

CALENDAR FOR THE BOARD OF SUPERVISORS
CONTRA COSTA COUNTY
AND FOR SPECIAL DISTRICTS, AGENCIES, AND AUTHORITIES GOVERNED BY THE BOARD
Pleasant Hill Community Center, 320 Civic Drive
Pleasant Hill, California 94523

KAREN MITCHOFF, CHAIR, 4TH DISTRICT

JOHN GIOIA, VICE CHAIR, 1ST DISTRICT

CANDACE ANDERSEN, 2ND DISTRICT

DIANE BURGIS, 3RD 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, WILL BE LIMITED TO TWO (2) MINUTES.

The Board Chair may reduce the amount of time allotted per speaker at the beginning of each item or public comment period depending on the number of speakers and the business of the day.
Your patience is appreciated.

A lunch break or closed session may be called at the discretion of the Board Chair.

Staff reports related to open session items on the agenda are also accessible on line at www.co.contra-costa.ca.us.

*****SPECIAL MEETING*****

AGENDA

January 30, 2018

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

D.1 Public Comment (2 minutes each)

D.2 Board Operating Procedures and Communications (*Chair, Karen Mitchoff*)

D.3 CONSIDER accepting report “The Economic Outlook: Focus on the Contra Costa Economy” prepared by Beacon Economics. (*Dr. Christopher Thornberg, Beacon Economics*)

---BREAK---

D.4 CONSIDER accepting report on budget and key issues for FY 2017/18 and beyond. (*David Twa, County Administrator and Lisa Driscoll, County Finance Director*)

- D.5** CONSIDER accepting report on Capital Projects. *(Eric Angstadt, Chief Assistant County Administrator)*

--- BREAK FOR LUNCH AND CLOSED SESSION---

Closed Session Agenda

A. CONFERENCE WITH LABOR NEGOTIATORS

1. Agency Negotiators: David Twa and Richard Bolanos.

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 Employees International Union Local 2015; 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; Teamsters Local 856.

2. Agency Negotiators: David Twa.

Unrepresented Employees: All unrepresented employees.

B. PUBLIC EMPLOYEE APPOINTMENT

Title: Director of Health Services

C. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: County Administrator

---RESUME OPEN SESSION----

- D.6** CONSIDER accepting report from the Office of Reentry & Justice on the County's reentry and justice related programs, including the Government Alliance on Race and Equity (GARE). *(Lara DeLaney, Acting Director of the Office of Reentry & Justice and Donte' Blue, Deputy Director of the Office of Reentry & Justice)*

- D.7** CONSIDER accepting report on Contra Costa's Homelessness Continuum of Care. (*Lavonna Martin, Director - Health, Housing and Homeless Services*)

Wrap-up and Closing Comments (*Chair, Karen Mitchoff*)

ADJOURN

GENERAL INFORMATION

The Board meets in all its capacities pursuant to Ordinance Code Section 24-2.402, including as the Housing Authority and the Successor Agency to the Redevelopment Agency. 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.

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 96 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.

All matters listed under CONSENT ITEMS are considered by the Board to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a member of the Board or a member of the public prior to the time the Board votes on the motion to adopt.

Persons who wish to speak on matters set for PUBLIC HEARINGS will be heard when the Chair calls for comments from those persons who are in support thereof or in opposition thereto. After persons have spoken, the hearing is closed and the matter is subject to discussion and action by the Board. 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.

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

Glossary of Acronyms, Abbreviations, and other Terms (in alphabetical order):

Contra Costa County has a policy of making limited use of acronyms, abbreviations, and industry-specific language in its Board of Supervisors meetings and written materials. Following is a list of commonly used language that may appear in oral presentations and written materials associated with Board meetings:

AB Assembly Bill

ABAG Association of Bay Area Governments

ACA Assembly Constitutional Amendment

ADA Americans with Disabilities Act of 1990

AFSCME American Federation of State County and Municipal Employees

AICP American Institute of Certified Planners

AIDS Acquired Immunodeficiency Syndrome

ALUC Airport Land Use Commission

AOD Alcohol and Other Drugs
ARRA American Recovery & Reinvestment Act of 2009
BAAQMD Bay Area Air Quality Management District
BART Bay Area Rapid Transit District
BayRICS Bay Area Regional Interoperable Communications System
BCDC Bay Conservation & Development Commission
BGO Better Government Ordinance
BOS Board of Supervisors
CALTRANS California Department of Transportation
CalWIN California Works Information Network
CalWORKS California Work Opportunity and Responsibility to Kids
CAER Community Awareness Emergency Response
CAO County Administrative Officer or Office
CCE Community Choice Energy
CCCFPD (ConFire) Contra Costa County Fire Protection District
CCHP Contra Costa Health Plan
CCTA Contra Costa Transportation Authority
CCRMC Contra Costa Regional Medical Center
CCWD Contra Costa Water District
CDBG Community Development Block Grant
CFDA Catalog of Federal Domestic Assistance
CEQA California Environmental Quality Act
CIO Chief Information Officer
COLA Cost of living adjustment
ConFire (CCCFPD) Contra Costa County Fire Protection District
CPA Certified Public Accountant
CPI Consumer Price Index
CSA County Service Area
CSAC California State Association of Counties
CTC California Transportation Commission
dba doing business as
DSRIP Delivery System Reform Incentive Program
EBMUD East Bay Municipal Utility District
ECCFPD East Contra Costa Fire Protection District
EIR Environmental Impact Report
EIS Environmental Impact Statement
EMCC Emergency Medical Care Committee

EMS Emergency Medical Services
EPSDT Early State Periodic Screening, Diagnosis and Treatment Program (Mental Health)
et al. et alii (and others)
FAA Federal Aviation Administration
FEMA Federal Emergency Management Agency
F&HS Family and Human Services Committee
First 5 First Five Children and Families Commission (Proposition 10)
FTE Full Time Equivalent
FY Fiscal Year
GHAD Geologic Hazard Abatement District
GIS Geographic Information System
HCD (State Dept of) Housing & Community Development
HHS (State Dept of) Health and Human Services
HIPAA Health Insurance Portability and Accountability Act
HIV Human Immunodeficiency Syndrome
HOME Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households
HOPWA Housing Opportunities for Persons with AIDS Program
HOV High Occupancy Vehicle
HR Human Resources
HUD United States Department of Housing and Urban Development
IHSS In-Home Supportive Services
Inc. Incorporated
IOC Internal Operations Committee
ISO Industrial Safety Ordinance
JPA Joint (exercise of) Powers Authority or Agreement
Lamorinda Lafayette-Moraga-Orinda Area
LAFCo Local Agency Formation Commission
LLC Limited Liability Company
LLP Limited Liability Partnership
Local 1 Public Employees Union Local 1
LVN Licensed Vocational Nurse
MAC Municipal Advisory Council
MBE Minority Business Enterprise
M.D. Medical Doctor
M.F.T. Marriage and Family Therapist

MIS Management Information System
MOE Maintenance of Effort
MOU Memorandum of Understanding
MTC Metropolitan Transportation Commission
NACo National Association of Counties
NEPA National Environmental Policy Act
OB-GYN Obstetrics and Gynecology
O.D. Doctor of Optometry
OES-EOC Office of Emergency Services-Emergency Operations Center
OPEB Other Post Employment Benefits
OSHA Occupational Safety and Health Administration
PACE Property Assessed Clean Energy
PARS Public Agencies Retirement Services
PEPRA Public Employees Pension Reform Act
Psy.D. Doctor of Psychology
RDA Redevelopment Agency
RFI Request For Information
RFP Request For Proposal
RFQ Request For Qualifications
RN Registered Nurse
SB Senate Bill
SBE Small Business Enterprise
SEIU Service Employees International Union
SUASI Super Urban Area Security Initiative
SWAT Southwest Area Transportation Committee
TRANSPAC Transportation Partnership & Cooperation (Central)
TRANSPLAN Transportation Planning Committee (East County)
TRE or **TTE** Trustee
TWIC Transportation, Water and Infrastructure Committee
UASI Urban Area Security Initiative
VA Department of Veterans Affairs
vs. versus (against)
WAN Wide Area Network
WBE Women Business Enterprise
WCCTAC West Contra Costa Transportation Advisory Committee



Contra Costa County

To: Board of Supervisors
 From: David Twa, County Administrator
 Date: January 30, 2018

Subject: Annual Update on Economic Conditions in Contra Costa County

RECOMMENDATION(S):

ACCEPT report 'The Economic Outlook: Focus on the Contra Costa Economy'.

FISCAL IMPACT:

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

BACKGROUND:

Attached is Beacon Economics report entitled "The Economic Outlook: Focus on the Contra Costa Economy".

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/30/2018** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

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

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 30, 2018

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

By: , Deputy

cc:

ATTACHMENTS

The Economic Outlook (Beacon Economics)

Dr. Christopher Thornberg Bio

The Economic Outlook

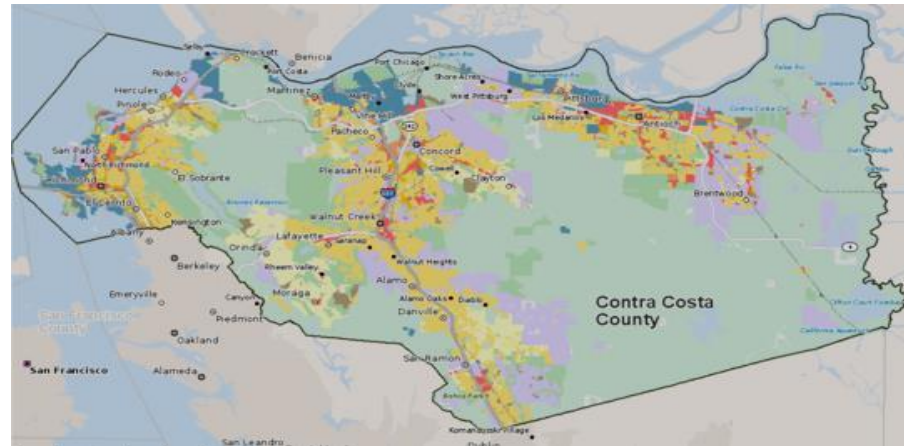
Focus on the Contra Costa Economy

January 2018

Christopher Thornberg

Founding Partner, Beacon Economics

Director, UC Riverside Center for Forecasting and Development



The collage consists of several overlapping news snippets and headlines:

- DAILY NEWS**: "Here's what a newly married Trump said he liked to do to attractive women he..."
- The Atlanta Journal-Constitution**: "FIRE, FURY"
- DAILY NEWS**: "TRUMP TO WORLD: DROP DEAD"
- Angry Baker**: "pans Trump's call to ban Muslims from entering U.S. ..."
- 'SIMPLY RIDICULOUS'**
- The Des Moines Register**: "COMEY SLAMS TRUMP 'LIES'"
- White House**: "Testimony proves that president has acted appropriately"
- BREAKING NEWS**: "TRUMP ATTACKS PROTECTIONS FOR IMMIGRANTS FROM 'S***HOLE' COUNTRIES IN OVAL OFFICE MEETING"
- OH MY GOD!**
- JOURNAL DE MONTREAL**
- MSNBC**: "TRUMP ATTACKS PROTECTIONS FOR IMMIGRANTS FROM 'S***HOLE' COUNTRIES IN OVAL OFFICE MEETING"

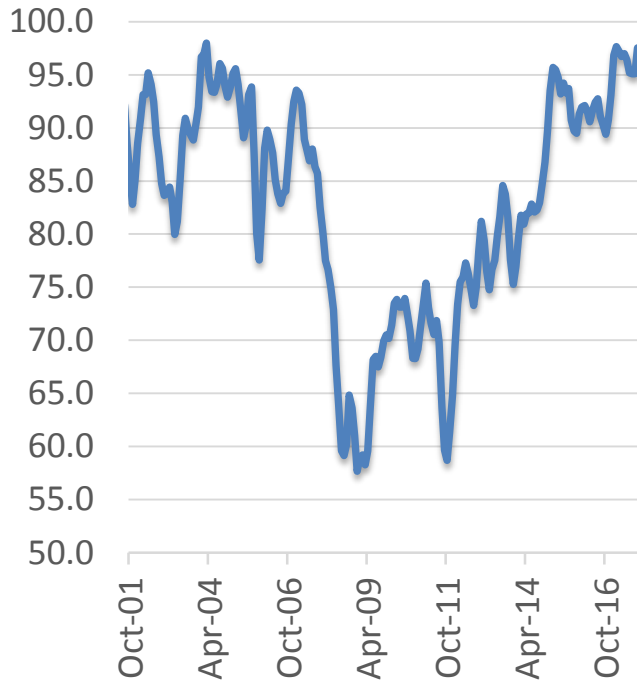


The Victory of Miserabilism

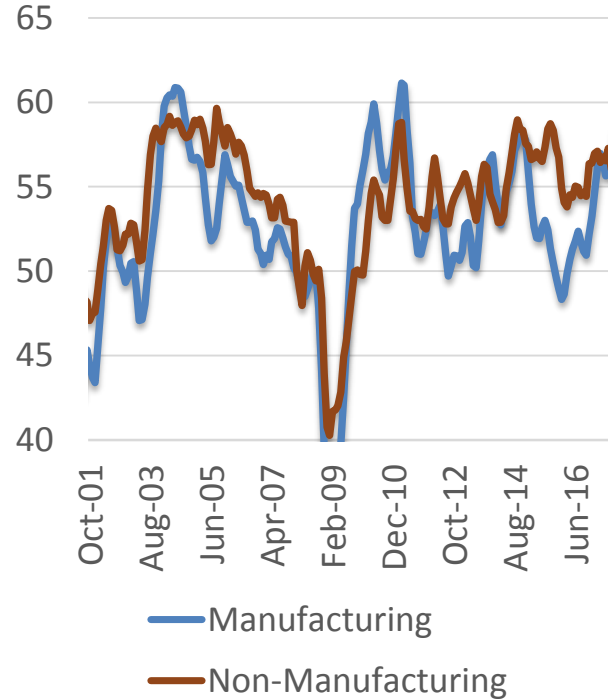
- **The Good: Meet the new economy, same as the old economy**
 - For all the sound and fury, very little actually happened (x taxes)
 - 2017 solid year for growth: looked a lot like 2013-2016
 - 2018 likely to be better: the tax cut stimulus will boost the economy
 - Still a low chance of recession in next 24 months
- **The Bad: Economic Brakes and Growing Imbalances**
 - Labor shortage Issues (particularly in California)
 - Consumer savings declines, another bubble forming
 - Aggressive Fed: rising rates, flattening yield curves
- **The Ugly: 2018 will be seen as a historic turning point**
 - Little effort to deal with underinvestment in infrastructure, rising wealth and income inequality, healthcare cost inflation, housing
 - Sharp growth in entitlement spending and government deficits
 - Breakdown in basic norms of political leadership

Optimism Abounds

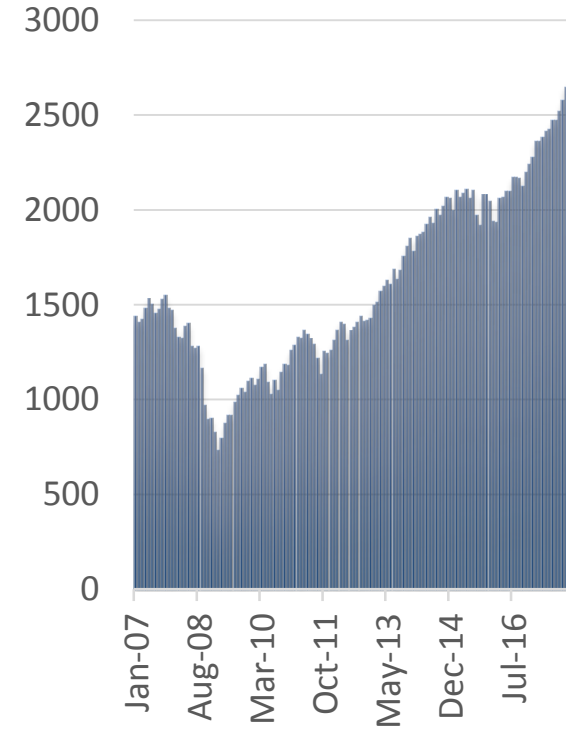
UM Consumer Sentiment
3 Month MA



ISM Diffusion Indexes
3 Month MA

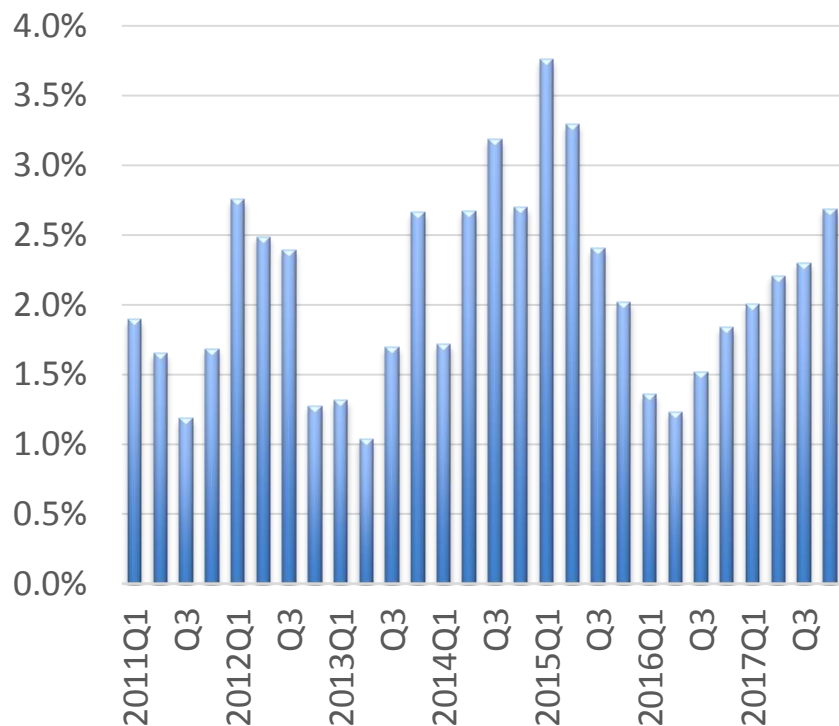


S&P 500 Index



GDP Growth: 2017 back to 3%

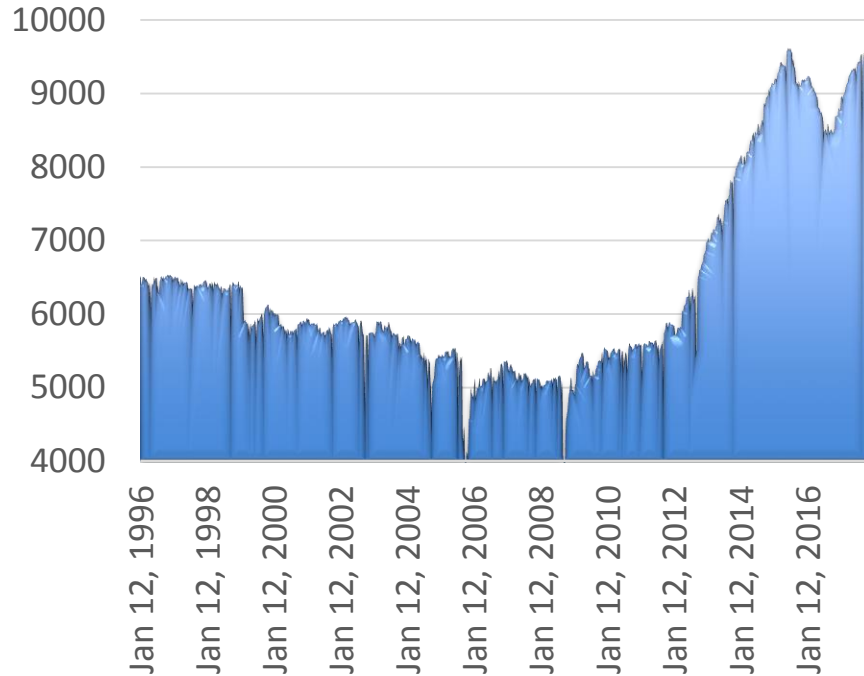
Y-o-Y Growth



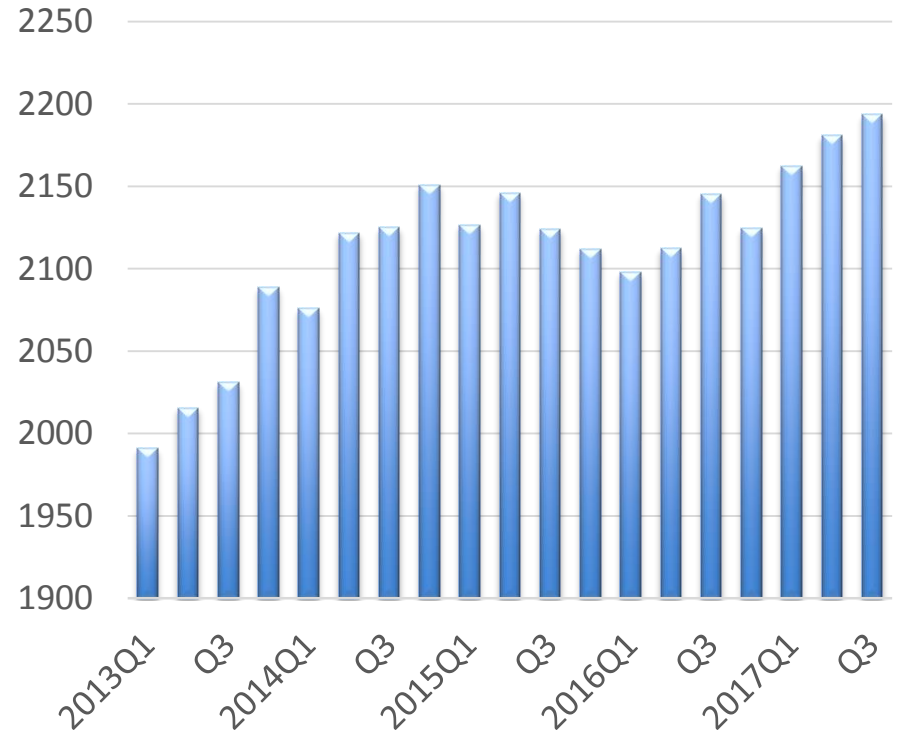
	2013	2014	2015	2016	2017	2017	
						Q3	Q4
GDP	2.68	2.73	2.00	1.85	2.73	3.20	2.60
FD	1.68	3.45	2.70	2.19	2.79	2.05	3.88
PCE	1.37	2.40	2.04	1.93	1.95	1.49	2.58
Fixed Inv	0.83	0.95	0.40	0.18	0.86	0.40	1.27
Struct	0.16	0.26	-0.28	0.10	0.07	-0.21	0.04
Equip	0.39	0.24	0.21	-0.22	0.52	0.58	0.62
IPP	0.09	0.26	0.13	0.21	0.20	0.21	0.18
Res	0.20	0.20	0.35	0.09	0.08	-0.18	0.42
Invent	0.62	-0.15	-0.02	-0.02	-0.11	0.79	-0.67
Net exports	0.38	-0.57	-0.68	-0.31	0.05	0.36	-1.13
Government	-0.53	0.09	0.28	0.07	0.12	0.12	0.50

