

CALENDAR FOR THE BOARD OF SUPERVISORS
CONTRA COSTA COUNTY
AND FOR SPECIAL DISTRICTS, AGENCIES, AND AUTHORITIES GOVERNED BY THE BOARD
SPECIAL LOCATION
City of Pinole Council Chambers
2131 Pear Street
Pinole, California

JOHN GIOIA, CHAIR, 1ST DISTRICT
CANDACE ANDERSEN, VICE CHAIR, 2ND DISTRICT
MARY N. PIEPHO, 3RD DISTRICT
KAREN MITCHOFF, 4TH DISTRICT
FEDERAL D. GLOVER, 5TH DISTRICT

DAVID J. TWA, CLERK OF THE BOARD AND COUNTY ADMINISTRATOR, (925) 335-1900

PERSONS WHO WISH TO ADDRESS THE BOARD DURING PUBLIC COMMENT OR WITH RESPECT TO AN ITEM THAT IS ON THE AGENDA, MAY BE LIMITED TO TWO (2) MINUTES.

A LUNCH BREAK MAY BE CALLED AT THE DISCRETION OF THE BOARD CHAIR.

The Board of Supervisors respects your time, and every attempt is made to accurately estimate when an item may be heard by the Board. All times specified for items on the Board of Supervisors agenda are approximate. Items may be heard later than indicated depending on the business of the day. Your patience is appreciated.

AGENDA
January 27, 2015

9:00 A.M. Convene and Call to Order (*Chair, John Gioia*)

1. Public Comment
2. Board Operating Procedures and Communications (*Chair, John Gioia*)
3. CONSIDER accepting report "An Assessed Value Forecast" prepared by Beacon Economics. (*Jordan Levine, Director of Economic Research, Beacon Economics*)

Attachments

An Assessed Value Forecast

4. CONSIDER accepting report "County Infrastructure Status" prepared by Public Works. (*Julia Bueren, Public Works Director*)

Attachments

Presentation on County Building Infrastructure Status, by Public Works Dept

-- BREAK --

5. CONSIDER accepting report on Medical Benefit Trends in the Bay Area prepared by Cheiron. (*Michael Schionning, Consultant*)

Attachments

Presentation on Medical Benefit Trends, by Cheiron

6. CONSIDER accepting report on budget and key issues for FY 2015/16. (*David Twa, County Administrator*)

Attachments

Budget and Key Issues

-- LUNCH BREAK --

CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATORS

1. Agency Negotiators: David Twa and Bruce Heid.

Employee Organizations: Contra Costa County Employees' Assn., Local No. 1; Am. Fed., State, County, & Mun. Empl., Locals 512 and 2700; Calif. Nurses Assn.; Service Empl. Int'l Union, Local 1021; District Attorney's Investigators Assn.; Deputy Sheriffs Assn.; United Prof. Firefighters, Local 1230; Physicians' & Dentists' Org. of Contra Costa; Western Council of Engineers; United Chief Officers Assn.; Service Empl. Int'l Union United Health Care Workers West; Contra Costa County Defenders Assn.; Probation Peace Officers Assn. of Contra Costa County; Contra Costa County Deputy District Attorneys' Assn.; and Prof. & Tech. Engineers, Local 21, AFL-CIO.

2. Agency Negotiators: David Twa.

Unrepresented Employees: All unrepresented employees.

B. CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION (Gov. Code, § 54956.9(d)(1))

1. *Retiree Support Group of Contra Costa County v. Contra Costa County*, U.S. District Court, Northern District of California, Case No. C12-00944 JST
2. *Contra Costa County Deputy Sheriff's Association v. Karen Mitchoff, County of Contra Costa, et al.*, U.S. District Court, Northern District of California, Case No. C15-00261 LB

C. PUBLIC EMPLOYEE PERFORMANCE REVIEW

Title: County Administrator

7. Wrap-up and Closing Comments (*Chair, John Gioia*)

-- ADJOURN --

GENERAL INFORMATION

Persons who wish to address the Board should complete the form provided for that purpose and furnish a copy of any written statement to the Clerk. Comments on matters listed on the agenda or otherwise within the purview of the Board of Supervisors can be submitted to the office of the Clerk of the Board via mail: Board of Supervisors, 651 Pine Street Room 106, Martinez, CA 94553; by fax: 925-335-1913.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Clerk of the Board to a majority of the members of the Board of Supervisors less than 72 hours prior to that meeting are available for public inspection at 651 Pine Street, First Floor, Room 106, Martinez, CA 94553, during normal business hours.

The County will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Clerk of the Board at least 24 hours before the meeting, at (925) 335-1900; TDD (925) 335-1915. An assistive listening device is available from the Clerk, Room 106.

Copies of recordings of all or portions of a Board meeting may be purchased from the Clerk of the Board. Please telephone the Office of the Clerk of the Board, (925) 335-1900, to make the necessary arrangements.

Forms are available to anyone desiring to submit an inspirational thought nomination for inclusion on the Board Agenda. Forms may be obtained at the Office of the County Administrator or Office of the Clerk of the Board, 651 Pine Street, Martinez, California.

Subscribe to receive to the weekly Board Agenda by calling the Office of the Clerk of the Board, (925) 335-1900 or using the County's on line subscription feature at the County's Internet Web Page, where agendas and supporting information may also be viewed:

www.co.contra-costa.ca.us



Contra
Costa
County

To: Board of Supervisors
From: David Twa, County Administrator
Date: January 27, 2015

Subject: A Local Economic and Revenue Outlook

RECOMMENDATION(S):

ACCEPT report 'An Assessed Value Forecast' prepared by Beacon Economics.

FISCAL IMPACT:

This report is for informational purposes and has no specific fiscal impact.

BACKGROUND:

Attached is Beacon Economic's report entitled "An Assessed Value Forecast".

CONSEQUENCE OF NEGATIVE ACTION:

None.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/27/2015** ☐ APPROVED AS RECOMMENDED ☒ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 27, 2015

Contact: Lisa Driscoll, County Finance
Director (925) 335-1023

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc: Robert Campbell, Auditor-Controller, Gus Kramer, Assessor

ATTACHMENTS

An Assessed Value
Forecast



Jordan G. Levine
*Economist and
Director of Economic Research*
Beacon Economics

An Assessed Value Forecast
Contra Costa County, California
January 27, 2015

The big picture

○ Time-Series Econometric Approach

- Regression establishes historical relationships
- Historical correlations inform the future

○ Top-Down Modeling Technique

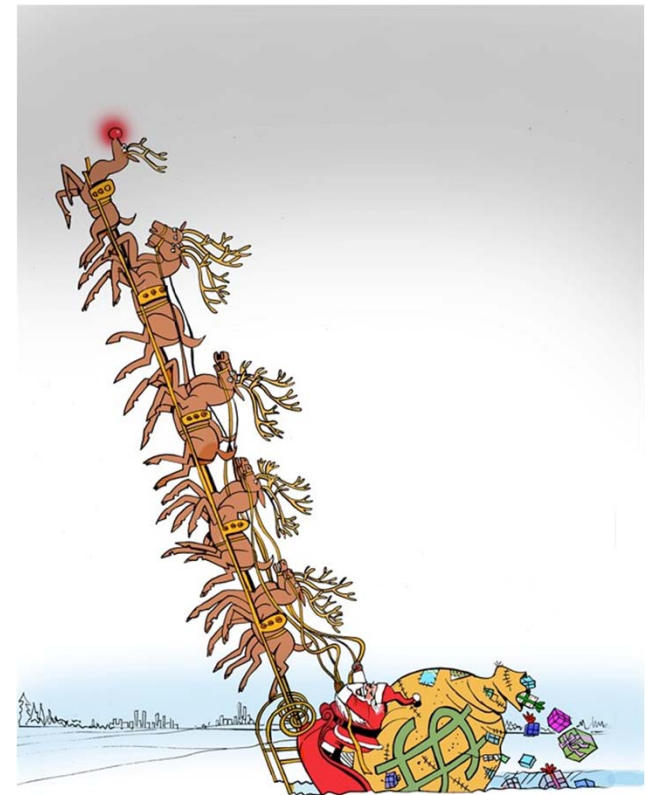
- Forecast U.S. economy, from employment to output
- U.S. forecast guides California model
- California model used to guide East Bay
- East Bay/Contra Costa model drives sub-regional forecast

○ Holistic Approach to Revenue Forecasting

- Incorporates broad macro trends in Nation/State
- Combines trends with local-specific performance
- Accounts for previous blips and under-/over-performance

Santa has come to town again!

- Growth to continue to accelerate through 2015
- California one of the stronger economies in the nation
- Growth has broadened to other parts of the state—specifically the East Bay
- Incomes are starting to grow, consumer spending doing great
- Credit is expanding on many levels
- Interest rates aren't going anywhere
- The stock market is not in a bubble
- The housing market has a second wave of recovery



INX Randy Jones 2011...

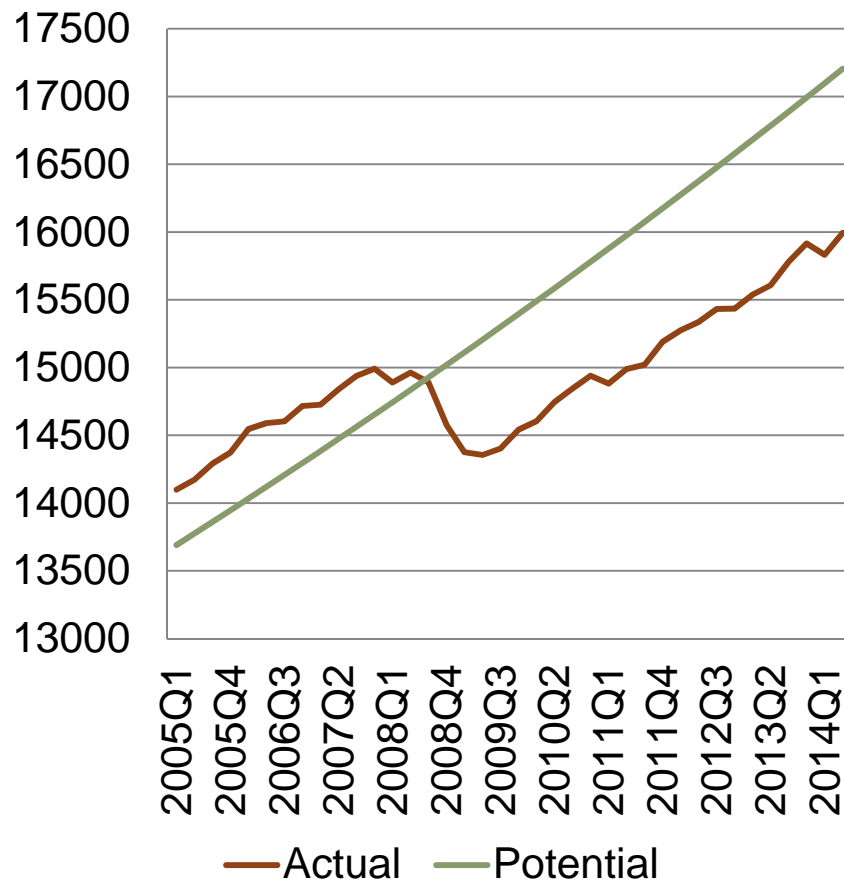
Can Santa Save the Economy?

National GDP Forecasts

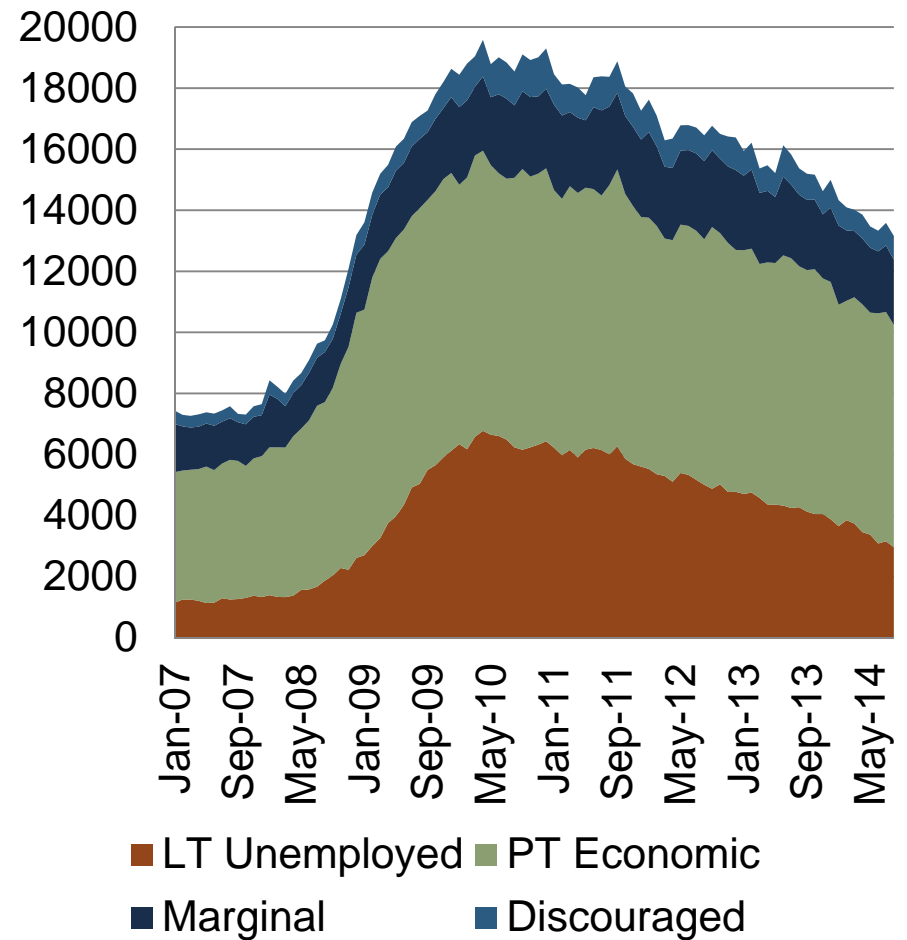
Contributions to GDP Growth				Source	Q4-14	Q1-15	2014	2015
	2014							
	II	III	IV					
Real GDP	4.6	5.0	3.1	Beacon Economics	3.1	3.3	2.6	3.4
Consumption	1.8	2.2	3.0	Morgan Stanley	2.0	4.1	2.2	2.9
Durables	1.0	0.7	0.8	UBS Global	-	-	2.3	3.1
Nondurables	0.3	0.4	0.6					
Services	0.4	1.2	1.6	Merrill Lynch	2.5	3.2	2.4	3.4
Gross Investment	2.9	1.2	0.1	TD Economics	2.5	2.6	-	-
Structures	0.4	0.1	0.1					
Equipment	0.6	0.6	0.1	Wells Fargo	2.8	2.5	2.4	3.1
IP products	0.2	0.3	0.1					
Residential	0.3	0.1	0.1	WSJ Survey	2.5	2.8	2.2	2.9
Change in inventories	1.4	0.0	-0.3					
Net Exports	-0.3	0.8	-0.2	Philadelphia Fed. Survey	2.7	2.8	2.2	3.0
Exports	1.4	0.6	-0.1					
Imports	-1.8	0.2	-0.1					
Government	0.3	0.8	0.2					
Federal	-0.1	0.7	0.1					
State and local	0.4	0.1	0.1					

Back to Normal?

GDP Trends

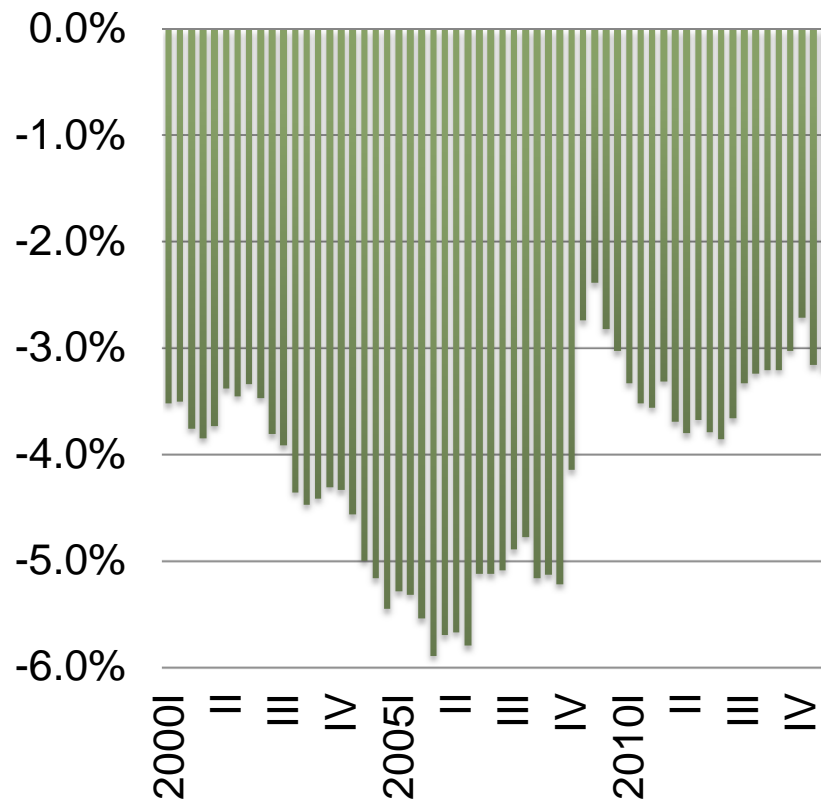


Distressed Workers



What is wrong with the economy?

