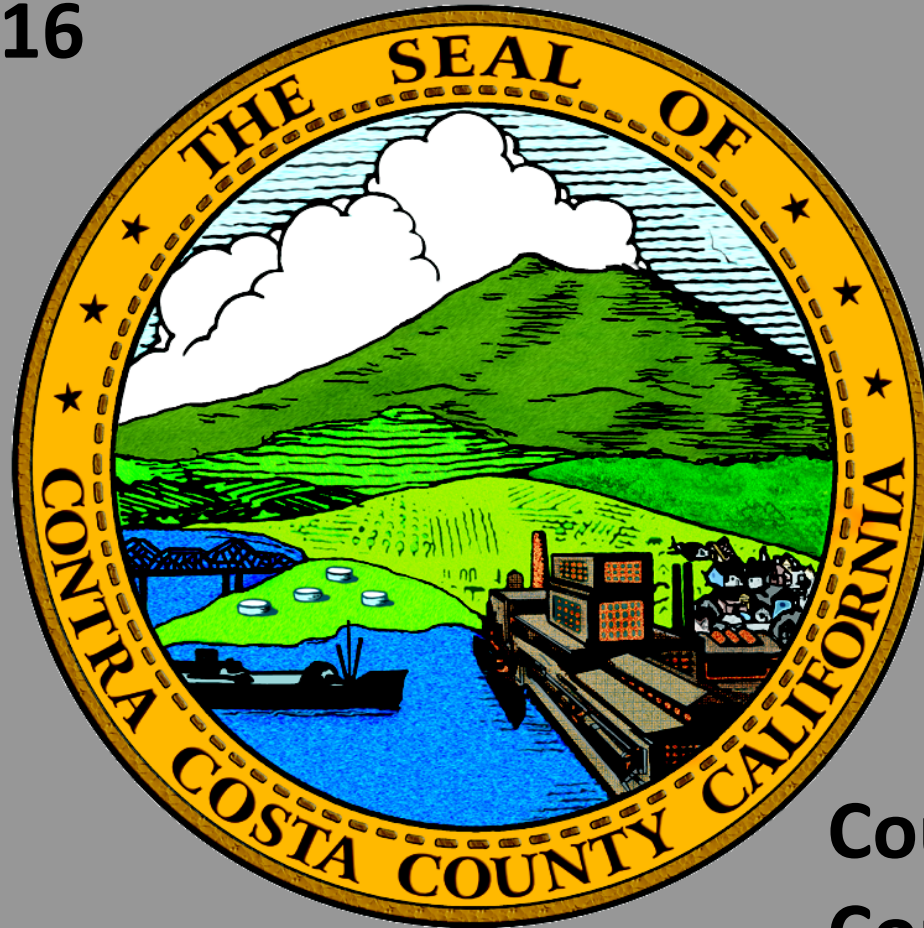


**Fiscal Year 2016-2017
Budget Hearings
April 19, 2016**



**County of
Contra Costa
California**

Budget Hearing Agenda

1. County Administrator Presentation

2. Department Head Presentations

- Sheriff, Undersheriff Mike Casten
- District Attorney, Mark Peterson
- Public Defender, Robin Lipetzky
- Probation Interim Chief, Todd Billeci
- Health Services Director, William Walker
- Employment and Human Services Director, Kathy Gallagher

3. Open Public Hearing - Public Comment

4. Board Discussion/Action

2015/16 Achievements

- Structurally balanced Budget for fifth year in a row
- Agreement with a majority of our employee Unions on healthcare provisions that resulted in the County picking up 100% of the cost increase for 2016 and allowed our employees to move to a three tier plan that provides greater flexibility in coverage and membership.
- Improved public safety with an innovative public-private partnership between Consolidated Fire and AMR to provide high quality emergency ambulance services to the majority of County residents. This new arrangement will speed ambulance response time, reduce service duplication and enable access new federal funding.

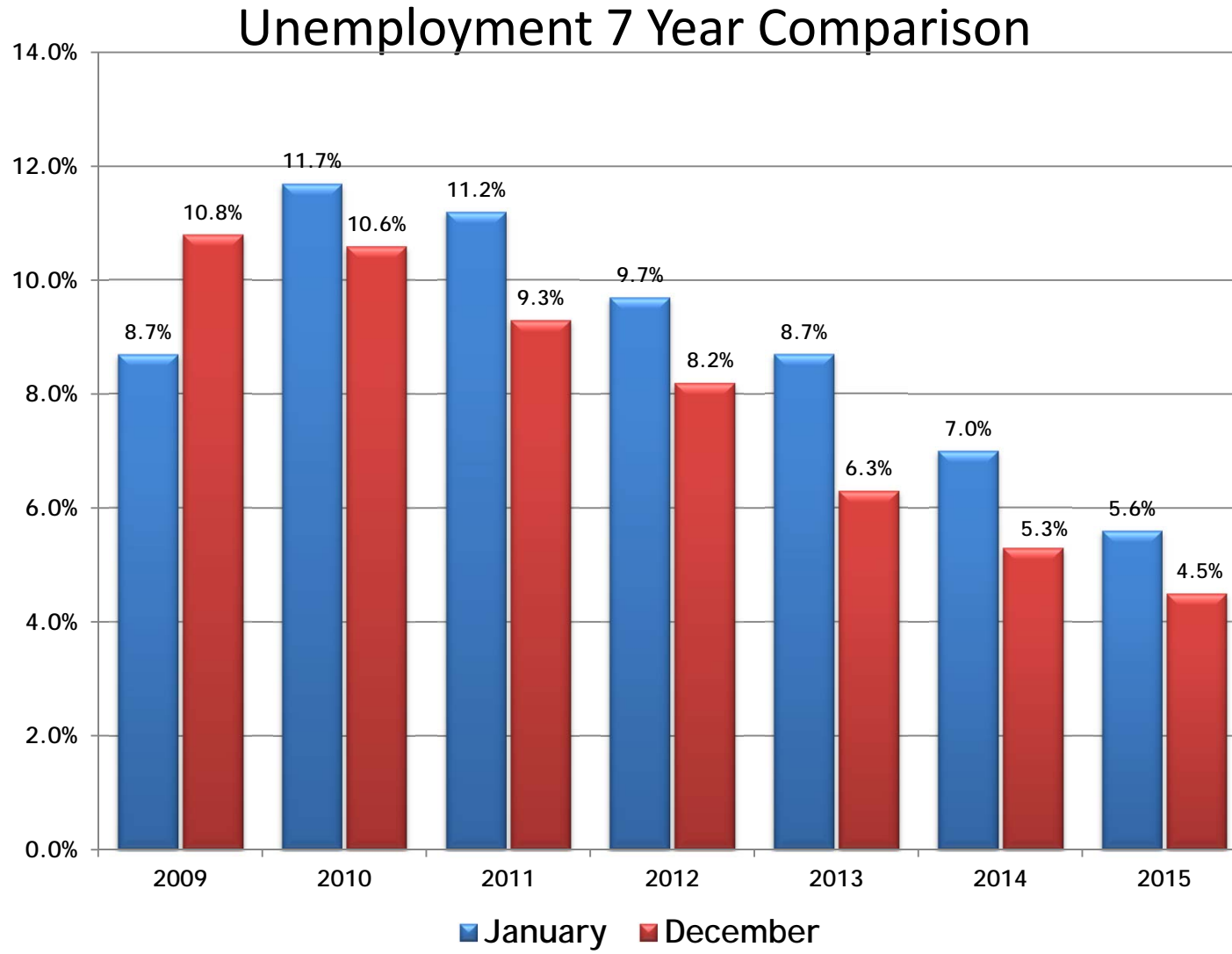
2015/16 Achievements

- New Animal Services Director to continue the Department's effort to match adoptable animals with homes, while delivering high quality services to the community.
- Successful local Medi-Cal expansion effort under the Affordable Care Act, whereby nearly one-fifth of county residents are now enrolled in our Contra Costa Health Plan with a majority of them being cared for in our own hospital and clinics.
- Implementation of Laura's Law to provide assisted outpatient mental health treatment to those with serious mental illnesses and further integrate our mental health, substance abuse and homeless services.

2015/16 Achievements

- Opening two Family Justice Centers, one in the City of Concord and one in the City of Richmond. These one-stop centers provide vital help to victims of domestic violence, sexual assault, child abuse, and elder abuse.
- Opening a new Reentry Success Center in the City of Richmond to provide services to formerly incarcerated individuals to help them get housing, jobs and reduce the likelihood of criminal recidivism.
- Created the position of County Sustainability Coordinator to help lead our sustainability efforts and pursue new funding to expand those efforts.
- Maintained our current AAA credit rating by exercising strong financial management that enabled the County to restructure debt and save \$4.6 million in net present value and an average annual savings of \$417,000 over the 13 remaining years to maturity.