Oil and Exports

Weekly US Oil Production to December



US Exports (Real)

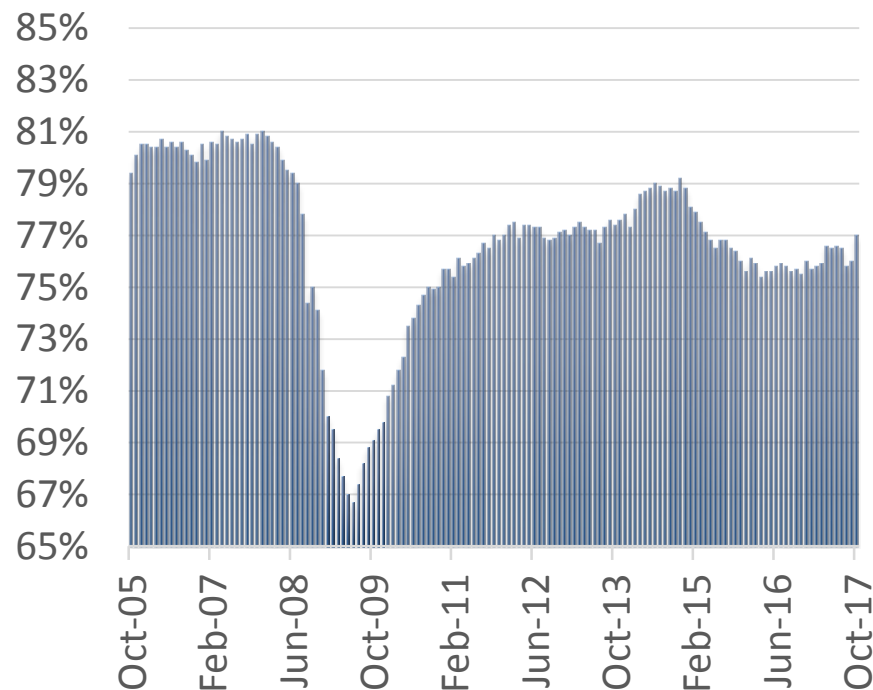


Industrial Stats: Meh.

Industrial Production (Y-o-Y Growth)
to Oct

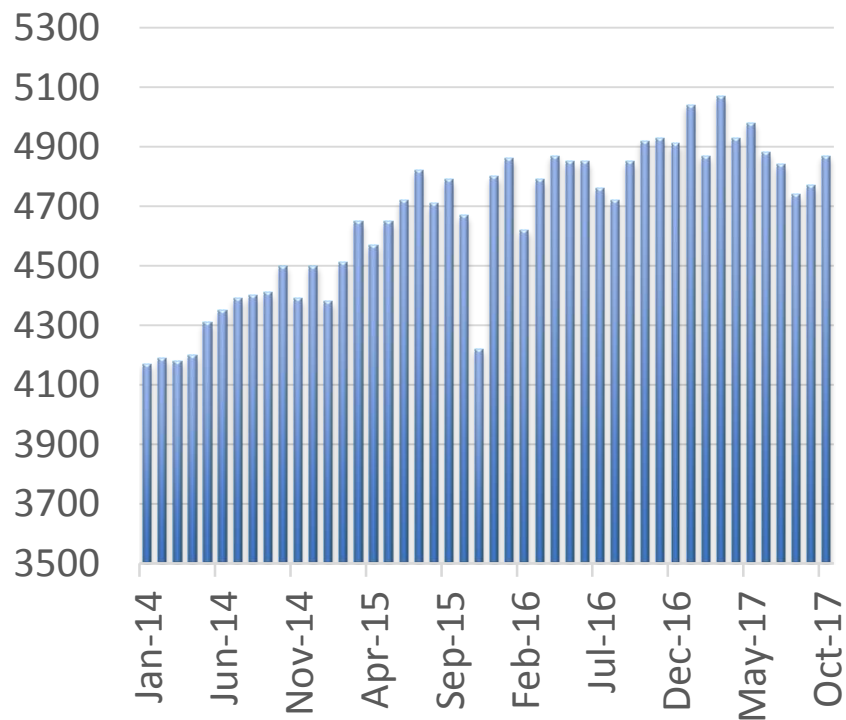


Capacity Utilization

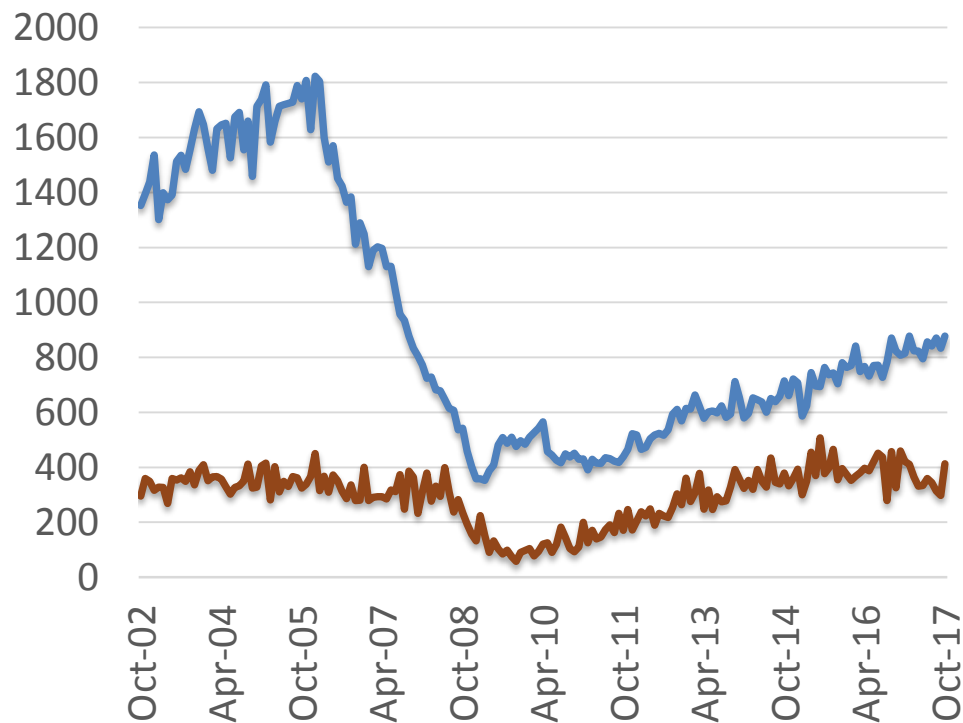


Housing

Existing SF Homes Sales



Housing Starts SAAR

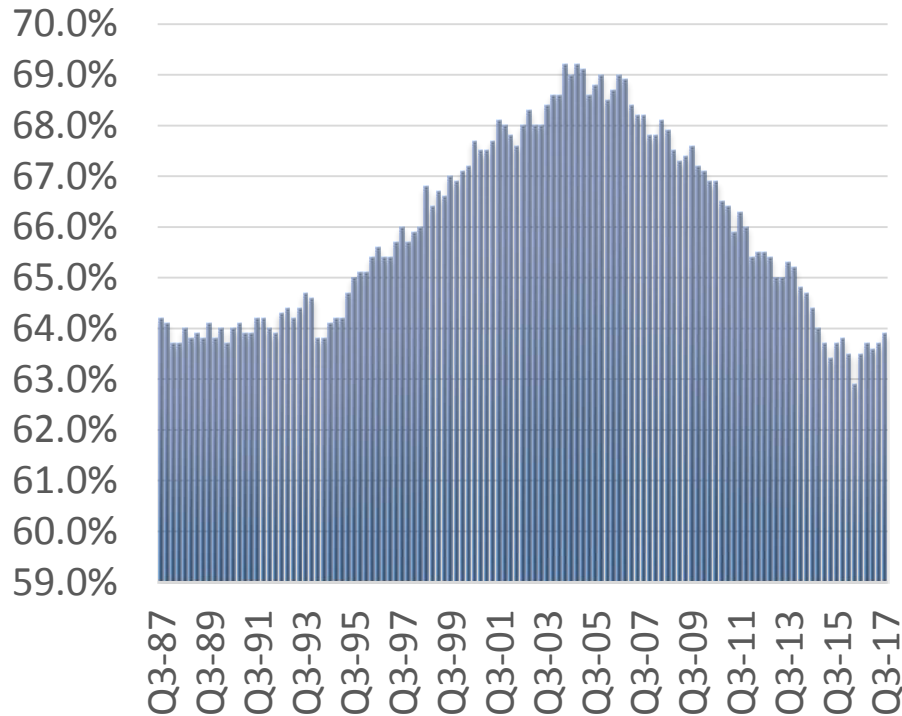


Home Prices

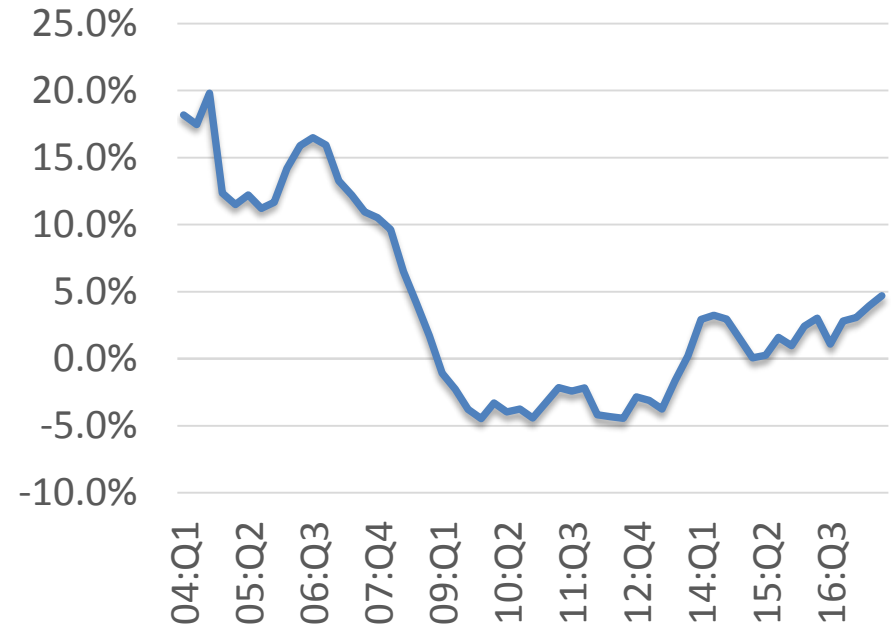
	2016	2017		2016	2017
WA-Seattle	10.6%	12.7%	NC-Charlotte	5.9%	6.4%
NV-Las Vegas	5.6%	10.2%	Composite-20	5.0%	6.4%
CA-San Diego	5.8%	8.1%	National-US	5.2%	6.2%
CA-San Francisco	5.6%	7.7%	AZ-Phoenix	5.1%	6.0%
CO-Denver	8.3%	7.2%	NY-New York	2.1%	5.9%
MI-Detroit	6.6%	7.1%	MN-Minneapolis	5.4%	5.4%
TX-Dallas	8.1%	7.1%	GA-Atlanta	5.8%	5.0%
OR-Portland	10.2%	7.1%	OH-Cleveland	4.0%	4.7%
MA-Boston	4.4%	6.9%	FL-Miami	6.4%	4.4%
FL-Tampa	7.8%	6.9%	IL-Chicago	2.9%	4.1%
CA-Los Angeles	5.5%	6.5%	DC-Washington	2.1%	3.1%

Ownership- Slight Up

Home Ownership

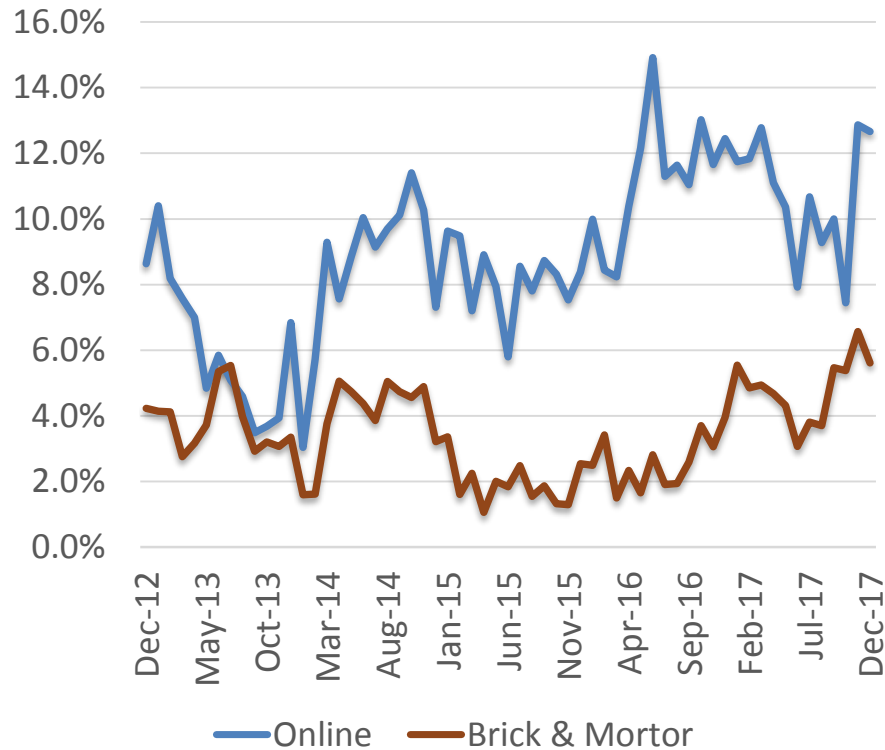


Growth Outstanding Mortgage Debt

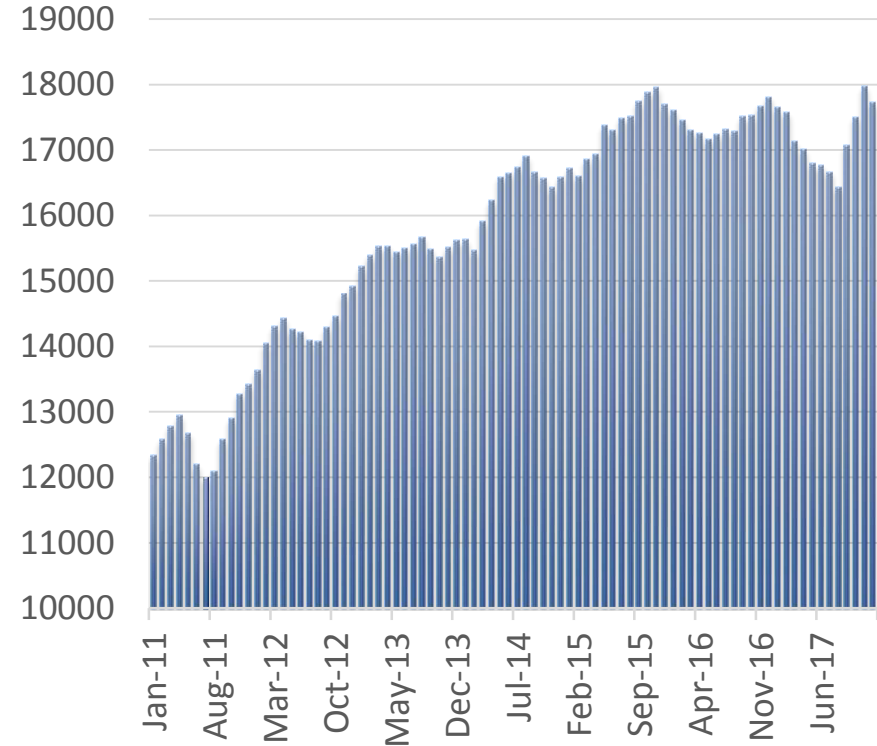


Retail Sales

Retail Sales (Y-o-Y to Dec)