Net Trade (Nominal) as % GDP

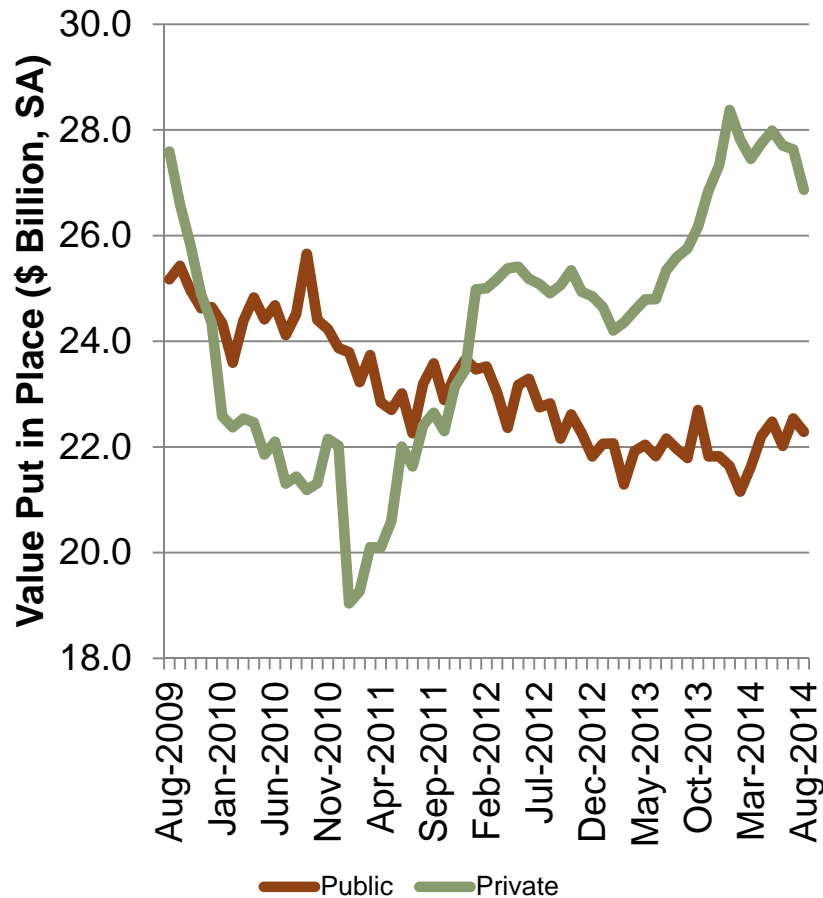


\$US Broad Index (Daily)



More issues: Construction Spending

U.S. Construction Spending

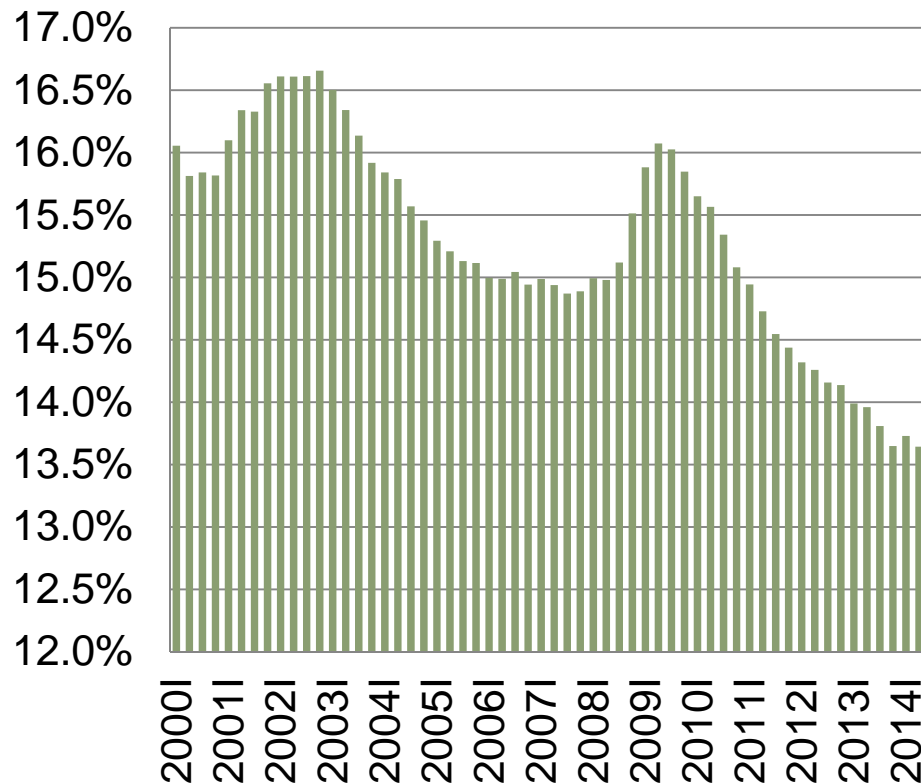


Total Construction Put in Place, Through Aug-14

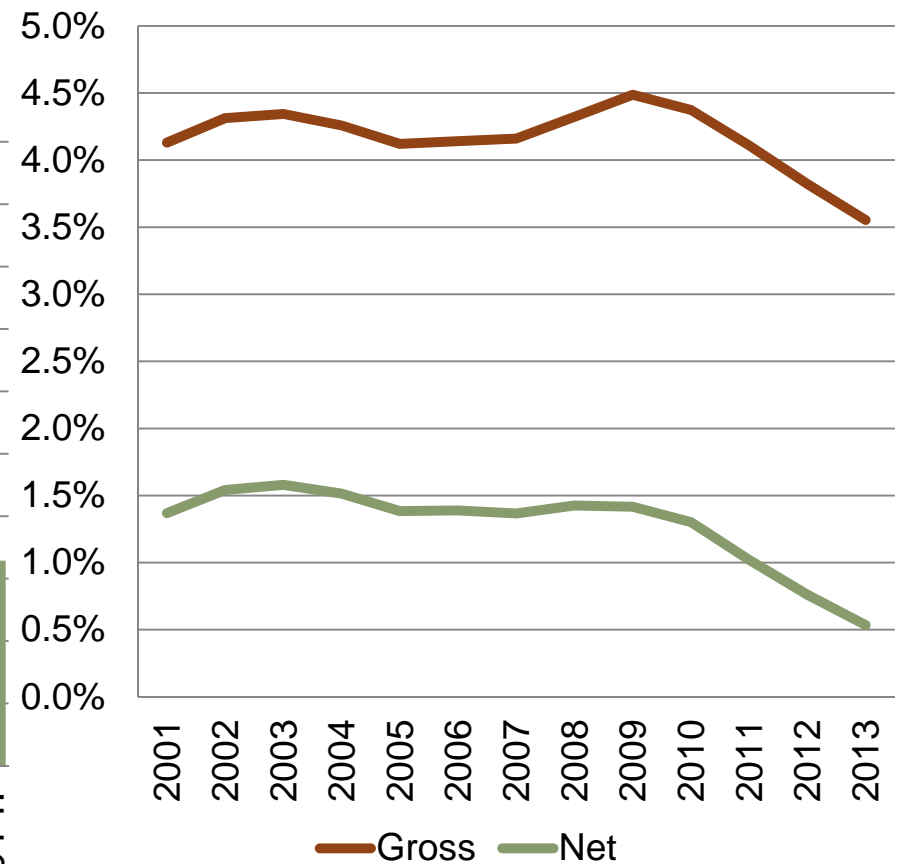
Structure Type	YTD (\$ Billion)	YTD % Change
Total Nonresidential	388.1	6.4
Power	66.6	20.7
Educational	52.8	-1.2
Highway and street	52.3	2.3
Commercial	35.6	9.5
Manufacturing	34.2	10.8
Office	28.2	18.1
Transportation	26.5	3
Health care	25.5	-7
Sewage and waste disposal	14.2	1.9
Amusement and recreation	10.5	7.5

What else is wrong with the economy?

**Government Direct Non
Defense Spending as % of
GDP**



Public Investments



The local story

- East Bay and Contra Costa are improving
 - Slower out of the gate, but finally hitting its stride
 - Not isolated to one particular city or sector
- Contra Costa was a growth region before
 - Poised for ongoing acceleration
 - May key strengths including:
 - Proximity to large employment centers
 - Relative affordability relative to neighbors to west
 - Already seeing positive in-migration from SF and SJ
- Better economy and local property market translating into better AV in coming years

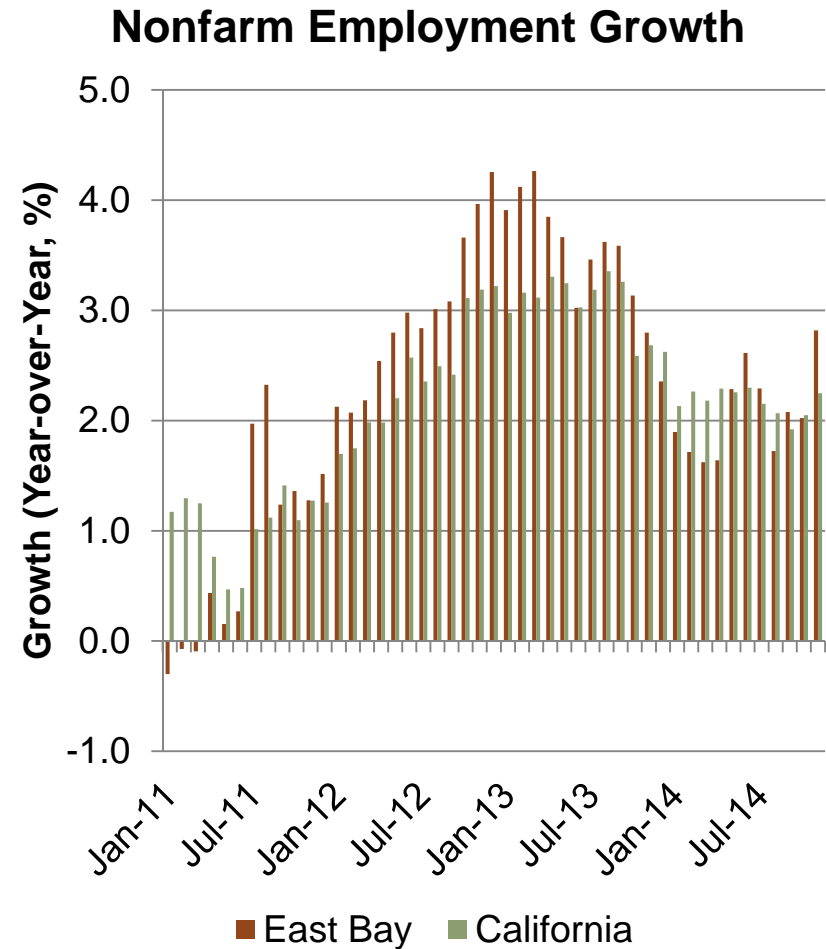
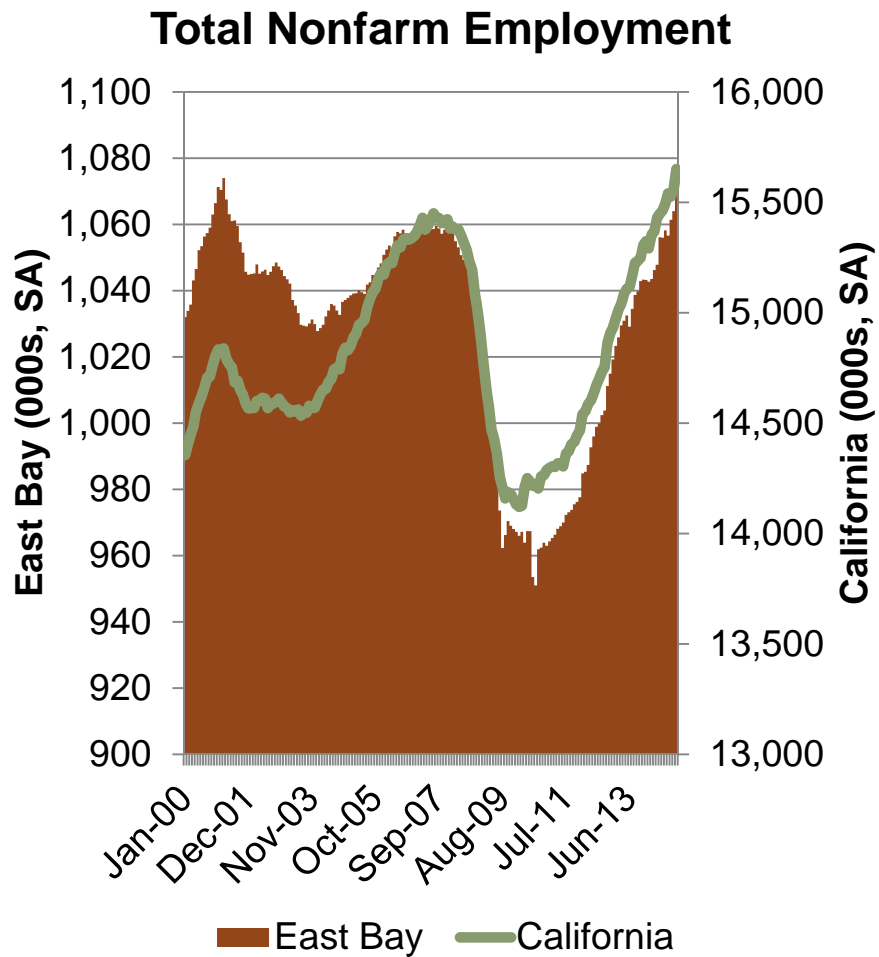
East Bay: slow out of the gate

Region	Feb-10	Nov-14	Change (000s)	Change (%)
San Francisco (MD)	946.0	1,121.3	175.3	18.5
San Jose	858.3	1,014.4	156.1	18.2
Bakersfield	227.1	257.4	30.3	13.3
San Luis Obispo	96.7	109.3	12.6	13.0
Other Bay Area	349.3	389.5	40.2	11.5
Inland Empire	1,140.8	1,269.3	128.5	11.3
Oakland (MD)	966.0	1,072.7	106.7	11.0
San Diego	1,228.0	1,363.1	135.1	11.0
Orange County (MD)	1,356.9	1,497.7	140.8	10.4
Central Coast	370.4	401.9	31.5	8.5
Los Angeles (MD)	3,879.5	4,208.9	329.4	8.5
South Central Valley	671.6	728.5	56.9	8.5
Other Southern California	320.3	347.3	27.0	8.4
North Central Valley	1,186.7	1,277.6	90.9	7.7
California	14,121.0	15,650.5	1,529.5	10.8

Hitting our stride recently

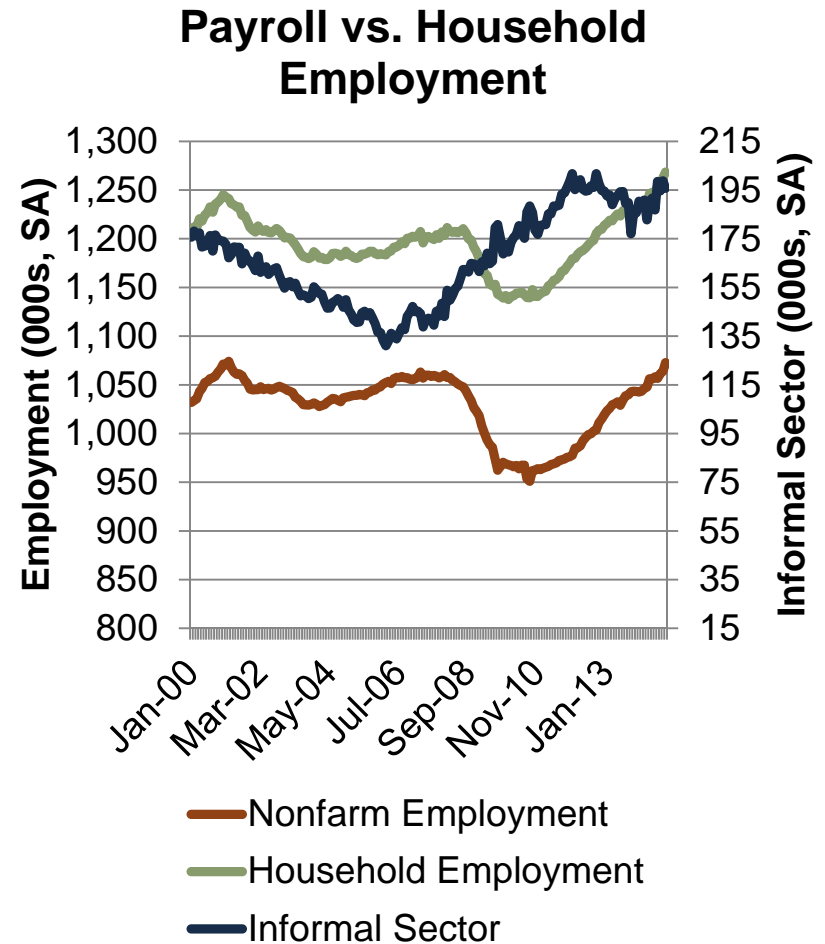
Region	Nov-13	Nov-14	Change (000s)	Change (%)
San Jose	977.0	1,014.4	37.4	3.8
San Francisco (MD)	1,083.2	1,121.3	38.1	3.5
San Diego	1,319.5	1,363.1	43.6	3.3
Oakland (MD)	1,043.3	1,072.7	29.4	2.8
Other Bay Area	379.9	389.5	9.6	2.5
North Central Valley	1,249.7	1,277.6	27.9	2.2
Bakersfield	251.8	257.4	5.6	2.2
Orange County (MD)	1,465.2	1,497.7	32.5	2.2
Inland Empire	1,241.8	1,269.3	27.5	2.2
San Luis Obispo	107.0	109.3	2.3	2.1
Central Coast	393.7	401.9	8.2	2.1
Other Southern California	340.8	347.3	6.5	1.9
South Central Valley	715.5	728.5	13.0	1.8
Los Angeles (MD)	4,150.7	4,208.9	58.2	1.4
California	15,306.4	15,650.5	344.1	2.2

But things are improving



Already back above pre-recession peak

Indicator	Nonfarm Empl't	Household Empl't
Peak Month	Mar-07	Jan-08
Peak (000s)	1,063.1	1,211.4
Trough Month	Aug-10	Dec-09
Trough (000s)	951.0	1,137.6
Peak to Trough (000s)	-112.1	-73.8
Peak to Trough (%)	-10.5	-6.1
Current Month	Nov-14	Nov-14
Current (000s)	1,072.7	1,268.4
Trough to Current (000s)	121.7	130.9
Trough to Current (%)	12.8	11.5
Remaining to Peak (000s)	9.6	57.0
Remaining to Peak (%)	0.9	4.7