State of the Economy



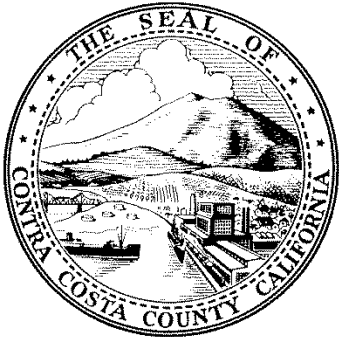
Contra Costa County

- Over the three year period between 2009/10 and 2011/12 property taxes declined by 11.06%. Over the last four years 2012/13 to 2015/16 the increase was 20.93%.
- **This means the total net increase over the past seven years averaged only 1.41%**
- Actual Contra Costa County experience:
 - 2009/10 (7.19% decline)
 - 2010/11 (3.38% decline)
 - 2011/12 (0.49% decline)
 - 2012/13 0.86% increase
 - 2013/14 3.45% increase
 - 2014/15 9.09% increase
 - 2015/16 7.53% increase
 - 2016/17 Projected to increase 7.0%

Cost Avoidance

- Contribution to Hospital/CCHP Enterprise Funds:
 - 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 through 2015/16 no further reduction
 - 2016/17 reduce by additional \$3.2 Million to \$27,163,075
 - 2017/18 reduce by additional \$1.8 Million
 - 2018/19 reduce by additional \$10 Million
 - 2019/20 and beyond – Expected Annual Contribution = \$10 Million
- Assumption is that we will likely have \$10 Million Uncompensated Care burden even after National Health Care

Pension



Comparative Pension UAALs and Funded Ratios

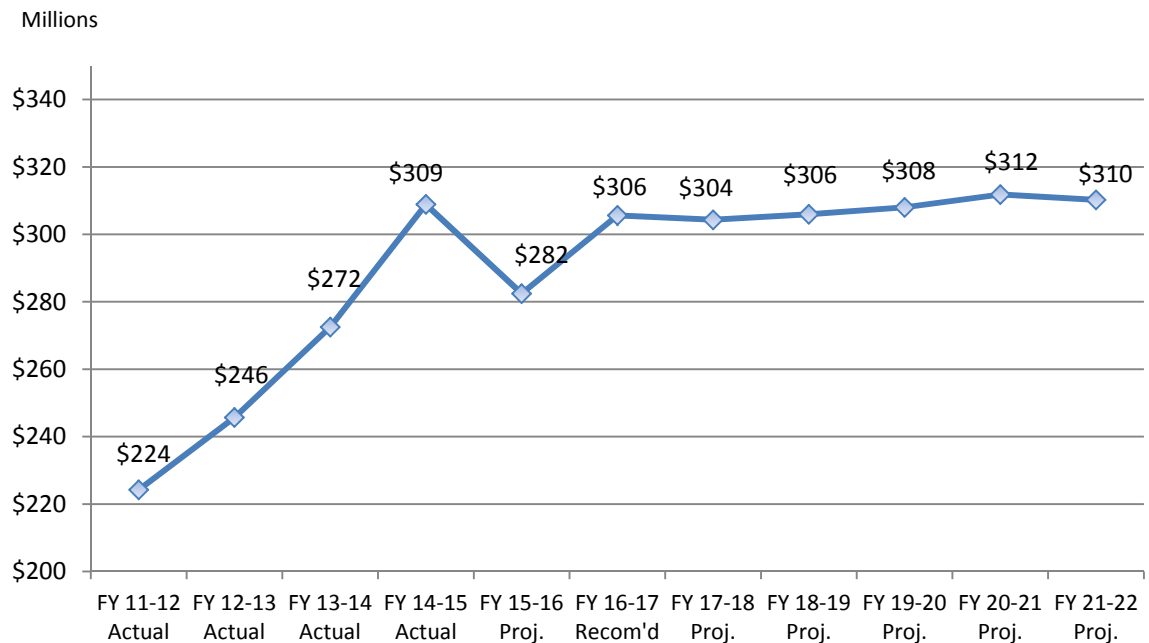
County	Pension UAAL	Pension Actuarial Valuation Date	Pension Funded Ratio	Outstanding POBs
Alameda	\$1,340,553,000	December 31, 2014	82.35%	\$262,846,000
Contra Costa	1,469,942,112	December 31, 2014	81.70%	236,920,000
Los Angeles	9,491,000,000	June 30, 2015	83.30%	0
Orange	4,963,213,000	December 31, 2014	61.35%	116,494,000
Riverside	1,398,260,000	June 30, 2014	82.15%	320,470,000
Sacramento	1,189,854,000	June 30, 2015	86.80%	778,868,016
San Bernardino	1,959,120,000	June 30, 2014	80.82%	806,235,000
Santa Clara	2,573,278,000	June 30, 2014	77.25%	371,443,651
San Diego	2,544,743,000	June 30, 2015	81.92%	692,338,000

This chart displayed for a comparison of order of magnitude. It should be noted that the underlying actuarial assumptions for the measurement of the Pension UAAL may vary from county to county; that the Pension Funded Ratio may include funding using pension obligation bonds; and, in the case of Contra Costa, the funded status reflected in the table is based upon the County-only portion of the UAAL and not upon the UAAL of all employers in the Contra Costa County Employees Retirement Association (CCCERA).

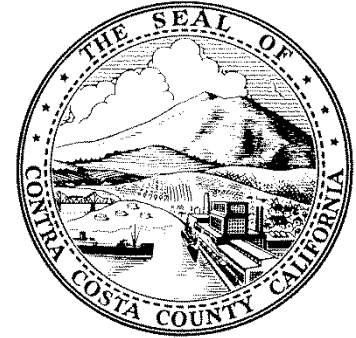
Pension Cost Management

- Following carefully
- Monitoring changes by State and CCCERA Board
 - New PEPRA Tiers as of 1/1/2013
 - No extension of amortization
 - No change in 5-year smoothing
 - No change in pooling
 - No change in assumed rate of return (7.25%)
- Updates:
 - Negotiation 2% PEPRA COLAs with all bargaining groups
 - FY 2016-17 Recommended Budget - \$306 M
 - FY 2017-18 onward based on Segal data
 - Chart now includes the final year of debt service for the County and Fire pension obligation bonds, both of which pay off in FY 2021-22

Actual and Projected* Retirement Expense



The chart includes four years of actual data, straight-line projection of current year (based on seven months of actual data), Recommended Budget for FY 2016-17, and projection of future years based upon actuarial data provided by CCCERA's actuary (letter dated March 2, 2016)



Other Post Employment Benefits

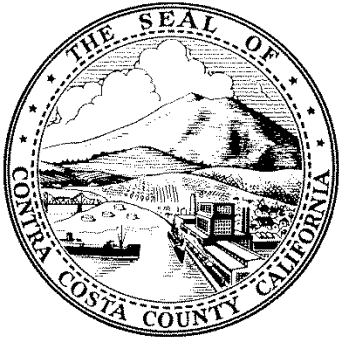
OPEB Liability Significantly Reduced due to Board Actions and Collective Bargaining

- The OPEB financing plan includes a \$20 million annual allocation of resources for pre-funding the OPEB liability.
 - The County has included this allocation in each adopted annual budget since FY 2008-2009.
- Health plan changes, caps on County contributions and labor concessions, in addition to annual pre-funding contributions, have assisted in reducing the County's
 - Unfunded Actuarial Accrued Liability (UAAL) by 69.1% since 2006: from \$2.57 billion to \$794.4 million, and
 - the annual required contribution has declined by 59.1% since 2006: from \$216.3 million to \$88.5 million.
- With a Market Value in the trust as of December 31, 2015 in excess of \$175 million, the County has pre-funded approximately 18% of its OPEB obligation.
- 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.

Settlement with the Retiree Support Group

- On February 24, 2012, the Retiree Support Group of Contra Costa County (“RSG”) filed a lawsuit in federal court challenging the County’s ability to make changes to health care for retirees.
- Following mediation, RSG and the County reached a settlement of the case.
- The Board of Supervisors adopted Resolution No. 2016/124, approving the proposed settlement agreement on March 15, 2016.
- It is anticipated that the settlement will be finally approved in September 2016, and the lawsuit will be dismissed with prejudice in advance of the County’s open enrollment for health and dental plans for 2017.
- Once the settlement is implemented, this will create a \$676,000 increase in the Annual Required Contribution and an \$8,593,000 increase in the total Actuarial Accrued Liability.
- The settlement group is entirely made up of retirees, there is no Normal Cost.
- Continued negotiations towards Countywide health care cost containment strategies and the designation of future resources remain key to resolving the OPEB dilemma for the County.
- The challenge of offering health care options to our employees that are affordable and competitive remains an important focus in negotiations.