Auto Sales SAAR

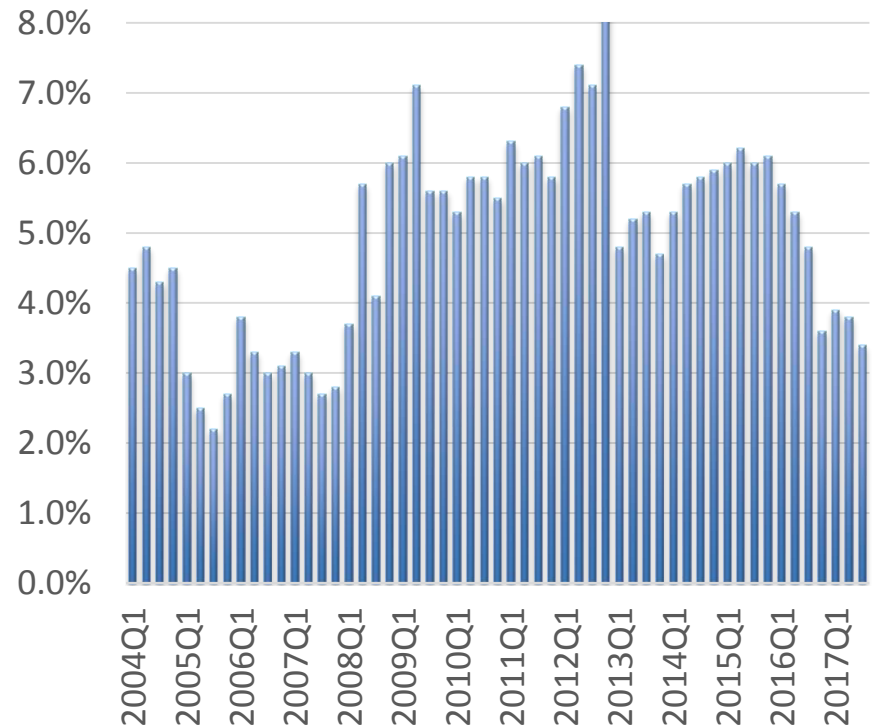


Consumer Spending

Real Consumer Spending (3 Month
MA Growth) to September

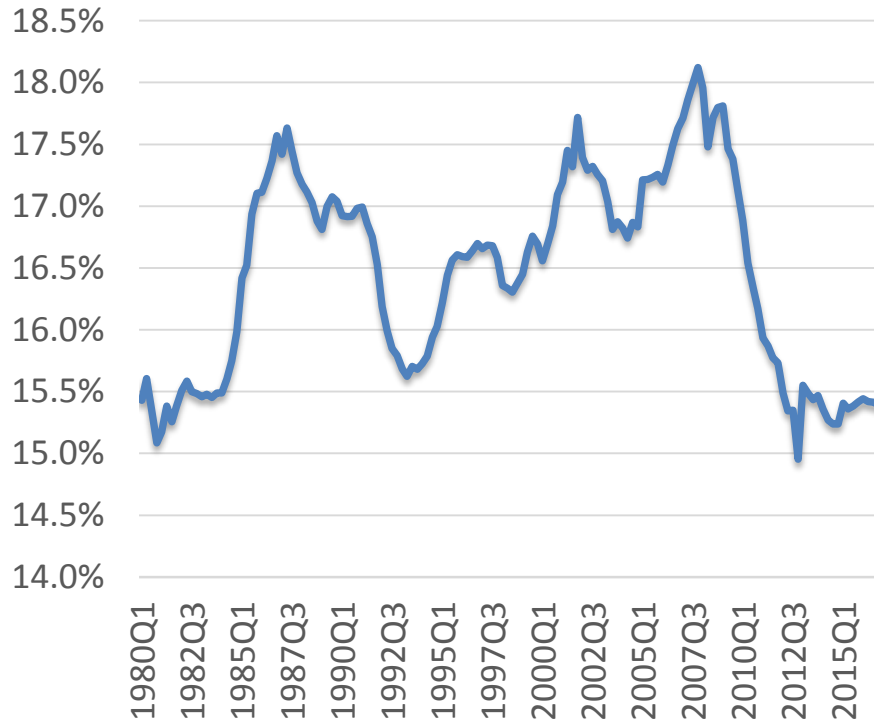


Consumer Savings Rate

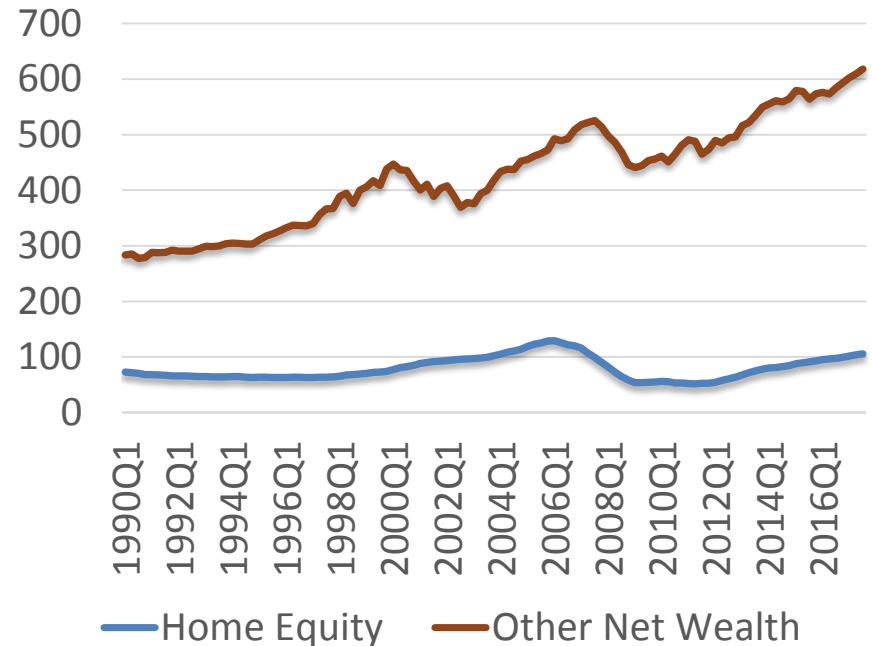


Wealth and Debt

Household Financial Obligation Ratio

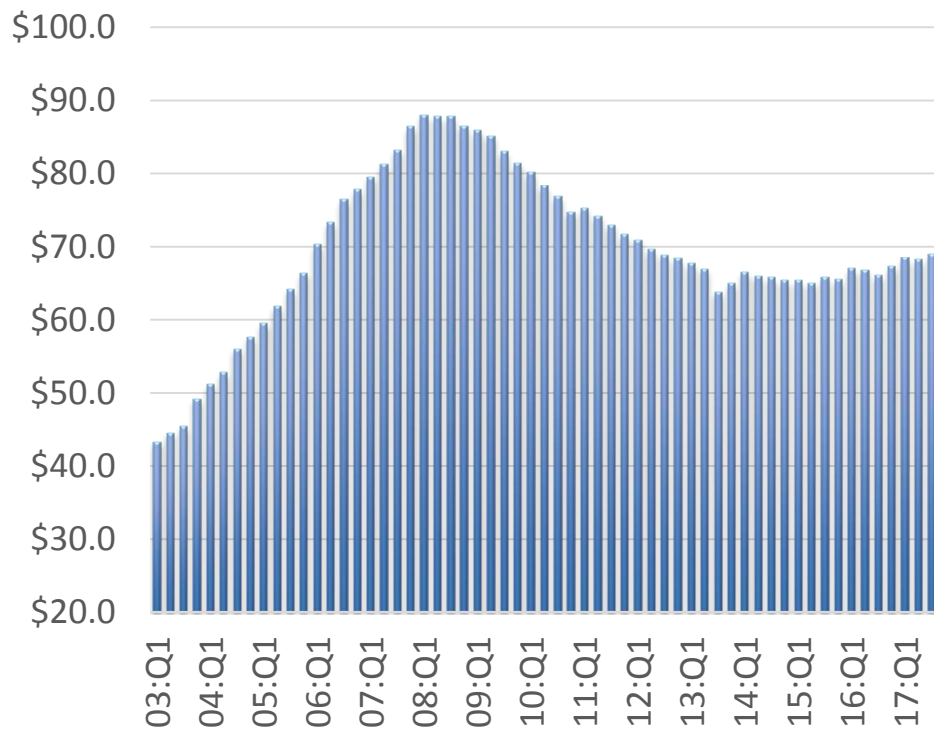


Real Average Wealth per Household (FOF, Thous.)

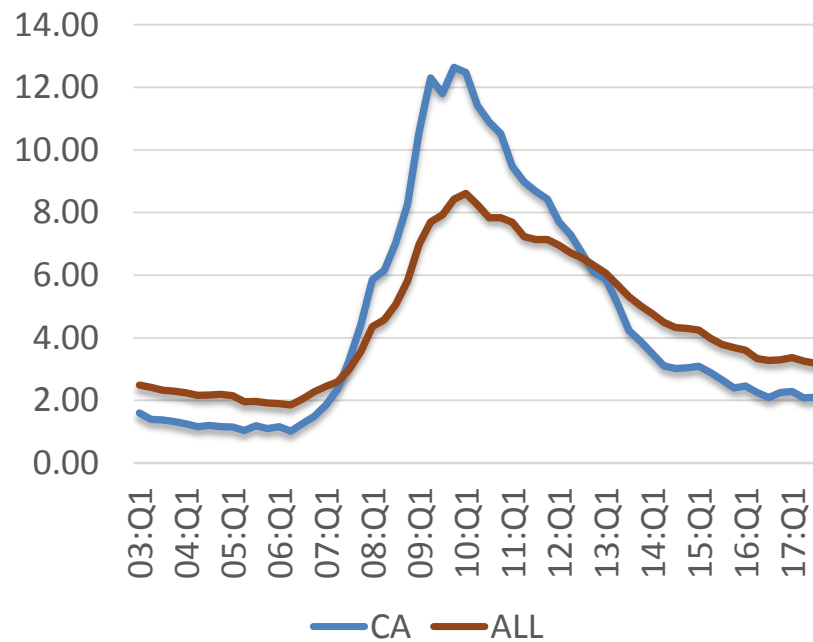


California Debt

California Debt Per Capita (Thous)

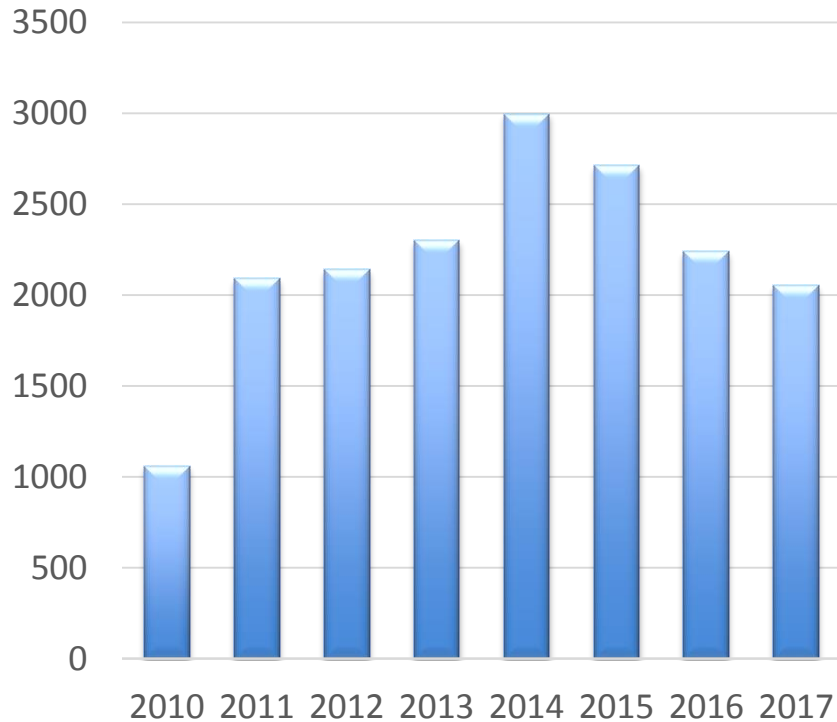


Share of Debt 90 days plus delinquent

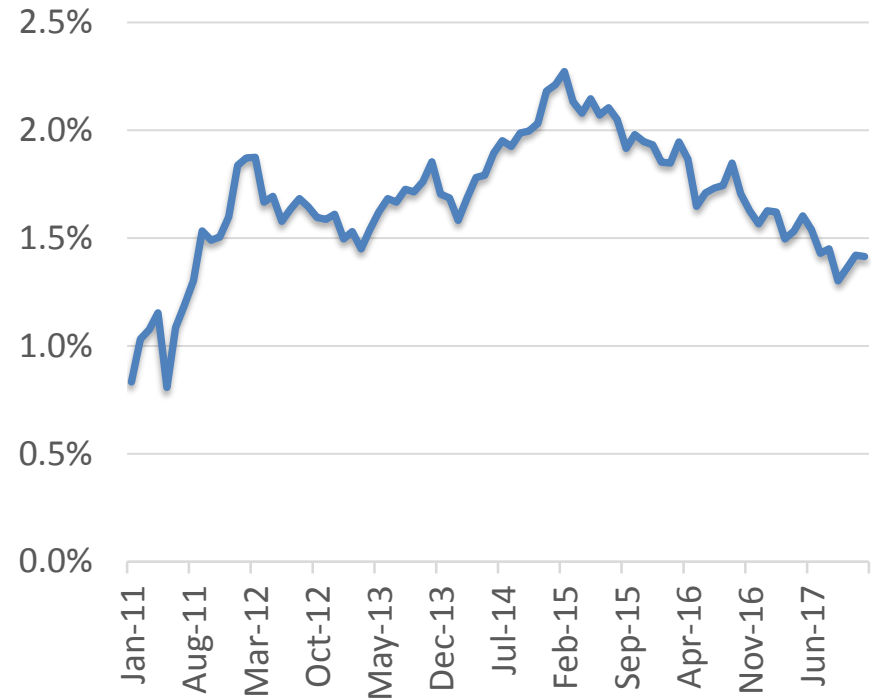


Labor Markets

Net Change Payroll Jobs

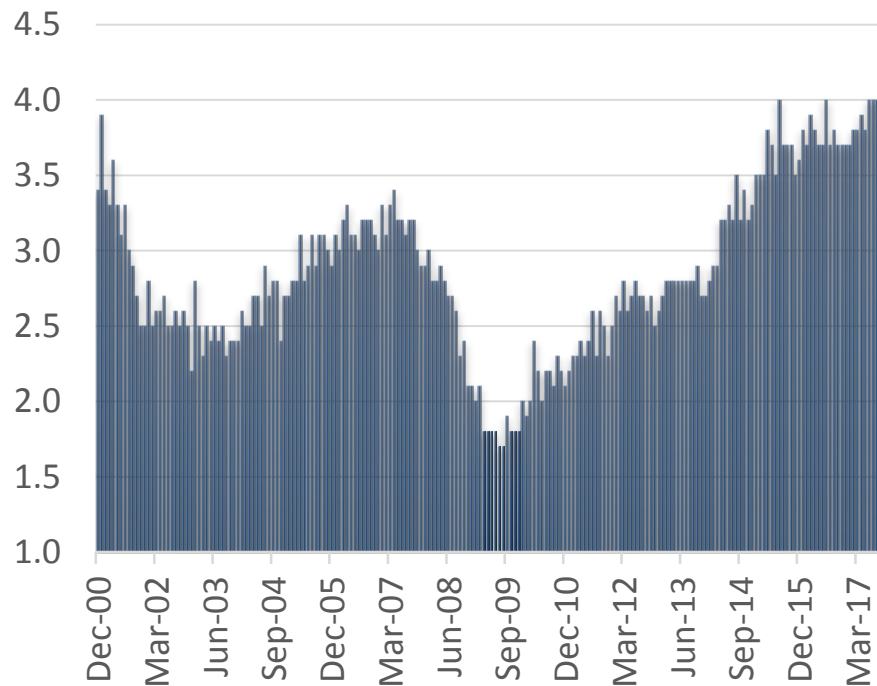


Growth Payroll Employment (Y-o-Y)

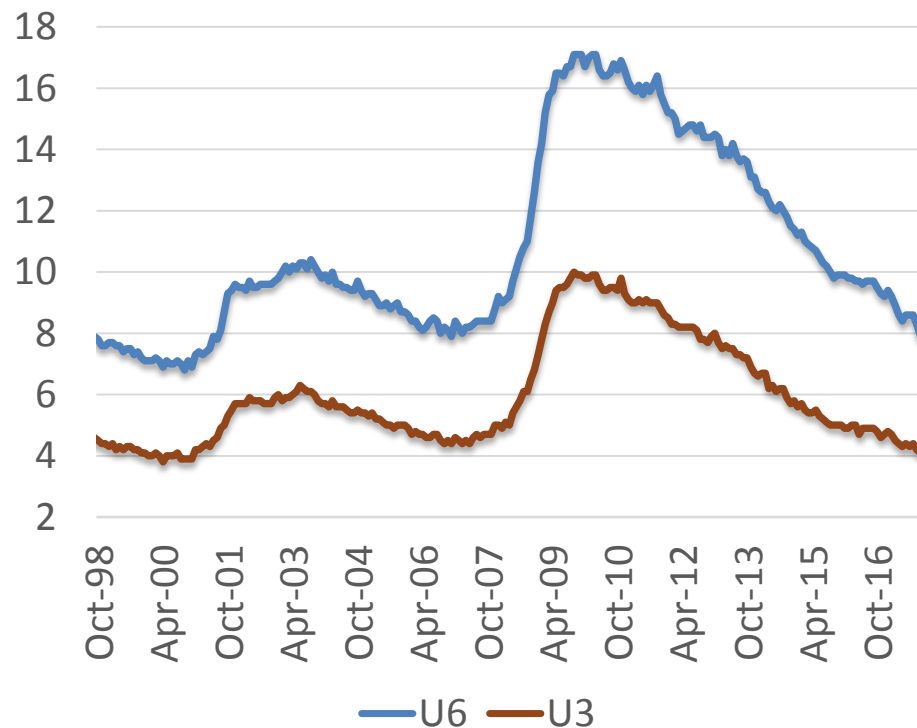


Why Slowing Job Growth?

JOLT Job Openings Rate
(% of Jobs)

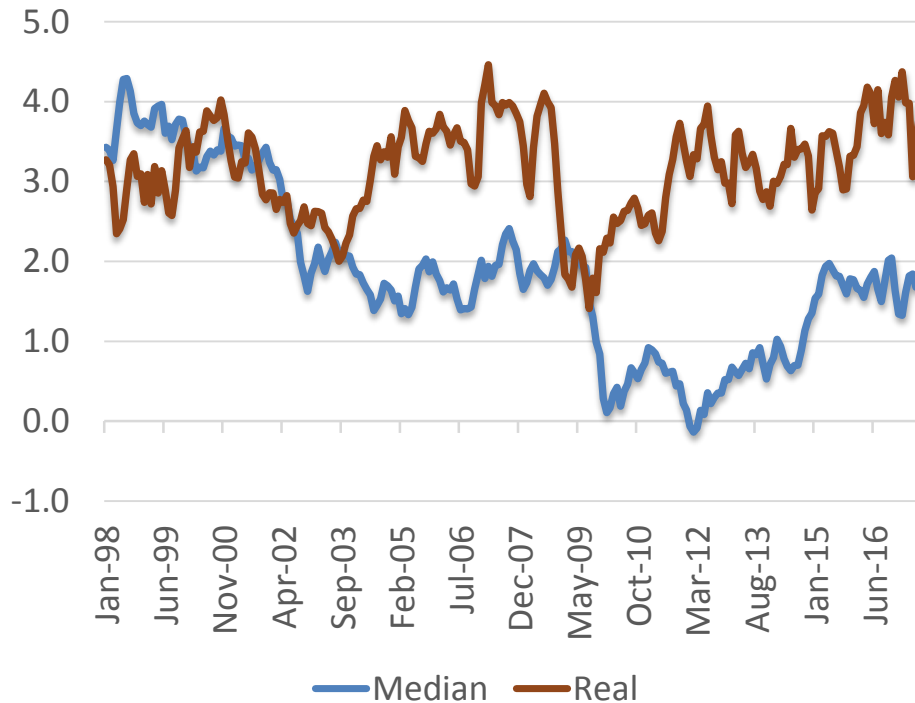


Unemployment



Consequences

Real Wage Gains

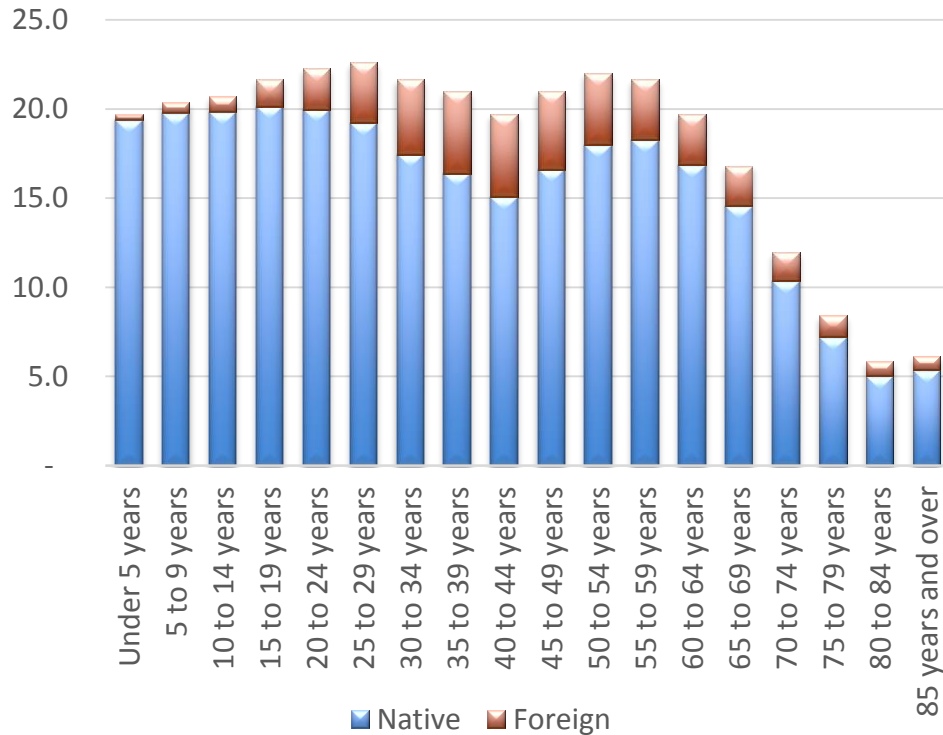


Labor Force Growth

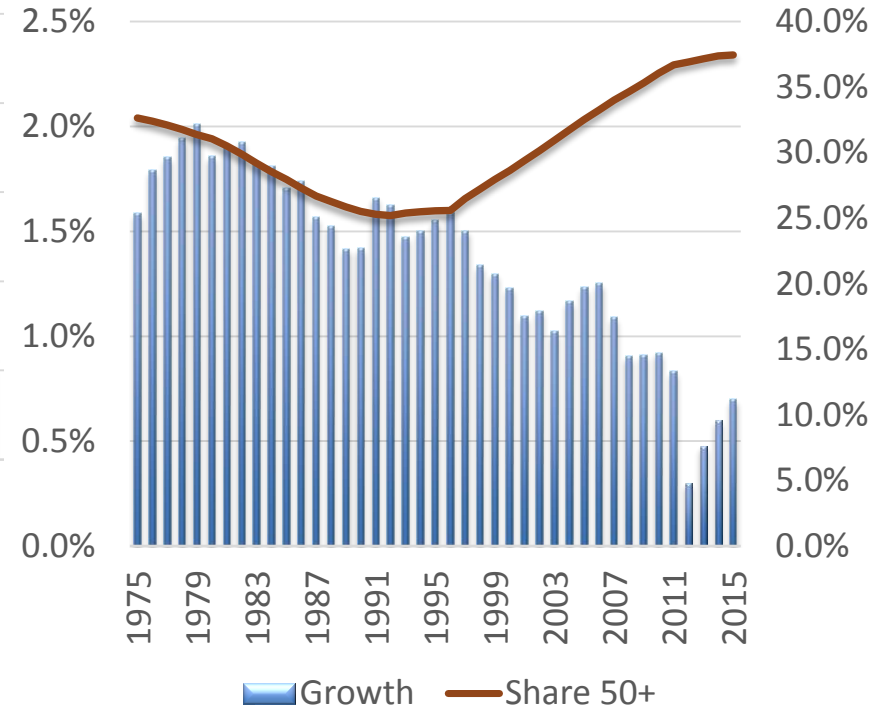


Demographic Limits

2016 Population by Age by Nativity (Millions)



US Population of 25-64 Year Olds

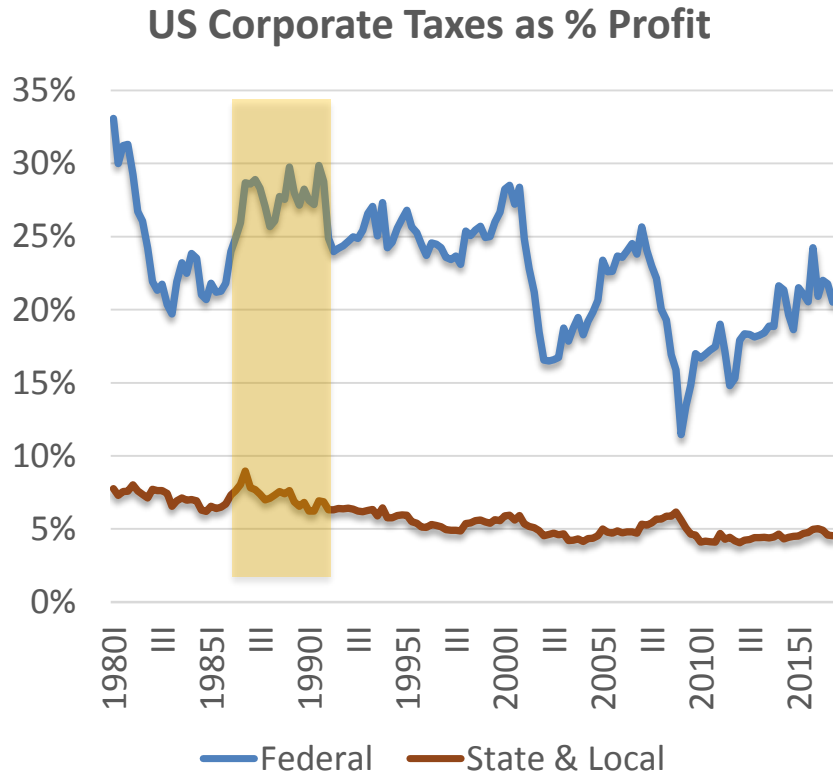


The Cure for Secular Stagnation

Figure 8: Increase in Average Annual Growth Rate With Estimated Policy Shifts

Policy Change	Boost in Annual Growth Rate	Estimated By
Enact immigration reform to increase number of workers	0.3%	CBO
Reform the income tax code	0.05% - 0.3%	JCT, Treasury
Increase the Social Security retirement ages by two years	0.15%	CBO
Reduce deficits by \$4 trillion over ten years	0.1%	CBO
Expand energy production at level of shale boom*	0.09%	CBO
Repeal the Affordable Care Act ("Obamacare")	0.08%	CBO
Ratify the Trans-Pacific Partnership	0.01%	U.S. ITC
Increase public investment in infrastructure, education, and research by \$400 billion	0 - 0.01%	CBO