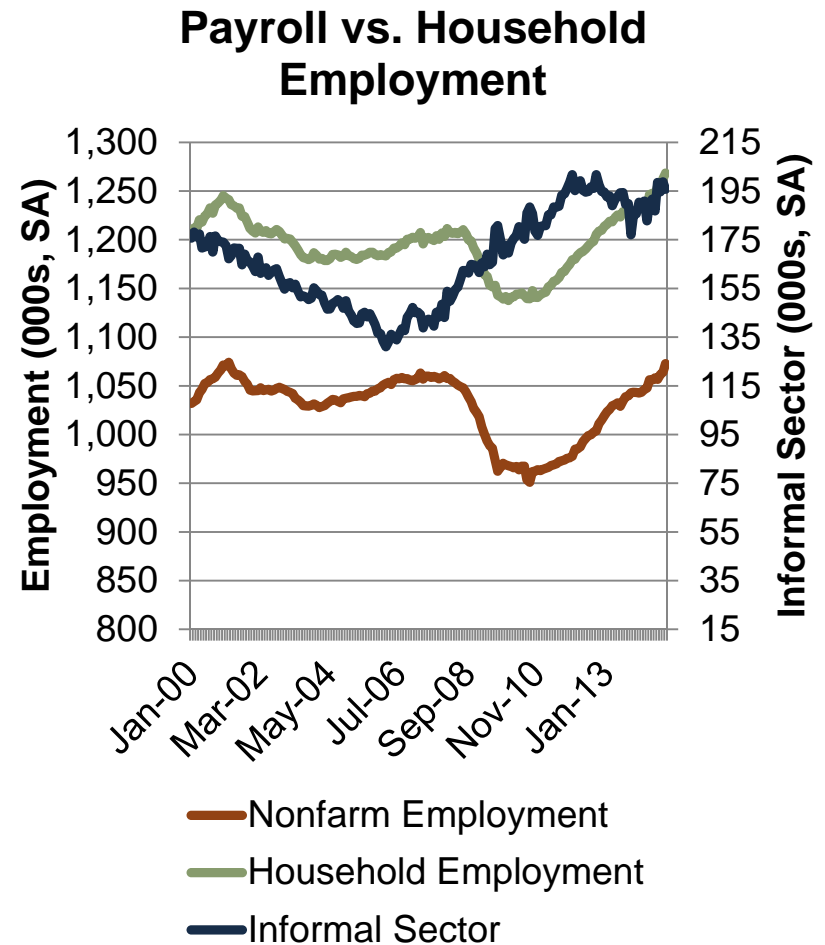


Jobs ARE being created locally

Industry	Aug-10	Nov-13	Change	Change (%)
Leisure and Hospitality	86.4	95.6	9.3	10.7
Government	154.6	162.4	7.8	5.0
Prof Sci and Tech	80.7	88.2	7.5	9.3
Education/Health	136.5	143.6	7.2	5.2
Construction	47.5	53.8	6.3	13.3
Transport, Warehouse, Util.	30.9	35.2	4.3	13.8
Retail Trade	100.4	104.6	4.2	4.1
Admin Support	47.2	50.9	3.7	7.8
Management	25.1	28.1	3.0	11.9
Wholesale Trade	41.6	44.2	2.6	6.3
Other Services	35.1	36.4	1.3	3.7
Manufacturing	79.2	80.4	1.2	1.5
Farm	1.4	1.5	0.1	5.9
NR/Mining	1.3	1.1	-0.2	-12.2
Financial Activities	48.2	47.4	-0.8	-1.6
Information	23.3	21.4	-1.9	-8.2
Total Private	783.3	830.9	47.6	6.1
Total Nonfarm	937.9	993.3	55.4	5.9

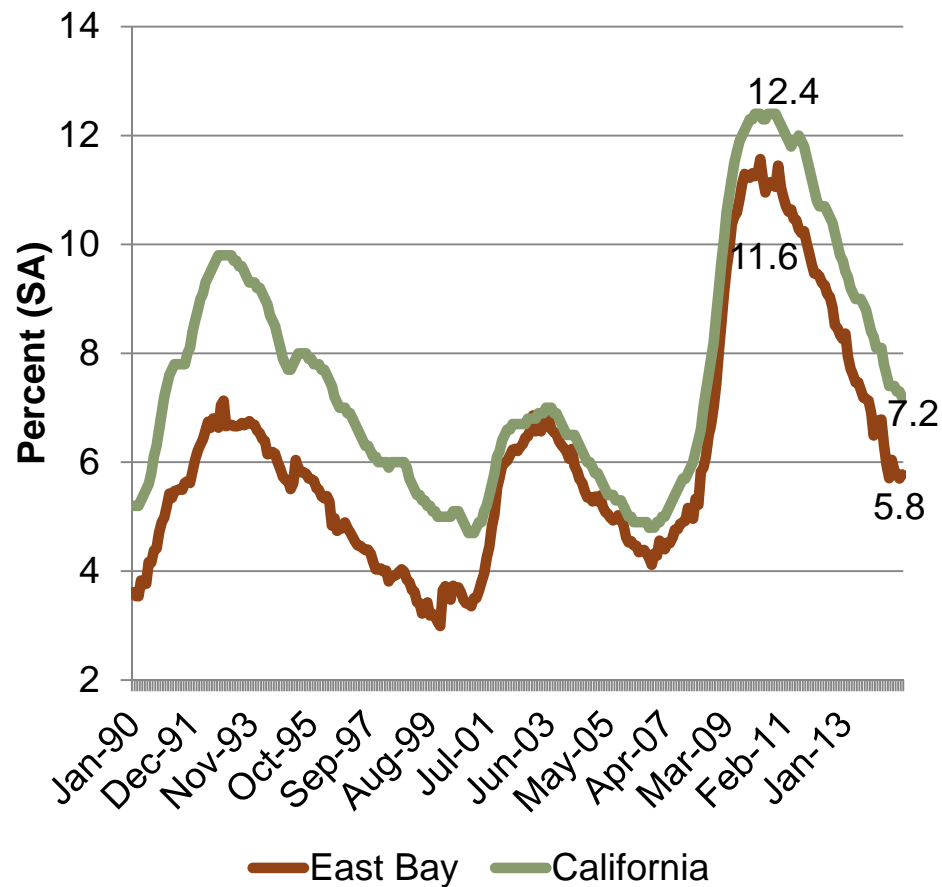
Remember: *residents* matter for AV

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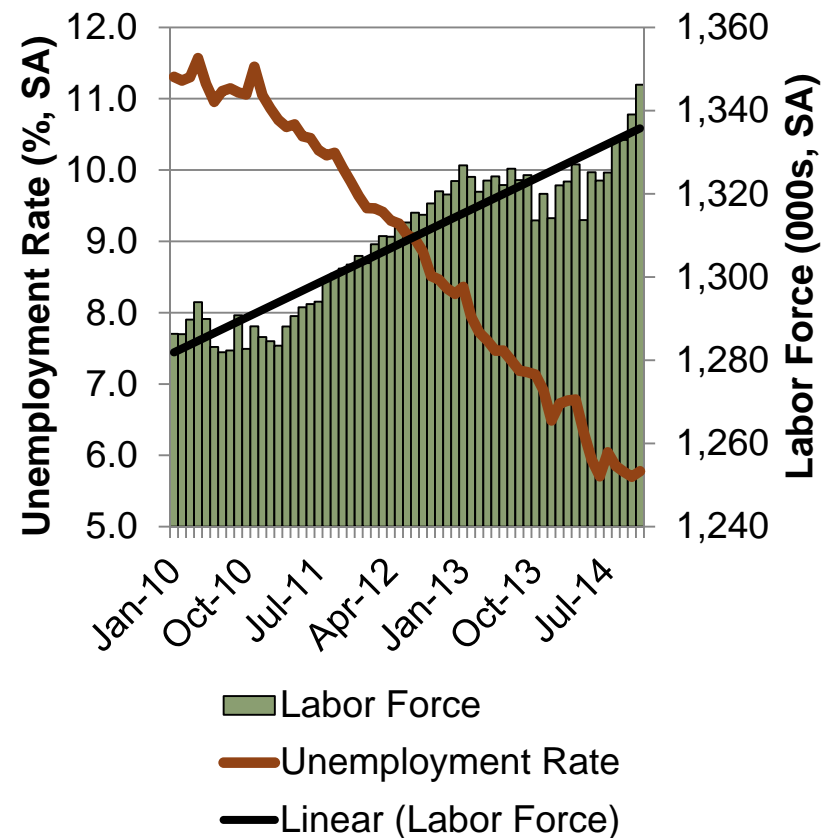


Unemployment: down for right reasons

Unemployment Rate



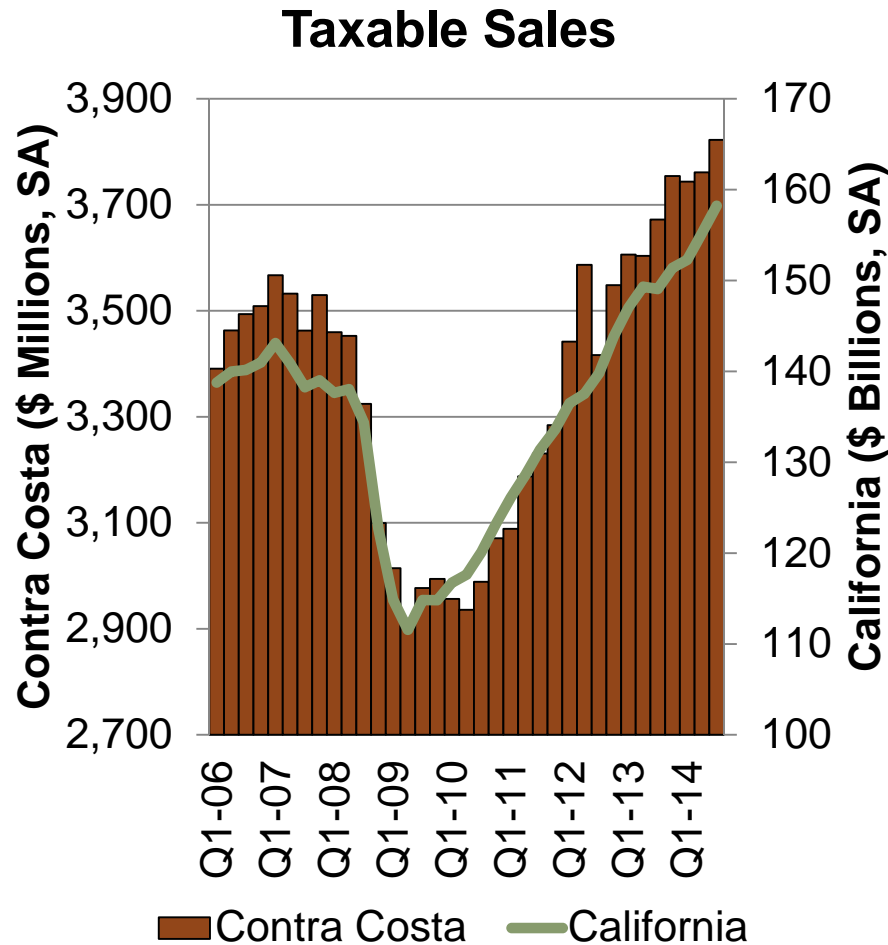
Local Unemployment and Labor Force



Not just the labor markets



Spending continues to improve



County	2013 YTD	2014 YTD	Change (%)
West County	1,597,061	1,697,932	6.3
East County	1,673,334	1,776,553	6.2
Unincorp.	2,091,894	2,187,349	4.6
Central County	5,290,744	5,430,492	2.6
County Total	10,653,033	11,092,326	4.1

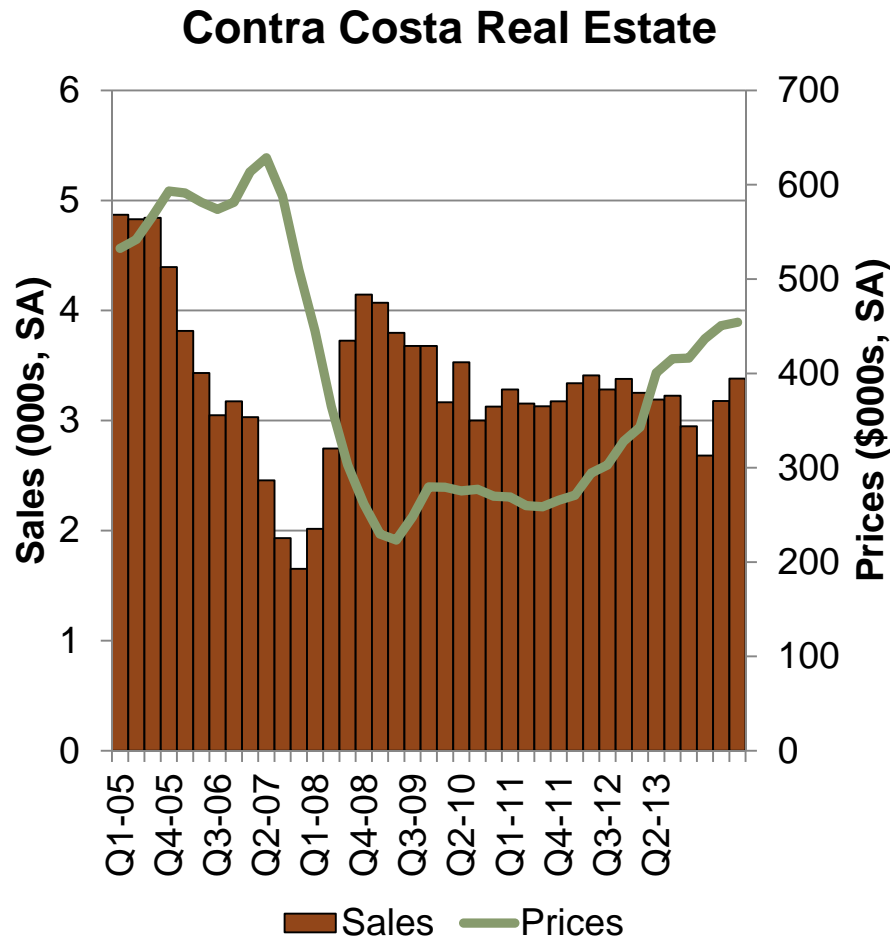
Not isolated to one type of spending

Category	2013 YTD	2014 YTD	Change (%)	CA Change (%)
Autos/Transportation	16,222,523	17,491,878	7.8	8.0
Restaurants/Hotels	10,903,426	11,570,044	6.1	6.5
Fuel/Service Stations	13,743,029	14,292,478	4.0	1.0
<u>Food/Drugs</u>	<u>7,050,376</u>	<u>7,178,250</u>	<u>1.8</u>	<u>2.5</u>
Building/Construction	8,094,999	8,212,489	1.5	6.3
General Consumer Goods	25,169,903	25,411,207	1.0	2.3
<u>Business/Industry</u>	<u>10,979,673</u>	<u>11,001,166</u>	<u>0.2</u>	<u>3.7</u>
Total	105,419,172	110,061,142	4.4	5.1

Real estate—a driver of growth

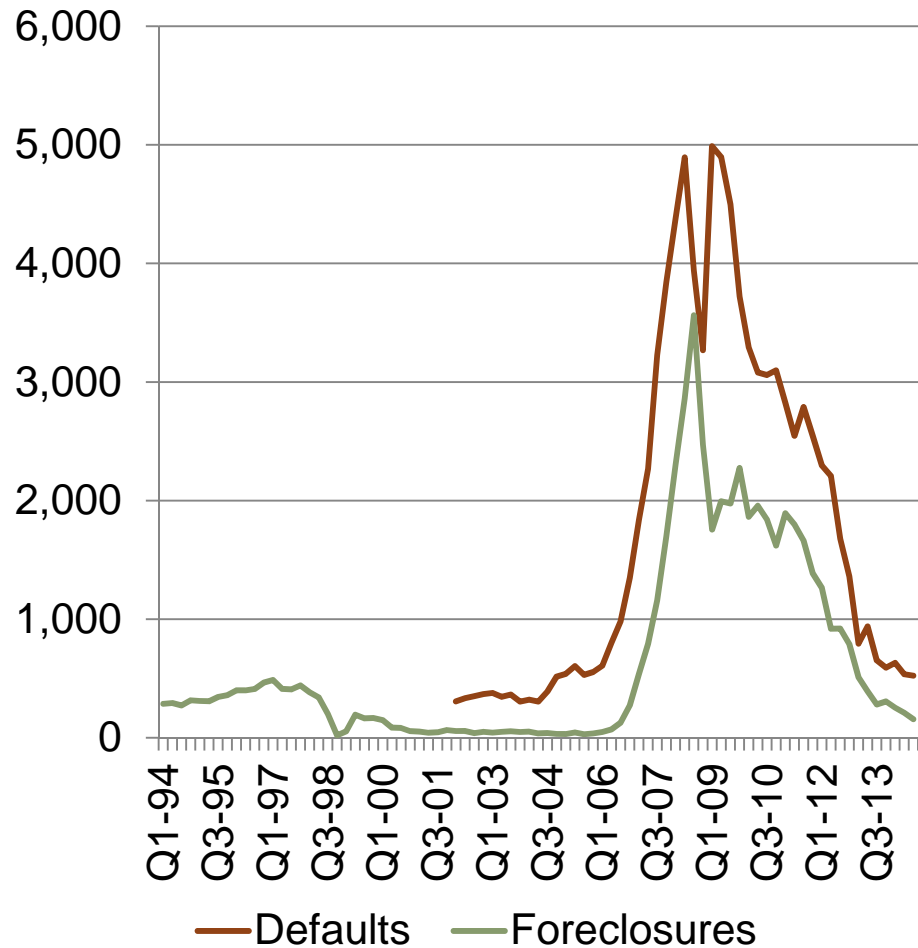


Local residential market



County/MSA	2014	Year over Year (%)
Median Prices		
Alameda	615,427	14.2
Inland Empire	267,824	11.7
San Francisco	940,888	10.8
Contra Costa	454,167	9.3
Los Angeles	477,404	8.7
South Bay	761,077	7.7
San Diego	483,892	7.3
Orange County	633,005	4.3
California	381,090	8.7
Existing Home Sales		
Contra Costa	9,240	-4.4
San Francisco	8,474	-7.7
Alameda	8,850	-7.8
South Bay	9,735	-9.4
Inland Empire	38,194	-11.7
San Diego	18,260	-12.5
Los Angeles	39,853	-12.5
Orange County	15,429	-13.7
California	232,721	-10.9

