrastructure Needs
  - Plan to budget approximately \$10 million for FY 2014/15
    - Complete original \$5 million FY 12/13 projects of Finance Building (now estimated at \$13 M+), etc.
    - Complete remaining Priority 1 projects (\$830k) – defined as needing immediate action
    - Continue to reduce remaining Priority 2 projects – defined as potential safety hazards or causing intermittent interruptions/deterioration.
  - Continue to fund facility lifecycle on a by-building cost-per-square foot basis – target \$750k set by Finance Committee
- Continue to explore ‘cloud’ IT opportunities



# County Road Program

## PAVEMENT CONDITION



Targets: Arterial 80, Collectors 80, Residential 75

### Status of Unincorporated County Roads:

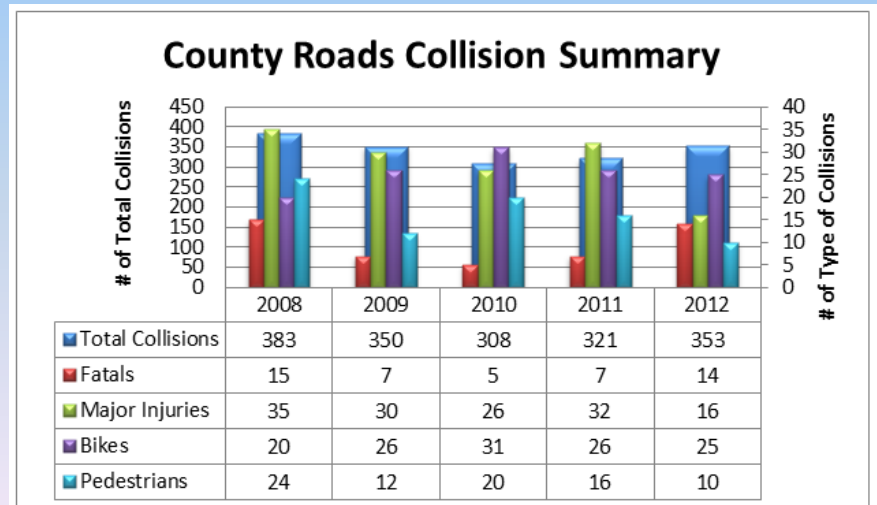
- Pavement Condition continues a downward trend falling below our desired target.
- Collisions on County roads is trending upward after several years of decline.
- Congestion meets General Plan targets, but traffic volumes are increasing on several major corridors such as Vasco Road

### Impact:

Gas Tax funds County road operations such as pavement preservation, grading shoulders, guardrail replacement, striping, signage, signal maintenance.

Any decline in gas tax coupled with the end of Proposition 1B transportation funds and a reduced federal transportation bill will impact the County's overall ability to properly maintain the transportation system or slow the impacts of an already underfunded service the County provides its residents.