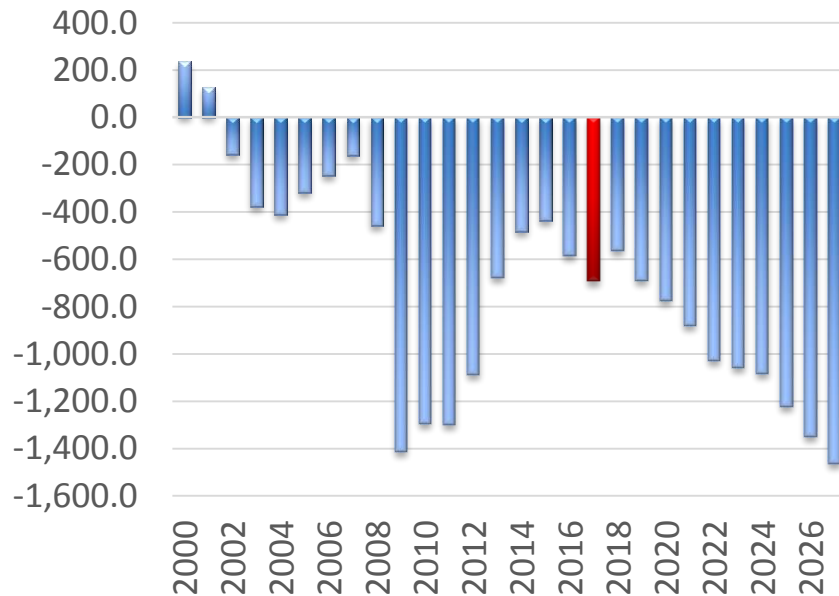
Tax Reform vs Tax Cuts



- A. Most corporations and households will pay less in taxes
- B. The plan will give a small short term boost to the economy
- C. The plan is regressive
- D. Will add \$1.5 trillion to \$3.5 trillion to the debt over 10 Years

Implications

CBO: Past and Projected Federal Budget Gap

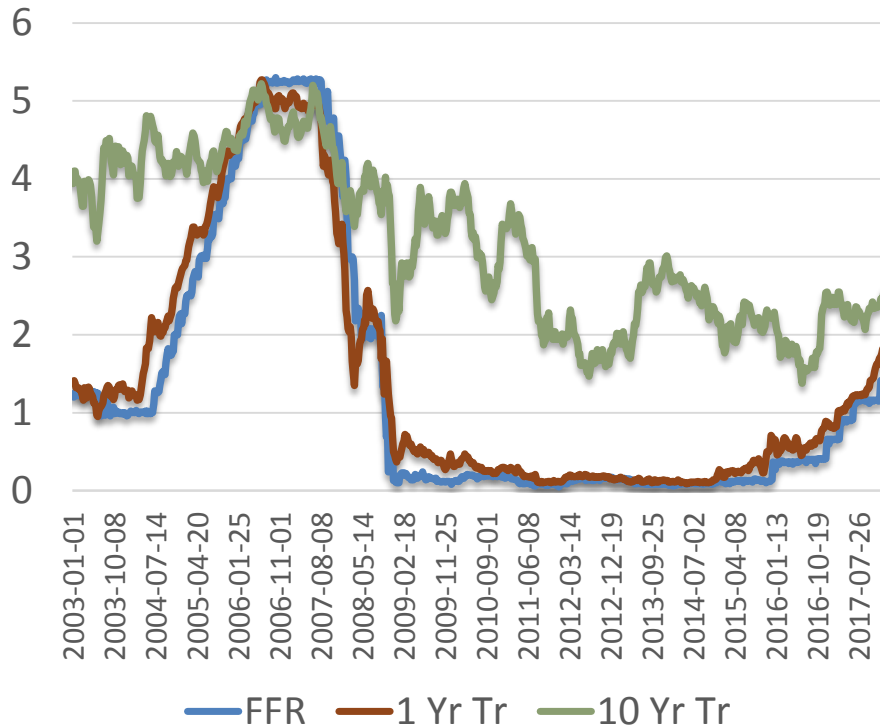


Real Average Net Worth by Bracket

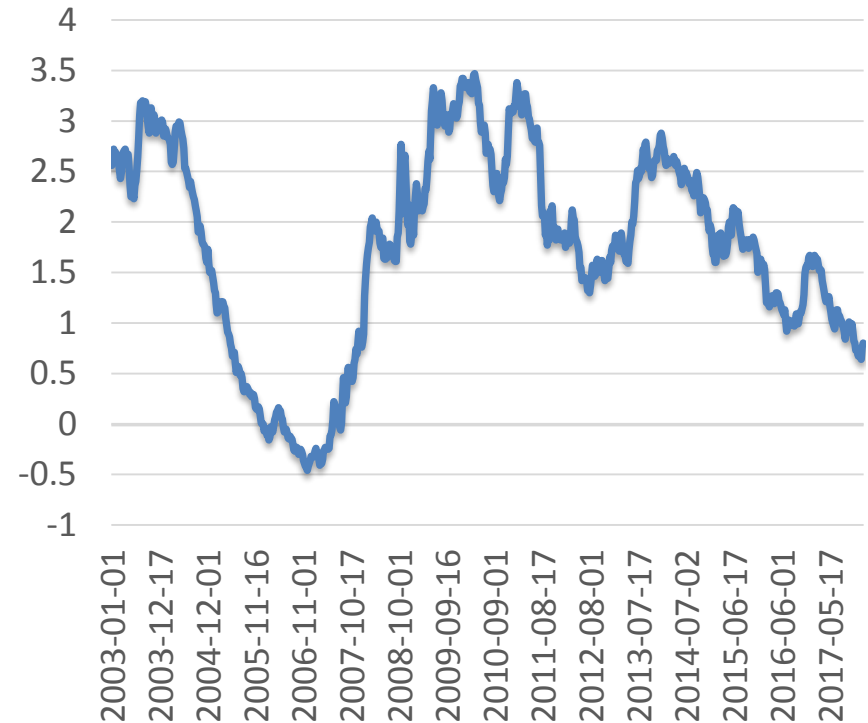
	1989	2001	2016
< 25	\$(1)	\$0	\$(12)
	0%	0%	0%
25–49.9	\$43	\$60	\$45
	3%	3%	2%
50–74.9	\$166	\$227	\$204
	12%	11%	7%
75–89.9	\$422	\$612	\$659
	18%	17%	14%
90–100	\$2,317	\$3,748	\$5,336
	67%	70%	77%
Top 1%	\$10,407	\$17,772	\$26,645
	30%	33%	39%

Fed Tightening

Interest Rates

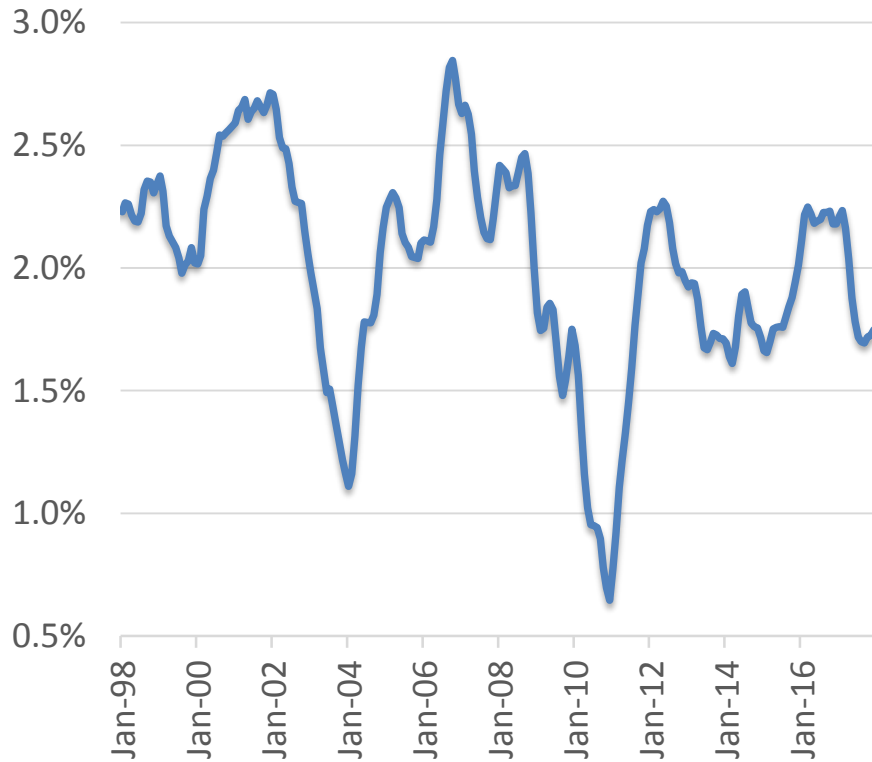


10-1 Year Rate Spread

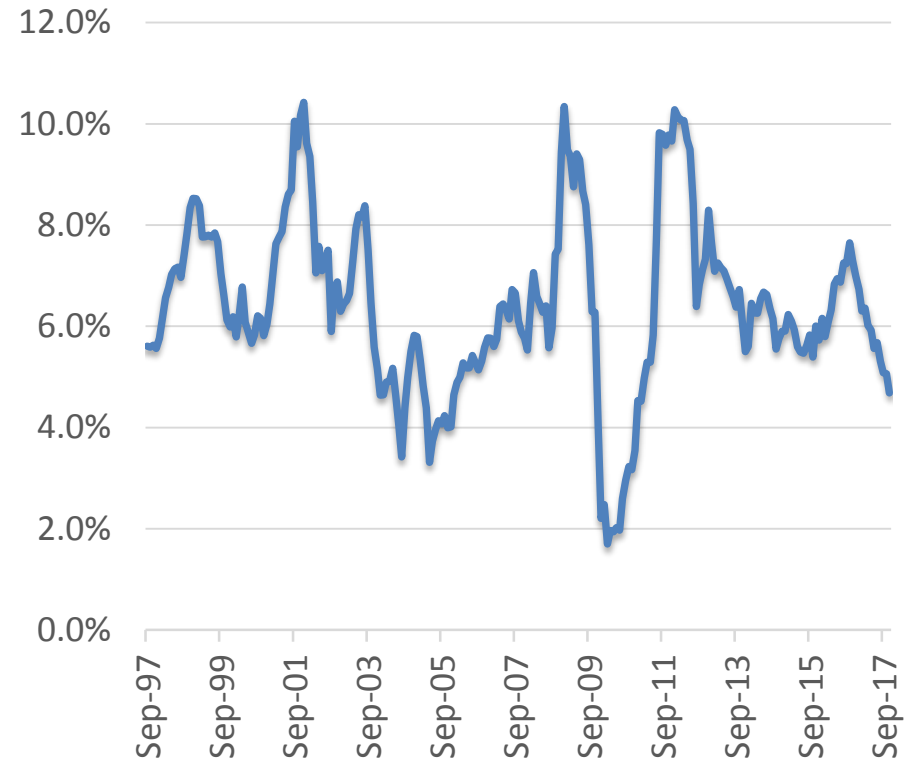


Inflation: Slowing

CPI Core Inflation Rate

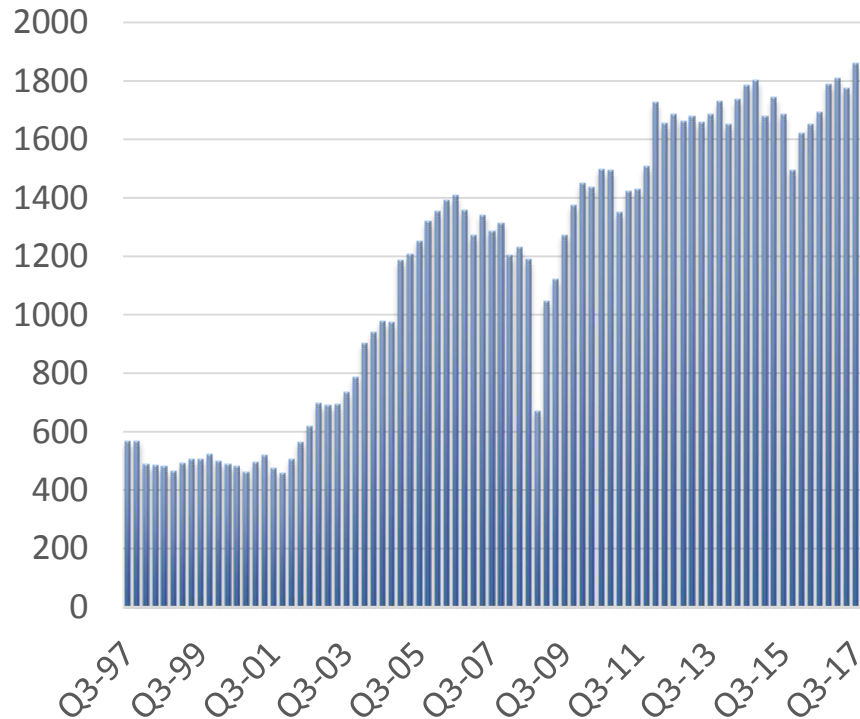


M2 Growth Y-o-Y



Frothy Equities

Corporate Profits and Growth

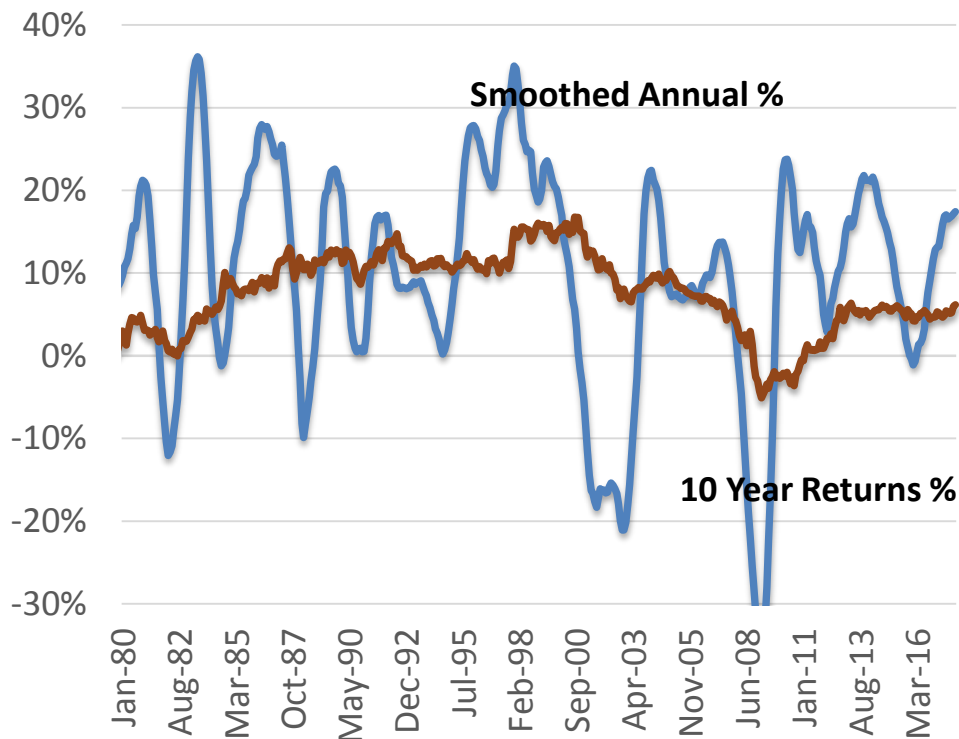


Shiller P/E Ratio

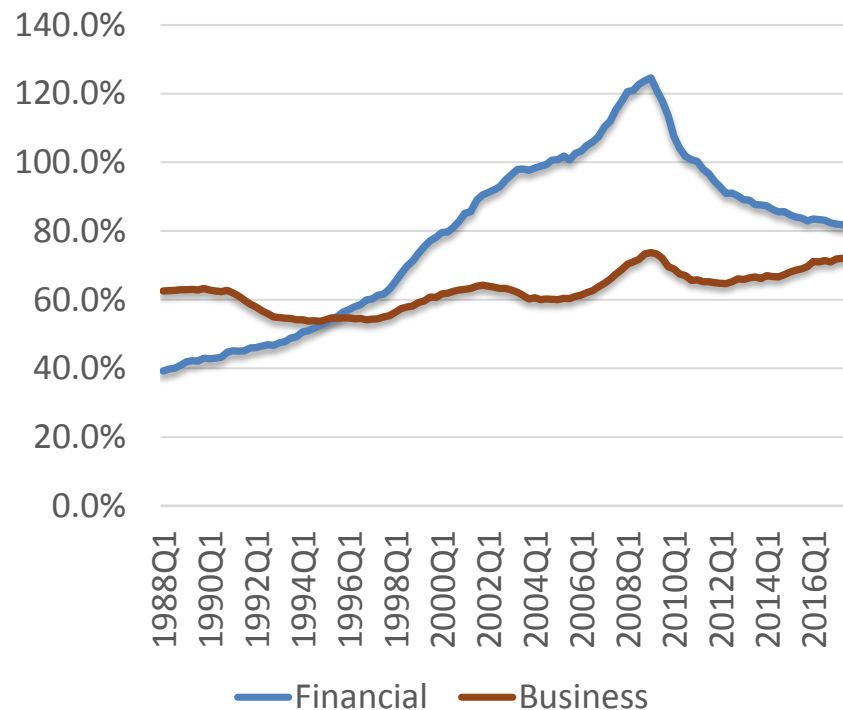


Frothy? Crisis. Crisis? No.