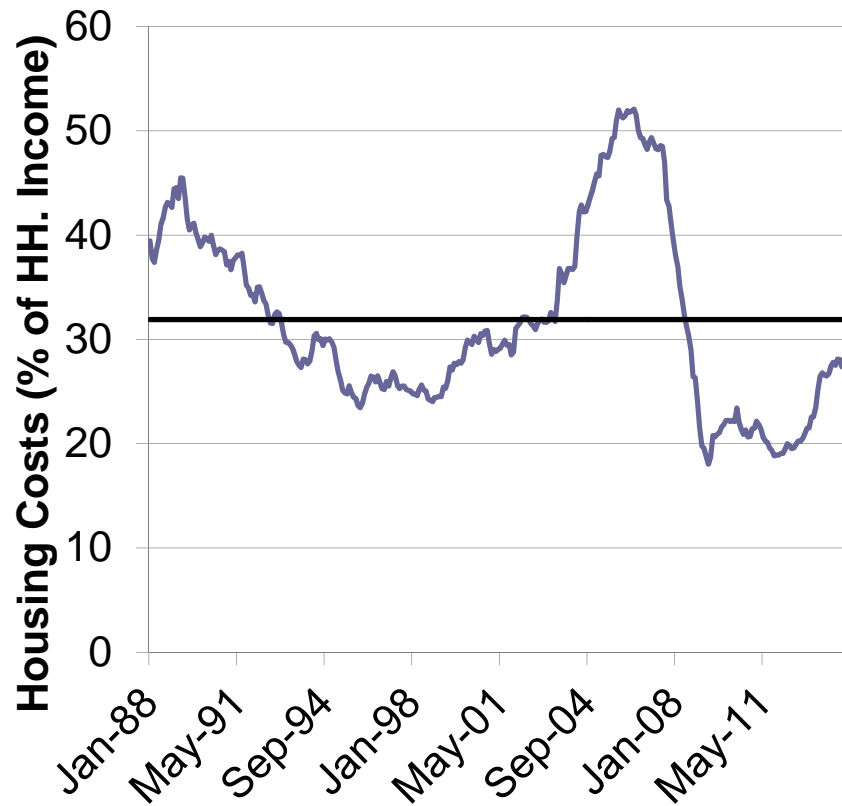
Fewer distressed units in the mix



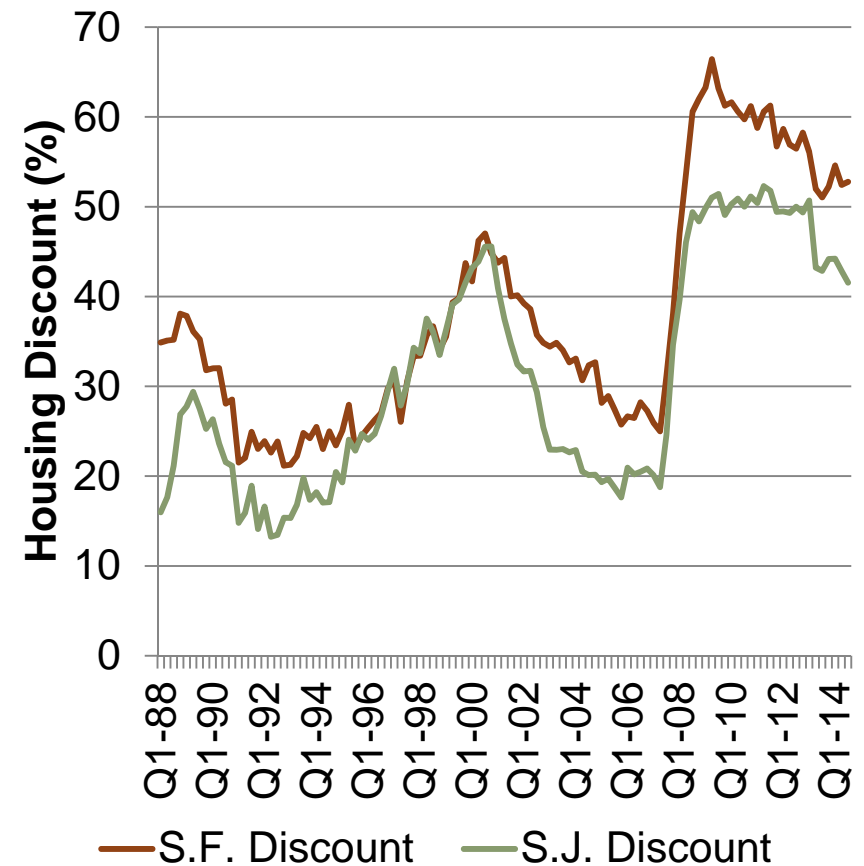
City	2014	Change (%)
Defaults		
Antioch	275	-37.2
Brentwood	107	-31.3
Concord	175	-29.1
Richmond	143	-18.7
County Total	1,689	-29.2
Foreclosures		
Brentwood	36	-51.2
Concord	69	-48.2
Richmond	65	-44.7
Antioch	123	-32.8
County Total	620	-47.7

Demand drivers still solid

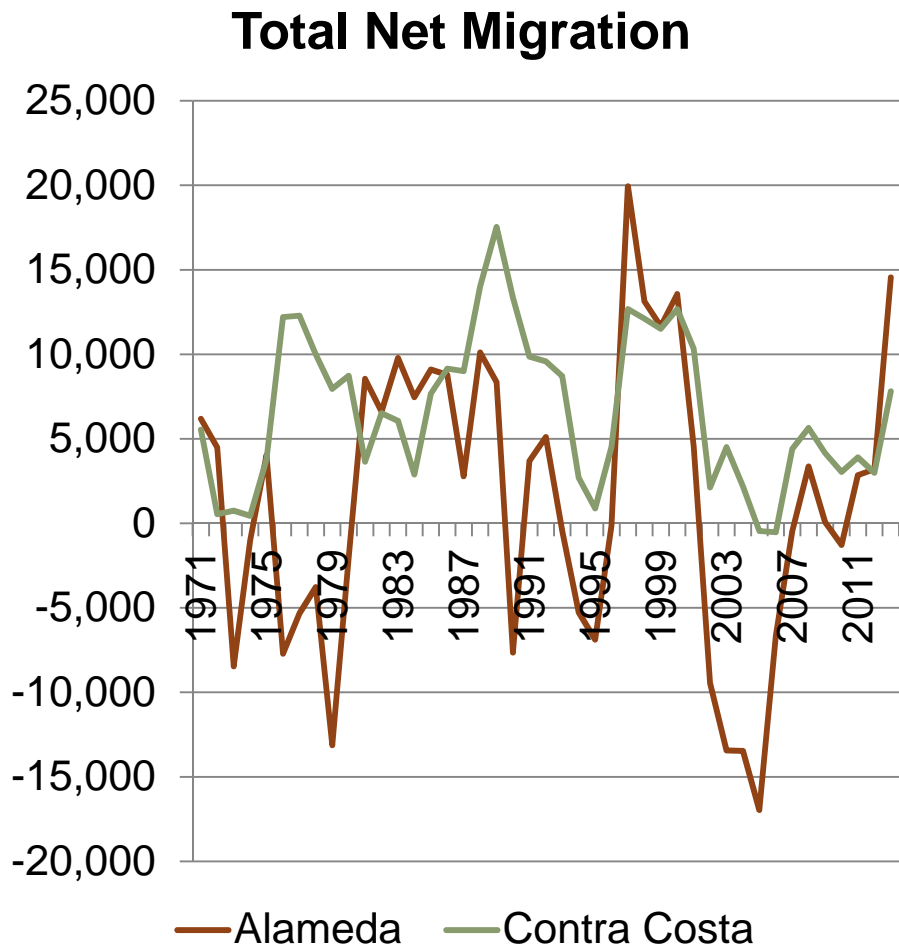
California Housing Affordability



Relative Affordability

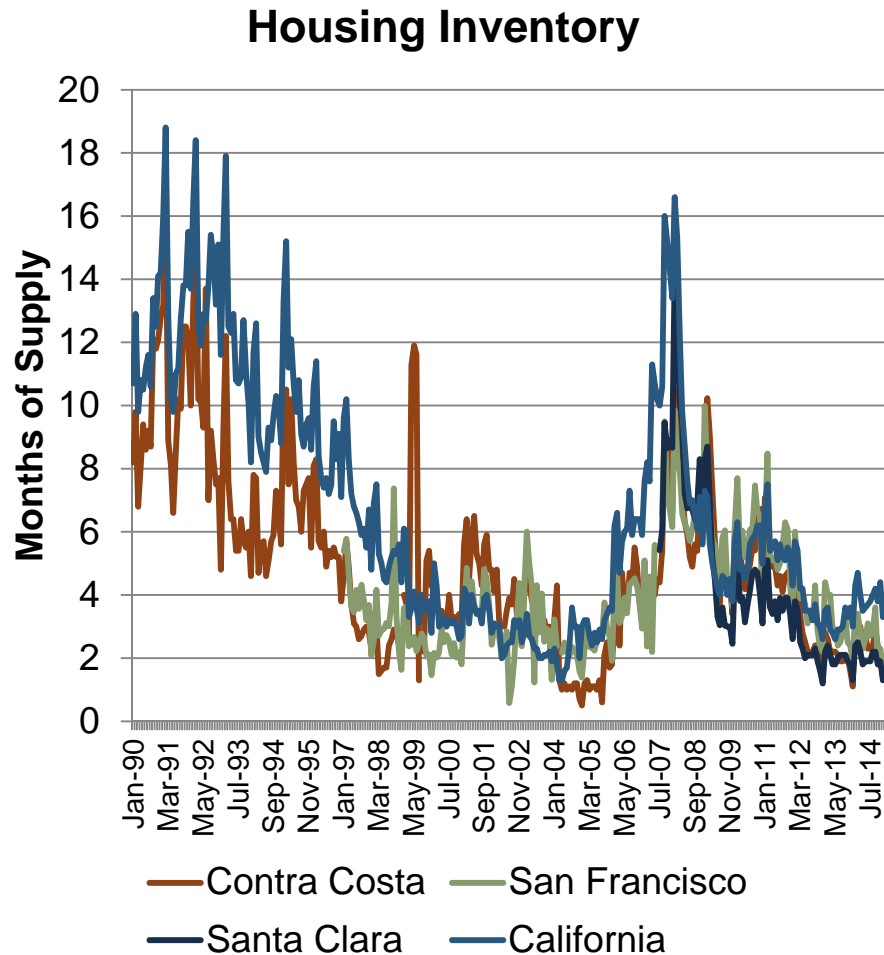


The results of affordability kicking in



County	Population	Net Domestic Migration
Riverside	2,295,298	9,826
Contra Costa	1,096,637	5,611
Placer	369,726	3,718
Sacramento	1,460,480	2,333
San Joaquin	711,797	2,291
San Francisco	837,831	-2,437
Kings	149,788	-2,455
Kern	872,322	-3,166
Monterey	425,365	-3,645
San Bernardino	2,091,618	-5,394
Santa Clara	1,874,526	-5,752
Los Angeles	10,069,036	-59,813
California	38,499,378	-58,642

Builders getting back to business



City	2013 YTD	2014 YTD	Chg. (%)
Multi-Family Units			
Central County	332	400	20.5
East County	30	0	-100.0
West County	0	125	N/A
Unincorporated	0	0	N/A
County Total	362	525	45.0
Single-Family Units			
Central County	164	161	-1.8
East County	878	748	-14.8
West County	6	44	633.3
Unincorporated	273	390	42.9
County Total	1,321	1,344	1.7
Total Residential			
Central County	496	561	13.1
East County	908	748	-17.6
West County	6	169	2716.7
Unincorporated	273	390	42.9
County Total	1,683	1,869	11.1

Commercial: slower out of the gate



Markets are improving

Rents

Location	Offices (Q3-14)	Office Change (YoY, %)	Retail (Q3-14)	Retail Change (YoY, %)
Bakersfield	19.54	0.98	20.90	-0.95
Inland Empire	21.28	-0.23	20.63	0.29
Los Angeles	32.76	1.64	29.50	1.27
East Bay	26.26	1.27	28.14	0.75
Orange County	27.45	2.20	31.14	1.43
Sacramento	23.71	0.08	21.98	0.78
San Diego	28.59	1.20	28.78	1.41
San Francisco	43.69	7.72	33.14	0.85
San Jose	31.68	5.28	31.36	1.75
San Luis Obispo	17.81	0.34	20.96	0.72

Vacancies

Location	Offices (Q3-14)	Office Change (YoY, %)	Retail (Q3-14)	Retail Change (YoY, %)
Bakersfield	11.50	-0.50	9.70	-1.10
Inland Empire	24.00	-0.50	10.00	-0.20
Los Angeles	15.80	0.00	6.00	-0.10
East Bay	17.90	-0.60	6.30	0.10
Orange County	17.30	-1.70	5.60	-0.20
Sacramento	21.30	0.40	12.50	0.10
San Diego	16.30	-0.50	6.20	-0.20
San Francisco	13.30	-0.10	3.90	0.00
San Jose	18.60	-1.00	5.80	-0.10
San Luis Obispo	12.10	-1.60	9.90	0.80

Building resuming, mixed results

City	2013 YTD	2014 YTD	Change (%)
Central County Total	153,830,803	266,764,544	73.4
Concord	1,570,508	47,585,702	2,930.0
Walnut Creek	27,701,998	130,908,364	372.6
Clayton	378,153	772,858	104.4
Danville	4,739,522	7,171,577	51.3
Lafayette	3,236,399	4,116,313	27.2
Martinez	7,326,495	9,304,019	27.0
Orinda	3,806,365	3,552,432	-6.7
Pleasant Hill	17,914,266	11,889,539	-33.6
San Ramon	87,157,097	51,463,740	-41.0
East County Total	26,223,790	56,247,100	114.5
Antioch	12,301,959	37,359,975	203.7
Oakley	3,355,851	5,493,052	63.7
Pittsburg	6,439,851	10,034,919	55.8
Brentwood	4,126,129	3,359,154	-18.6
West County Total	65,847,173	69,421,994	5.4
El Cerrito	3,277,375	5,745,420	75.3
Hercules	1,131,318	1,963,565	73.6
Pinole	3,390,275	4,446,265	31.1
Richmond	54,752,585	54,990,116	0.4
San Pablo	3,295,620	2,276,628	-30.9
Unincorporated	77,097,228	29,170,534	-62.2
County Total	331,620,338	424,049,570	27.9

The forecasts

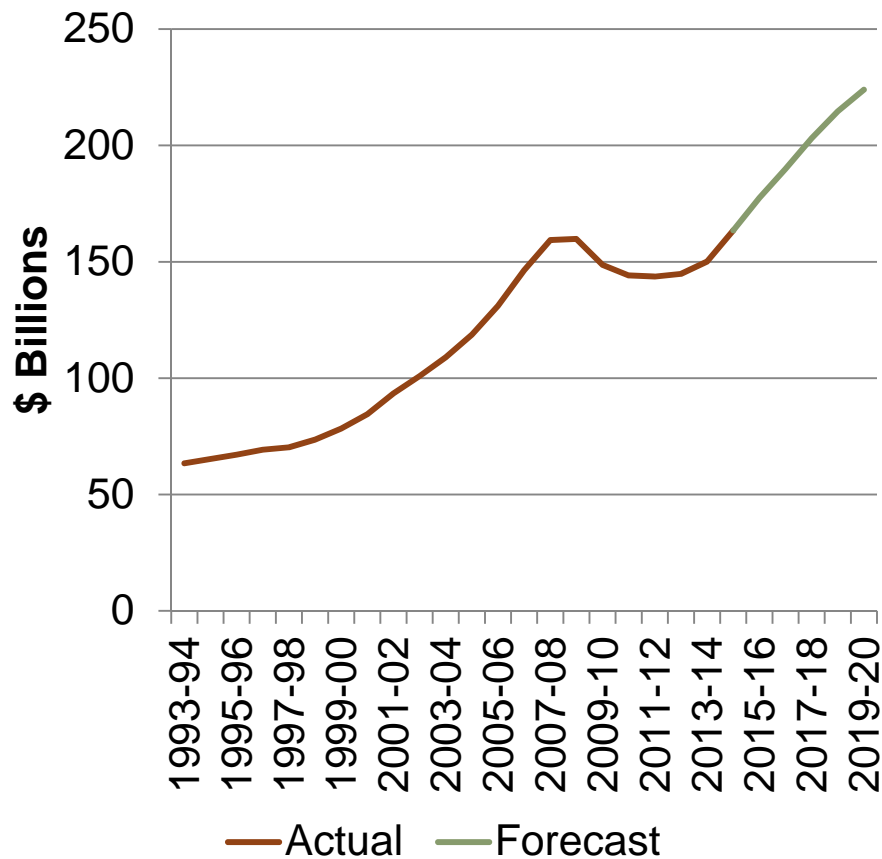


3-year economic forecast

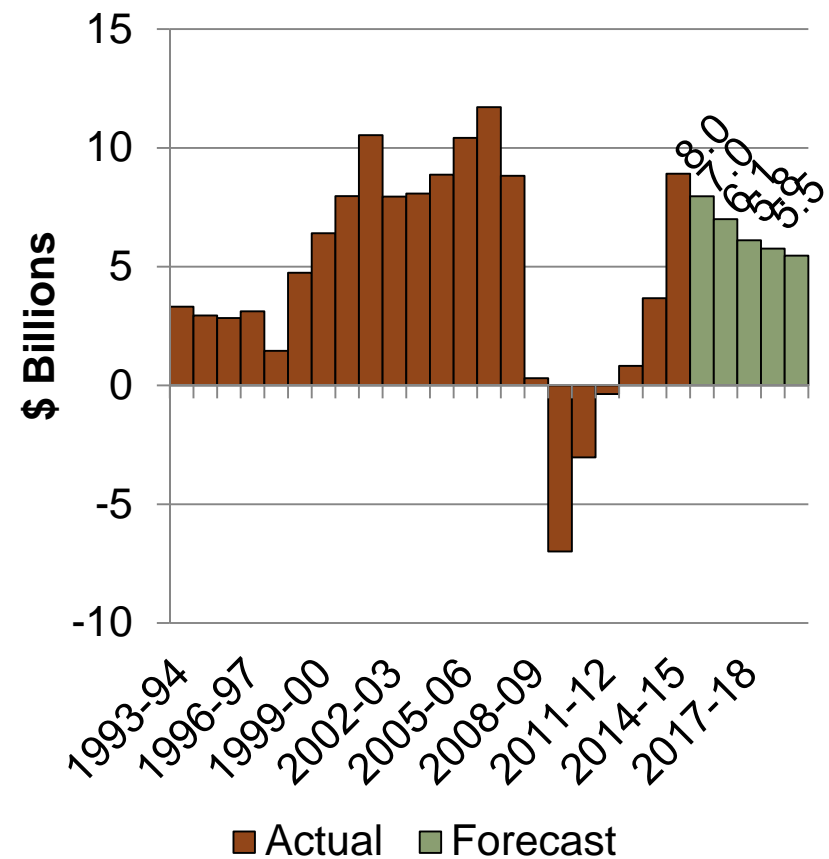
Indicator	2014	2015	2016	2017
Total Population	1,098,490	1,113,303	1,128,007	1,142,527
Pop. Growth (%)	1.4	1.3	1.3	1.3
Unemployment Rate	6.1	5.4	5.0	4.6
Total Nonfarm Employment	1,056.1	1,079.3	1,100.3	1,124.3
Employment Growth (%)	2.1	2.2	1.9	2.2
Median Home Price	450,320	470,607	487,681	507,590
Home Price Growth (%)	14.4	4.5	3.6	4.1
Home Sales	12,636	14,022	14,678	15,084
Home Sales Growth (%)	0.1	11.0	4.7	2.8
Nonresidential Permit Values (\$ Millions)	409.7	439.3	467.0	497.4
Nonres. Permit Growth (%)	28.4	7.2	6.3	6.5
Single-Family Building Permits (000s)	1.6	2.1	2.8	3.2
Multi-Family Building Permits (000s)	0.4	0.9	1.6	2.0
Taxable Sales (\$ Millions)	15,222	16,109	16,900	17,744

Property tax outlook

Assessed Value



AV Growth



Wrap-up

- Local economy finally hitting its stride
- Most major aspects of the local economy growing
 - Employment is growing
 - Consumers are spending
 - Housing and apartments are hot
 - New construction is slowly coming back
 - Local strengths already materializing into growth
- Forecasting continued growth in 2015 and beyond



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Contra
Costa
County

To: Board of Supervisors
From: Julia R. Bueren, Public Works Director/Chief Engineer
Date: January 27, 2015

Subject: County Building Infrastructure Status

RECOMMENDATION(S):

ACCEPT report on County Infrastructure Status prepared by Public Works.