Debt Position/Ratings



County of Contra Costa (County Only)
Outstanding Lease Revenue and Pension Obligation Bonds and True Interest Cost
(as of December 31, 2015)

Bond Issues	Date of Issue	Final Maturity Date	Principal Amount Issued (\$000s)	Outstanding Principal (\$000s)	True Interest Cost (%)
<u>Lease Revenue Bond & Obligation Issues (LRBs & LROs):</u>					
2007 Series A (Refunding and Various Capital Projects)	03/14/07	06/01/28	122,065	83,920	4.27%
2007 Series B (Medical Center Refunding)	08/07/07	06/01/18	110,265	31,870	4.27%
2009 Series A (Various Capital Projects)	06/03/09	06/01/24	25,062	16,950	4.55%
2010 Series A-1 (Capital Project I – Tax Exempt)	11/16/10	06/01/20	6,790	5,010	4.15% ¹
2010 Series A-2 (Capital Project I – Taxable BABs)	11/16/10	06/01/30	13,130	13,130	4.15% ¹
2010 Series A-3 (Capital Project I – Taxable RZBs)	11/16/10	06/01/40	20,700	20,700	4.15% ¹
2010 Series B (Refunding)	11/16/10	06/01/25	17,435	13,415	3.84%
2012 Lease Revenue Obligations	11/11/12	06/01/27	13,102	11,514	2.68%
2015 Series A (Refunding and Capital Projects)	8/25/15	6/1/35	19,055	19,055	2.67%
2015 Series B (Refunding and Capital Projects)	8/25/15	6/1/28	52,060	52,060	2.67%
Total LRBs and LROs			<u>\$399,664</u>	<u>\$267,624</u>	
<u>Pension Obligation Bond Issues (POBs):</u>					
Series 2003 A (Taxable)	05/01/03	06/01/22	322,710	236,920	5.36%
Total POBs			<u>\$322,710</u>	<u>\$236,920</u>	
Grand Total			<u>\$722,374</u>	<u>\$504,544</u>	

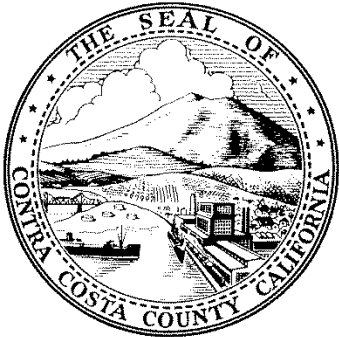
¹The yield shown is the blended TIC for all three indicated series, net of the receipt of federal subsidies of interest cost.

History of Underlying Long-Term Ratings Since 1995
All Rating Outlooks are "Stable" Unless Otherwise Noted in Footnotes 4 and 5

Notes	FY Ending June 30	Implied General Obligation Bond/Issuer Rating		Pension Obligation Bond		Lease Revenue Bond/Certificates of Participation	
		Moody's	S&P	Moody's	S&P	Moody's	S&P
1	1995	Aa2	AA	A1	AA-	A1	A+
2	1996	Aa2	AA	Aa3	AA-	A1	A+
3	2001	Aa2	AA	Aa3	AA-	A1	AA-
4	2006	Aa3	AA	A1	AA-	A2	AA-
5	2007	Aa3	AA	A1	AA-	A2	AA-
6	2010	Aa2	AA	Aa3	AA-	A1	AA-
7	2013	Aa2	AA	A1	AA-	A1	AA-
8	2014	Aa2	AAA	A1	AA+	A1	AA+
	2015	Aa2	AAA	A1	AA+	A1	AA+

1. Municipal bond insurance policies were purchased to allow the ratings to be increased to Aaa (Moody's) and AAA (S&P) on all or portions of all Lease Revenue Bond/COPs issues since FY 1987-88 and on all or portions of all Pension Obligation Bonds since FY 2000-01.
2. Beginning in 1996, Moody's began to rate pension obligation bonds one notch (rather than the previous two notches) lower than the issuer's general obligation bond rating. In addition, Moody's replaced their two-notch per tier system (e.g. Aa1, Aa2) with a three notch per tier system (e.g. Aa1, Aa2, Aa3).
3. Beginning in 2001, S&P began to rate lease obligations one notch (rather than the previous two notches) lower than the issuer's general obligation bond rating.
4. S&P assigned an outlook of "Negative" to the County in November 2005. On December 1, 2005, Moody's downgraded the County one notch and changed the outlook to "Negative".
5. Moody's assigned an outlook of "Stable" to the County in November 2006. In February 2007, S&P changed the outlook to "Stable".
6. The changes in Moody's ratings reflect the recalibration of ratings completed by Moody's in April 2010.
7. February 20, 2013 Moody's downgraded the County's Pension Obligation Bonds to A1 with a "Stable" outlook.
8. December 19, 2013, S&P upgraded the County's ratings for each type of debt.

General Fund Reserves



General Fund Reserve Assumptions

- June 30, 2015:
 - Total general fund revenues were \$1,364,369,000 and total fund balance including reserves were \$295,337,000.
 - Total fund balance is 21.6% of total revenue
 - Of the \$295.3 million in reserves
 - \$179.9 million was unassigned
 - \$115.5 million was assigned, committed, restricted or nonspendable
 - Minimum fund balances of 5% and 10% would be \$68.2 million and \$136.4 million respectively. There was \$158.9 million available over the 10% reserve minimum.
- June 30, 2016:
 - It is planned and anticipated that Total General Fund Balance including Reserves will remain stable.
- June 30, 2017:
 - No fund balance use is recommended in FY 2016-17.

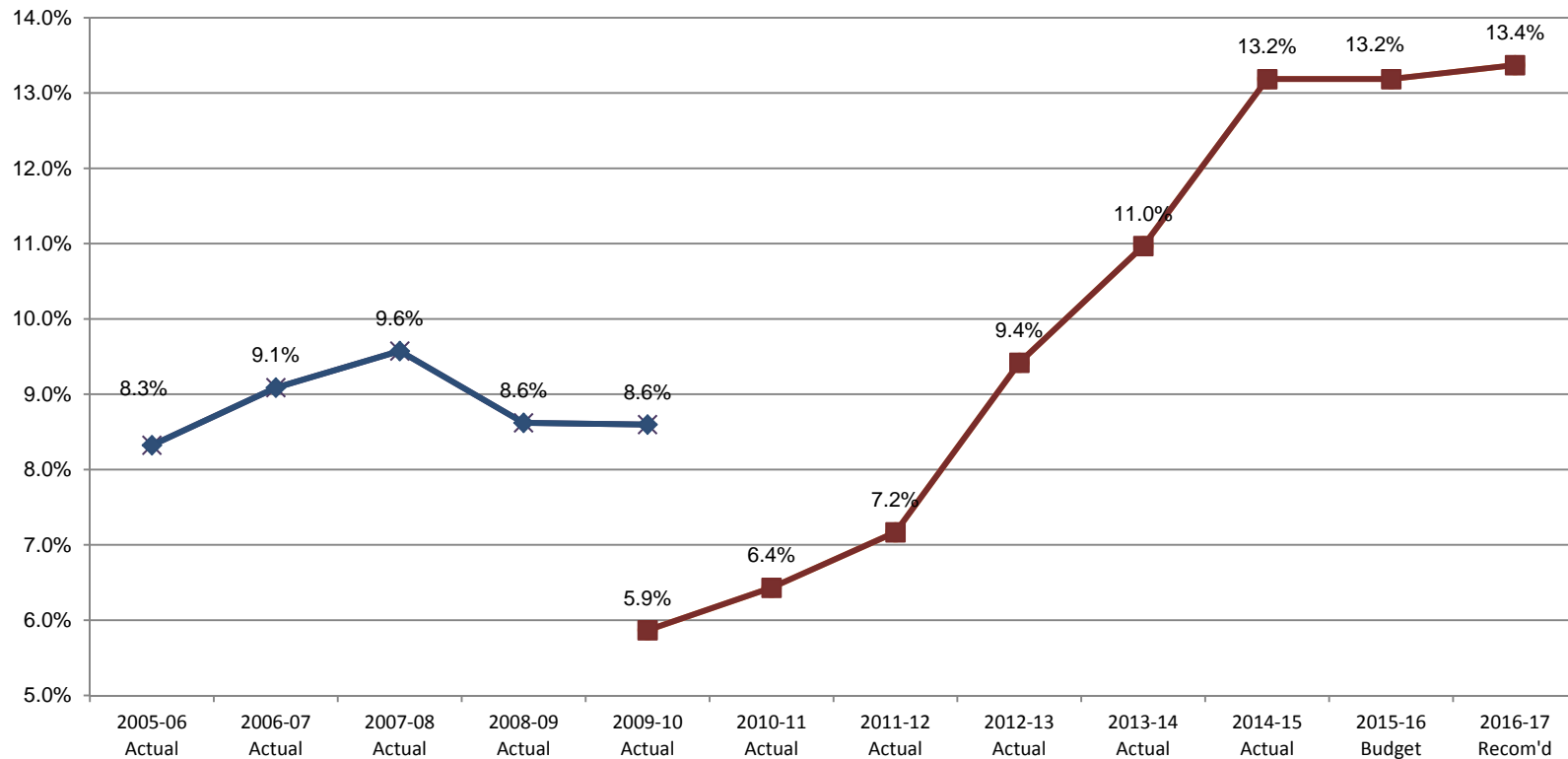
Positive Changes in General Fund Balance