Nominal Stock Market Growth (S&P 500)

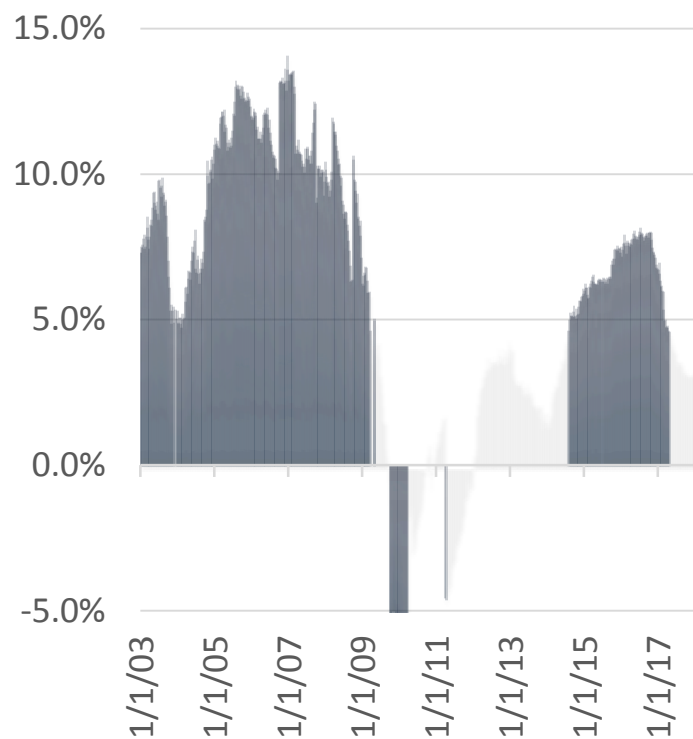


Debt to GDP Ratios



Slowing Lending

Growth in Direct Bank Loans



Net % Banks Responding Yes

Demand

Standards

2016Q4 2017Q4 2016Q4 2017Q4

auto loans

16.7

5.0

3.3

9.8

credit card loans

14.9

0.0

0.0

9.1

construction & land development

10.1

-10.0

27.5

2.9

commercial real estate

4.3

-5.6

18.8

4.2

multifamily residential structures

2.9

-18.1

42.0

22.2

C&I loans from large Firms

-5.9

-11.3

1.5

-8.5

C&I loans from small firms

-1.5

-2.9

-1.5

-8.8

QM jumbo mortgage loans

19.0

-10.9

-6.3

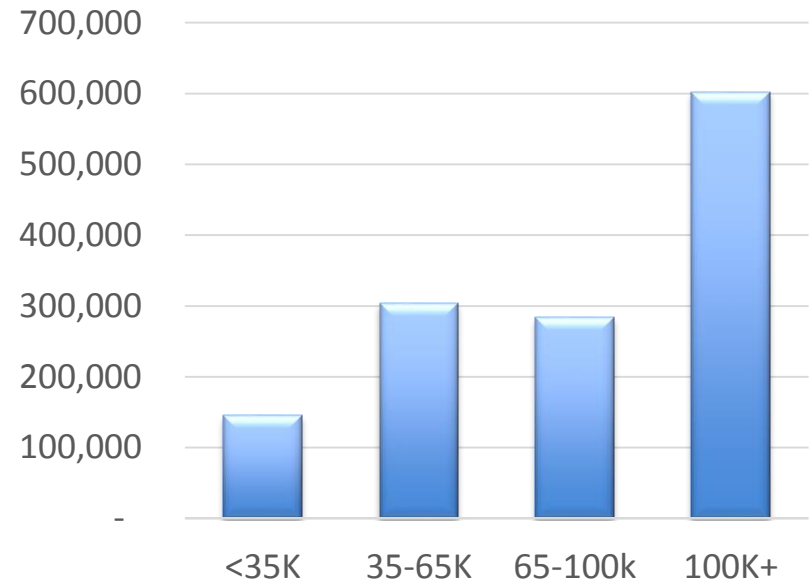
-6.2

State Economic Performance

5 Year Change in Payroll Jobs by State

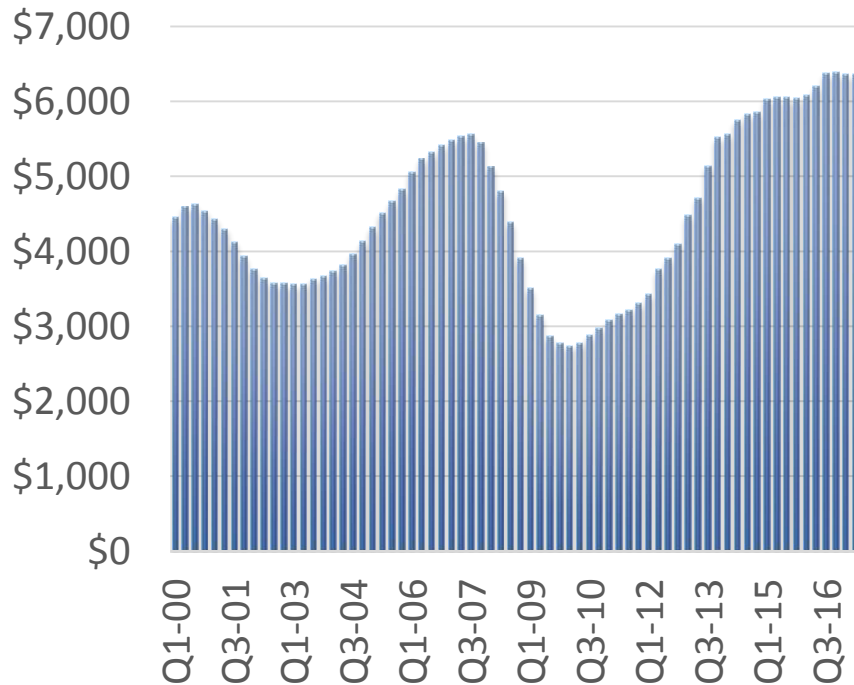
	New Jobs	Ann Gr	US Share
Utah	226	3.5%	1.8%
Nevada	188	3.1%	1.5%
Florida	1,207	3.1%	9.5%
Idaho	96	3.0%	0.8%
Colorado	344	2.9%	2.7%
Oregon	228	2.7%	1.8%
Washington	401	2.7%	3.2%
California	2,038	2.7%	16.1%
Georgia	521	2.5%	4.1%
Texas	1,425	2.5%	11.2%
Arizona	298	2.3%	2.3%
South Carolina	220	2.3%	1.7%
Tennessee	314	2.3%	2.5%
North Carolina	421	2.1%	3.3%
Montana	40	1.8%	0.3%

California: Change in Employment by Income (F.T.) 2012-2016

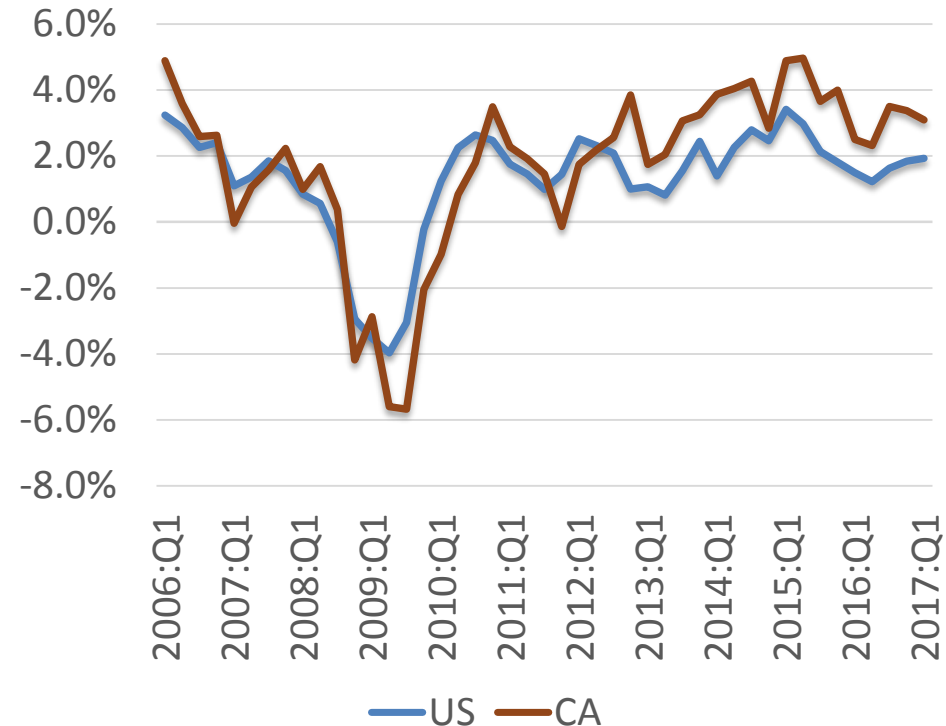


Still Strong Indicators

California Non Residential Permit Values

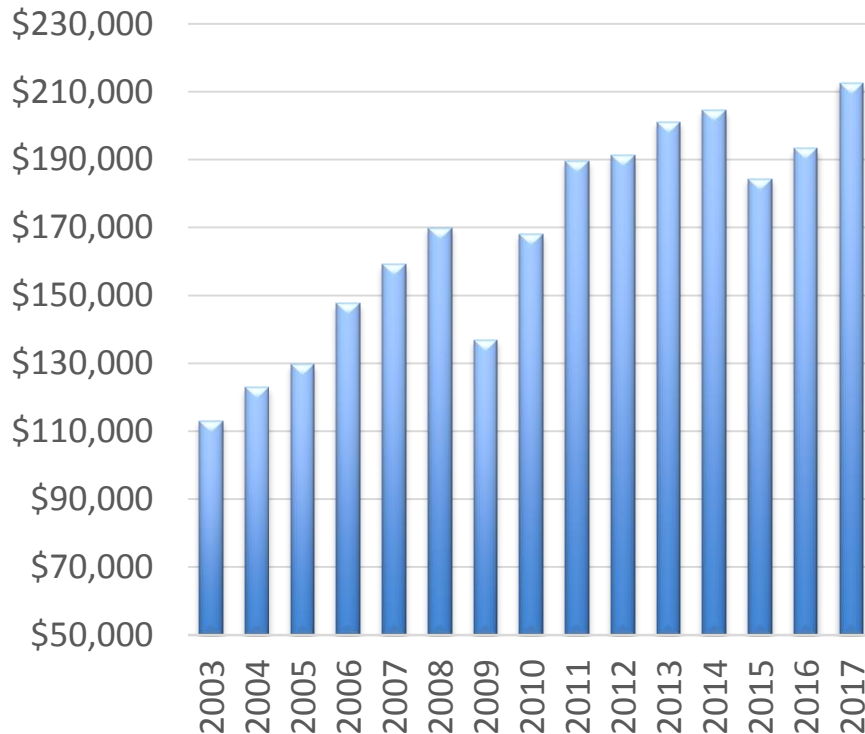


Real GDP Growth (y-o-y)

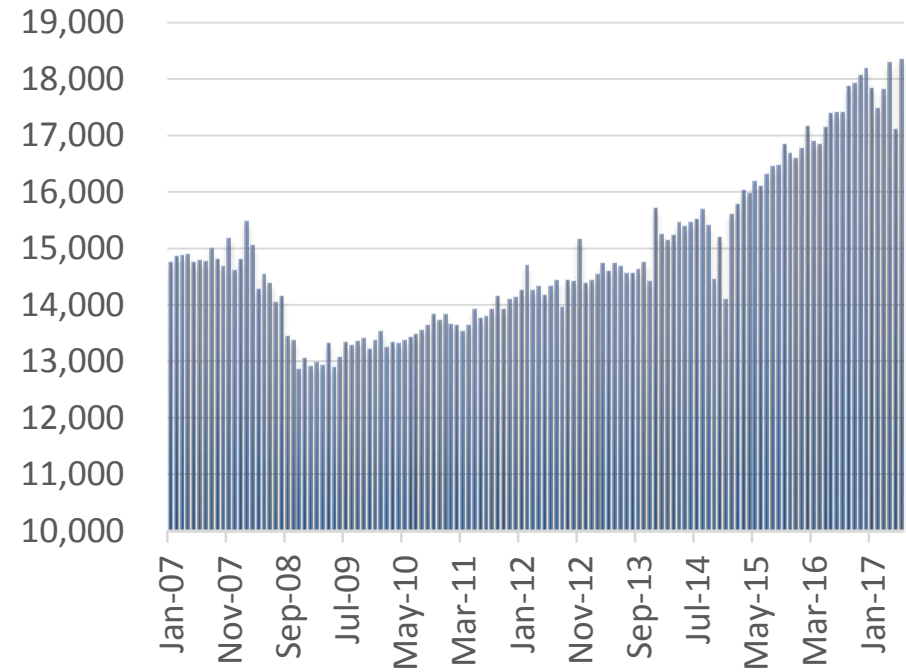


Exports / Travel

California Exports (Nominal)

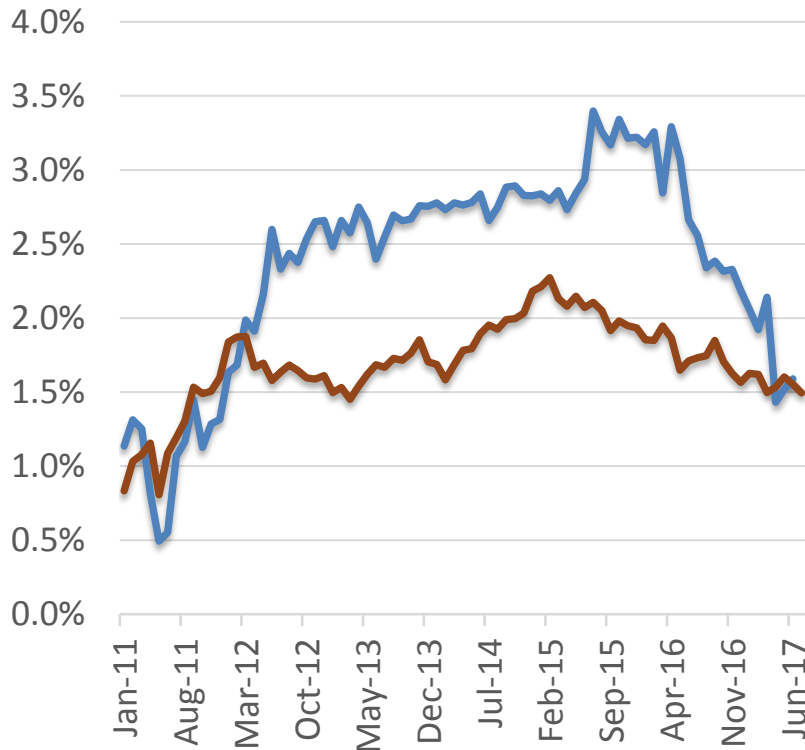


California Airport Activity (Arrivals / Departures)



The Big Slowdown

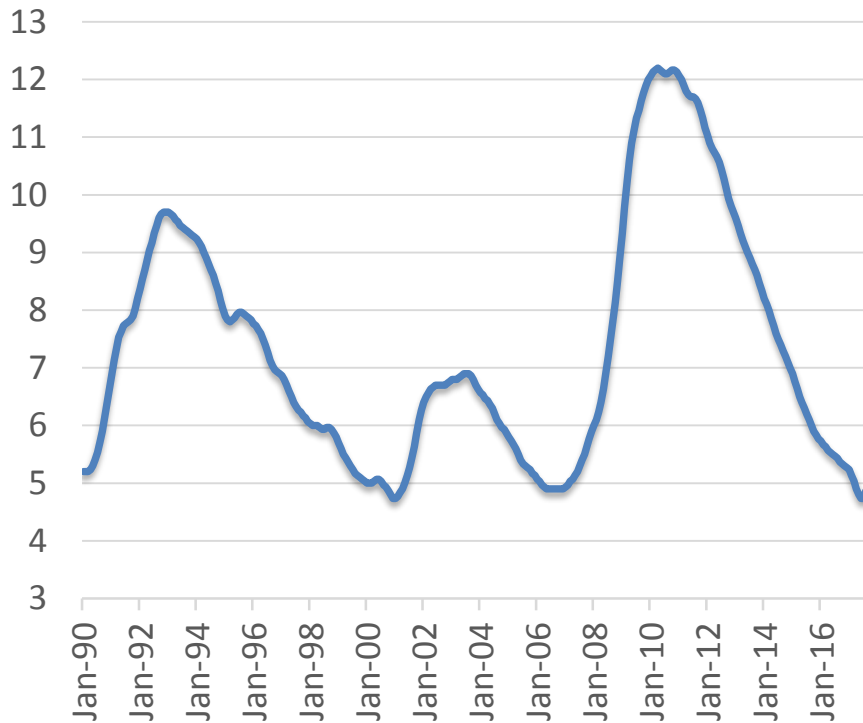
State and National Job Growth



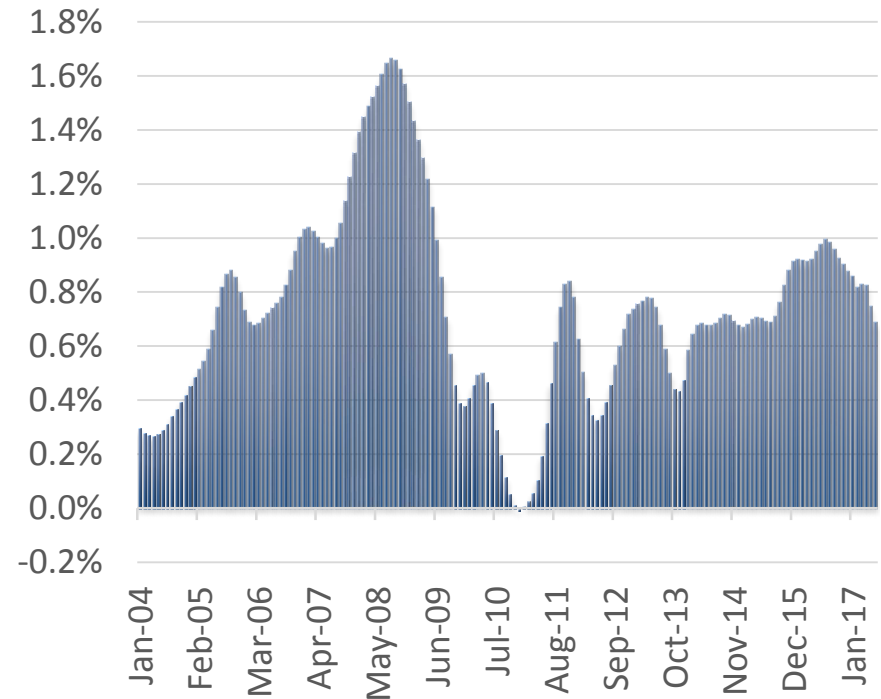
	Nov-17	14-15	15-16	16-17
Inland Empire	1,470,000	4.8%	3.4%	3.2%
Ventura	309,700	1.5%	1.5%	2.2%
Sacramento	978,700	3.5%	3.1%	2.1%
San Francisco	1,125,700	4.9%	3.3%	2.0%
Fresno	346,000	3.9%	3.2%	1.7%
San Jose	1,102,100	3.9%	2.8%	1.7%
Kern	260,400	-0.5%	-0.5%	1.6%
San Diego	1,457,400	3.2%	2.3%	1.5%
East Bay	1,162,400	3.5%	2.9%	1.4%
Stockton	231,300	4.3%	2.8%	1.4%
Sonoma	203,900	2.8%	1.6%	1.1%
Orange	1,600,700	3.2%	1.6%	0.8%
Los Angeles	4,465,200	2.8%	2.3%	0.8%

Labor Supply Constraints

Unemployment Rate



California Labor Force Growth

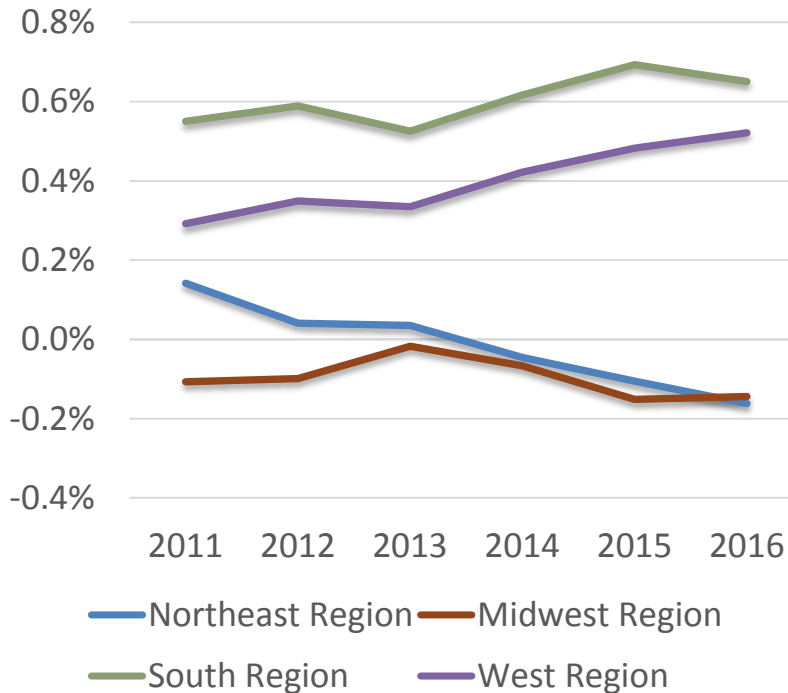


The Upside of Labor Shortages

	Number (Mil)	Median Income 2016	Change 13-16	Part Rate 2016	Change 13-16	Unemp 2016	Change 13-16
Total	20.96	40,005	10.2%	77.1%	0.2%	5.5%	-3.0%
No High School	3.52	21,558	13.1%	65.4%	-0.5%	8.2%	-3.7%
High School	4.26	30,231	10.9%	72.6%	-0.4%	7.0%	-4.0%
Some College	6.14	36,985	3.1%	77.4%	0.1%	5.5%	-3.4%
Bachelor	7.03	60,121	9.4%	85.4%	0.4%	3.6%	-1.6%
Graduate		82,271					