FISCAL IMPACT:

This report is for informational purposes and has no specific fiscal impact.

BACKGROUND:

Attached is Public Work's report entitled "County Infrastructure Status".

CONSEQUENCE OF NEGATIVE ACTION:

None.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/27/2015** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 27, 2015

Contact: Julie Bueren, Public
Works Director

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

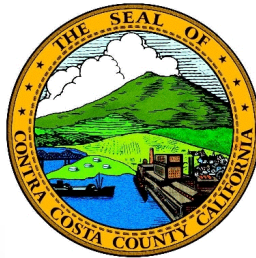
cc: Robert Campbell, Auditor-Controller

ATTACHMENTS

Presentation on County Building Infrastructure Status, by Public Works
Dept

Infrastructure Managing our County Facilities

Board of Supervisors Retreat
January 27, 2015



KEY ISSUES/CHALLENGES

- Huge deferred maintenance and capital renewal shortfall
- Increasing under-performing assets
- Limited investment
- Lack of comprehensive centralized facility inventory
- No preventative maintenance program
- Staffing levels to deliver services

GOALS

Facility Asset Management Plan that includes

- Detailed inventory of assets
- Facility condition assessments
- Life-cycle costs
- Policies and procedures guiding priorities, utilization and surplus
- Planning for future needs

PROGRESS

- Reorganized the department to consolidate facility related functions under one deputy – Real Estate, Capital Projects and Facilities Maintenance
- Implementing the Real Estate Asset Management Policy (RAMP)
- Life Cycle Cost Factor
- Work is underway to build a facilities inventory data base with completion mid 2015

PROGRESS

- Assessments of 51 buildings were conducted in 2014. Report should be finalized mid 2015.
- Engaged with customer departments to determine needs and identify improvements
- Developing plan to meet customer needs, Facility Lifecycle Improvement Program (FLIP) projects and substantial backlog work

CONTRA COSTA COUNTY INFRASTRUCTURE AT A GLANCE

- 374 County owned, leased, operated buildings
- 232 County owned buildings
- 117 Leased buildings
- 18 Buildings-operated by the County (Libraries)
- 7 Buildings-partnership w/Courts
- Approximately 4.5 million Square Feet

DEFERRED MAINTENANCE UPDATE

- The projected cost from the assessments done in 2007 is \$270 million. This will be updated with the results of the 2014 condition assessments.
- The distribution of costs by level of priority is:
 - Priority 1 – Currently Critical – 1%
 - Priority 2 – Potentially Critical – 10%
 - Priority 3 – Necessary, but not Critical – 69%
 - Priority 4 - Necessary, 6 – 10 years – 20%

DEFERRED MAINTENANCE UPDATE

- Continue to provide some funding to address Deferred Maintenance

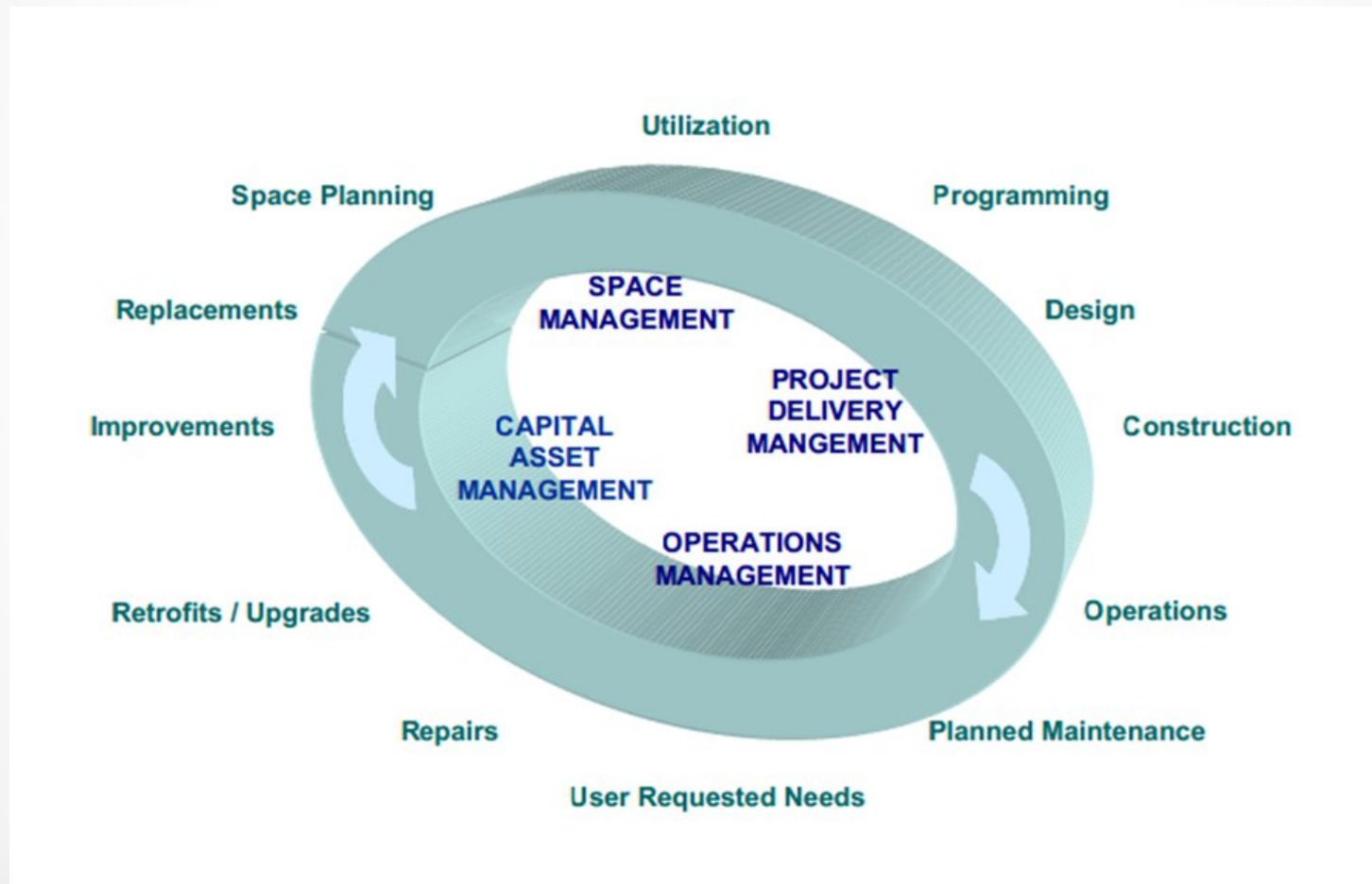
\$ 5 Million Budgeted in FY 2012/2013

\$10 Million Budgeted in FY 2013/2014 and in 2014/2015

Plan to budget approximately \$10 Million in FY 2015/2016

- Status

ASSET LIFECYCLE MODEL FOR TOTAL COST OF OWNERSHIP MANAGEMENT





Contra
Costa
County

To: Board of Supervisors
From: David Twa, County Administrator
Date: January 27, 2015

Subject: Medical Benefit Trends in the Bay Area

RECOMMENDATION(S):

ACCEPT report on Medical Benefit Trends in the Bay Area prepared by Cheiron.

FISCAL IMPACT:

This report is for informational purposes and has no specific fiscal impact.

BACKGROUND:

Attached is Cheiron's report entitled "Medical Benefit Trends in the Bay Area".

CONSEQUENCE OF NEGATIVE ACTION:

None.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/27/2015** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 27, 2015

Contact: Theresa Speiker, Chief Assistant County
Administrator (925) 335-1096

David J. Twa, County Administrator and Clerk of the Board of
Supervisors

By: , Deputy

cc: Robert Campbell, Auditor-Controller, Christine Penkala, County Benefits Manager

ATTACHMENTS

Presentation on Medical Benefit Trends, by
Cheiron

Medical Benefit Trends in the Bay Area

January 27, 2015

Michael Schionning, FSA, Cheiron

Agenda



- Overview
- Employee Benefits
- Retiree Benefits
- Questions
- Appendix
 - Benefit Comparisons
 - Contribution Methodology

Overview



- Provide a comparison of benefit offerings by other counties in the Bay area of California
- Discuss the key components of medical benefits for both employees and retirees
- Review the current premium cost to both the County and employees
- Provide general commentary on future trends in benefit coverage

Overview



- The counties studied were:
 - Alameda
 - Marin
 - Napa
 - Sacramento
 - San Francisco
 - San Joaquin
 - San Mateo
 - Santa Clara
 - Santa Cruz
 - Solano
 - Sonoma
 - Stanislaus

Employee Benefits



- The focus was on the key components of the medical benefits offered
 - Number and type of plans offered
 - Total premium cost of coverage
 - Contributions toward coverage
 - Other key features
 - Waiver of coverage incentives
 - Rating tiers used
 - Extension of coverage to Part-time employees

Employee Benefits



- Benefit plan offerings
 - Contra Costa County sponsors 8 health benefit plans for non-safety employees
 - 2 are Preferred Provider Option (PPO) plans
 - 6 are Health Maintenance Organization (HMO) plans
 - Additionally, certain safety employees participate in CalPERS Sponsored or Public Employees' Medical and Hospital Care Act (PEMHCA) health plans.
- 3 counties participate solely in the PEMHCA (Napa, Santa Cruz and Solano)
 - Excluding these 3 counties, the range is 3 to 6 plans, with an average of 4
 - 4 of 12 peers offer one or more High Deductible Health Plan (HDHP) options
 - Marin, Sacramento, San Mateo, and Stanislaus

Employee Benefits



- The appendix (see pages 22, 23 & 24) compares key benefit coverage features for the Kaiser HMO, which is offered by all but 1 county and the most commonly offered PPO plan
- The table below shows the current enrollment in PPO and HMO type benefit plans for the County

	Active Employees			Retired Employees		
	<u>HMO Plans</u>	<u>PPO Plans</u>	<u>Total</u>	<u>HMO Plans</u>	<u>PPO Plans</u>	<u>Total</u>
County Sponsored Plans	5,679	14	5,693	4,070	298	4,368
PEMHCA Plans	849	112	961	793	334	1,127
Total Contra Costa County	6,528	126	6,654	4,863	632	5,495

- Note that most of the County's employees and retirees are in HMO type benefit plans

Employee Benefits



- For the Kaiser HMO Plan
 - In the comparison counties, the most common physician copay is \$15 compared to \$10 for the County
 - The most common emergency room copay is \$50 compared to \$10 for the County
 - 3 counties also have a per admission copay for inpatient hospital visits
- Overall, the County's most common Kaiser HMO plan provides a higher level of coverage (lower co-pays/user fees) than the other counties studied

Employee Benefits

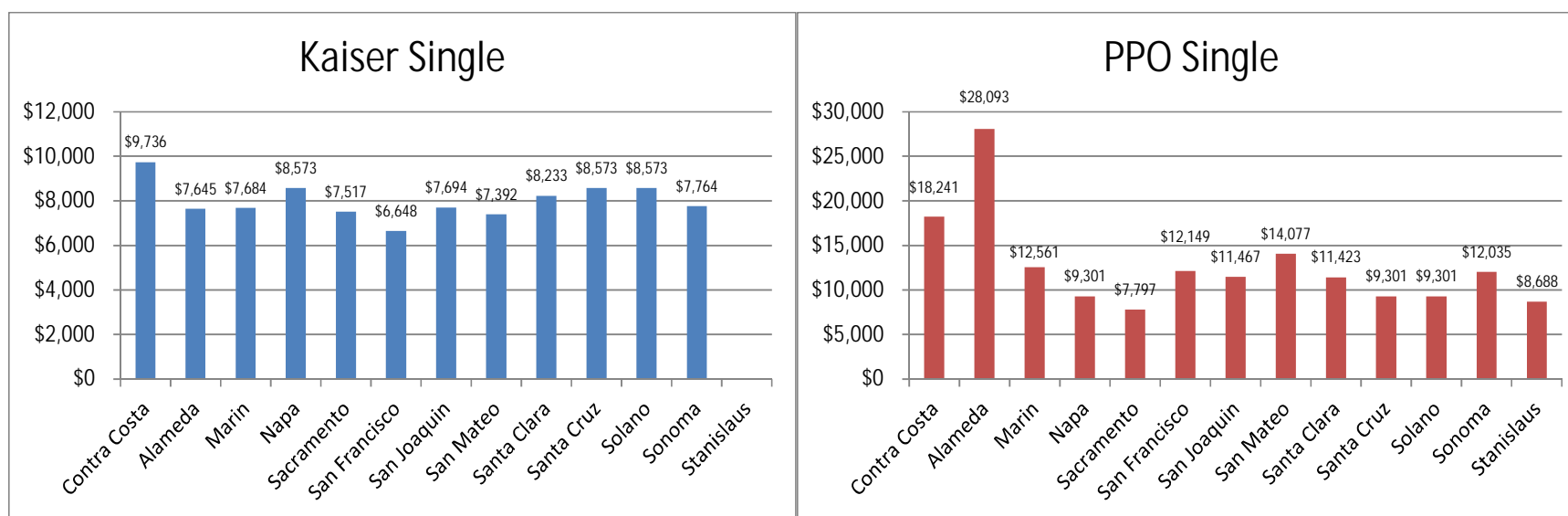


- For the most common PPO Plan
 - The annual deductible is at the lower end of the range offered by the other counties; \$500 is the most common deductible
 - The out-of-pocket maximum for the County is somewhat lower at \$1,500 compared to the most common amount of \$2,000 for the comparison counties studied
 - The in-network coinsurance of 10% is consistent with most other plans and the out-of-network is better at 30% compared to the most common amount of 40%
 - The prescription drug copayment of \$5 for all drugs is the lowest of the counties studied
- Overall, the County's most common PPO plan provides a higher level of coverage than the other counties studied

Employee Benefits



- The charts below compare the annual premiums for single coverage for Kaiser HMO and the highest cost PPO plan offered in each county

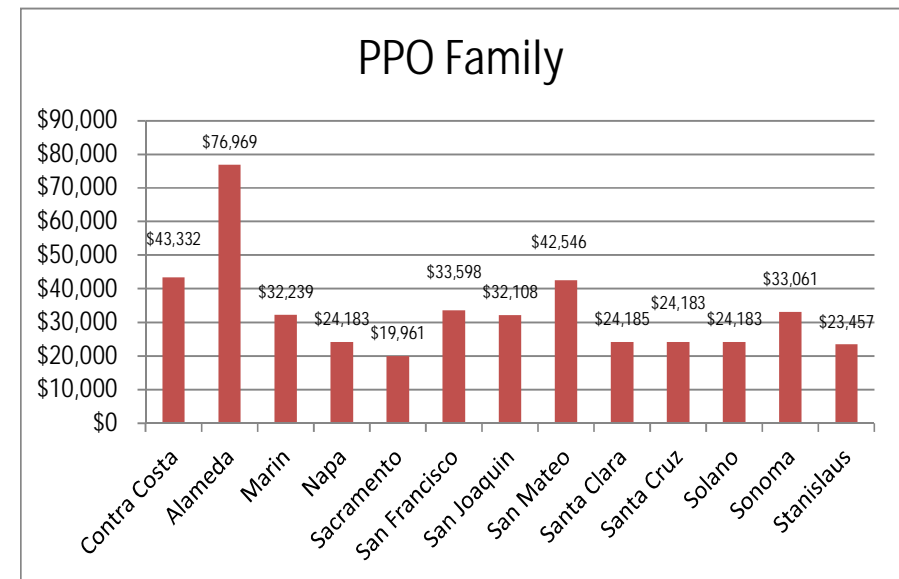
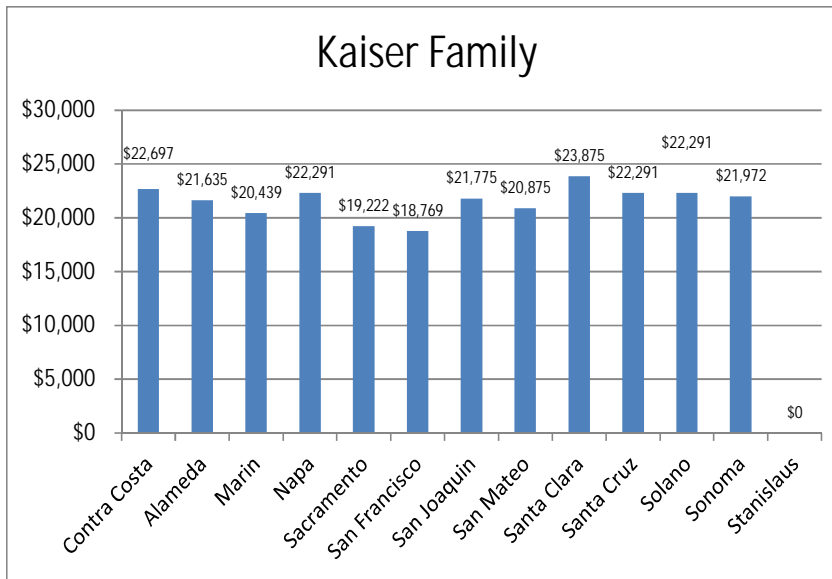


- The County has the highest cost Kaiser HMO plan and the second highest cost PPO plan
- Stanislaus County does not offer a Kaiser HMO plan

Employee Benefits



- The charts below compare the annual premiums for full family coverage for Kaiser HMO and the highest cost PPO plan offered in each county