	Beginning Fund Balance June 30, 2012	Beginning Fund Balance June 30, 2013	Beginning Fund Balance June 30, 2014	Beginning Fund Balance June 30, 2015	% Change	Budgeted Fund Balance FY 2016-17	% Change
Nonspendable	16,474,000	6,103,000	7,946,000	10,764,000	35.5%	10,764,000	0.0%
Restricted	6,388,000	6,798,000	7,254,000	9,013,000	24.2%	9,013,000	0.0%
Committed	711,000	1,335,000	1,575,000	1,508,000	-4.3%	1,508,000	0.0%
Assigned	47,246,000	57,754,000	78,136,000	94,169,000	20.5%	94,169,000	0.0%
Unassigned	<u>81,541,000</u>	<u>115,518,000</u>	<u>142,293,000</u>	<u>179,883,000</u>	<u>26.4%</u>	<u>182,383,000</u>	<u>1.4%</u>
Total	152,360,000	187,508,000	237,204,000	295,337,000	24.5%	297,837,000	0.8%

Reserve Update

Fund Balances in Sync with Reserves Policy Goal is to increase Reserves to 20-25%

Unreserved/Unassigned Fund Balance (as of June 30) GASB 54



Reserve Update

The County is beginning to meet its benchmark goals for Debt Affordability Reserve Measures.

<u>Debt Affordability Measure</u>	<u>Benchmark</u>	<u>Benchmark's Value</u>	<u>County Actual</u>
Available General Fund Balance as Percentage of Revenue *	Moody's Median for Large Aa Rated Counties Nationwide (At Least 1,000,000 Population)	16%	20%
	MDA's Large Urban California County Median**	20%	
General Fund Balance as Percentage of Revenues	Moody's Median for Large Aa Rated Counties Nationwide (At Least 1,000,000 Population)	18%	22%
	MDA's Large Urban California County Median	22%	

* This measures Operating Funds Balance and includes Assigned, Unassigned and Committed Balances in this calculation

** There are presently no published medians or means regarding lease debt service ratios. Data from Montague DeRose and Associates (MDA's) database are presented.

Components of Fund Balance

Nonspendable (inherently nonspendable)

- Portion of net resources that cannot be spent because of their form
- Portion of net resources that cannot be spent because they must be maintained intact

Restricted (externally enforceable limitations on use)

- Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments
- Limitations imposed by law through constitutional provisions or enabling legislations

Committed (self-imposed limitations set in place prior to the end of the period)

- Limitations imposed at highest level of decision making that requires formal action at the same level to remove

Assigned (limitation resulting from intended use)

- Intended use established by highest level of decision making
- Intended use established by body designated for that purpose

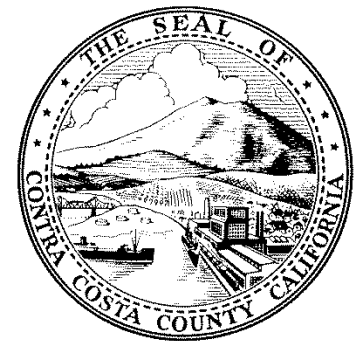
Unassigned (residual net resources)

- Total fund balance in excess of nonspendable, restricted, committed, and assigned fund balance
- Excess of nonspendable, restricted, and committed fund balance over total fund balance

Importance of Reserves for Cash Flow

- Although revenues are volatile, expenses (majority for salaries) are quite smooth.
- Even with a General Fund Reserve of \$295.3 Million, (\$179.9 Million Unassigned) the General Fund has a negative cash flow during 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.
- Historically, cash flow is not positive until the second installment of property tax receipts are received in late spring.

Capital/Facility Maintenance Needs



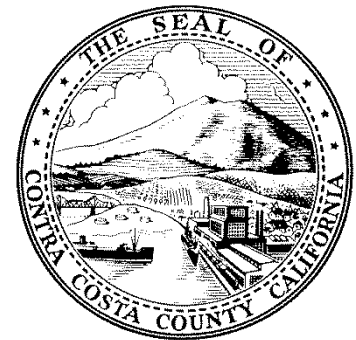
Capital Maintenance Costs

- On March 31, 2015 the Board of Supervisors received an updated Comprehensive building condition assessment which identified a total of \$272.2 million in deferred facilities maintenance needs and capital renewal requirements
- The 2007 Report had identified \$270.2 Million
- \$5 Million was Budgeted in FY 2012/13,
- \$10 Million in each year of FY 2013/14 through FY 2015/16;
- Recommended Budget for FY 2016/17 includes:
 - \$10 million for major capital improvements
 - \$1.5 million for minor improvements and deferred maintenance when no other funds are available
 - \$750,000 to continue to fund facility lifecycle on a by-building cost-per-square foot basis
- Continue to explore 'cloud' IT opportunities- PeopleSoft
- County Administration Building
- Emergency Operations Center

Capital Improvement Plan

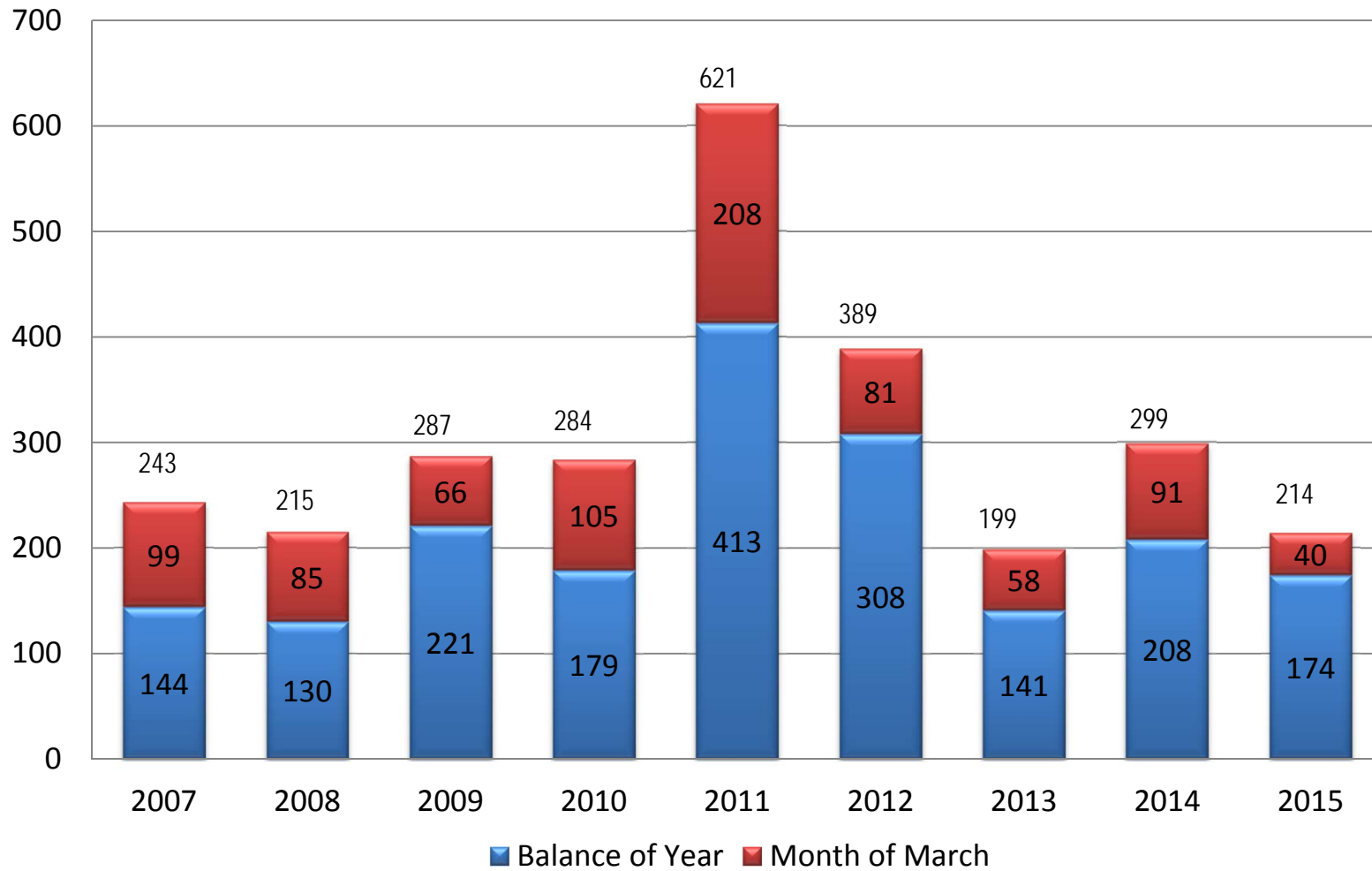
- The County Administrator's Office has added a Chief Deputy County Administrator designated specifically for the purpose of updating the County Capital Improvement Plan (CIP).
- The new position will help the County Board identify and set priorities for the elimination of structurally deficient or no longer needed structures, and look to replace structures while reducing the backlog of deferred maintenance.