Population Shifts

Net Migration (% of Pop) by region

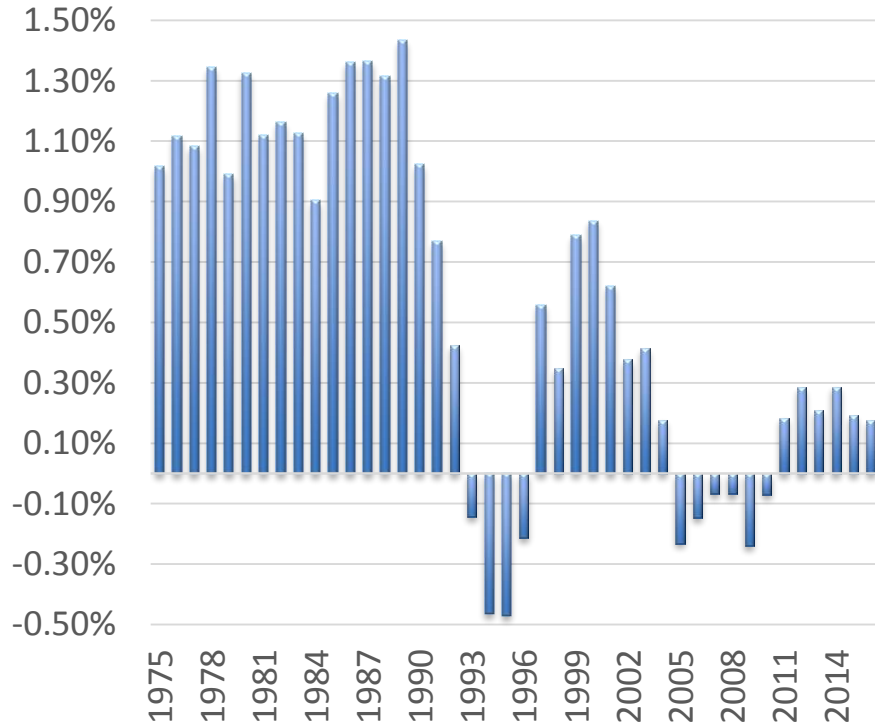


Net Migration by State 14-16

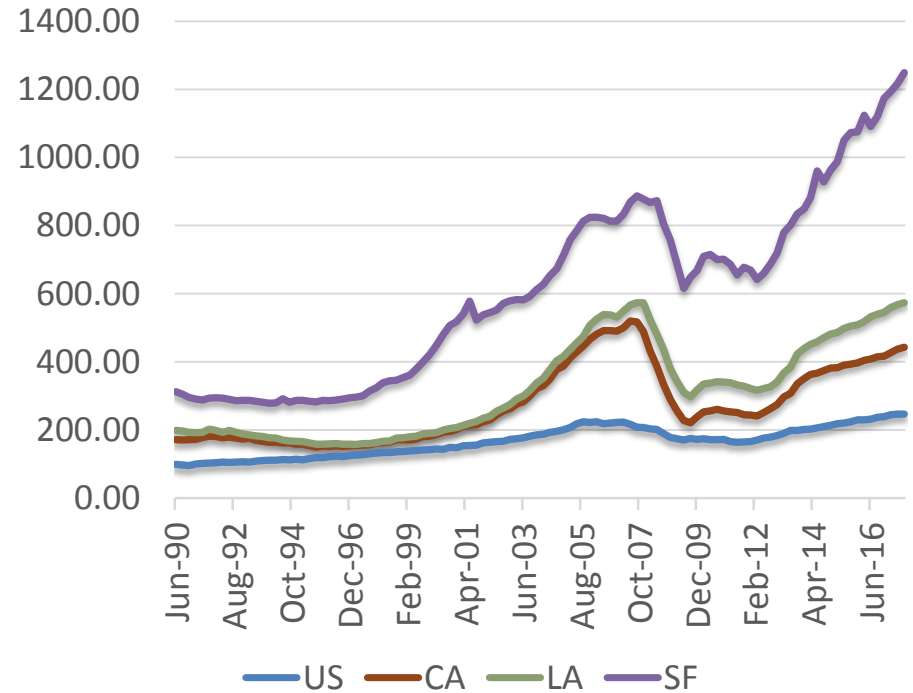
Florida	1.51%	Ohio	-0.05%
Nevada	1.27%	Penn	-0.06%
Colorado	1.10%	Wisconsin	-0.08%
Oregon	1.08%	Michigan	-0.08%
South Carolina	1.04%	New Jersey	-0.14%
Washington	0.99%	Vermont	-0.19%
Arizona	0.96%	W Virginia	-0.26%
Texas	0.90%	New York	-0.27%
North Dakota	0.79%	Mississippi	-0.28%
Idaho	0.77%	Kansas	-0.30%
Delaware	0.66%	Connecticut	-0.32%
North Carolina	0.66%	Wyoming	-0.35%
Montana	0.60%	New Mexico	-0.47%
Georgia	0.54%	Illinois	-0.58%
Tennessee	0.53%	Alaska	-0.73%

Don't Go West, Young Man?

Net Migration as a % of Pop

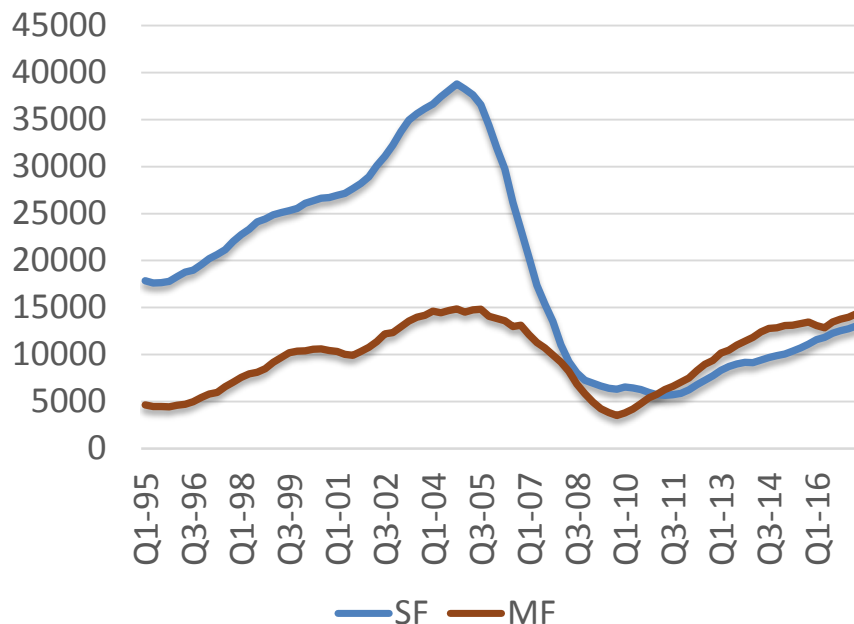


Home Prices



New Housing Supply

New Home Permits



How Much Housing Needed?

Housing Needed to maintain 2%
State Job Growth

Method 1

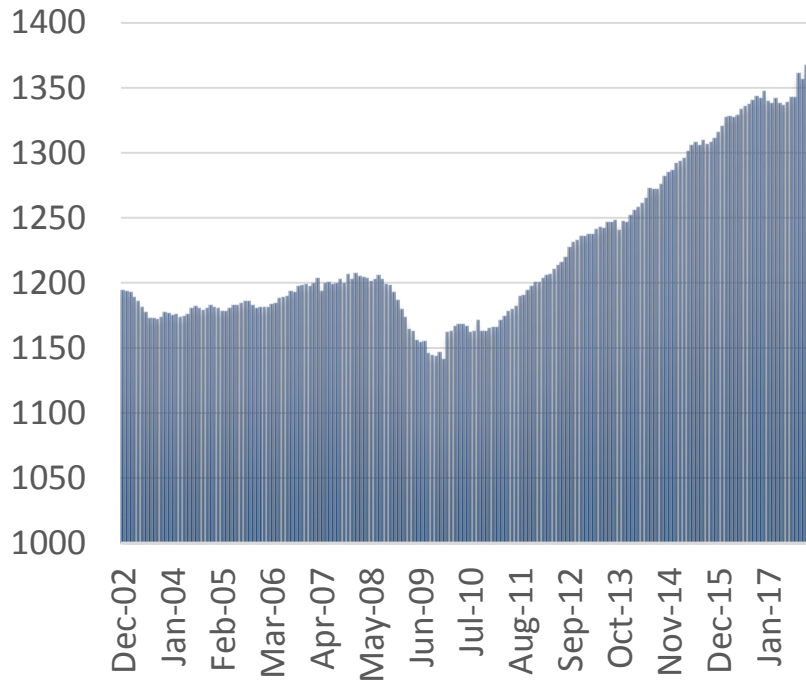
Total	722,022
Per Year	206,674
Current	106,185
Shortfall	100,489

Method 2

Total	911,001
Per Year	263,667
Current	106,185
Shortfall	157,482

Employment Cont'd

Household Employment (000s)

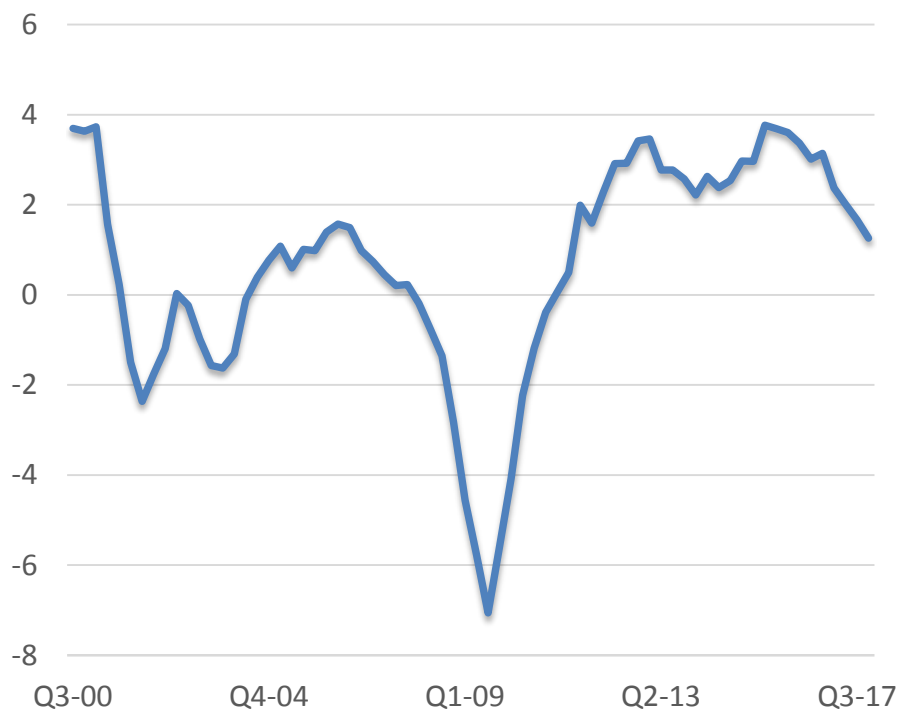


Nonfarm Employment



East Bay Employment

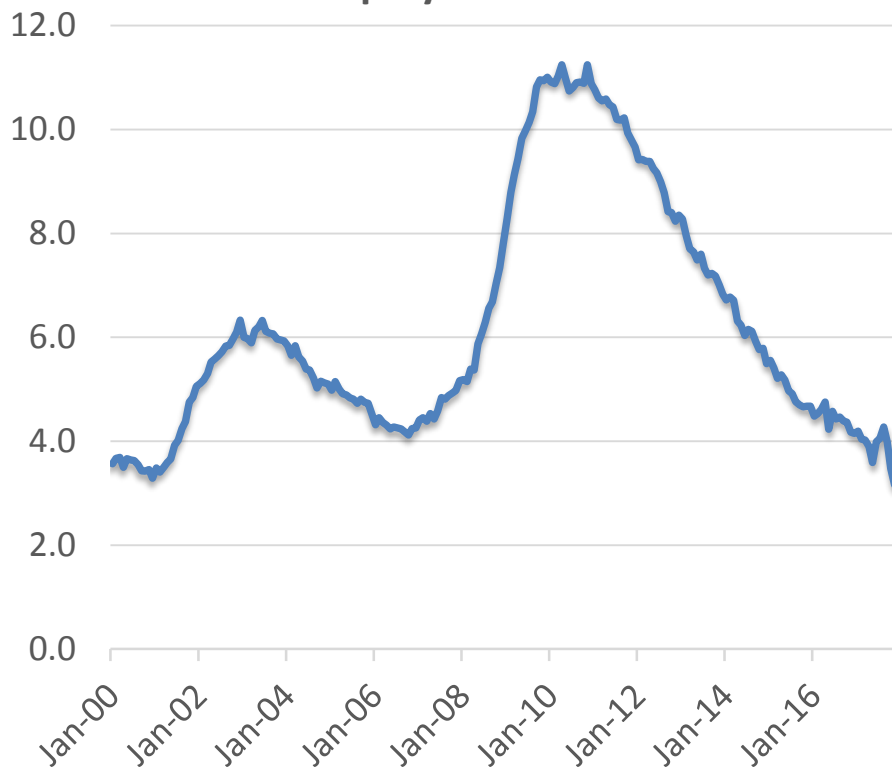
Nonfarm Employment YoY (%)



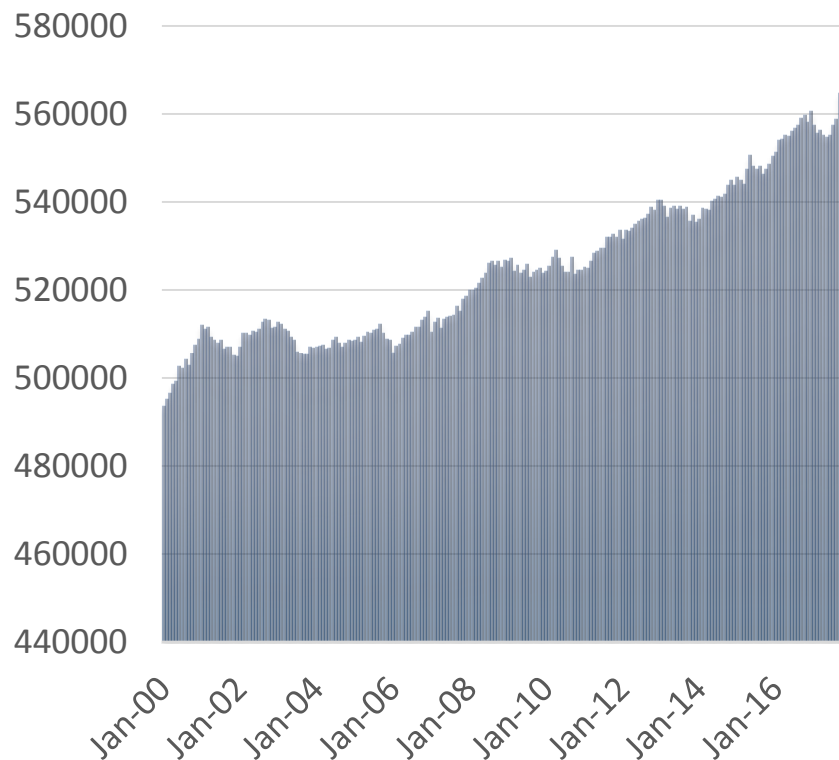
Industry	2017	Change (000s)	Annual Growth (%)
Total Nonfarm	1,155.6	20.7	1.8
Construction	71.3	3.8	5.6
Wholesale Trade	51.3	2.3	4.7
Education/Health	191.4	6.5	3.5
Real Estate	17.6	0.6	3.4
Prof Sci and Tech	98.8	3.1	3.2
Finance and Insurance	41.6	1.3	3.2
Leisure and Hospitality	114.0	2.6	2.3
Government	177.3	3.5	2.0
Other Services	39.9	0.7	1.8
Information	26.8	0.4	1.5
Management	22.7	0.3	1.4
NR/Mining	0.9	0.0	0.0
Manufacturing	89.7	-0.2	-0.2
Logistics	38.5	-0.2	-0.5
Retail Trade	112.5	-2.5	-2.2
Admin Support	61.4	-1.4	-2.2

Employment

Unemployment Rate



Labor Force and Growth Rate



Contra Costs Industry

Industry	Q2-17	1 Yr Chg.	5 Yr Chg.	Location Quotient
Total Employment	367.2	2.3	13.8	-
Admin Support	23.3	15.3	25.6	1.0
Manufacturing	15.6	5.4	-10.9	0.6
Other Svcs.	14.5	3.9	19.6	1.1
Education	7.3	3.3	10.6	1.1
Health Care	61	3.0	23.7	1.3
Wholesale Trade	10.6	2.8	28.5	0.7
Leisure and Hospitality	40.8	1.8	22.4	1.0
Government	47	1.0	4.6	0.4
Fin. Svcs. and Real Estate	27.2	1.0	7.2	1.5
Retail Trade	43.3	0.6	5.4	1.2
NR/Construction	25.3	-0.3	30	1.4
Information	8	-0.5	-5.5	0.7
Prof, Sci, Tech, and Mgmt	31.4	-0.9	6.5	1.0

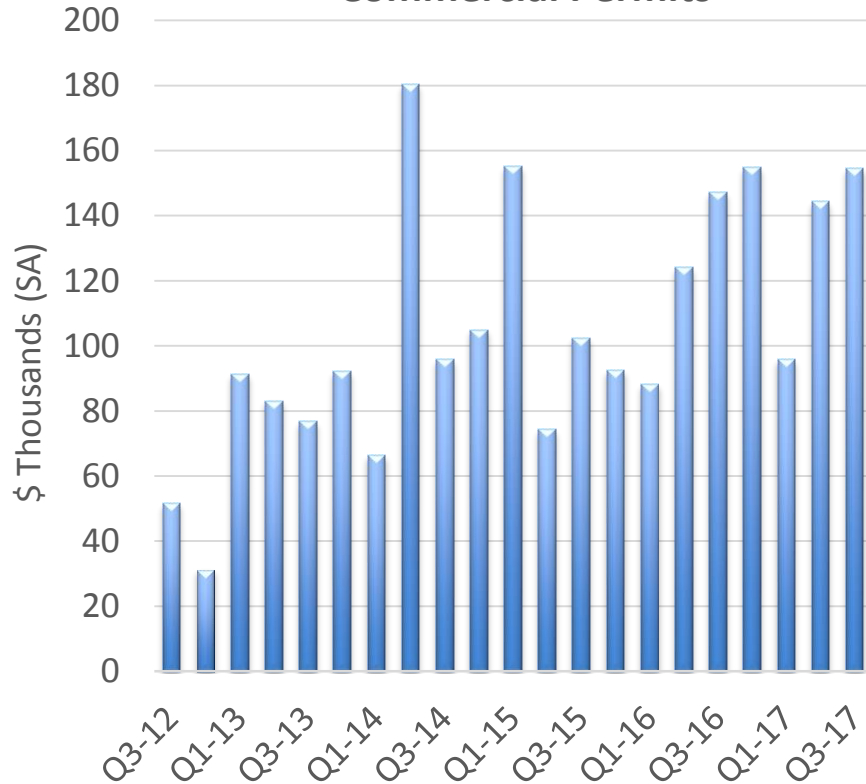
Taxable Sales & Receipts



Category	(\$Millions)	% Change	
		1 yr	5 yr
Total	41.6	2.7%	20.9%
General Consumer Goods	9.3	1.7%	4.5%
Autos and Transportation	7.3	1.5%	46.3%
Restaurants and hotels	4.8	3.1%	39.9%
Fuel and service stations	3.9	10.0%	-10.0%
Building and Construction	3.7	9.2%	44.5%
Business and Industry	3.5	-6.9%	-0.1%
Food and Drugs	2.7	3.9%	13.9%