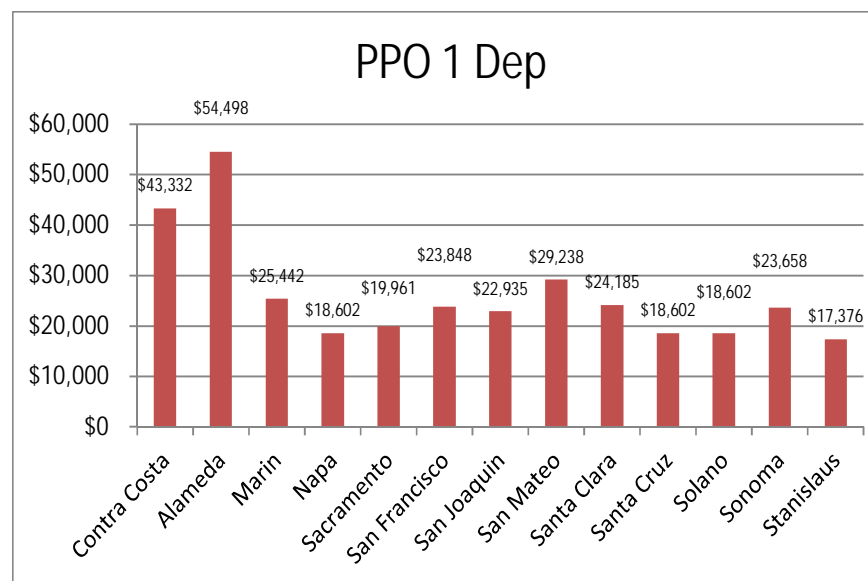
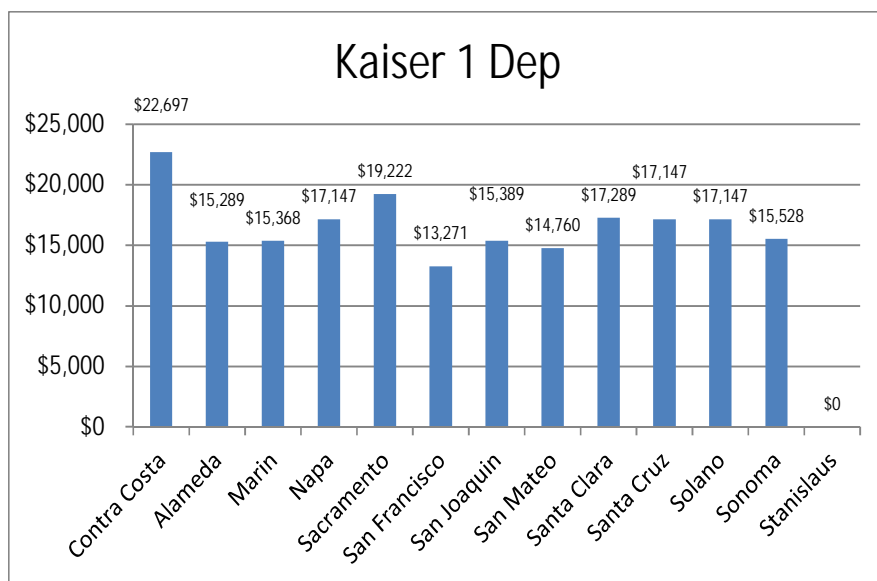


- The County has the second highest cost Kaiser HMO plan and the second highest cost PPO plan
- Note that most of the other Counties offer 3-tier rating structures so that premiums are lower for 1 dependent

Employee Benefits



- The charts below compare the annual premiums for employee with one dependent coverage for Kaiser HMO and the highest cost PPO plan offered in each county

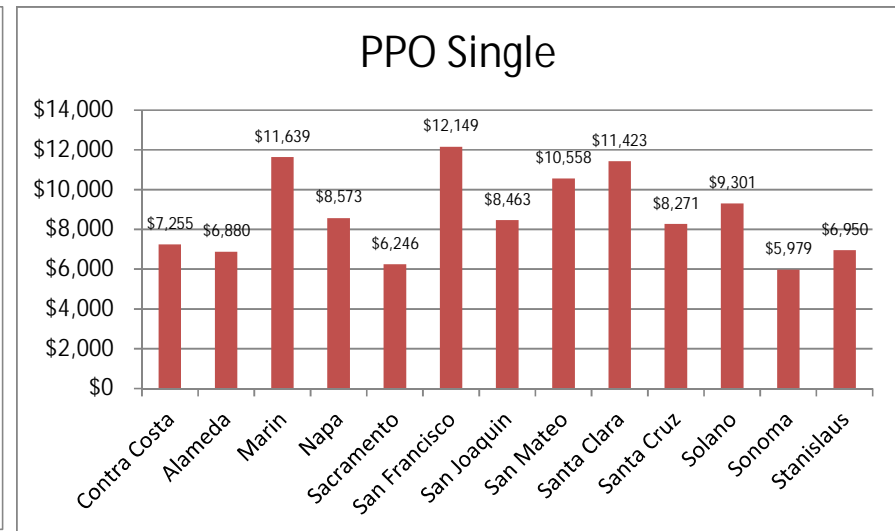
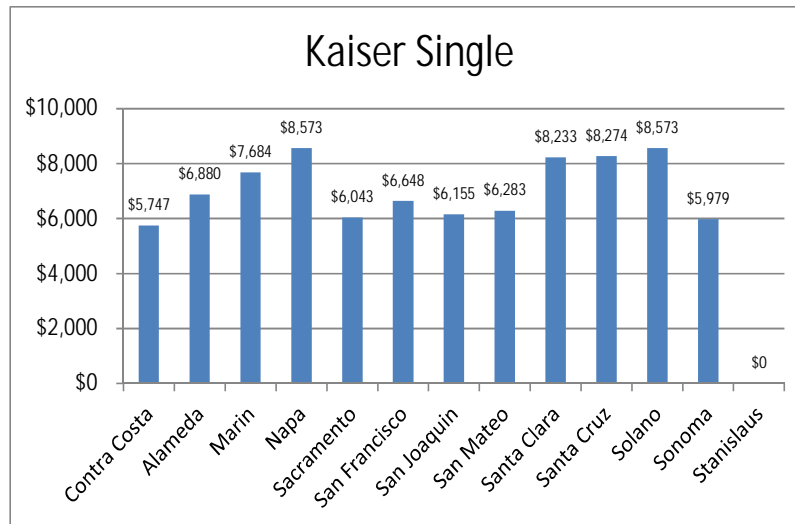


- The County has the highest cost Kaiser HMO plan and the second highest cost PPO plan
- For the PPO plan, the total premiums in other counties are much lower because Contra Costa County's one dependent rate is the same as the full family rate

Employee Benefits



- The charts below compare the annual County subsidy for single coverage for Kaiser HMO and the highest cost PPO plan offered in each county

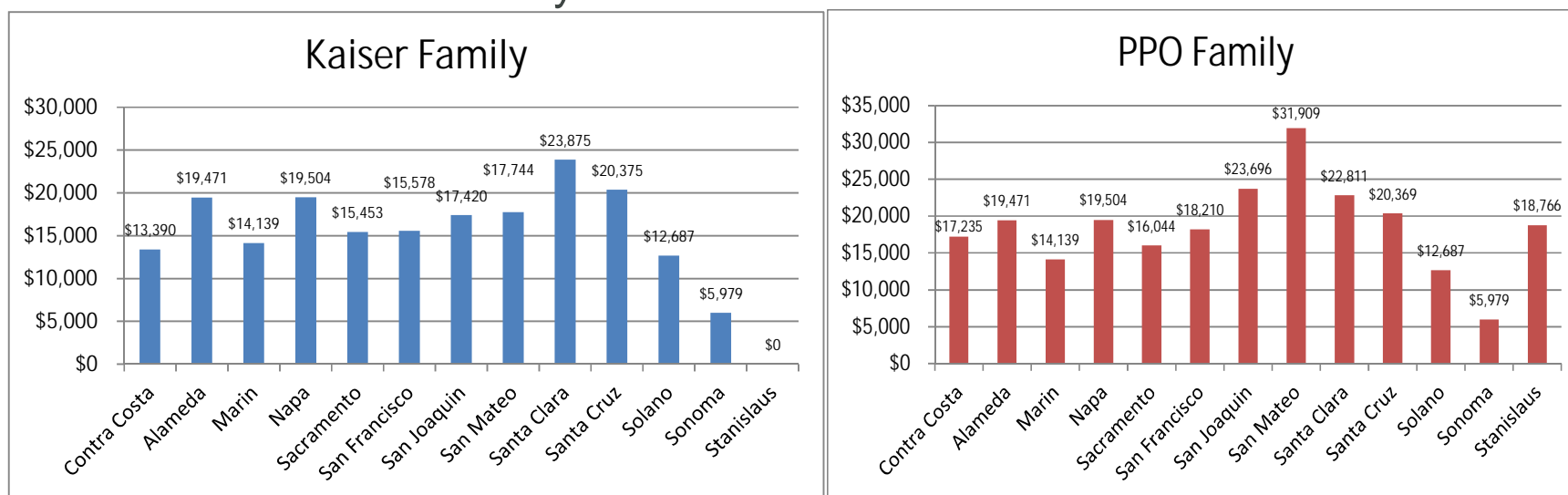


- The County has the lowest subsidy for the Kaiser HMO plan and is in the middle of the range for PPO coverage
- Five of the Counties subsidize 100% of the single premium for the Kaiser HMO plan
- Pages 29 and 30 of the appendix show representative annual employee contributions for single and full family coverage

Employee Benefits



- The charts below compare the annual County subsidy for employee with full family coverage for Kaiser HMO and the highest cost PPO plan offered in each county

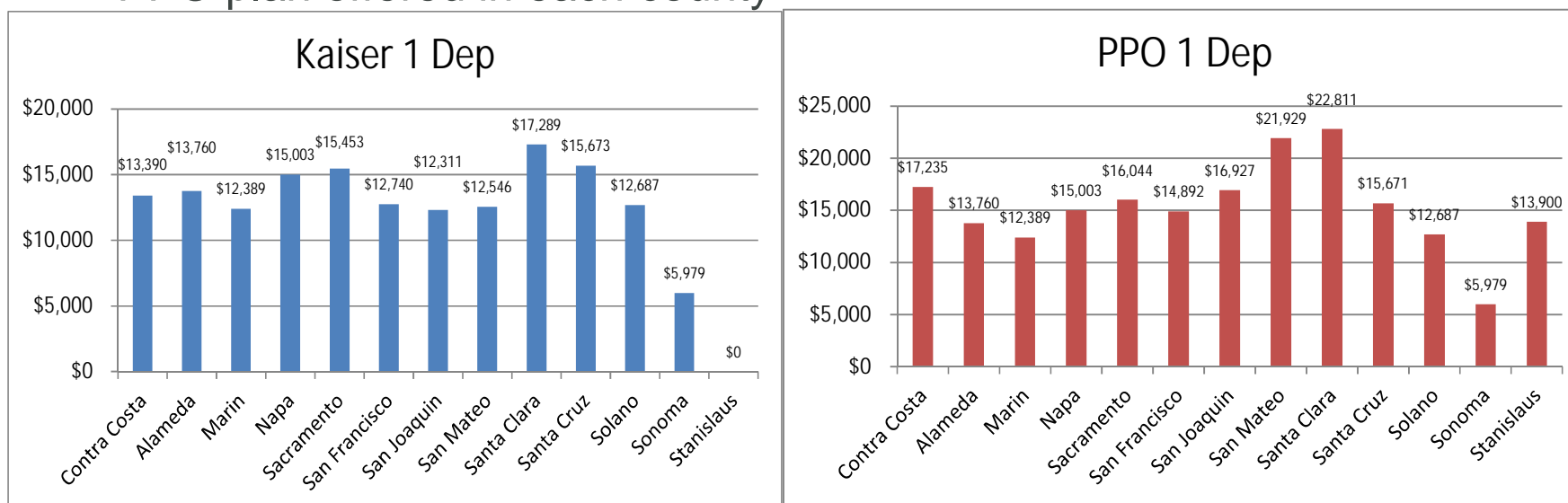


- The County subsidy on a dollar basis is in the middle of the range for the other counties
- On a percentage basis, only 2 counties contribute a lower percent of premium for Kaiser HMO and the PPO plan

Employee Benefits



- The charts below compare the annual County subsidy for employee with one dependent coverage for Kaiser HMO and the highest cost PPO plan offered in each county



- The County subsidy is higher for this category because it only offers a full family rate
- On a percentage basis, only 2 of the comparison counties subsidize a lower percent of premium for Kaiser HMO and the PPO plan

Employee Benefits



- Waiver of coverage
 - Contra Costa County does not provide incentives
 - 7 of 12 peer counties offer an incentive for employees who waive coverage
 - Incentives range from \$50 to \$385 per month
- Rating tiers
 - Contra Costa County uses a two tier structure (Single and Family)
 - 10 of the 12 other counties use a three tier structure (Single, Two Party, and Family)
 - Sacramento uses a two tier structure
 - Santa Clara uses a four tier structure (Single, Employee and Spouse, Employee and Children, and Employee and Family)

Employee Benefits



- Part time employee coverage
 - Contra Costa County provides the same subsidy to employees who work 20 or more hours per week
 - Threshold for providing full county subsidy:
 - 3 counties require 20 hours per week
 - 9 counties require 40 hours per week
 - Of the 9 counties that provide a partial subsidy to some part-time employees:
 - 8 counties prorate the subsidy based on scheduled part-time hours and threshold for full subsidy
 - 1 county offers part-time employees a special medical plan

Retiree Benefits



- All of the counties studied provide some level of retiree coverage
 - Three counties only provide access to coverage at the same premium as active employees
- The County is one of the leaders in addressing this liability through:
 - Pre-funding the benefit
 - Changing the program to reduce the liability

Retiree Benefits



- The chart on the next page compares some key measures of the retiree medical costs:
 - The total actuarial liability
 - The amount of any assets to support the liability
 - The funded ratio of the plan
 - The actuarial liability as a percentage of payroll
- All but four of the comparison counties are providing some level of pre-funding for the benefit
- As a percentage of payroll, the County is the fourth highest plan
- The County is in the top six in pre-funding the liability

Retiree Benefits



<u>County</u>	<u>CAFR Date</u>	<u>Liability</u>	<u>Assets</u>	<u>% Funded</u>	<u>Liability as % of Payroll</u>
Contra Costa	FYE 14	\$923.8	\$129.4	14.0%	150.5%
Alameda	FYE 14	\$724.6	\$617.6	85.2%	79.0%
Marin	FYE 13	\$361.7	\$26.4	7.3%	238.0%
Napa	FYE 13	\$51.7	\$16.6	32.1%	58.0%
Sacramento	FYE 13	\$100.4	\$0.0	0.0%	12.8%
San Francisco	FYE 14	\$4,000.0	\$17.9	0.4%	162.6%
San Joaquin	FYE 13	\$97.8	\$0.0	0.0%	26.7%
San Mateo	FYE 14	\$319.4	\$192.8	60.4%	70.5%
Santa Clara	FYE 14	\$2,430.2	\$560.3	23.1%	166.1%
Santa Cruz	FYE 13	\$127.8	\$0.0	0.0%	82.6%
Solano	FYE 14	\$34.4	\$14.2	41.4%	20.4%
Sonoma	FYE 14	\$335.4	\$23.7	7.1%	102.4%
Stanislaus	FYE 13	\$36.1	\$0.0	0.0%	16.7%



Questions

Required Disclosures



- The purpose of this presentation is to present general information regarding the medical benefit offerings for County employers in the San Francisco Bay Area.
- This presentation was prepared exclusively for Contra Costa County and its Board of Supervisors for the purpose described herein. This presentation is not intended to benefit any third party and Cheiron assumes no duty or liability to any such party.
- In preparing our report, we relied on information (some oral and some written) supplied by the County as well as publically available data for other Counties in the Bay Area. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.
- To the best of my knowledge, this presentation has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. I am not an attorney and our firm does not provide any legal services or advice.

Michael W. Schionning, FSA
Principal Consulting Actuary



Classic Values, Innovative Advice.



Benefit Comparisons Kaiser HMO Plan and Highest Benefit PPO Plan

Appendix



	Contra Costa	Alameda	Marin	Napa	Sacramento
Kaiser HMO					
Out-of-Pocket Maximum	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000
Office Visit Copay	\$10	\$15	\$5	\$15	\$15
Inpatient Hospital Copay	\$0	\$0	\$0	\$0	\$0
Emergency Room Copay	\$10	\$50	\$50	\$50	\$35
Retail Pharmacy					
Generic	\$10	\$15	\$5	\$5	10
Brand Formulary	\$20	\$15	\$5	\$20	\$20
Brand Non-Formulary	Not Covered	Not Covered	Not Covered	Not Covered	Not Covered
PPO Plan					
Deductible	\$250/\$750	\$2,000/\$4,000 in-network; \$4,000/\$8,000 out-of-network	\$500/\$1,000	\$500/\$1,000	\$1,500/\$3,000 in-network only
Out-of-Pocket Maximum	\$1,500/\$3,000 In-network; \$5,000 per person out-of-network	\$4,000/\$8,000 in-network; \$8,000/\$16,000 out-of-network	\$3,000/\$6,000 in-network, \$15,000/\$45,000 out-of-network	\$2,000/\$4,000 In-network; none out-of-network	\$1,500/\$3,000 in-network only
Coinsurance	10% in-network; 30% out-of-network	20% in-network; 40% out-of-network	20% in-network; 40% out-of-network	10% in-network; 40% out-of-network	0%
Office Visit Copay	\$10 in-network	\$25 in-network	\$20 in-network	Coinsurance	100% after ded.
Inpatient Hospital Copay	None	\$500 per admit plus deductible	None	\$250 per admission	100% after ded.
Emergency Room Copay	\$50 copay plus coinsurance	\$250 copay	\$50 copay plus coinsurance	\$50 copay plus coinsurance	100% after ded.
Retail Pharmacy					
Generic	\$5	\$10	\$5	\$5	100% after ded.
Brand Formulary	\$5	\$30	\$15	\$20	100% after ded.
Brand Non-Formulary	\$5	\$50	\$30	\$50	100% after ded.