## SAFETY

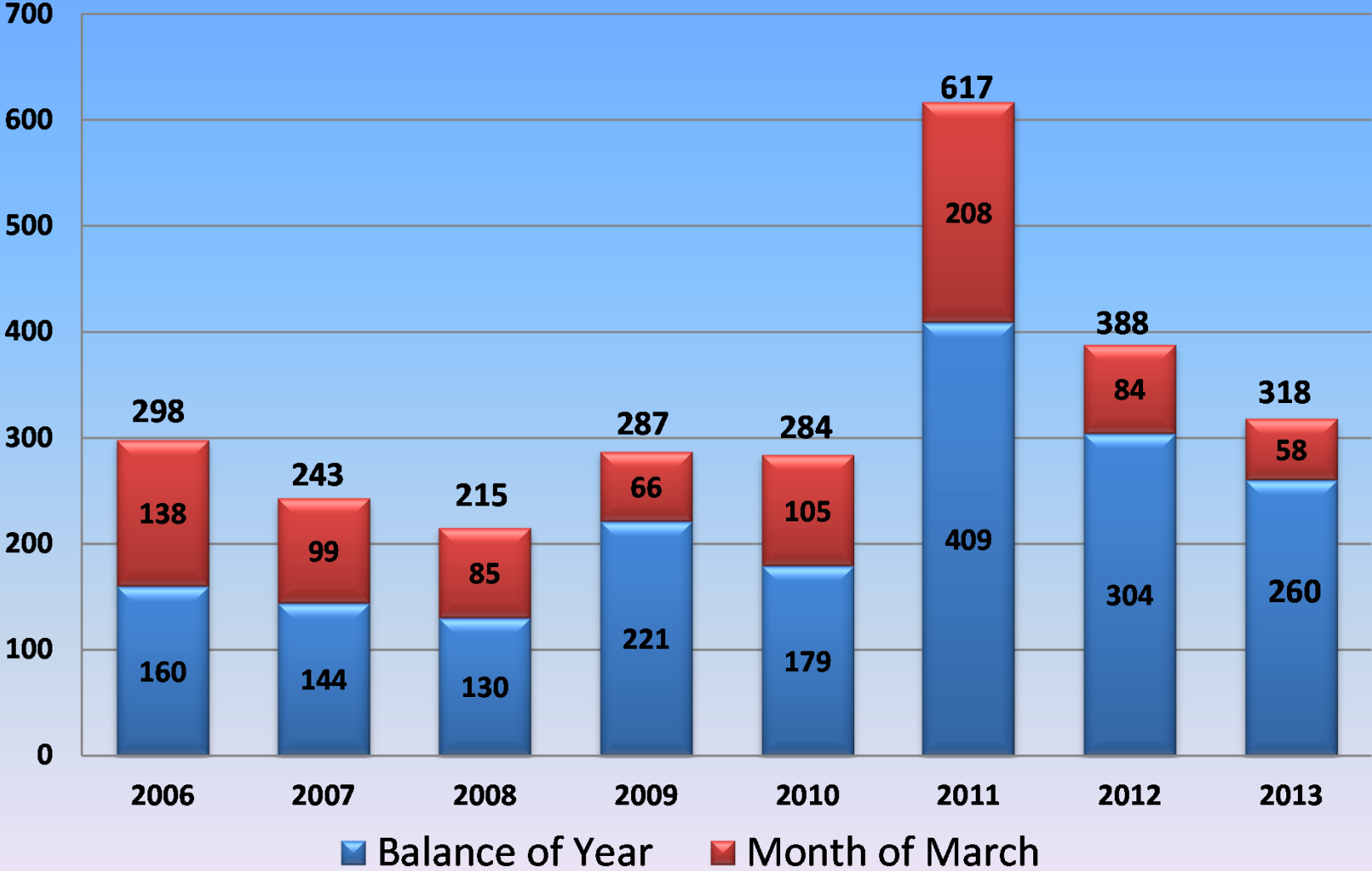


Data Source: TIMS (Transportation Injury Mapping System, unincorporated County, no State Highways)