Labor



Retirements

Abnormally high number of vacant positions due to unprecedented numbers of retirements during calendar year 2011 and 2012. Historically March retirements are the highest. Normal year would see approximately 260 Retirements. There were 90 retirements in the first three months of 2016, including 61 in march.



Recruitments

- Interim and Retiree Department Heads
 - Health Services Director
 - Child Support Services
 - Probation
 - Human Resources
- Senior Management & Department Heads succession planning
 - Two Chief Assistant Deputy County Administrators

50 Additional FTEs Recommended

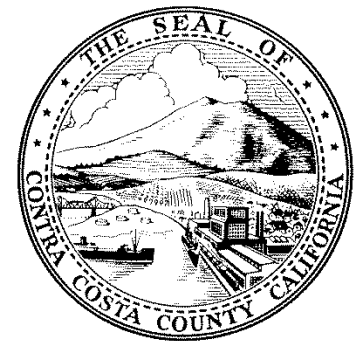
- Risk Management has an increase of 1 FTE,
- District Attorney 6 FTEs,
- Human Resources 1 FTE,
- Public Defender 3 FTEs,
- Public Works 8 FTEs,
- Sheriff-Coroner 15 FTEs,
- Treasurer-Tax Collector 2 FTEs,
- Veterans Services 1 FTE,
- County Clerk-Recorder/Elections (Recorder) added 2 FTEs and is cancelling 3 vacant FTEs for a net decrease of 1 FTE
- CCC Fire Protection District 14 FTEs

<u>Recommended Budget FTEs Net Add/Delete History</u>								
	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
County	-192	-111	-138	-12	2	4	28	36
CCC Fire	<u>0</u>	<u>-8</u>	<u>0</u>	<u>0</u>	<u>-18</u>	<u>0</u>	<u>7</u>	<u>14</u>
All County	-192	-119	-138	-12	-16	4	35	50

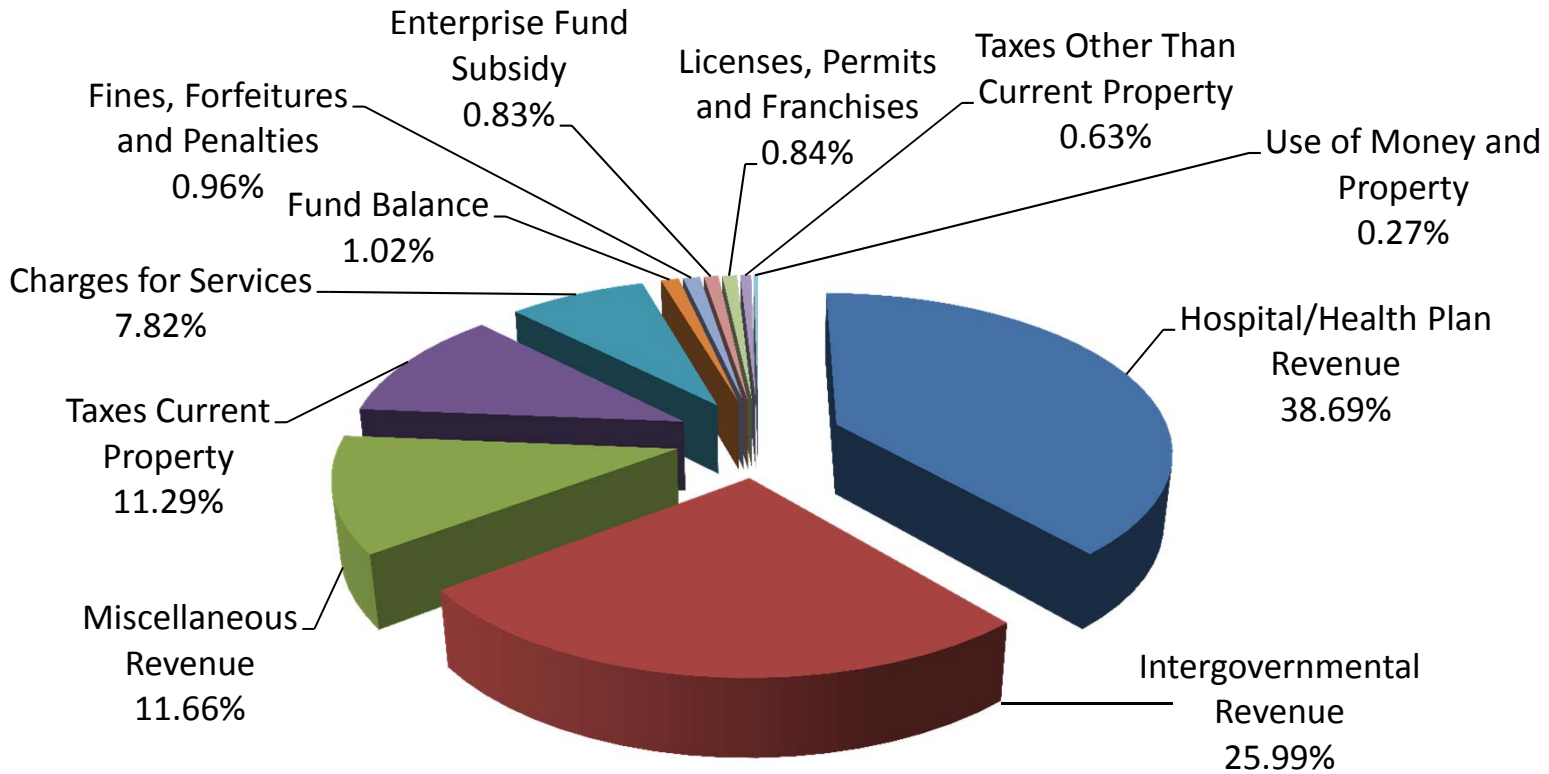
Labor Contracts

	<u>Total Number of Permanent Employees</u>	<u>Contract Expiration Date</u>
<u>Opening June 30, 2016</u>		
AFSCME Local 512, Professional and Technical Employees	251	6/30/2016
District Attorney Investigator's Association	15	6/30/2016
Professional & Technical Engineers – Local 21, AFL-CIO	953	6/30/2016
Public Employees Union, Local One & FACS Site Supervisor Unit	580	6/30/2016
SEIU Local 1021, Rank and File and Service Line Supervisors Units	1,052	6/30/2016
Teamsters, Local 856 (New Contract)	1,528	n/a
Expiring as of June 30, 2016	4,379	49%
<u>Settled</u>		
AFSCME Local 2700, United Clerical, Technical and Specialized Employees	1,486	6/30/2017
California Nurses Association	1,001	12/31/2017
CCC Defenders Association	69	6/30/2018
CCC Deputy District Attorneys' Association	91	6/30/2018
Deputy Sheriff's Association, Mgmt Unit and Rank and File Unit	830	6/30/2019
IAFF Local 1230	277	6/30/2017
IHSS SEIU - 2015		6/30/2018
Physicians and Dentists of Contra Costa	273	10/31/2016
Probation Peace Officers Association	234	6/30/2018
United Chief Officers' Association	12	6/30/2017
Western Council of Engineers	23	6/30/2017
Management Classified & Exempt & Management Project	339	n/a
Total	4,635	51%