Appendix



	Contra Costa	San Francisco	San Joaquin	San Mateo	Santa Clara
Kaiser HMO					
Out-of-Pocket Maximum	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000
Office Visit Copay	\$10	\$20	\$10	\$15	\$10
Inpatient Hospital Copay	\$0	\$200 per Admit	\$0	\$100 per Admit	\$100 per admit
Emergency Room Copay	\$10	\$100	\$100	\$100	\$35
Retail Pharmacy					
Generic	\$10	\$5	\$10	\$10	\$5
Brand Formulary	\$20	\$15	\$20	\$20	\$10
Brand Non-Formulary	Not Covered	Not Covered	Not Covered	Not Covered	Not Covered
PPO Plan					
Deductible	\$250/\$750	\$250/\$500/\$750	\$125/\$250 in-network only	\$0 Tier I, \$200/\$600 Tier II, \$500/\$1,000 Tier III	\$0 Tier I and Tier II, \$200/\$600 Tier III
Out-of-Pocket Maximum	\$1,500/\$3,000 In-network; \$5,000 per person out-of-network	\$3,750 in-network; \$7,500 out-of-network; both per person	\$1,000/\$2,500 in-network only	\$0 Tier I, \$2,000/\$4,000 Tier II, \$4,000/\$8,000 Tier III	\$0 Tier I, \$2,000/\$4,000 Tier II, \$4,000/\$8,000 Tier III
Coinsurance	10% in-network; 30% out-of-network	15% in-network; 50% out-of-network	0%	0% Tier I, 20% Tier II, 40% Tier III	0% Tier I, 10% Tier II, 30% Tier III
Office Visit Copay	\$10 in-network	Coinsurance	\$5	\$15 Tier I, Coinsurance all other Tiers	\$15 Tier I, \$20 Tier II, Coinsurance Tier III
Inpatient Hospital Copay	None	Coinsurance	\$100 per admit	\$100 per admit Tier I, coinsurance all other Tiers	Coinsurance
Emergency Room Copay	\$50 copay plus coinsurance	Coinsurance	\$100 copay	\$100 copay	\$50 copay
Retail Pharmacy					
Generic	\$5	\$5	\$5	\$15	\$5
Brand Formulary	\$5	\$20	\$10	\$30	\$15
Brand Non-Formulary	\$5	\$45	\$30	Not Covered	\$30

Appendix



	Contra Costa	Santa Cruz	Solano	Sonoma	Stanislaus
Kaiser HMO					
Out-of-Pocket Maximum	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	Not Offered
Office Visit Copay	\$10	\$15	\$15	\$10	Not Offered
Inpatient Hospital Copay	\$0	\$0	\$0	\$0	Not Offered
Emergency Room Copay	\$10	\$50	\$50	\$50	Not Offered
Retail Pharmacy					
Generic	\$10	\$5	\$5	\$5	Not Offered
Brand Formulary	\$20	\$20	\$20	\$10	Not Offered
Brand Non-Formulary	Not Covered	Not Covered	Not Covered	Not Covered	Not Offered
PPO Plan					
Deductible	\$250/\$750	\$500/\$1,000	\$500/\$1,000	\$300/\$900	\$1,250/\$2,500
Out-of-Pocket Maximum	\$1,500/\$3,000 In-network; \$5,000 per person out-of-network	\$2,000/\$4,000 In-network; none out-of-network	\$2,000/\$4,000 In-network; none out-of-network	\$2,000/\$4,000	\$3,000/\$6,000
Coinsurance	10% in-network; 30% out-of-network	10% in-network; 40% out-of-network	10% in-network; 40% out-of-network	10% in-network; 40% out-of-network	0%
Office Visit Copay	\$10 in-network	Coinsurance	Coinsurance	\$20 in-network	\$20 after deductible
Inpatient Hospital Copay	None	\$250 per admission	\$250 per admission	\$125 per admit, then coinsurance	\$150 per admit after deductible
Emergency Room Copay	\$50 copay plus coinsurance	\$50 copay plus coinsurance	\$50 copay plus coinsurance	\$100 + Coinsurance	\$75 per admit after deductible
Retail Pharmacy					
Generic	\$5	\$5	\$5	\$5	\$10 after deductible
Brand Formulary	\$5	\$20	\$20	\$15	\$25 after deductible
Brand Non-Formulary	\$5	\$50	\$50	\$30	\$25 after deductible



Contribution Methodology

Contribution Methodology



- The Bay Area counties have a variety of contribution strategies that are employed to develop county subsidies and the resulting employee contributions
 - 9 subsidize a percentage of the premium of the plan or rating tier selected
 - This ranges from 75% to 100% for single coverage
 - It ranges from 50% to 100% for family coverage
 - 2 set the subsidy amounts based on a specific plan and the employee pays the difference between the premiums and the county subsidy

Contribution Methodology



- 1 has a cafeteria plan
 - The county sets a fixed base subsidy amount
 - The amount varies based on bargaining unit
 - The amount also varies based on rating tier
 - The amount that can apply towards dependent coverage is based on the salary of the employee
 - Most single coverage is free to the employee; dependent coverage can cost as much as 56% of the premium
- 2 pay a fixed subsidy:
 - One does not vary based on rating tier
 - One varies the subsidy so that the percentage paid by the county is similar for single and family

Contribution Methodology



Annual Employee Premium for Single Coverage 2015 Plan Year

<u>County</u>	<u>Kaiser HMO</u>	<u>Alternative HMO</u>	<u>High Cost PPO</u>	<u>Low Cost PPO</u>
Contra Costa	\$3,989	\$6,683	\$10,986	\$9,166
Alameda	\$764	\$1,167	\$21,212	n/a
Marin	\$0	n/a	\$922	n/a
Napa*	\$0	\$2,573	\$728	\$0
Sacramento	\$1,503	\$1,561	\$1,784	\$0
San Francisco	\$0	\$0	\$0	n/a
San Joaquin	\$1,539	n/a	\$3,004	\$2,116
San Mateo	\$1,109	\$1,584	\$3,519	\$850
Santa Clara	\$0	\$0	\$0	n/a
Santa Cruz*	\$300	\$2,882	\$1,030	\$28
Solano*	\$0	\$0	\$0	\$0
Sonoma	\$1,785	n/a	\$6,056	\$3,915
Stanislaus	n/a	n/a	\$1,738	\$363

* PEMHCA Counties

Contribution Methodology



Annual Employee Premium for Family Coverage 2015 Plan Year

<u>County</u>	<u>Kaiser HMO</u>	<u>Alternative HMO</u>	<u>High Cost PPO</u>	<u>Low Cost PPO</u>
Contra Costa	\$9,307	\$16,394	\$26,097	\$21,774
Alameda	\$2,163	\$3,302	\$57,498	n/a
Marin	\$8,496	n/a	\$18,101	n/a
Napa*	\$2,786	\$9,476	\$4,678	\$2,037
Sacramento	\$3,844	3996.24	\$1,561	\$0
San Francisco	\$3,191	\$3,730	\$15,387	n/a
San Joaquin	\$4,355	n/a	\$8,412	\$5,925
San Mateo	\$3,131	\$4,483	\$10,636	\$2,397
Santa Clara	\$478	\$0	\$1,374	n/a
Santa Cruz*	\$1,916	\$8,628	\$3,814	\$1,164
Solano*	\$9,604	\$16,294	\$11,495	\$8,854
Sonoma	\$15,993	n/a	\$27,081	\$20,981
Stanislaus	n/a	n/a	\$4,692	\$981

* PEMHCA Counties



Contra
Costa
County

To: Board of Supervisors
From: David Twa, County Administrator
Date: January 27, 2015

Subject: Board of Supervisors Annual Retreat Budget and Key Issues for FY 2015/16

RECOMMENDATION(S):

CONSIDER accepting report on Budget and Key Issues for FY 2015/16.

FISCAL IMPACT:

No fiscal impact. This is an informational report only.

BACKGROUND:

Attached is the FY 2015/16 report on Budget and Key Issues.

CONSEQUENCE OF NEGATIVE ACTION:

Not applicable.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/27/2015** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 27, 2015

Contact: Lisa Driscoll, County Finance
Director (925) 335-1023

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

cc:

ATTACHMENTS

Budget and Key Issues

Budget and Key Issues

January 27, 2015

FY 2015-2016 Topics

- Budget
- Budget Hearing Format
- Health Plan Re-opener

Familiar Budget Drivers and Challenges for 2015/16 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

Contra Costa County

- Over the three year period between 2009/10 and 2011/12 property taxes declined by 11.08% . Over the last three years 2012/13 to 2014/15 the increase was 13.4%.
- This means the total net increase over the past six year was only 2.32%
- 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 9.09% increase
 - 2015/16 Projected to increase 6.5%

Contra Costa County

“Prices reached all-time highs in San Mateo County in October and Santa Clara County in June, and came within 4.4 percent of an all-time high in Alameda County. Contra Costa County was still 35 percent below its pre-crash peak.”

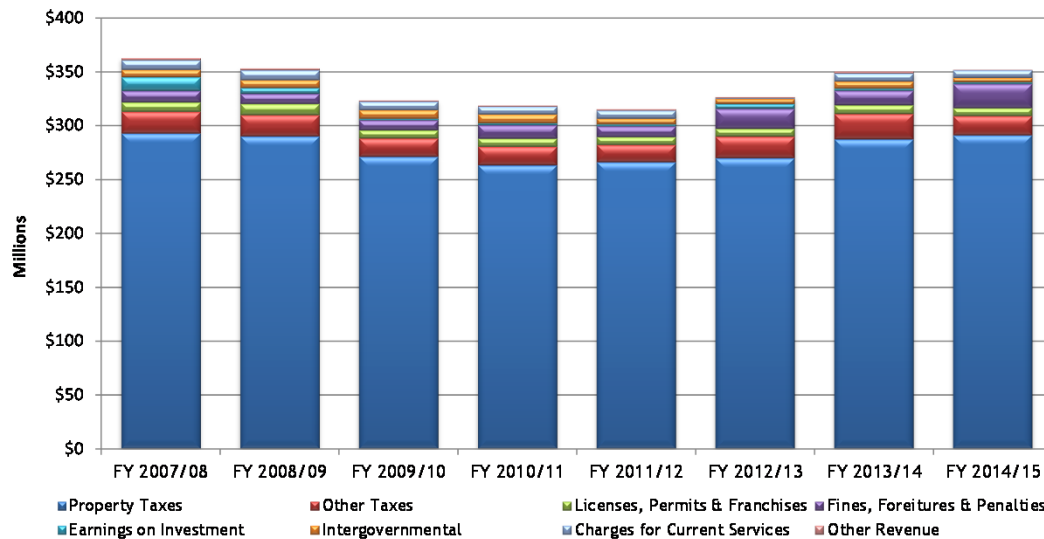
CC Times Article - December 17, 2014

FY 2014/15 Mid-Year Preliminary Stats

ALL FUNDS	Budget	Actual	Percent	Mid-Year FY 13-14
Expenditures	\$ 2,841,414,173	\$ 1,236,176,873	43.5%	43.6%
Revenues	\$ 2,694,641,354	\$ 1,186,413,559	44.0%	38.1%
GENERAL FUND	Budget	Actual	Percent	
Expenditures	\$ 1,417,483,765	\$ 618,917,518	43.7%	43.0%
Revenues	\$ 1,358,527,515	\$ 504,238,809	37.1%	34.4%
GENERAL FUND	Budget	Actual	Percent	
Wages & Benefits	773,026,108	355,153,145	45.9%	44.8%
Services & Supplies	438,889,648	181,234,538	41.3%	40.9%
Other Charges	230,752,887	117,769,426	51.0%	49.1%
Fixed Assets	51,759,773	7,830,204	15.1%	7.3%
Inter-departmental Charges	(81,000,304)	(43,069,795)	53.2%	50.1%
Contingencies	4,055,653	0	0.0%	0.0%
Total Expenses	\$ 1,417,483,765	\$ 618,917,518	43.7%	43.0%
GENERAL FUND	Budget	Actual	Percent	
Taxes	\$ 312,017,000	\$ 204,486,725	65.5%	64.3%
Licenses, Permits, Franchises	11,313,690	3,053,668	27.0%	22.9%
Fines, Forfeitures, Penalties	26,691,183	1,872,448	7.0%	11.8%
Use of Money & Property	2,146,252	1,285,565	59.9%	54.0%
Federal/State Assistance	531,906,514	156,092,907	29.3%	22.7%
Charges for Current Services	223,519,143	70,541,530	31.6%	0.8%
Other Revenue	250,933,733	66,905,966	26.7%	30.8%
Total Revenues	\$ 1,358,527,515	\$ 504,238,809	37.1%	34.4%

General Purpose Revenue

	FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Adopted</u>
Property Taxes	292,844,817	290,226,190	271,340,322	263,410,494	266,177,126	270,099,929	287,429,702	291,200,000
Other Taxes	20,254,974	19,784,051	16,952,226	17,129,427	16,117,187	19,843,785	23,543,390	17,817,000
Licenses, Permits & Franchises	8,608,175	10,266,183	7,549,279	7,648,768	7,347,466	7,402,661	8,186,705	7,400,000
Fines, Foreitures & Penalties	10,648,126	9,381,467	9,400,863	12,493,236	9,833,684	18,402,209	13,430,864	22,500,000
Earnings on Investment	12,766,633	5,465,546	1,344,994	1,620,945	1,823,372	4,415,052	1,944,178	1,450,000
Intergovernmental	6,824,242	7,281,018	7,937,202	8,297,228	5,251,426	4,661,882	6,551,028	4,194,000
Charges for Current Services	8,959,053	9,226,290	8,001,888	7,234,435	7,578,851	722,065	7,522,655	7,000,000
Other Revenue	<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>1,752,502</u>	<u>360,000</u>
Total	\$362,789,245	\$353,249,816	\$323,519,480	\$318,744,706	\$315,344,968	\$326,591,580	\$350,361,024	\$351,921,000



Note: FY 2012/13 Charges for Services revenue includes net of adverse decision regarding property tax admin loss (\$5.3 million)

General Fund/General Purpose Revenue

FY 2015/16 Projections

- Property Tax - 6% budgeted growth - General Fund increase of \$18.2 million, Property Tax-In Lieu of VLF \$10.1 million
 - Total Taxes for Current Property increase of \$29.4 million
- Public Safety Half-Cent Sales Tax (Prop 172) - 1.9% budgeted growth including pro-rata decrease - \$1.4 million
- Sales Tax - Flat - County projected to receive \$14.1 million for FY 2015/16 - appears the State will eliminate In Lieu Sales Tax (no net impact)
- State - Mostly stable
- Federal - Unknown

Continue General Purpose Revenue Cost Avoidance

- Contribution to Hospital/CCHP Enterprise Funds:
 - 2008/09 \$61,349,686
 - 2014/15 \$30,408,776 (50% decrease)
- Potential reduction in General Fund Contribution to the Hospital as the Affordable Care Act (National Health Care) is implemented
 - 2015/16 No further reduction
 - 2016/17 reduce by additional \$10 Million
 - 2017/18 reduce by additional \$10 Million
 - 2018/19 and beyond - Expected Annual Contribution = \$10 Million
- Assumption is that we will likely have \$10 Million Uncompensated Care burden even after National Health Care

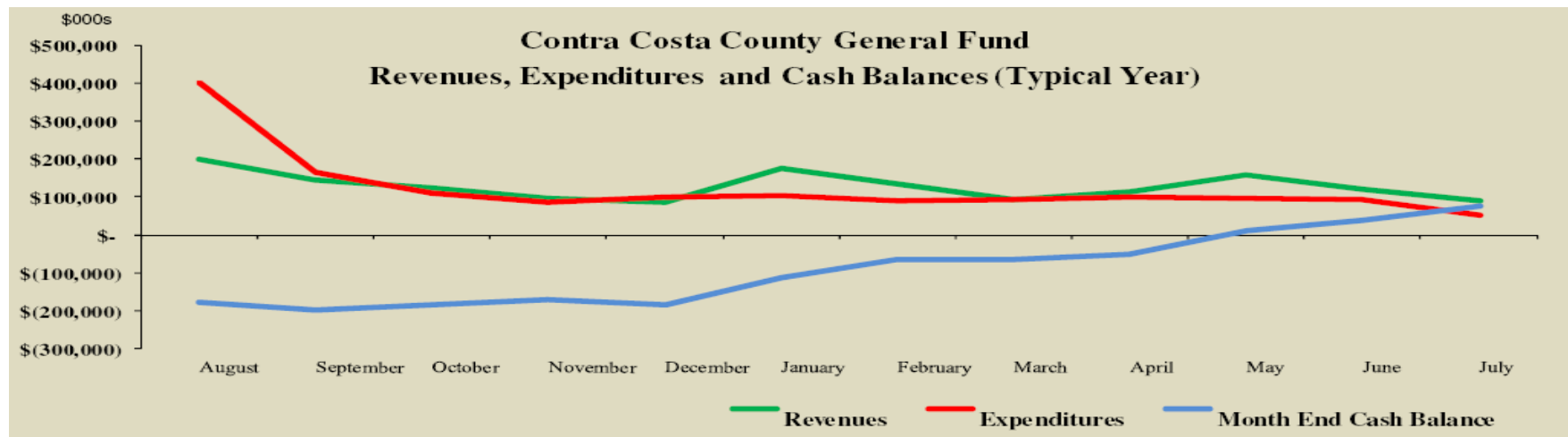
General Fund Balance Assumptions

- June 30, 2014:
 - Total general fund revenues were \$1,297,393,000 and total fund balance including reserves were \$237,204,000.
 - Total fund balance is 18.3% of total revenue
 - Of the \$237.2 million in reserves
 - \$142.3 million was unassigned
 - \$94.9 million was assigned, committed, restricted or nonspendable
 - Minimum fund balances of 5% and 10% would be \$64.9 million and \$129.7 million respectively. There was \$107.5 million available over the 10% reserve minimum.
- June 30, 2015:
 - It is planned and anticipated that Total General Fund Balance including Reserves will remain stable. Projections depend upon labor negotiations.
- June 30, 2016:
 - No fund balance use is recommended in FY 2015-16

Importance of Reserves for Cash Flow

- Although revenues are volatile, expenses (majority for salaries) are quite smooth.
- Even with a General Fund Reserve of \$237.2 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 thru 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
FY 13-14	22,000,000
Budgeted FY 14-15	22,000,000

12,000,000 Budget for General Purpose Revenue Transfer
10,000,000 Budget for deferred maintenance facility projects

Total Since 1993	252,347,876
------------------	-------------

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.