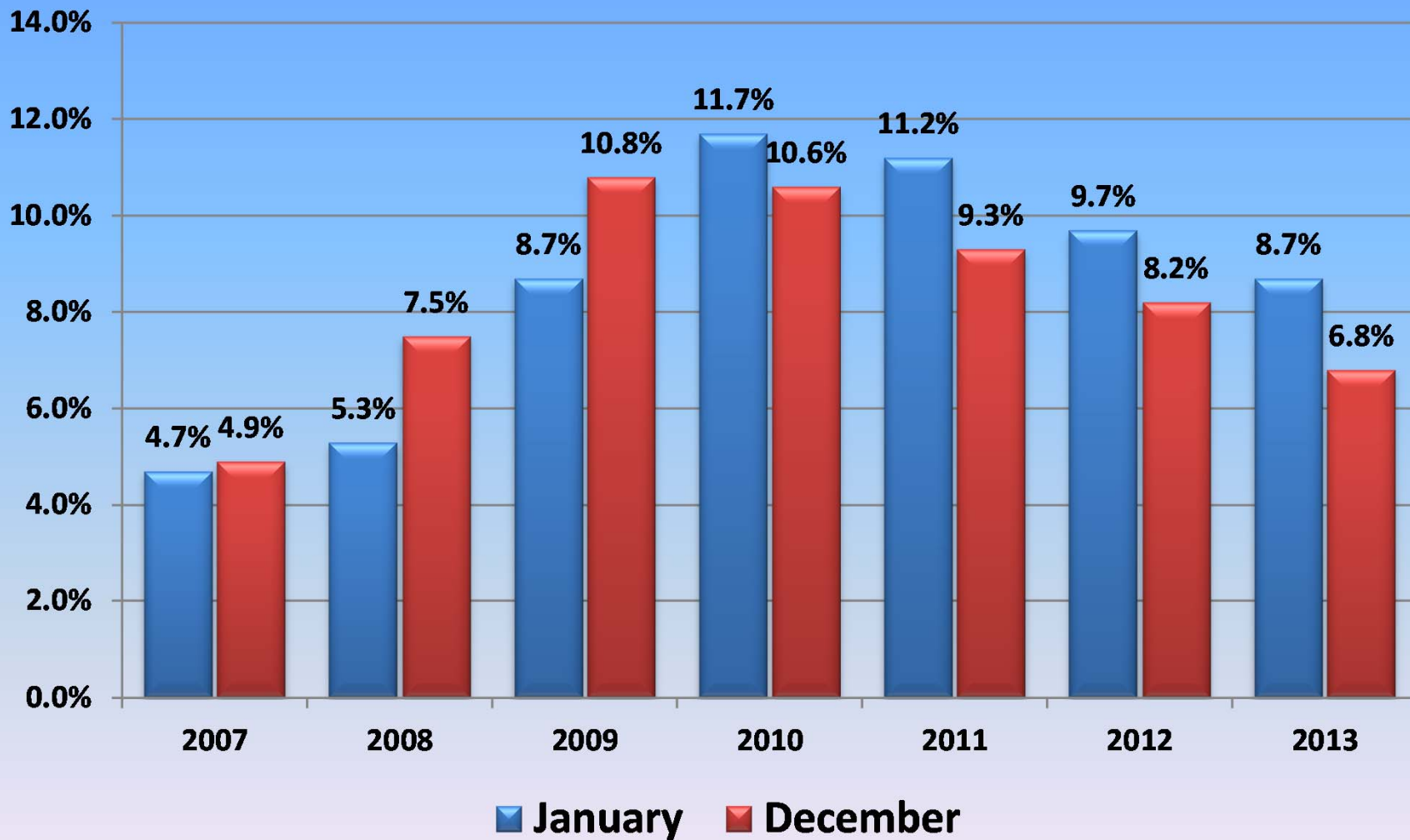
**Labor**

# Retirements Calendar Years 2006-2013



Note that December was highest month in 2012 (136).

# Unemployment Rate 7 Year Comparison



Note 2013 6.8% figure is November data.

# Historical Labor Costs General Fund

<b>GENERAL FUND</b>	<b>FY 2007/08</b>	<b>FY 2008/09</b>	<b>FY 2009/10</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>FY 2013/14</b>	<b>Change**</b>
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Projected*</u>	
Permanent Salaries	361,536,332	364,404,976	337,566,573	330,685,736	323,214,116	321,605,335	331,724,084	10,118,749
Temporary Salaries	12,441,270	12,497,305	14,051,898	17,931,056	20,842,008	23,594,345	22,500,772	-1,093,573
Permanent Overtime	15,315,403	12,264,219	12,055,264	14,237,551	16,185,558	17,759,366	18,267,906	508,540
Deferred Comp	1,020,000	1,011,277	886,956	922,829	953,934	1,157,366	1,369,780	212,414
Comp & SDI Recoveries	-1,911,718	-1,589,507	-1,719,857	-1,856,792	-1,687,531	-1,847,033	-1,968,176	-121,143
FICA/Medicare	22,857,870	22,691,254	21,091,543	20,988,471	20,882,816	21,126,905	21,372,752	245,847
Ret Exp-Pre 97 Retirees	1,968,495	1,956,847	1,892,272	1,878,723	1,869,642	1,845,967	1,873,746	27,779
Retirement Expense	145,557,255	148,644,974	128,057,220	133,238,617	136,824,603	150,156,939	165,734,354	15,577,415
Employee Group Insurance	54,185,750	56,005,178	54,337,009	53,668,491	53,002,293	52,577,358	52,755,824	178,466
Retiree Health Insurance	25,192,301	25,692,908	26,714,761	28,677,012	31,270,838	31,632,649	31,479,282	-153,367
OPEB Pre-Pay		13,911,579	13,741,036	13,721,448	13,723,499	13,785,604	13,065,600	-720,004
Unemployment Insurance	777,182	775,489	1,633,117	2,153,845	1,284,237	1,374,314	1,406,380	32,066
Workers Comp Insurance	24,074,249	13,963,367	13,144,008	13,455,147	11,246,660	11,274,142	11,445,088	170,946
Labor Received/Provided	<u>1,013,306</u>	<u>322,613</u>	<u>661,279</u>	<u>487,961</u>	<u>581,832</u>	<u>570,971</u>	<u>223,362</u>	<u>-347,609</u>
Salaries and Benefits	664,027,695	672,552,479	624,113,079	630,190,095	630,194,505	646,614,228	671,250,754	24,636,526
Increase/(Decrease)		8,524,784	-48,439,400	6,077,016	4,410	16,419,723	24,636,526	