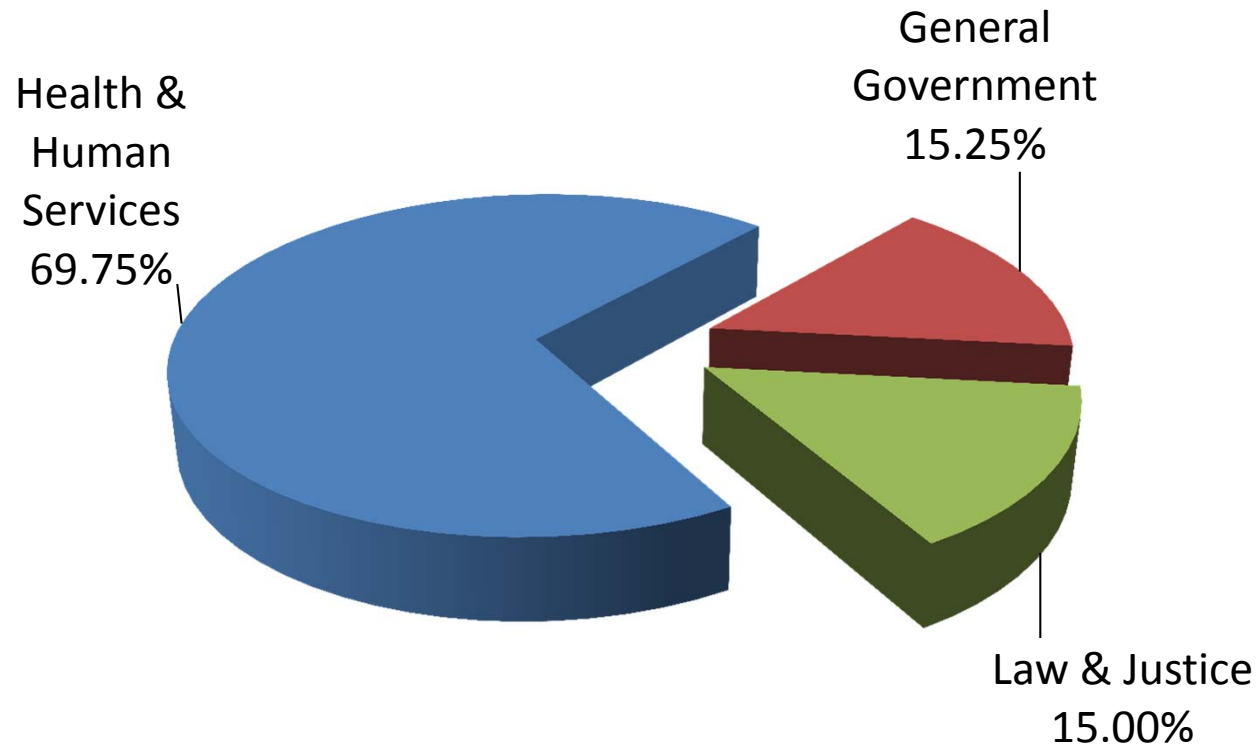
Budget and Financial Performance



All County Funds Sources

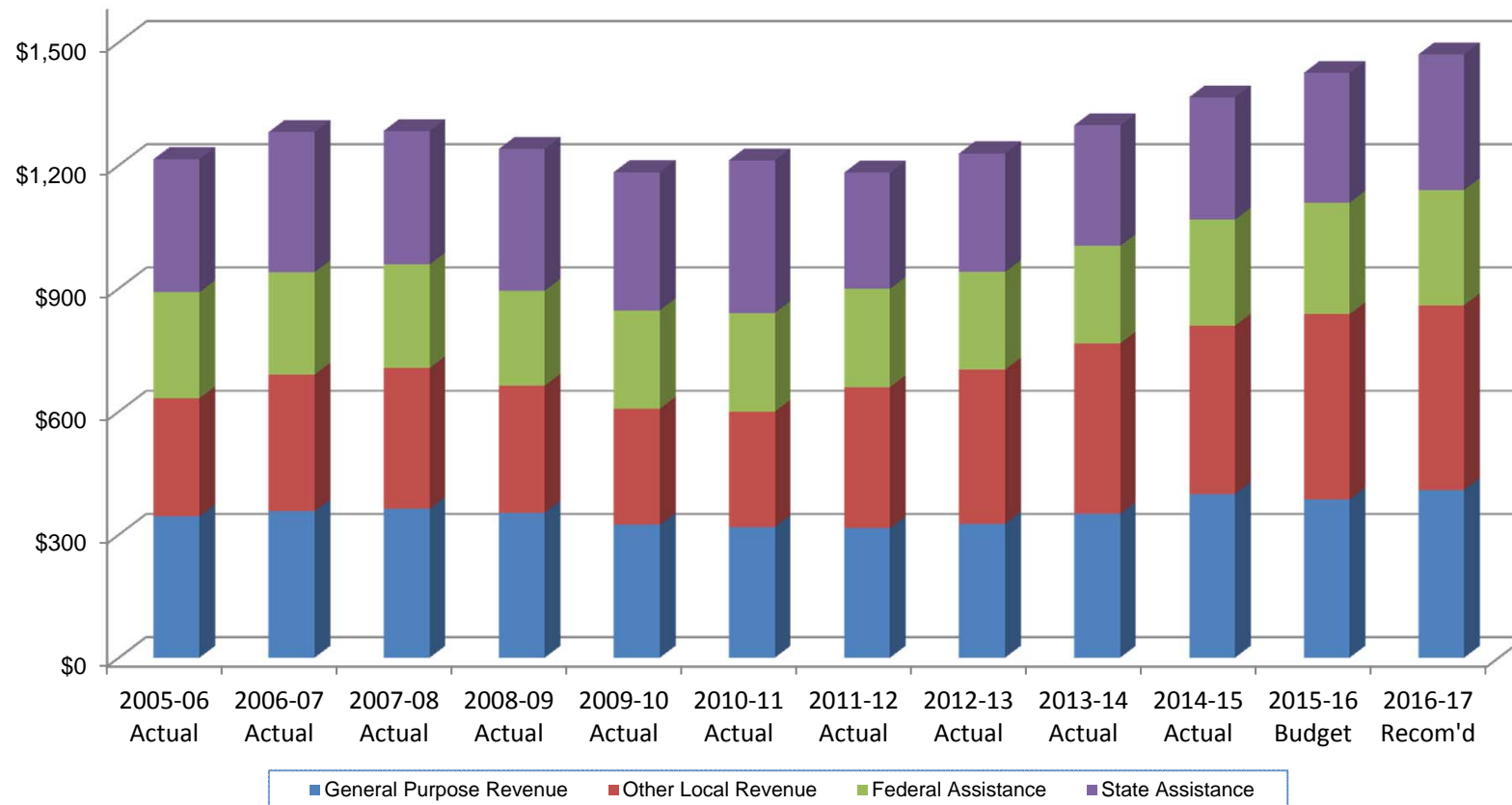


Recommended Requirements

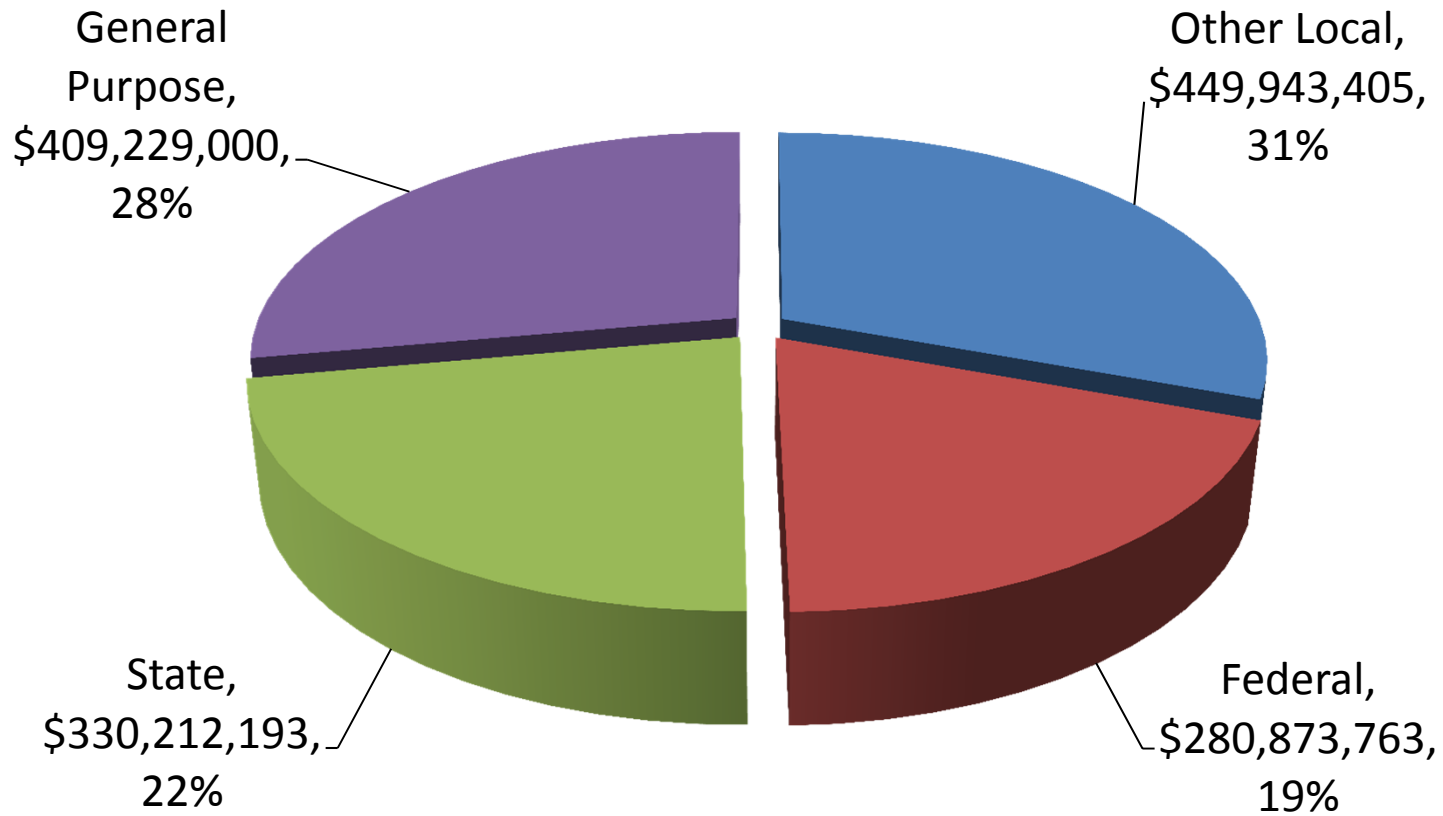