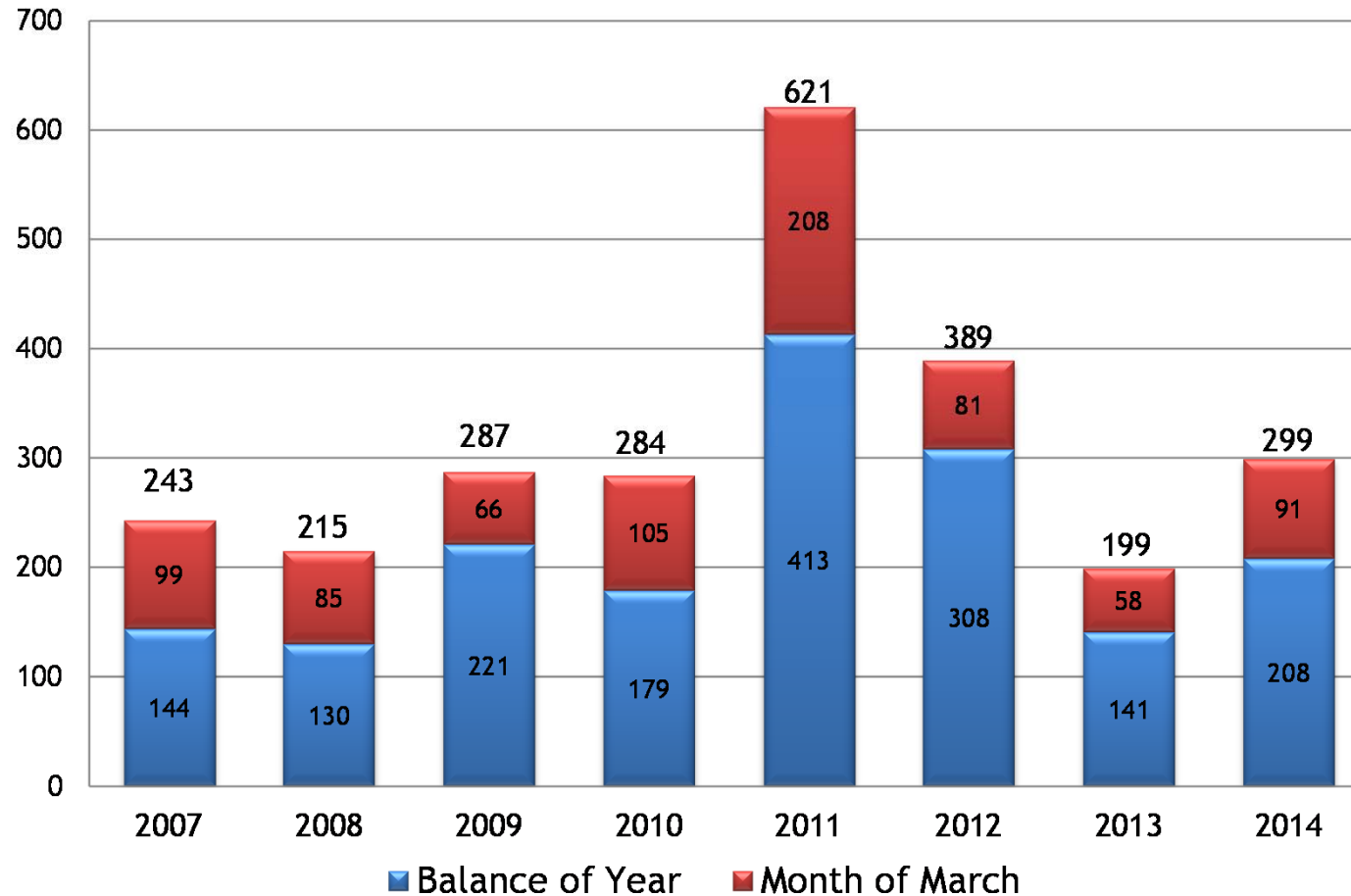
Balance of Tax Losses reserve \$90.6 million, down from high of \$101.4 million in FY 2011-12

Infrastructure

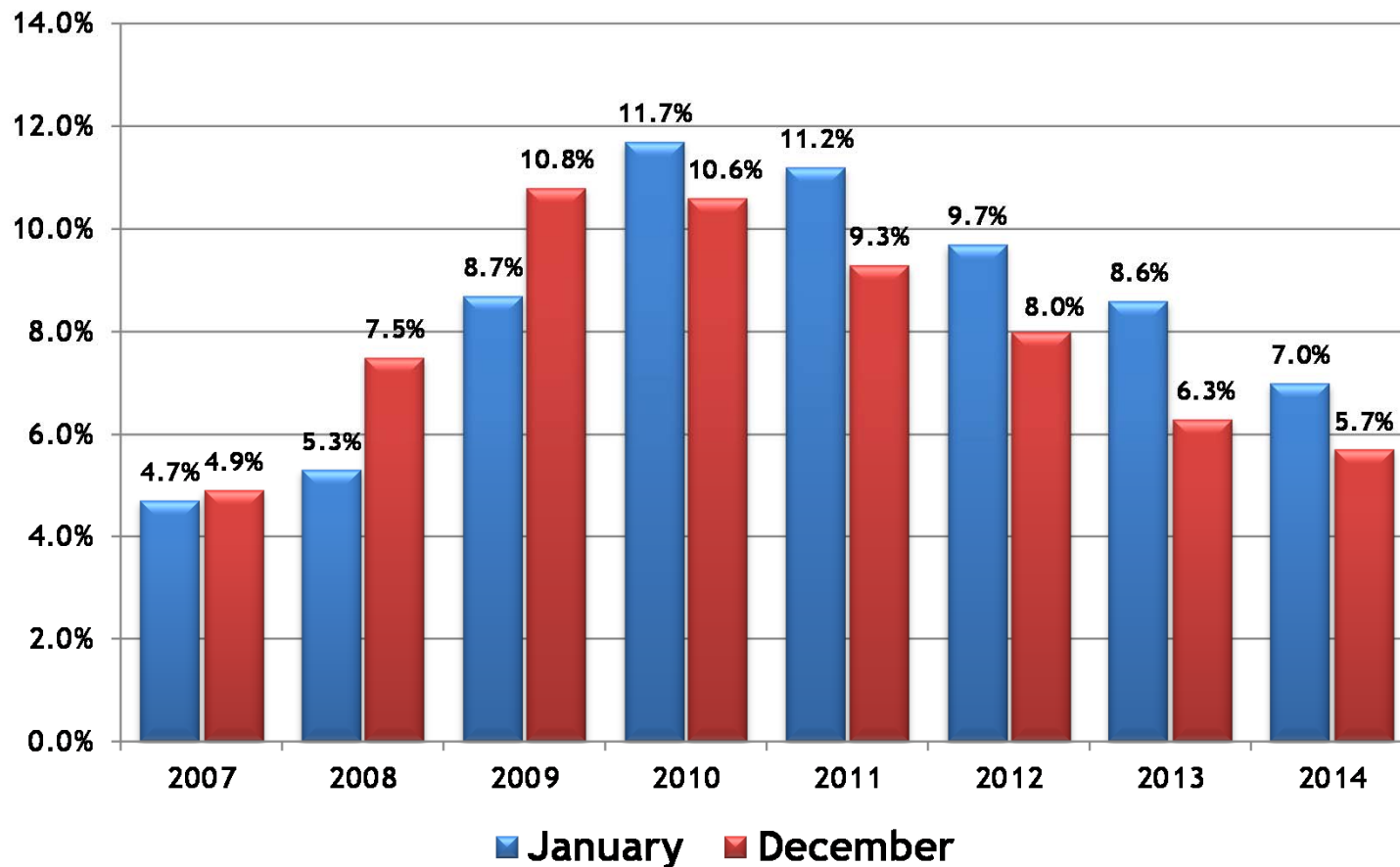
- \$5 Million was Budgeted in FY 2012/13,
- \$10 Million in FY 2013/14, and
- \$10 Million in FY 2014/15; however
- Delays have occurred and all the monies have not been expended
- Plan to budget approximately \$10 million for FY 2015/16
- Continue to fund facility lifecycle on a by-building cost-per-square foot basis
 - target \$750k set by Finance Committee
- Continue to explore 'cloud' IT opportunities

Labor

Retirements Calendar Years 2007-2014



Unemployment Rate 8 Year Comparison



Note 2014 5.7% figure is November data.

Historical Labor Costs General Fund

<u>GENERAL FUND</u>	<u>FY 2008/09</u> <u>Actuals</u>	<u>FY 2009/10</u> <u>Actuals</u>	<u>FY 2010/11</u> <u>Actuals</u>	<u>FY 2011/12</u> <u>Actuals</u>	<u>FY 2012/13</u> <u>Actuals</u>	<u>FY 2013/14</u> <u>Actuals</u>	<u>FY 2014/15</u> <u>Projected*</u>	<u>Change**</u>
Permanent Salaries	364,404,976	337,566,573	330,685,736	323,214,116	321,605,335	338,133,888	348,802,484	10,668,596
Temporary Salaries	12,497,305	14,051,898	17,931,056	20,842,008	23,594,345	21,696,754	23,925,158	2,228,404
Permanent Overtime	12,264,219	12,055,264	14,237,551	16,185,558	17,759,366	17,677,239	19,033,598	1,356,359
Deferred Comp	1,011,277	886,956	922,829	953,934	1,157,366	1,643,967	1,821,794	177,827
Comp & SDI Recoveries	-1,589,507	-1,719,857	-1,856,792	-1,687,531	-1,847,033	-2,070,813	-2,102,762	-31,949
FICA/Medicare	22,691,254	21,091,543	20,988,471	20,882,816	21,126,905	22,041,020	22,630,342	589,322
Ret Exp-Pre 97 Retirees	1,956,847	1,892,272	1,878,723	1,869,642	1,845,967	1,873,514	1,873,448	-66
Retirement Expense	148,644,974	128,057,220	133,238,617	136,824,603	150,156,939	168,113,121	184,485,796	16,372,675
Employee Group Insurance	56,005,178	54,337,009	53,668,491	53,002,293	52,577,358	53,256,070	51,635,988	-1,620,082
Retiree Health Insurance	25,692,908	26,714,761	28,677,012	31,270,838	31,632,649	31,197,356	31,462,490	265,134
OPEB Pre-Pay	13,911,579	13,741,036	13,721,448	13,723,499	13,785,604	13,065,598	13,281,956	216,358
Unemployment Insurance	775,489	1,633,117	2,153,845	1,284,237	1,374,314	1,400,057	1,166,324	-233,733
Workers Comp Insurance	13,963,367	13,144,008	13,455,147	11,246,660	11,274,142	11,576,087	11,972,820	396,733
Labor Received/Provided	<u>322,613</u>	<u>661,279</u>	<u>487,961</u>	<u>581,832</u>	<u>570,971</u>	<u>302,254</u>	<u>316,858</u>	<u>14,604</u>
Salaries and Benefits	672,552,479	624,113,079	630,190,095	630,194,505	646,614,228	679,906,112	710,306,294	30,400,182
Increase/(Decrease)	8,524,784	-48,439,400	6,077,016	4,410	16,419,723	33,291,884	30,400,182	

* Projection is double six months.

** Change column is between FY 13/14 and projected 14/15.

Historical Labor Costs All County Funds

	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	
<u>COUNTY</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Projected*</u>	<u>Change**</u>
Permanent Salaries	514,394,873	492,801,239	487,322,501	481,217,812	480,546,483	503,057,399	523,557,882	20,500,483
Temporary Salaries	32,721,949	37,337,487	40,912,512	46,635,323	52,468,685	51,266,968	52,174,236	907,268
Permanent Overtime	16,639,812	15,740,598	17,862,642	21,723,606	23,466,747	23,007,597	25,443,366	2,435,769
Deferred Comp	1,243,273	1,160,883	1,197,053	1,253,245	1,552,211	2,161,730	2,454,414	292,684
Hrly Physician Salaries	1,817,809	1,891,972	2,161,730	2,134,980	2,626,854	2,399,872	2,744,522	344,650
Perm Physicians Salaries	28,806,831	31,213,084	31,173,790	33,118,707	35,632,415	37,469,448	39,289,532	1,820,084
Perm Phys Addnl Duty Pay	1,823,452	1,826,335	1,956,341	1,891,438	1,976,098	1,962,461	2,588,666	626,205
Comp & SDI Recoveries	-2,400,931	-2,632,322	-2,796,169	-2,332,274	-2,557,280	-2,921,425	-2,778,860	142,565
Vacation/Sick Leave Accrua	328,684	338,576	-422,707	559,247	242,303	4,277,040	0	-4,277,040
FICA/Medicare	37,231,115	36,364,870	36,288,855	36,696,440	37,362,344	38,895,210	39,541,048	645,838
Ret Exp-Pre 97 Retirees	2,751,898	2,752,131	2,752,614	2,751,672	2,750,979	2,751,464	2,749,624	-1,840
Retirement Expense	207,114,048	184,140,541	192,892,090	202,105,619	221,505,843	246,812,805	271,580,626	24,767,821
Employee Group Insurance	86,510,577	85,891,576	85,811,334	85,433,103	84,392,571	85,364,402	83,418,348	-1,946,054
Retiree Health Insurance	33,388,058	35,170,431	37,741,416	41,709,278	42,578,927	42,573,182	43,186,060	612,878
OPEB Pre-Pay	17,968,343	18,942,232	18,573,163	18,625,208	18,637,346	17,413,840	17,480,198	66,358
Unemployment Insurance	1,188,580	2,609,671	3,463,678	2,096,833	2,265,484	2,302,337	1,928,718	-373,619
Workers Comp Insurance	20,405,944	19,544,807	19,763,721	16,821,150	17,044,418	17,290,639	17,965,846	675,207
Labor Received/Provided	<u>287,080</u>	<u>611,851</u>	<u>453,732</u>	<u>646,985</u>	<u>550,728</u>	<u>293,186</u>	<u>315,602</u>	<u>22,416</u>
Salaries and Benefits	1,002,221,395	965,705,962	977,108,296	993,088,372	1,023,043,156	1,076,378,155	1,123,639,828	47,261,673
Increase/(Decrease)	29,072,144	-36,515,433	11,402,334	15,980,076	29,954,784	53,334,999	47,261,673	

* Projection is double six months.

** Change column is between FY 13/14 and projected 14/15.

OPEB Liability Significantly Reduced due to Board Actions and Collective Bargaining

- Most recent 7507 actuarial reports were received in September 2014
 - Reduction in 2006 OPEB Liability from \$2.6 billion to \$783.1 million (using assets of \$129.4 million)
 - ARC from \$216.3 million to \$86.8 million
 - Total OPEB Trust assets \$147.5 million as of September 2014
 - 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>2014 Total</u>	<u>Active/Retiree</u>
Actives	8,428	63%	8,089	57%
Retirees and Survivors	4,856	37%	6,206	43%
Total Counts	13,284		14,295	

- On April 1, 2014, the Board modified the allocation of future resources for funding Other Post-Employment Benefits, redirecting POB monies towards the County's pension liability rather than the County's Other Post Employment Benefit Trust Fund.

Labor Negotiations

Currently Negotiating

California Nurses Association

917

7/31/2014

IHSS SEIU - United Healthcare Workers West

3/31/2012 ¹

United Chief Officers' Association

12

6/30/2014

Settled

AFSCME Local 2700, United Clerical, Technical and Specialized Employees

1,671

6/30/2017

AFSCME Local 512, Professional and Technical Employees

277

6/30/2016

CCC Deputy District Attorneys' Association

83

6/30/2015 ²

Contra Costa County Defenders Association

76

6/30/2015 ²

Deputy Sheriff's Association, Mgmt Unit and Rank and File Unit

800

6/30/2016

District Attorney Investigator's Association

13

6/30/2016

IAFF Local 1230

251

6/30/2017

Physicians and Dentists of Contra Costa

256

10/31/2016

Probation Peace Officers Association

247

6/30/2015 ²

Professional & Technical Engineers - Local 21, AFL-CIO

899

6/30/2016

Public Employees Union, FACS Site Supervisor Unit

15

6/30/2016

Public Employees Union, Local One

2,426

6/30/2016

SEIU Local 1021, Rank and File and Service Line Supervisors Units

999

6/30/2016

Western Council of Engineers

23

6/30/2017

Management Classified & Exempt & Management Project

343

9,686

¹ Extension through March 31, 2015 in process, ² Expire June of this year.

Preliminary Salary Projection Data for FY 2015/16

- General Fund increase of \$32.4 million (includes cost of previously funded vacancies)
 - \$37.4 million increase in permanent salaries
 - \$14.5 million decrease in retirement expense
 - \$2.3 million in group health insurance
 - \$2.0 million increase in FICA
- All County Funds increase of \$91.1 million (includes cost of previously funded vacancies)
 - \$97.8 increase million in permanent salaries
 - \$18.9 million decrease in retirement expense
 - \$4.1 million increase in group health insurance
 - \$1.5 million increase in FICA
- 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

Future

- Succession Planning
- Health Insurance

Continued Reasons for Optimism

- **Positive Economic Outlook**

- State Revenues Up
- State Budget reasonably stable
- AV revenue up 6.%+ for 2014/15
- Projecting 6.0% growth AV revenue in 2016/17

- **Positive County Results**

- Budget structurally balanced for 2015/16
- OPEB managed
- Have begun pre-funding Infrastructure needs
- Fund Balance Increased
- Standard & Poor's Rating Increase to AAA
- Pension Obligation Bond Matured 6/1/2014 (\$32,991,000)

Reasons for Concern

- Extremely high number of vacant positions
- High number of vacant key management positions
- Labor Negotiations
 - Pent-up demand
 - Increased costs of benefits
 - Limited resources
 - Unreasonable expectations
- Pension Liability
- DMC - Hospital Debt & Future Impacts
- Health Insurance Exchange Call Center
- AB 109 - Structure & Formula reductions for 2016 and beyond

FY 2015-16 Budget Hearing Format

- Draft Agenda for Discussion Purposes
 - Introduction/Summary by County Administrator
 - Departmental Presentations
 - Sheriff-Coroner
 - District Attorney
 - Chief Probation Officer
 - Health Services Director
 - Employment and Human Services Director
 - Deliberation
- Recommend holding all hearing on April 21st

Heath Plan Re-Opener

Agreement will open on April 1, 2015, for the limited purpose of bargaining over Health, Life & Dental Care, to explore changes effective in the 2016 Plan year.

The County is committed to evaluating alternative approaches to sharing health care premiums for the 2016 Plan year, taking into consideration any effect on its budget.

During the reopener, the County will not propose reducing the current dollar amount of the County's premium subsidy for health plans and will not unilaterally impose a reduction in the current dollar amount of the County's health plan premium subsidy for the 2016 Plan year.

In the event the parties fail to reach an agreement by January 1, 2016, the unions reserves the right to strike with respect to the subject of the reopener.

"We are at a crossroads," ... the challenge is to build for the future, not steal from it, to live within our means and to keep California ever golden and creative, as our forebears have shown and our descendants would expect."

Jerry Brown

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