\* Projection is double six months.

\*\* Change column is between FY 12/13 and projected 13/14.

# Historical Labor Costs All County Funds

<u>COUNTY</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>	<u>Change**</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Projected*</u>	
Permanent Salaries	502,129,134	514,394,873	492,801,239	487,322,501	481,217,812	480,546,483	492,086,832	10,869,020
Temporary Salaries	29,178,686	32,721,949	37,337,487	40,912,512	46,635,323	52,468,685	53,111,754	6,476,431
Permanent Overtime	19,520,079	16,639,812	15,740,598	17,862,642	21,723,606	23,466,747	23,371,768	1,648,162
Deferred Comp	1,247,716	1,243,273	1,160,883	1,197,053	1,253,245	1,552,211	1,847,202	593,957
Hrly Physician Salaries	1,545,186	1,817,809	1,891,972	2,161,730	2,134,980	2,626,854	2,620,878	485,898
Perm Physicians Salaries	27,069,204	28,806,831	31,213,084	31,173,790	33,118,707	35,632,415	37,162,186	4,043,479
Perm Phys Addnl Duty Pay	1,683,818	1,823,452	1,826,335	1,956,341	1,891,438	1,976,098	1,964,728	73,290
Comp & SDI Recoveries	-2,962,165	-2,400,931	-2,632,322	-2,796,169	-2,332,274	-2,557,280	-2,777,578	-445,304
Vacation/Sick Leave Accrual	793,515	328,684	338,576	-422,707	559,247	242,303	0	-559,247
FICA/Medicare	36,332,850	37,231,115	36,364,870	36,288,855	36,696,440	37,362,344	37,119,744	423,304
Ret Exp-Pre 97 Retirees	2,750,630	2,751,898	2,752,131	2,752,614	2,751,672	2,750,979	2,750,848	-824
Retirement Expense	201,167,222	207,114,048	184,140,541	192,892,090	202,105,619	221,505,843	243,147,182	41,041,563
Employee Group Insurance	82,304,697	86,510,577	85,891,576	85,811,334	85,433,103	84,392,571	84,275,462	-1,157,641
Retiree Health Insurance	32,878,273	33,388,058	35,170,431	37,741,416	41,709,278	42,578,927	42,543,036	833,758
OPEB Pre-Pay		17,968,343	18,942,232	18,573,163	18,625,208	18,637,346	17,263,840	-1,361,368
Unemployment Insurance	1,160,943	1,188,580	2,609,671	3,463,678	2,096,833	2,265,484	2,308,886	212,053
Workers Comp Insurance	35,327,965	20,405,944	19,544,807	19,763,721	16,821,150	17,044,418	17,063,600	242,450
Labor Received/Provided	<u>1,021,498</u>	<u>287,080</u>	<u>611,851</u>	<u>453,732</u>	<u>646,985</u>	<u>550,728</u>	<u>227,042</u>	<u>-419,943</u>
Salaries and Benefits	973,149,251	1,002,221,395	965,705,962	977,108,296	993,088,372	1,023,043,156	1,056,087,410	62,999,038
Increase/(Decrease)		29,072,144	-36,515,433	11,402,334	15,980,076	29,954,784	62,999,038	

\* Projection is double six months.

\*\* Change column is between FY 12/13 and projected 13/14.