General Fund Revenues Slow Growth

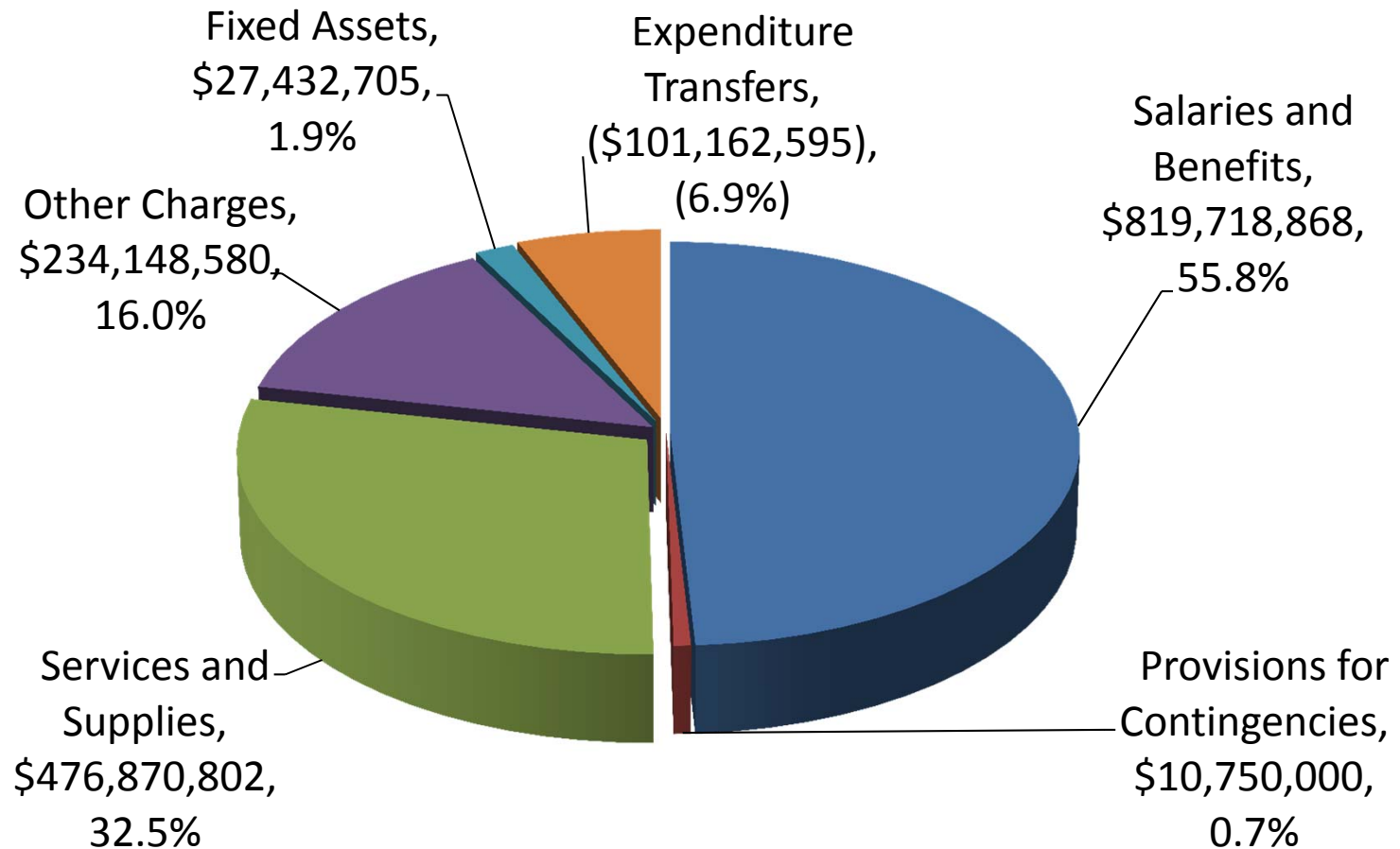
- Growth of 3.2% is included in the Recommended Budget; the majority of this growth is from General Purpose revenue