Commercial Permitting

Commercial Permits

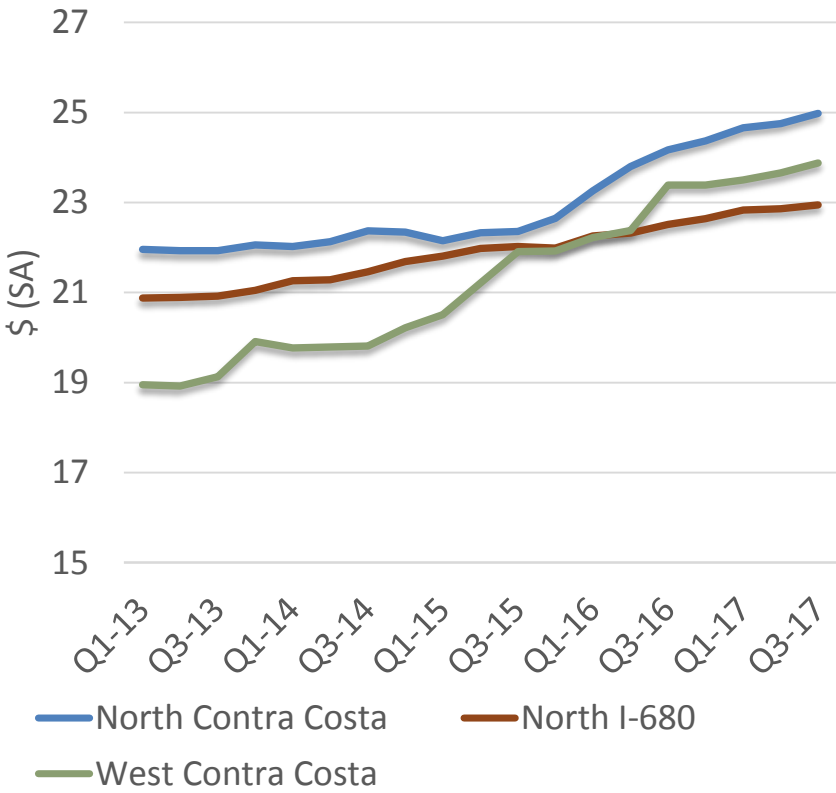


Value by Type

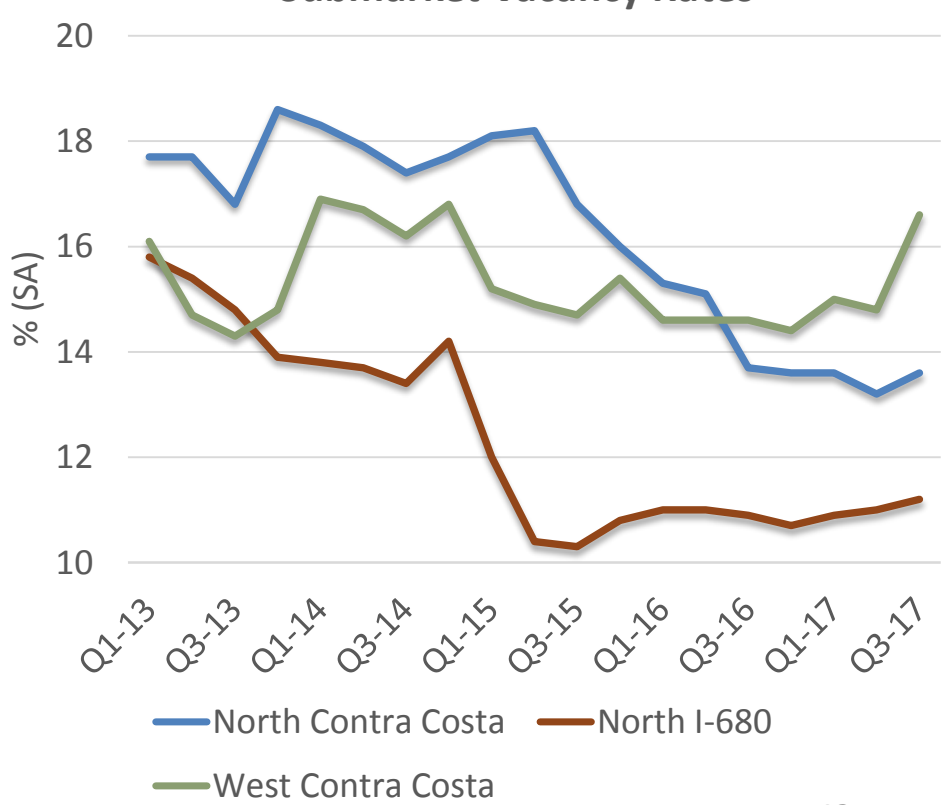


Office Market

Submarket Rents

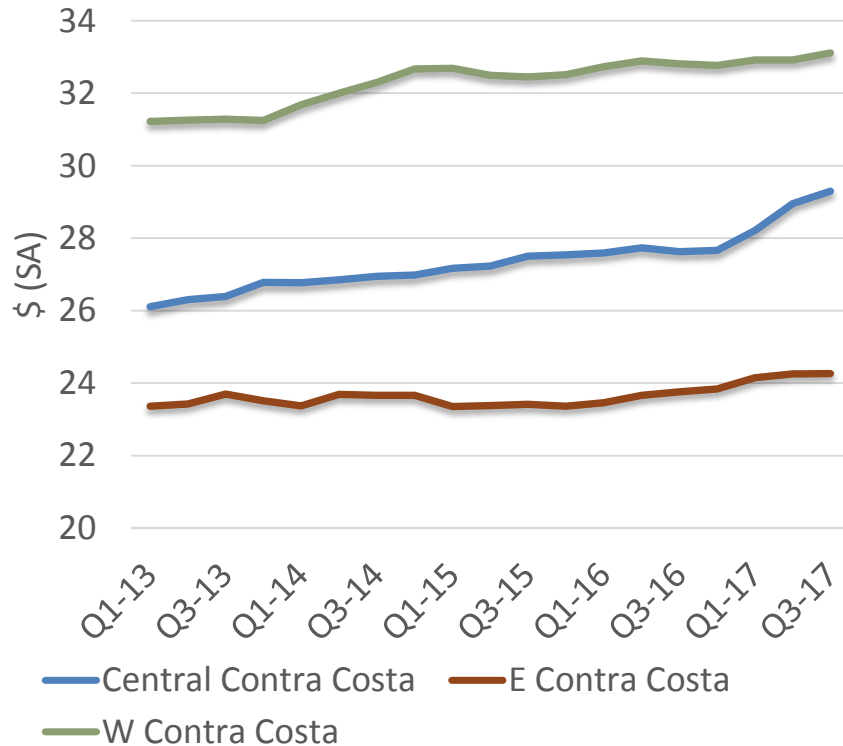


Submarket Vacancy Rates

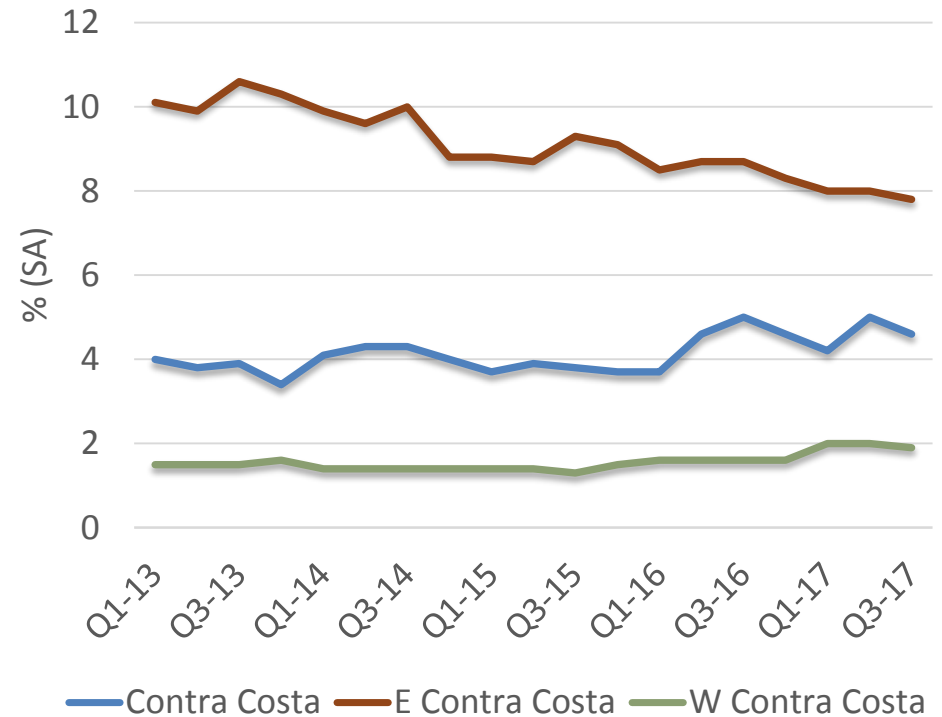


Retail Market

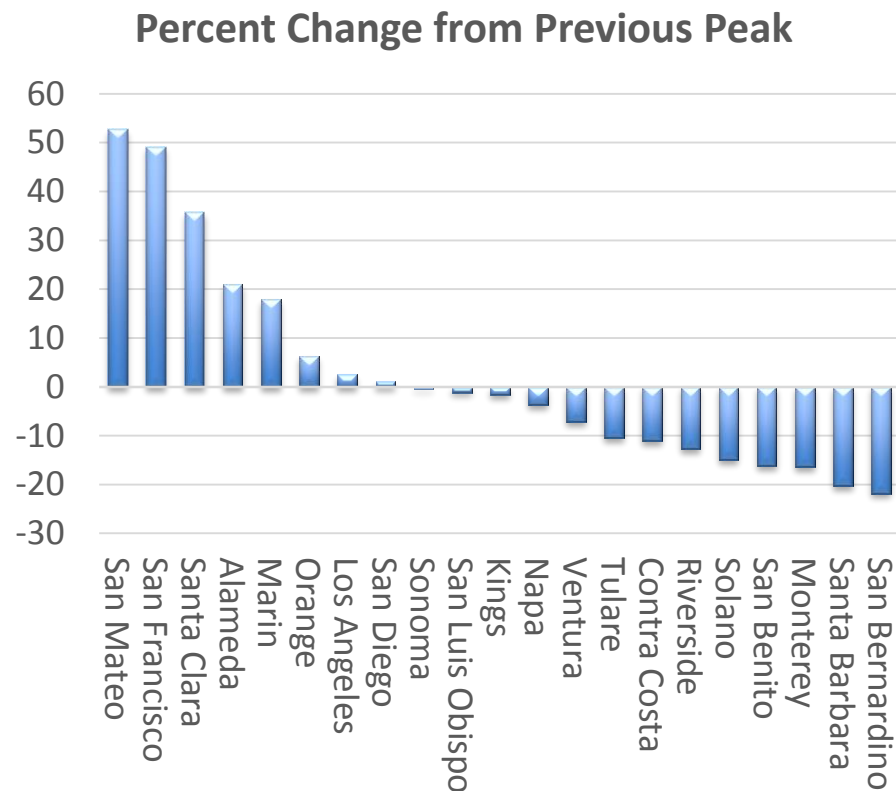
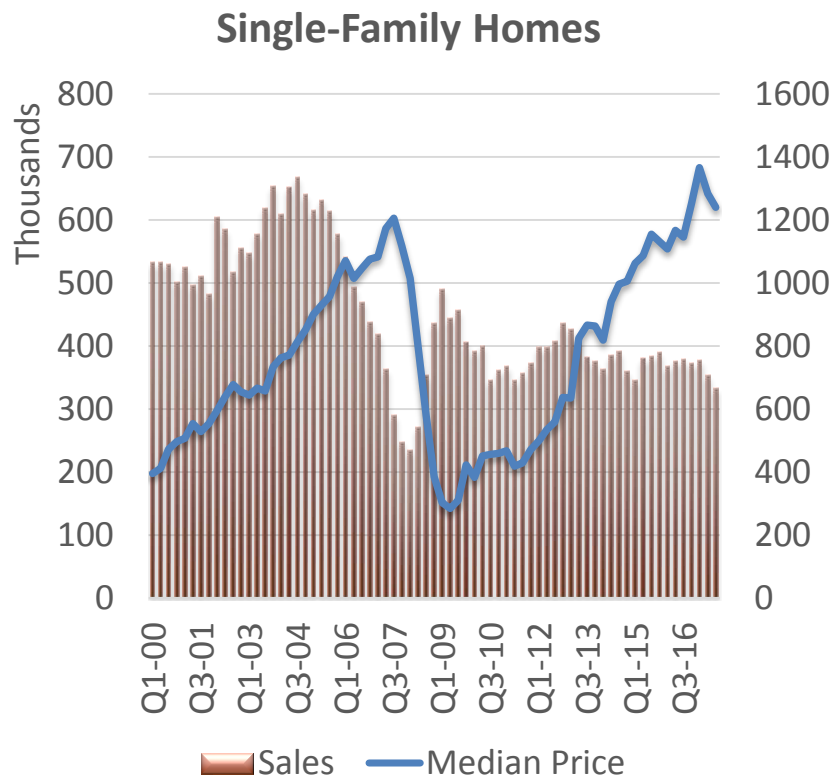
Submarket Rents



Submarket Vacancy Rates



Residential Real Estate

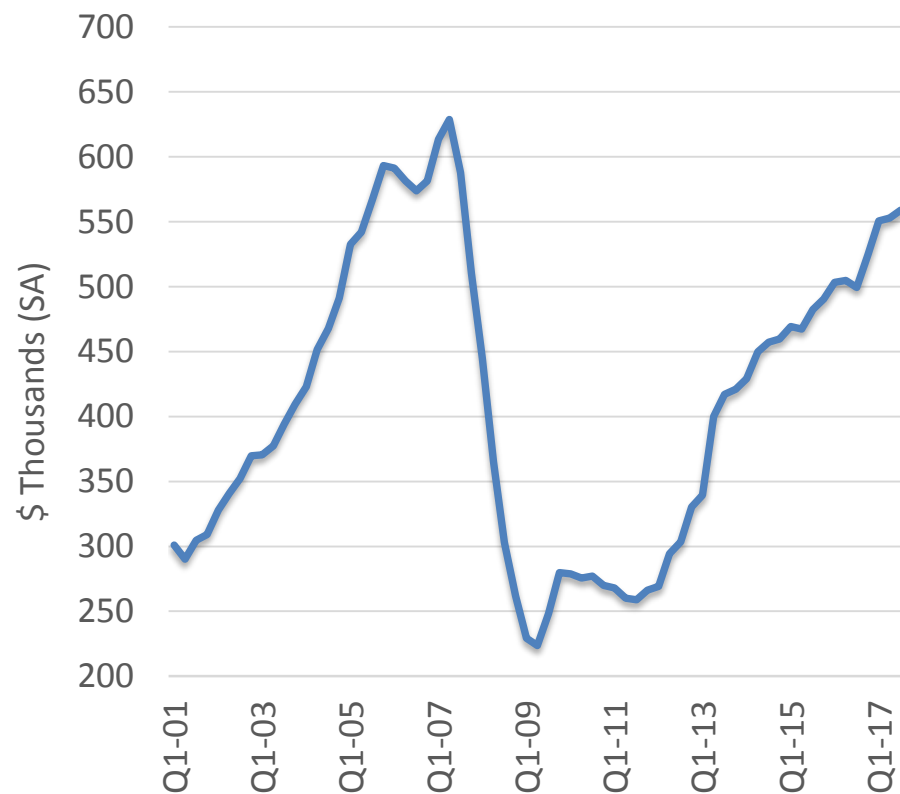


Residential Housing

Home Sales

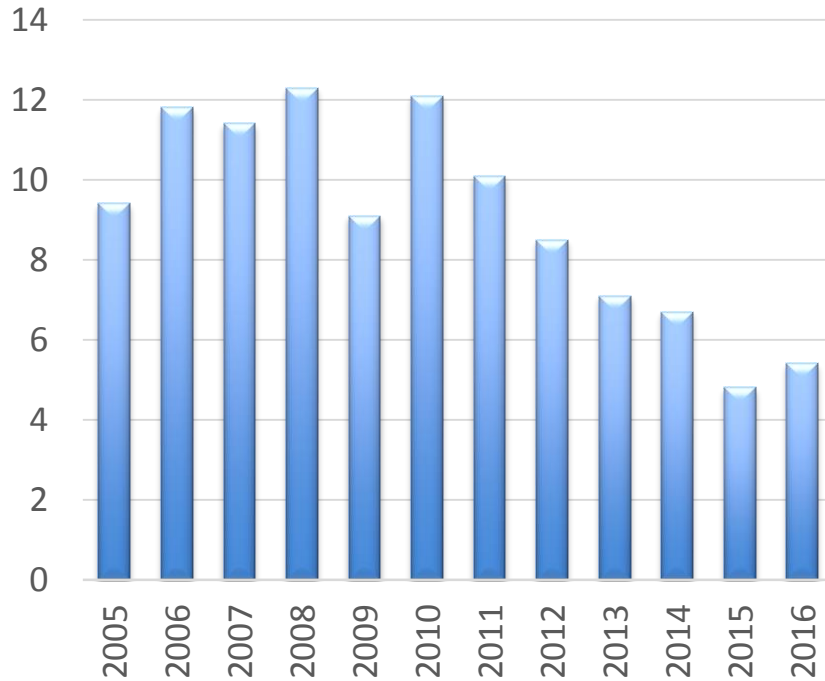


Median Prices

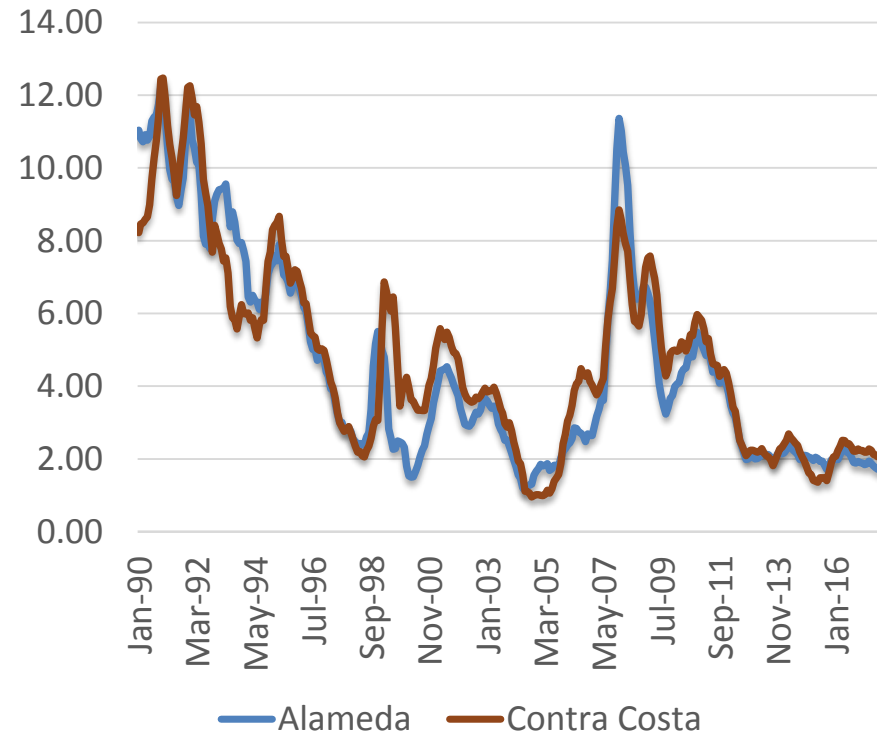


Supply is Limited

Housing Vacancy Rate

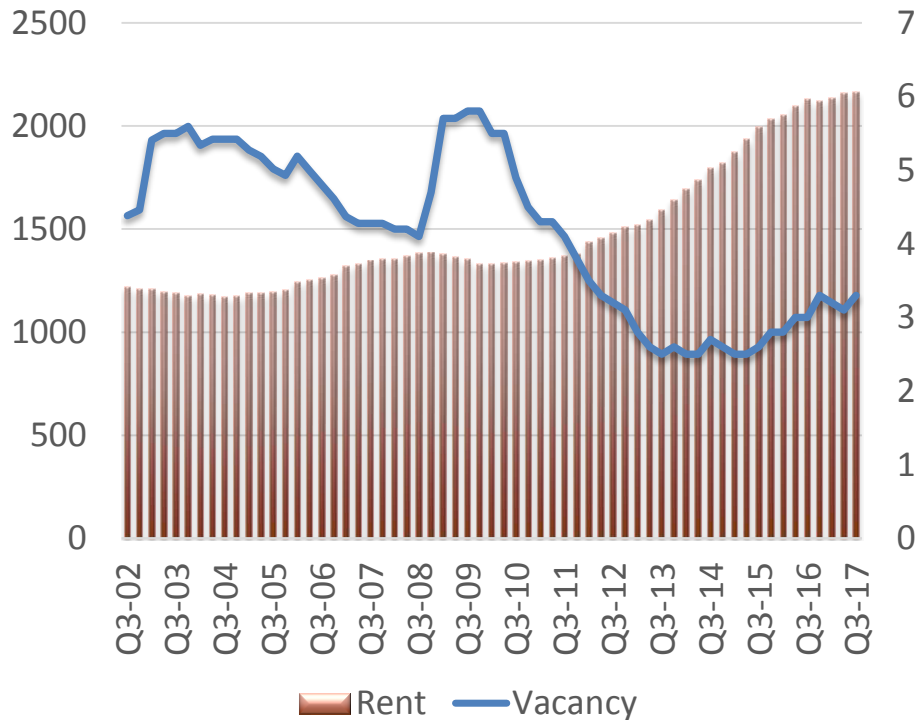


Months of Supply



Rental Markets

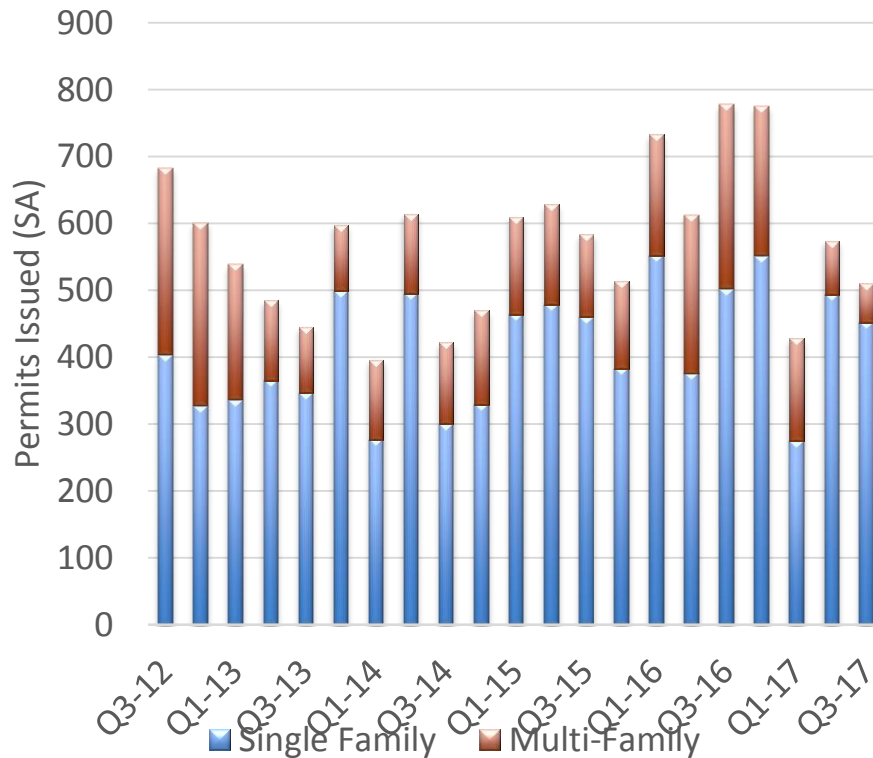
Apartment Rent and Vacancy Rates



Submarket	Q3 - 2017		Annual Change	
	Rent	Vacancy Rate	Rent (%)	Vacancy (p.p)
Concord/Martinez	1,814	1.9	1.3%	-0.2
East Alameda	2,394	4.9	1.1%	2.0
East Contra Costa	1,777	3.6	7.6%	1.2
Fremont/Newark/Union City	2,216	2.5	0.0%	0.0
North Alameda	2,486	5.2	0.3%	-0.5
San Leandro/Hayward	2,030	2.3	4.3%	0.8
San Ramon/Walnut Creek	2,386	2.6	2.5%	0.1
West Contra Costa	1,978	3.4	2.1%	0.0