# OPEB Liability Significantly Reduced due to Board Actions and Collective Bargaining

- Most recent actuarial report received in June 2012
  - Reduction in 2006 OPEB Liability from \$2.6 billion to \$968.5 million
  - ARC from \$216.3 million to \$93.8 million
  - Total OPEB Trust assets \$119.2 million as of September 2013
  - Reduction reflects health plan changes, caps on County contributions and labor agreements
- The Board's actions have made it possible for the County to continue to provide much needed services, including health services, to County residents including the indigent.
- In March 2012, a lawsuit was filed by a retiree organization challenging the changes in retiree health care member subsidies. If the retirees prevail, the County could be liable for past and future premium costs.
- Ratio of retirees to active employees is climbing progressively

<u>Census Data</u>	<u>2006 Total</u>	<u>Active/ Retiree</u>	<u>2012 Total</u>	<u>Active/ Retiree</u>
Actives	8,428	63%	7,720	57%
Retirees and Survivors	<u>4,856</u>	37%	<u>5,941</u>	43%
Total Counts	13,284		13,661	

- In February 2014, the Board will receive a report regarding recommendations for changes to the strategic plan and the actuarial assumptions for the biennial report of 2014.

# Labor Negotiations

## Currently Negotiating (71% of employees)

	<u>Total Number of Employees</u>	<u>Contract Expiration Date</u>
AFSCME Local 2700, United Clerical, Technical and Specialized Employees	1811	6/30/2013
AFSCME Local 512, Professional and Technical Employees	291	6/30/2013
California Nurses Association - Per Diem Unit (L8)	357	1/31/2013
District Attorney Investigator's Association (DAIA)	25	6/30/2013
IHSS SEIU - United Healthcare Workers West		6/30/2012
Professional & Technical Engineers – Local 21, AFL-CIO	901	6/30/2012
Public Employees Union, FACS Site Supervisor Unit (CSB)	15	6/30/2013
Public Employees Union, Local One	2454	6/30/2013
SEIU Local 1021, Rank and File Unit	947	6/30/2013
SEIU Local 1021, Service Line Supervisors Unit	37	6/30/2013
Western Council of Engineers (WCE)	18	6/30/2013

## Settled

AFSCME Local 512, Probation Supervisors Unit (KU)	22	6/30/2015
California Nurses Association	570	7/31/2014
CCC Deputy District Attorneys' Association	87	6/30/2015
Contra Costa County Defenders Association	77	6/30/2015
Deputy Sheriff's Association, Mgmt Unit and Rank and File Unit (DSA)	806	6/30/2016
IAFF Local 1230	283	6/30/2014
Physicians and Dentists of Contra Costa	304	10/31/2016
Probation Peace Officers Association	265	6/30/2015
United Chief Officers' Association (UCOA)	14	6/30/2014
Management Classified & Exempt	369	
Management Project	42	
	<hr/> <hr/> 9,695	



# Preliminary Salary Projection Data for FY 2014/15

- General Fund increase of \$67.1 million (includes cost of previously funded vacancies)
  - \$36.7 million in permanent salaries
  - \$24.1 million in retirement expense (net of POB decrease)
  - \$1.1 million in group health insurance
  - \$466 thousand decrease in unemployment insurance
- All County Funds increase of \$125.8 million (includes cost of previously funded vacancies)
  - \$86.7 million in permanent salaries
  - \$35.6 million in retirement expense (net of POB decrease)
  - \$1.8 million in group health insurance
  - \$713 thousand decrease in unemployment insurance
- We continue to be challenged by pension costs due to pending lawsuits and changes to Contra Costa County Employees' Retirement Association policies and adopted rates
  - Rates may be much higher or lower in the future



# Select Department Specifics



# General Government

# Other Public Works Issues

- Our special districts do not have enough revenue to support basic level of service.
- We are proposing to close our Materials and Testing Lab due to reduced workload and seasonal operations.
- We are starting to see some more development activity
  - increase in work load
  - Increase in developer fees for transportation projects.

# Dept. of Information Technology

- Difficulty recruiting and retaining the needed skill sets
- **High-risk:** Now operating at single points of failure in critical systems including public safety radio, payroll, email, property tax, finance, and justice systems
- Anticipated retirements will exacerbate the situation

# Justice Case Management Systems

- Systems will automate work flow and case management practices within the local criminal justice system
- Will enable more robust data collection activities and help inform use of evidence-based practices
- Will provide improved management tools for tracking work status and balancing workload
- Vendor demonstrations completed and systems thoroughly evaluated
- Systems selected by District Attorney and Probation Departments
- CAO staff working with the departments to conduct and document a fit analysis, define the scope of service, and negotiate contract terms
- Contracts will come before the Board during the next few months
- One to two years implementation, in phases
- Public Defender system RFP will follow