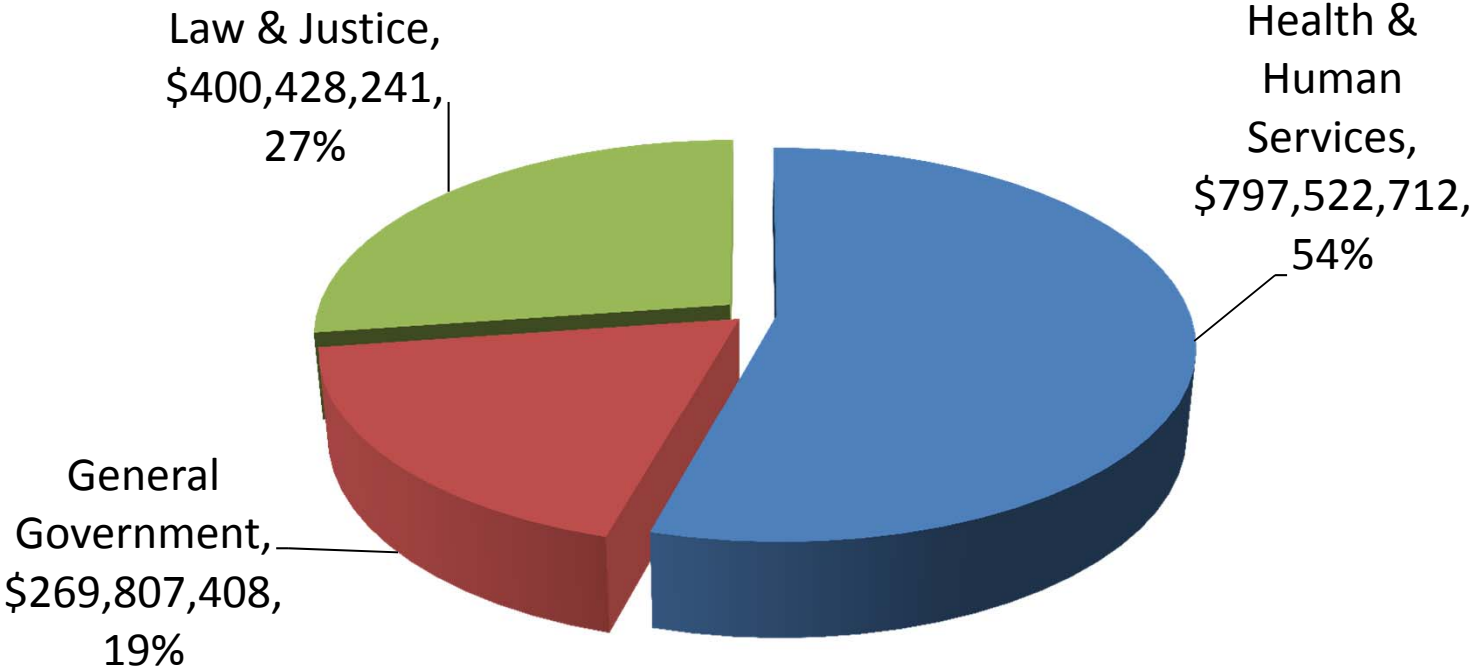
Total Revenue \$1.470 Billion



Total Expenditures \$1.468 Billion



Distribution of Expenditures



Ranking of Department Share of General Purpose Revenue

	FY 2016-17 Baseline Budget	Share of Total	FY 2016-17 Recommended	Share of Total	
Health Services	95,000,000	23.4%	95,000,000	23.2%	80.8%
Sheriff-Coroner	79,004,753	19.5%	81,000,000	19.8%	
Probation	42,500,000	10.5%	42,500,000	10.4%	
Employment & Human Services	23,658,000	5.8%	23,658,000	5.8%	
Public Defender	20,808,000	5.1%	20,808,000	5.1%	
Public Works	17,585,578	4.3%	18,367,000	4.5%	
District Attorney	15,951,138	3.9%	16,750,000	4.1%	
Capital Improvements	16,500,000	4.1%	16,500,000	4.0%	
Assessor	16,168,524	4.0%	16,000,000	3.9%	
Contingency Reserve	10,750,000	2.7%	10,750,000	2.6%	19.2%
Superior Court Related Functions	10,500,000	2.6%	10,500,000	2.6%	
Board of Supervisors	7,000,000	1.7%	7,000,000	1.7%	
Central Support Services	6,618,000	1.6%	6,843,000	1.7%	
County Administration	5,755,000	1.4%	5,755,000	1.4%	
Employee/Retiree Benefits	5,500,000	1.4%	5,500,000	1.3%	
Clerk-Recorder/Elections	5,321,514	1.3%	5,250,000	1.3%	
Animal Services	4,249,000	1.0%	4,249,000	1.0%	
Auditor-Controller	3,761,000	0.9%	3,761,000	0.9%	
Conflict Defense	3,750,000	0.9%	3,750,000	0.9%	
Human Resources	3,114,000	0.8%	3,204,000	0.8%	
County Counsel	3,000,000	0.7%	3,000,000	0.7%	
Justice System Dev/Planning	2,540,000	0.6%	2,540,000	0.6%	
Treasurer-Tax Collector	2,143,000	0.5%	2,403,000	0.6%	
Agriculture	2,288,991	0.6%	2,206,000	0.5%	
Veterans Service	924,206	0.2%	995,000	0.2%	
Crockett/Rodeo Revenues	560,000	0.1%	560,000	0.1%	
Conservation & Development	285,000	0.1%	285,000	0.1%	
Department Info Technology	95,000	0.0%	95,000	0.5%	
	405,330,704 ¹	100.0%	409,229,000	100.0%	

Reasons for Optimism

Positive Economic Outlook

- State Revenues Up
- State Budget reasonably stable
- Affordable Care Act intact
- AV revenue up 7.5%+ for 2015/16
- Projecting 6.0% growth AV revenue in 2016/17

Positive County Results

- Budget structurally balanced for fifth year in a row
- Have begun filling vacant positions
- Have begun to address wage and benefit concerns
- OPEB managed
- Have begun pre-funding infrastructure needs
- Fund balance increased
- Standard & Poor's Rating Increase to AAA in 2013 (reaffirmed 2015)
- Final Pension Obligation Bond Matures 6/1/2022 (\$47,382,000)

Reasons for Concern

- Contra Costa County Economy will continue slow recovery
- Although hiring has increased significantly, there remains an extremely high number of vacant positions
- High number of vacant key management positions
- Labor Negotiations
- Increased costs of benefits
- Aging Technology
 - PeopleSoft & BRASS upgrades in Process
 - Finance & Tax Systems next

One Dollar of Wages then and now

1995



Permanent Salaries
\$0.67

Pension Costs
\$0.12

Healthcare Costs
\$0.08

All Other
\$0.13

2015



Permanent Salaries
\$0.49

Pension Costs
\$0.26

Healthcare Costs
\$0.14

All Other
\$0.11

Focus On

- Focus on Current Needs but look for Long term solutions
- Increasing Wages to remain competitive as revenues increase
- Continuing to harness our organizational discipline and innovation
- Providing public services that improve the quality of life of our residents and the economic viability of our businesses

Contra Costa County Fire Protection District



Contra Costa County Fire Protection District

- CCC Fire Protection District budget stable; anticipating 6% AV Growth
- Effective January 1, 2016, District awarded the contract to provide emergency ambulance service within EOAs I, II, and V in Contra Costa County.
 - Billing policies and procedures in place & Insurance reimbursements starting to occur
 - First Quarterly Financial Report to the Board later this year
- Capital project planning underway
- Complete renovation/rehabilitation work at Fire Station 16 in the City of Lafayette. Re-open and re-staff station.
- Enter into agreement with the City of San Pablo to share the costs of rebuilding Fire Station 70.
- Re-staff Engine 6 in the City of Concord.

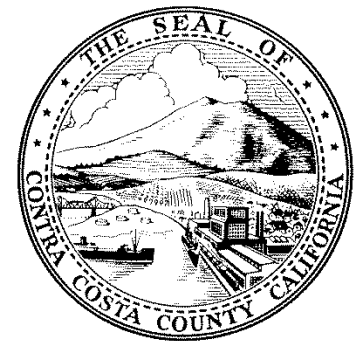
Contra Costa County Fire Protection District

- Continue to place new heavy fire apparatus into service, including four (4) Type 1 Fire Engines, one (1) 105' aerial ladder truck, and one (1) heavy duty rescue.
- Fill 14 new positions, 12 of which are for fire suppression and two of which are for EMS operations. Complete Academy 50, and place new recruits into service by the last quarter of FY 2016-17.
- Continued financial concerns regarding:
 - East Contra Costa Fire District
 - Rodeo Hercules Fire District

Budget Hearing Agenda

- Department Head Presentations
 - Sheriff, Undersheriff Mike Casten
 - District Attorney, Mark Peterson
 - Public Defender, Robin Lipetzky
 - Probation Interim Chief, Todd Billeci
 - Health Services Director, William Walker
 - Employment and Human Services Director, Kathy Gallagher
- Open Public Hearing - Public Comment
- Board Discussion/Action

Recommendations



Recommended Budget Actions

1. OPEN and CONDUCT a public hearing to receive input on the FY 2016-17 Recommended Budget;
2. ACKNOWLEDGE that the State of California and residents throughout the State continue to struggle to manage the outcomes of the recently depressed economy;
3. ACKNOWLEDGE that significant economic issues continue to challenge the Board of Supervisors in its effort to finance services and programs which Contra Costa County residents need, or expect will be provided to them by the County, especially in times of economic recovery;
4. ACKNOWLEDGE that the employees of Contra Costa County have been negatively affected as a result of the requirement to balance the County's expenditures with available revenues in the past; however, current labor contracts include modest wage increases;
5. ACKNOWLEDGE that this situation is expected to continue to improve for County employees, and for our residents as we work to manage and cope with the outcomes of economic recovery;
6. DIRECT the County Administrator to continue to meet with the County's union representatives and employees to explain the size, scope and anticipated length of the County's fiscal challenges and to gain their input/suggestions;

Recommended Budget Actions

7. DIRECT the County Administrator to continue to make this information readily available to the residents of the County;
8. ACKNOWLEDGE that the Recommended Budget does not include any funding changes that may occur in the State of California's 2016-17 fiscal year budget or in the manner in which the Medi-Cal Waiver is implemented and these two events may have an unknown impact on the drawdown of federal funds for services and facilities;
9. RE-AFFIRM the Board of Supervisors' policy prohibiting the use of County General Purpose Revenue to back-fill State revenue cuts;
10. ACKNOWLEDGE that retirement expenses are expected to decrease in the short run, but are likely to increase in future years should market returns not meet or exceed the Assumed Rate of Return;
11. ACKNOWLEDGE that the Recommended Budget balances annual estimated expenditures with estimated revenues in FY 2016-17, and is both technically and structurally balanced;
12. ACKNOWLEDGE that the Recommended Budget includes a specific appropriation for contingency, and that the Board also maintains its ability to manage General Fund contingencies during the fiscal year by use of reserve funds set aside for that purpose;

Recommended Budget Actions

13. ACKNOWLEDGE that any restoration of any recommended program reductions will require an equivalent reduction in funds from other County priorities in order to adhere to our balanced budget policy;
14. ACKNOWLEDGE that continuing to build the County's reserves, maintaining an improved credit rating, and maintenance of the County's physical assets remain a priority of the Board of Supervisors over the long term;
15. DIRECT the County Administrator to prepare for Board adoption on May 10, 2016, the FY 2016-17 County and Special District Budgets, as modified, to incorporate any changes directed by the Board during these public hearings; and
16. DIRECT the County Administrator to prepare for consideration by the Board of Supervisors on May 10, 2016, position additions and eliminations necessary to carry out Board action on the Recommended Budget.

“The Challenge is to solve today’s problems without making those of tomorrow even worse.”

— Governor Jerry Brown, 2016 State of the State Address

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