# Conservation & Development

- As the economy recovers, the public is moving quickly with development projects
- Permit numbers are growing and are expected to continue to grow through the fiscal year
- Increasing demand for services will require expanded use of technology (e.g. online permitting), improvement to website utilization, and further reorganization of staffing, for both greater efficiency and to respond to the changing nature of applications
- A robust central administrative support will be critical to these efforts: Human Resources, County Administrator's Office, Information Technology



# Health and Human Services



# Child Support Services

Critical priorities for the Department of Child Support Services over the next twelve months include the following:

- Achieve federal performance measure levels set by the California Department of Child Support Services (1) establishing paternity, (2) increasing the number of cases with established child support orders, (3) increasing collections on current child support, (4) increasing the percentage of cases with arrears collected, and (5) improving cost effectiveness.
- Lead the way for California to accept child support cash payments using Moneygram's 35,000 nationwide locations with a customer fee of \$1.99 per transaction.
- Partner with Superior Court and other Contra Costa departments to install TouchPay kiosks in County locations to accept cash and credit card payments with no cost to the agencies.
- Expand the use of Qualified Domestic Relations Orders (QDRO) to collect past due child support from obligor employer pensions and 401k plans.

# Child Support Services

- Develop an improved seek work program to incorporate administrative reviews and the development of partnerships and referral processes with various agencies that assist the public with job searches.
- Expand stratification of the enforcement case load to segment the cases for a more focused effort to collections.

# Health Services

Major challenges for the Health Services Department over the next twelve months include the following:

- Implementation of the ACA and impact on CCRMC and Health Centers and CCHP.
- Continuing integration of Mental Health, Alcohol and other Drugs, and Homeless programs in the Behavioral Health Division.
- Integration of Behavioral Health with Primary Care in the Ambulatory Clinics.
- Continuing effort to improve HR processes.
- Monitoring finances regarding ACA revenues, Realignment and the next MediCal Waiver.

# Employment and Human Services

## Current Status

- Still recovering from the impacts of staffing losses coupled with significant caseload increases during the Recession;
- Rebuilding administrative and program support and infrastructure;
- Refocusing on our human capital investment to restore morale and quality services;
- Investing in technology to meet state-of-the-art service delivery demands.

## Five Strategic Initiatives for 2014

- Improve organizational health to better serve customers and stakeholders;
- Build a healthy organization for our employees;
- Rebuild capacity to deliver quality services;
- Effective communication and messaging;
- Understanding and addressing poverty in Contra Costa County.

# Employment and Human Services

## Opportunities

- Will promote continued outreach in the community to provide access to health insurance options;
- Will continue working with Covered California to provide the highest quality services in our Call Center;
- Will engage with the community to outreach to under-served CalFresh populations;
- Will create a focus on poverty, the impacts of income inequality and steps we can take to reduce poverty in our communities.

## Risks and Challenges

- Continued understaffing in most sections of the department;
- Structural underfunding of the Medi-Cal administrative allocation;
- Medi-Cal and CalFresh intake service delivery to clear backlogs and meet compliance requirements;
- Continue negotiations with Covered California to ensure full reimbursement of county expenses for operating the Call Center.



# Law and Justice

# Public Safety Realignment

- In Spring 2013, CAO staff conducted an RFP/RFQ process to award \$2.915M in AB 109 Community Program funds to the following:
- Employment Services, \$2M = Rubicon Programs (West & East County), Goodwill Industries (Central County)
- Housing Services, \$500k = SHELTER, Inc.
- Peer and Mentoring Support, \$200k = Contra Costa County Office of Education, with Men & Women of Purpose, Center for Human Development, Brighter Beginnings.

# Public Safety Realignment

- Planning for Reentry Resource Centers or Networks, \$120k = Further the Work (West Co.) and Emerald HPC International (Central & East)
- Civil Legal Services, \$80k = Bay Area Legal Aid
- Reentry Resource Guide, \$15k = Contra Costa Crisis Center.
- The CAO's office also conducted an RFQ for Data Collection & Program Evaluation Services, \$246k = Resource Development Associates.



# Public Safety Realignment

- Next steps include: Implementation of plans for Reentry Resource Center (West Co.) and network of reentry services for Central & East.
- Implementation of Pre-Trial Program: procurement of risk analysis tool, 3 additional DPOs and 2 clerks.
- Additional collaboration with PPIC and CA Forward on data evaluation efforts.
- Further emphasis on “Pre-Release Activity,” including additional development of the “Jail to Community Model.”

# AB109

## Community Corrections Partnership

- **Statewide Formula Discussion Continues**
  - Realignment Allocation Committee (“Gang of 9”) continues to meet to discuss a 2014/15 and permanent AB109 funding formulas
  - At stake for Contra Costa... up to \$7.4 million in base allocation beginning in 2014/15
  - Governor’s Proposed Budget acknowledges that it’s pre-mature to implement a permanent AB109 funding formula in 2014/15

# AB109

## Community Corrections Partnership

- **2014/15 County AB109 Budget Process Underway**
  - Funded agencies directed to submit *status quo* budgets in anticipation of reduced allocation from the State
  - CCP to review and take action on budget proposals at the February 14th meeting for submission to the Public Protection Committee on February 24th
  - Public Protection Committee recommendation integrated into the County Budget for approval by the Board of Supervisors

# Sheriff's Office

- **West County Jail/Reentry Facility Grant**
  - County did not receive SB 1022 grant
  - Governor's Proposed Budget includes additional \$500 million for local jail construction with a 10% local match
  - Preference to counties that use risk assessment as a pre-trial release tool
  - Sheriff's Office to return to the Board of Supervisors during the next grant allocation process

# Probation Department

- **Federal Title IV-E Revenue Loss**
  - Reimbursement to counties for children at imminent risk of being removed from their home
  - U.S. Dept. of Health and Human Services audited two California counties and cut funding to all counties based on findings
  - **\$4.2 million** at stake for Contra Costa annually; **\$3 million in fiscal year 2013/14**
  - Strong advocacy for restoration of funding from CSAC and Chief Probation Officers of California

# District Attorney/Public Defender

- **Continued Implementation of AB109 Realignment Legislation**
  - Parole Revocation Hearings: Process transferred from State Board of Parole Hearings to local courts effective July 1, 2013
    - **Only persons sentenced to a term of life can be revoked back to state prison; all others remain local**
  - Arraignment Court Early Representation (ACER): Provides representation to defendants at arraignment. Program funds dedicated attorney staff from the District Attorney and Public Defender offices.

# Motorola Pulls Plug on BayWEB

- Motorola notified U.S. Department of Commerce that it is pulling out of the grant due to federally-imposed changes to the agreed-upon business model
- 18 month delay caused loss in project interest and momentum
- Soft loss for County in three years of staff time
- Loss of opportunity for regional broadband infrastructure to support public safety communications
- Despite grant termination, BayRICS projects continue with focus on connecting regional public safety radio systems



# Fire Protection



# Contra Costa Fire Protection District

- **Reasons for Concern**
  - Increasing Pension Liability
  - Increasing Health Insurance Costs
  - Unfunded Infrastructure /Capital Improvement Needs
  - Labor Negotiations
  - Continued depletion of Worker's Compensation funding level (*Projected to end 2013/14 at 48%, down from 93% in November 2010*)
  - Continued depletion of Reserves

# Contra Costa Fire Protection District

(23 Engine Companies)

	FY 13/14 Projected	FY14/15 Projected	FY15/16 Projected	FY16/17 Projected
<b>EXPENDITURES:</b>				
Salaries & Benefits	70,536,104	80,362,761	81,951,931	83,590,969
<u>Other Expenditures</u>	<u>24,803,454</u>	<u>25,474,593</u>	<u>26,180,082</u>	<u>26,703,684</u>
<b>TOTAL EXPENDITURES:</b>	<b>95,339,558</b>	<b>105,837,354</b>	<b>108,132,013</b>	<b>110,294,653</b>
<i>% Increase/(Decrease)</i>		11.0%	2.2%	2.0%
<b><u>TOTAL REVENUE:</u></b>	<b><u>91,334,545</u></b>	<b><u>95,656,126</u></b>	<b><u>100,235,055</u></b>	<b><u>104,990,372</u></b>
<b>SURPLUS/(DEFICIT):</b>	<b>(4,005,013)</b>	<b>(10,181,228)</b>	<b>(7,896,958)</b>	<b>(5,304,281)</b>
<b>BEGINNING FUND BALANCE</b>	<b>20,710,899</b>	<b>19,308,656</b>	<b>11,727,810</b>	<b>6,431,248</b>
<b><u>ENDING FUND BALANCE</u></b>	<b><u>19,308,656</u></b>	<b><u>11,727,810</u></b>	<b><u>6,431,248</u></b>	<b><u>3,730,462</u></b>
<b>SAFER Grant Impact (Net)</b>	<b>0</b>	<b>1,727,500</b>	<b>1,727,500</b>	<b>0</b>
<b>Worker's Comp. Funding Confidence Level</b>	<b>48%</b>	<b>41%</b>	<b>34%</b>	<b>27%</b>
<b>Capital/Infrastructure Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Assumptions:

1) 23 Engine Companies; 2) 5% increase in assessed valuation; 3) Minimum increase of 2% in annual expenditures; and 4) funding of 3 engine companies from SAFER grant.

# Contra Costa Fire Protection District

- Impact of Select Assessed Valuation Assumptions on Ending Fund Balance

AV Assumption		Base Year	13/14	14/15	15/16	16/17
3%	Total Revenue		91,334,545	93,992,866	96,775,474	99,593,260
4%	Total Revenue		91,334,545	94,824,496	98,496,948	102,265,869
5%	Total Revenue		91,334,545	95,656,126	100,235,055	104,990,372
6%	Total Revenue		91,334,545	96,487,756	101,989,794	107,767,267
7%	Total Revenue		91,334,545	97,319,386	103,761,166	110,597,055
	<i>Spread</i>			3,326,520	6,985,692	11,003,795
3%	Ending Fund Balance		19,308,656	10,064,550	2,971,667	(1,666,650)
4%	Ending Fund Balance		19,308,656	10,896,180	4,693,141	1,005,959
5%	Ending Fund Balance		19,308,656	11,727,810	6,431,248	3,730,462
6%	Ending Fund Balance		19,308,656	12,559,440	8,185,987	6,507,358
7%	Ending Fund Balance		19,308,656	13,391,070	9,957,359	9,337,145
	<i>Spread</i>			3,326,520	6,985,692	11,003,795

Note: All Total Revenue and Ending Fund Balance figures are projections

# Contra Costa Fire Protection District

- **Reasons for Optimism**

- In General, Contra Costa County Economy recovering from the Great Recession
- Property Tax revenues stabilizing
- New Fire Chief Jeff Carman
- SAFER Grant Application Submitted
- Draft Fire Study Released by Fitch & Associates
- Public better engaged in issues surrounding Fire and EMS Delivery



# Summary

# Continued Reasons for Optimism

- **Positive Economic Outlook**

- State Revenues Up
- State Budget reasonably stable
- Affordable Care Act intact
- AV revenue up 3.45% for 2013/14
- Projecting 5.0% growth AV revenue in 2014/15

- **Positive County Results**

- Budget structurally balanced for 2013/14
- OPEB managed
- Minimal lay offs over past 4 years
- Have begun pre-funding Infrastructure needs
- Fund Balance Increased
- Standard & Poor's Rating Increase to AAA
- Pension Obligation Bond Matures 6/1/2014 (\$32,991,000)

# Reasons for Concern

- AB 109 – Structure & Formula unsettled
- Economy will continue **slow** recovery
- State Wall of Debt
- Labor Negotiations
  - Pent-up demand
  - Increased costs of benefits
  - Limited resources
- Pension Liability
- Fire - Structure and Funding
- ADP time keeping project
- Doctors' Hospital Debt
- Health Insurance Exchange Call Center

Prediction is very difficult,  
especially when it's about the  
future. — Physicist Niels Bohr





- **Questions?**



# Contra Costa County

## Mission

Contra Costa County is dedicated to providing public services which improve the **quality of life** of our residents and the economic viability of our businesses.

## Vision

Contra Costa County is recognized as a

**world-class**  
service **organization**

where innovation and partnerships merge to enable our residents to enjoy a safe, healthy and prosperous life.

## Values

Contra Costa County **serves people,**

businesses and communities. Our organization and each one of our employees value:

- Clients and communities
- Partnerships
- Quality Services
- Accountability
- Fiscal prudence
- Organizational excellence