Permits / Housing

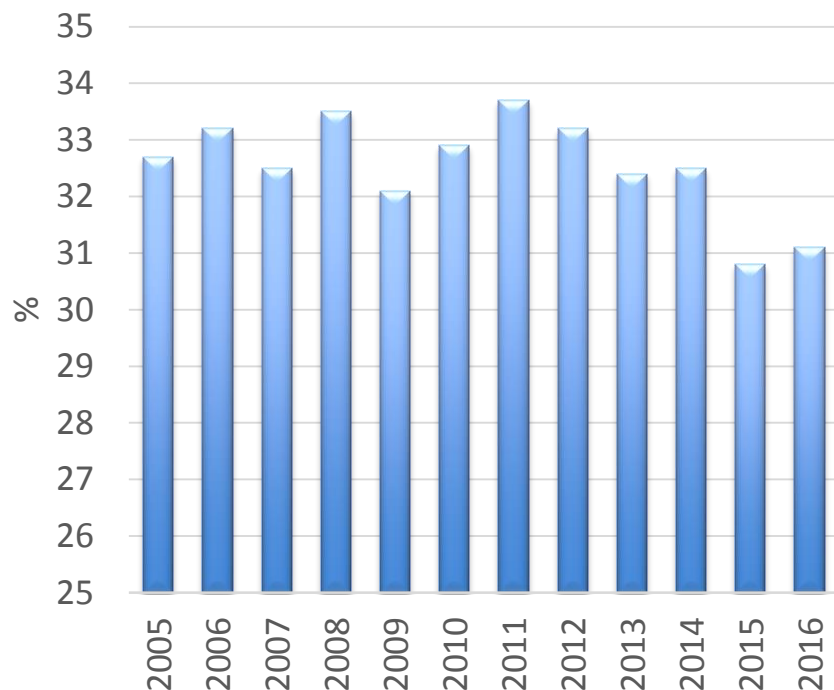
CC Residential Building Permits



Alameda	599,780	40,076	7.2%
Oakland city	167,027	2,984	1.8%
Contra Costa	410,814	21,680	5.6%
San Francisco	392,823	36,337	10.2%
San Mateo	275,947	9,555	3.6%
Santa Clara	665,098	55,311	9.1%
San Jose city	333,355	31,777	10.5%
5 County	2,344,462	162,959	7.5%
New Jobs		473529	
Ratio		2.91	

Rent Burden and Housing Stock

Median Rent as % of Income



Single Family

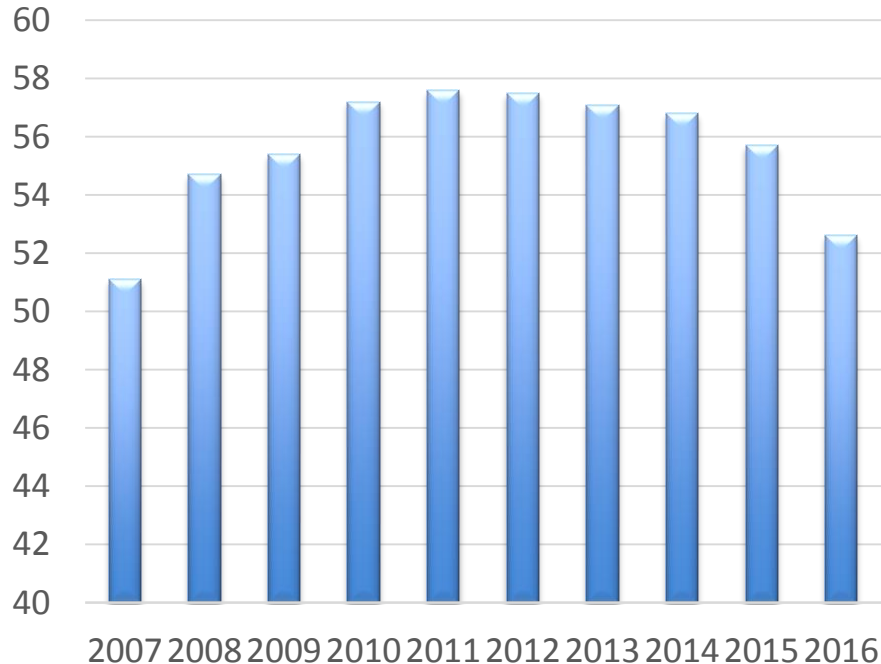
Location	2016	1 Year Change		5 Year Change	
		Abs.	%	Abs.	%
Contra Costa	305,280	5,756	1.9%	14,234	4.9%
Concord	30,968	-243	-0.8%	484	1.6%
Antioch	29,850	-273	-0.9%	1,503	5.3%
Richmond	26,025	209	0.8%	742	2.9%

Multi-Family

Location	2016	1 Year Change		5 Year Change	
		Abs.	%	Abs.	%
Contra Costa	97,621	2,785	2.9%	5,887	6.4%
Concord	15,065	-314	-2.0%	264	1.8%
Antioch	6,219	1,053	20.4%	257	4.3%
Richmond	11,319	-3,596	-24.1%	-3,018	-21.1%

Don't Just Focus on Affordable Rentals

**% Renters Spending >30% of Income
on Housing**



CA	2014	2016	Change
Less than \$20k	92.7%	92.5%	-0.2%
\$20k to \$35k	89.0%	89.2%	0.2%
\$35k to \$50k	67.3%	71.9%	4.6%
\$50k to \$75k	41.1%	46.1%	5.0%
\$75k+	10.5%	11.8%	1.3%
All	56.8%	55.4%	-1.4%

Filtering Blockage

Renters by Income: Struture Built Before 1970			
Metro	Household Income Less than \$35,000	Household Income \$35,000 to \$74,999	Household Income \$75,000 or More
San Francisco	26.5%	22.2%	51.2%
East Bay	31.4%	32.6%	36.0%
San Diego	35.0%	33.5%	31.5%
Orange	32.4%	36.3%	31.3%
Los Angeles	40.2%	31.7%	28.0%
Houston	45.4%	31.4%	23.2%
Inland Empire	47.5%	30.7%	21.8%
Phoenix	50.3%	28.2%	21.5%
Dallas	46.6%	33.0%	20.4%

The Big Picture

- **Positives: It will be a good year**
 - GDP Growth Outlook for 2018: 3%
 - State revenues will look positive
 - Labor markets to remain tight, constraining growth
 - Rising wages to put pressure on profits
 - Exports, business investment continue to pick up
 - California housing shortages will constrain growth locally
- **Negatives**
 - Fed will continue to tighten, yield curve flattening
 - Markets looking frothy—watch debt levels
 - Consumer savings: entering dangerous waters
 - Federal deficit will widen sharply
 - Political uncertainty to dominate headlines

The Great Disconnect

What we *are* worried about

The Number of Jobs
Who pays for Healthcare
Tax Levels
Income Inequality
Funded Govt. Liabilities
Business Investment
Inflation
The Cost of CA Housing

What we *should be* worried about

The Number of Workers
What are we paying for?
Tax Structure
Wealth Inequality
Unfunded Govt. Liabilities
A Lack of Public Investment
Slowing Lending
The Supply of CA Housing



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www.BeaconEcon.com
- ❖ Contact Christopher Thornberg
Chris@BeaconEcon.com
310-571-3399

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Economic & Revenue Forecasting



Regional Intelligence Reports



Business & Market Analysis



Real Estate Market Analysis



Ports & Infrastructure Analysis



Economic Impact Analysis



Public Policy Analysis

Christopher Thornberg



Christopher Thornberg is Founding Partner of Beacon Economics, LLC and widely considered to be one of the nation's leading economists. He is also Director of the UC Riverside School of Business Center for Economic Forecasting and Development and an Adjunct Professor at the School. An expert in economic forecasting, regional economics, labor markets, economic policy, and real estate analysis, he was one of the earliest and most adamant predictors of the subprime mortgage market crash that began in 2007, and of the global economic recession that followed. Since 2006, he has served on the advisory board of Wall Street hedge fund, Paulson & Co. Inc. In 2015, he was named to

California State Treasurer John Chiang's Council of Economic Advisors, the body that advises the Treasurer on emerging strengths and vulnerabilities within the state's economy. From 2008 to 2012, he served as economic advisor to the California State Controller's Office, and as Chair of then State Controller John Chiang's Council of Economic Advisors.

A highly sought after speaker, Dr. Thornberg regularly presents to leading business, government, and nonprofit organizations across the globe including Chevron, The New Yorker, City National Bank, REOMAC, the California State Association of Counties, Colliers International, State Farm Insurance, the City of Los Angeles, and the California and Nevada Credit Union League, among many others. He has testified before the U.S. Congress House Committee on Financial Services on municipal debt issues, and before the California State Assembly Committee on Revenue and Taxation regarding rule changes related to Proposition 13.

Dr. Thornberg has been involved in conducting research and developing analytic products for international clients that explore the trade and economic connections between the United States and the world. This has included analysis and speaking presentations regarding the impact that U.S. trading partners have on U.S. global competitiveness for the Centre for Investor Education in Melbourne Australia, the state of U.S. and U.K. housing markets for the British Chamber of Commerce in Hong Kong, and U.S. and international economic outlooks and

their effect on global trade activity for the African Cashew Alliance in Cotonou, Benin. He has also conducted a number of special studies measuring the effect of important events on the economy including the NAFTA treaty, the California electricity crisis, port security, California's water transfer programs, and the terrorist attacks of September 11, 2001.

Dr. Thornberg serves on the Residential Real Estate Committee at the University of San Diego's Burnham-Moores Center for Residential Real Estate. He is also a panel member of the National Association of Business Economists' quarterly "Outlook," a contributor to the "Economic Consensus Outlook" published by the *Journal of Business Forecasting*, and a contributor to monthly economics polls published by *Reuters*.

Dr. Thornberg also serves on the boards of a number of business, civic, and nonprofit organizations including on the Board of Directors of the Los Angeles Area Chamber of Commerce, as an Executive Member of the Central City Association (Los Angeles), as a Business Leader Member of America's Edge, a nonprofit organization focused on strengthening businesses and the economy through public investments in youth and education, and on the Advisory Board of the Asian Real Estate Association of America. He is also a member of the Los Angeles Chapter of Lambda Alpha International, the honorary society for the advancement of land economics, and serves on the Advisory Committee of United Ways of California's coming *California Financial Stability Report*.

Prior to launching Beacon Economics Dr. Thornberg was a senior economist with UCLA's Anderson Forecast where he regularly authored economic outlooks for California, Los Angeles, the East Bay, and developed specialized forecasts for a variety of public and private entities. He previously taught in the MBA program at UCLA's Anderson School, in the Rady School of Business at UCSD, and at Thammasat University in Bangkok, Thailand. He has also held a faculty position in the economics department at Clemson University.

A well-known media commentator, Dr. Thornberg has appeared on CNN and NPR and is regularly quoted in major national dailies including the *Wall Street Journal* and *New York Times*. Originally from upstate New York, Dr. Thornberg holds a Ph.D in Business Economics from The Anderson School at UCLA, and a B.S. degree in Business Administration from the State University of New York at Buffalo.



Contra Costa County

To: Board of Supervisors
 From: David Twa, County Administrator
 Date: January 30, 2018

Subject: Board of Supervisors Annual Retreat Budget and Key Issues for FY 2017/18 and Beyond

RECOMMENDATION(S):

ACCEPT report on Budget and Key Issues for FY 2017/18 and beyond.

FISCAL IMPACT:

No fiscal impact. This is an informational report only.

BACKGROUND:

Attached is the report on Budget and Key Issues.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/30/2018** ☐ APPROVED AS RECOMMENDED ☒ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

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

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 30, 2018

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

By: , Deputy

cc: Robert Campbell, County Auditor-Controller


ATTACHMENTS

Budget & Key
Issues



Contra Costa County Update Budget & Key Issues

**Presentation to
Board of Supervisors
January 30, 2018**

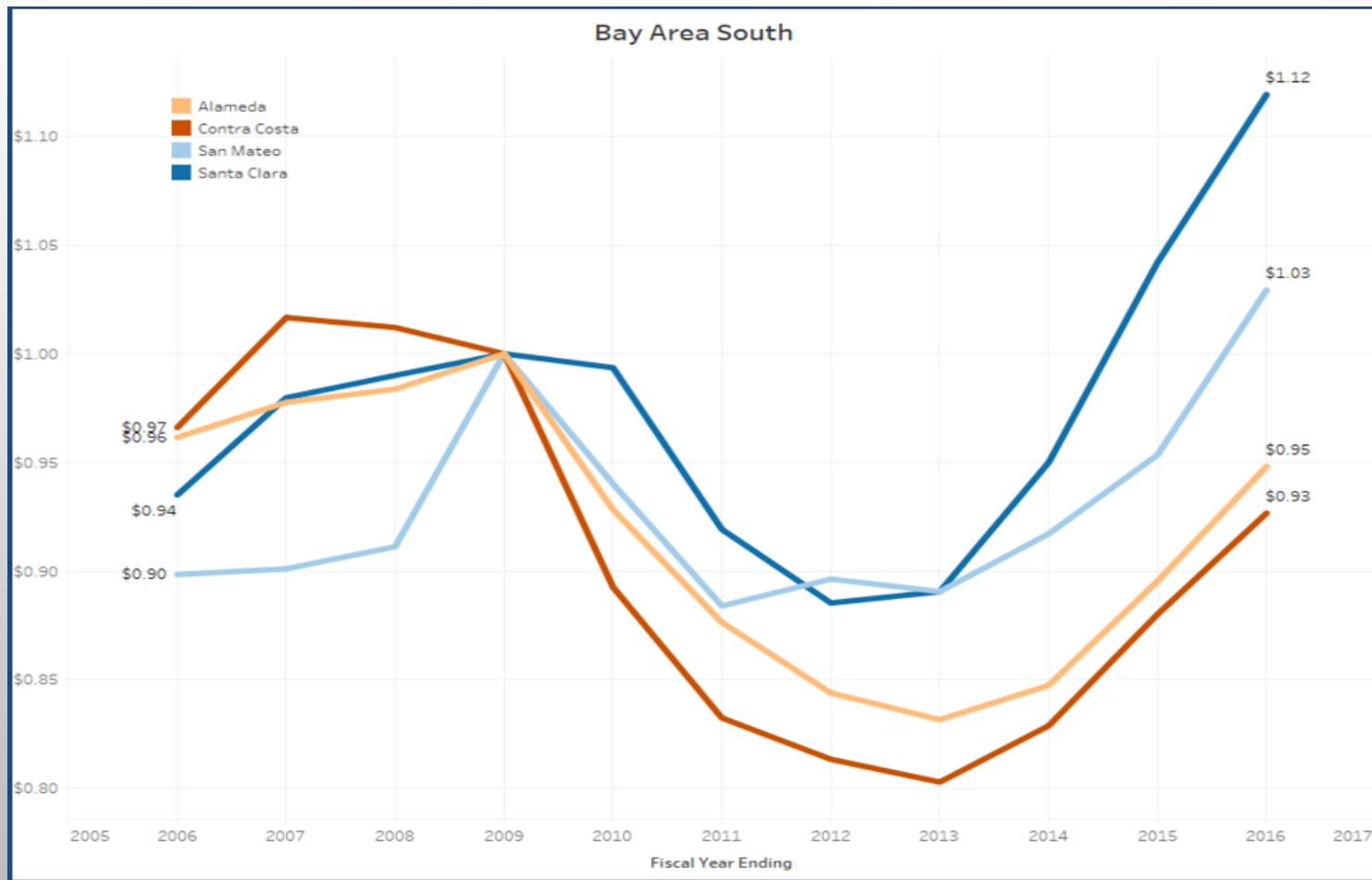


Contra Costa County Familiar Budget Drivers and Challenges for 2018 and Beyond

- Economic Forecast
- State & Federal Budgets
- Labor Negotiations
- Build Reserves
- Fund Infrastructure Needs (Repair & Maintenance)
- Fund System Infrastructure
- Adequately Fund Public Safety Departments & Health Departments
- Public Safety Realignment; AB 109 & Prop 47

Property Taxes

- Median household income higher than statewide median
- Less total tax revenue now than at our peak, after adjusting for population and inflation.



Per Capita and inflation adjusted (CSAC Report)

Bay Area Unemployment Rate November, 2017 (Unadjusted)

• San Mateo	2.1%
• Marin	2.2%
• San Francisco	2.3%
• Santa Clara	2.6%
• Sonoma	2.8%
• Alameda	2.9%
• Contra Costa	3.1%
• Napa	3.3%
• Solano	3.9%
• 9 County Average	2.8% (3.7% Last Year)

2017/2018 Achievements

- Hired New Department Head
 - District Attorney, Diana Becton
- Budget structurally balanced for 7th year in a row, built on assumption of 5% increase in assessed valuations, actual AV was 5.7%
- Maintained our AAA bond rating from Standard & Poor's, Contra Costa County “fundamentally sound, and had a stable outlook for the future”
- Implemented a new countywide budgeting system, SHERPA, that was used successfully for the development of the \$3.5 billion FY 2017-18 budget. The state-of-the-art application includes a robust budget preparation application that includes operating and capital budgeting, in-year budget management, smart database design, and the most comprehensive personnel forecasting engine on the market. Approximately 120 users from county departments were trained on the system.

More 2017/2018 Achievements

- \$100 million lease revenue bond
 - \$10 million for hospital and clinic system projects.
 - \$90 million to refinance existing debt at historically low interest rates (2.33%, saving more than \$9 million in today's dollars)
- \$100 million lease revenue bond (15 year term at 2.387% interest rate)
 - \$60 million for new County Administration facility, including a structure for additional parking
 - \$40 million for new Emergency Operations Center
- \$70 million grant from the state to replace beds in the Martinez Detention Facility with a new high-security, 416-bed facility on the campus of the West County Detention Facility.
 - Facility will include seven high-security housing units, a reentry services complex, a child/parent contact visitation center and a medical/psychiatric services clinic
 - All of the resources will be available to both men and women

County Property Tax

- Property taxes declined by over 11% between 2009 and 2012. There were significant increases between 2014 and 2016. Now returning to a more normal increase of around 5% going into the next few years.
- 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 6.01% increase
 - 2017/18 5.78% increase
 - 2018/19 5.00% increase projected

Contra Costa Fire District Property Tax

- For fire, property taxes declined by over 13% between 2009 and 2013. These taxes then significantly increased between 2014 and 2016. Now returning to a more normal increase of around 5% going into the next few years.
- Actual District experience:
 - 2009-10 (7.8%)
 - 2010-11 (2.4%)
 - 2011-12 (1.9%)
 - 2012-13 (1.2%)
 - 2013-14 5.9%
 - 2014-15 9.3%
 - 2015-16 6.9%
 - 2016-17 6.32%
 - 2017-18 5.53%
 - 2018-19 5.00% Increase projected

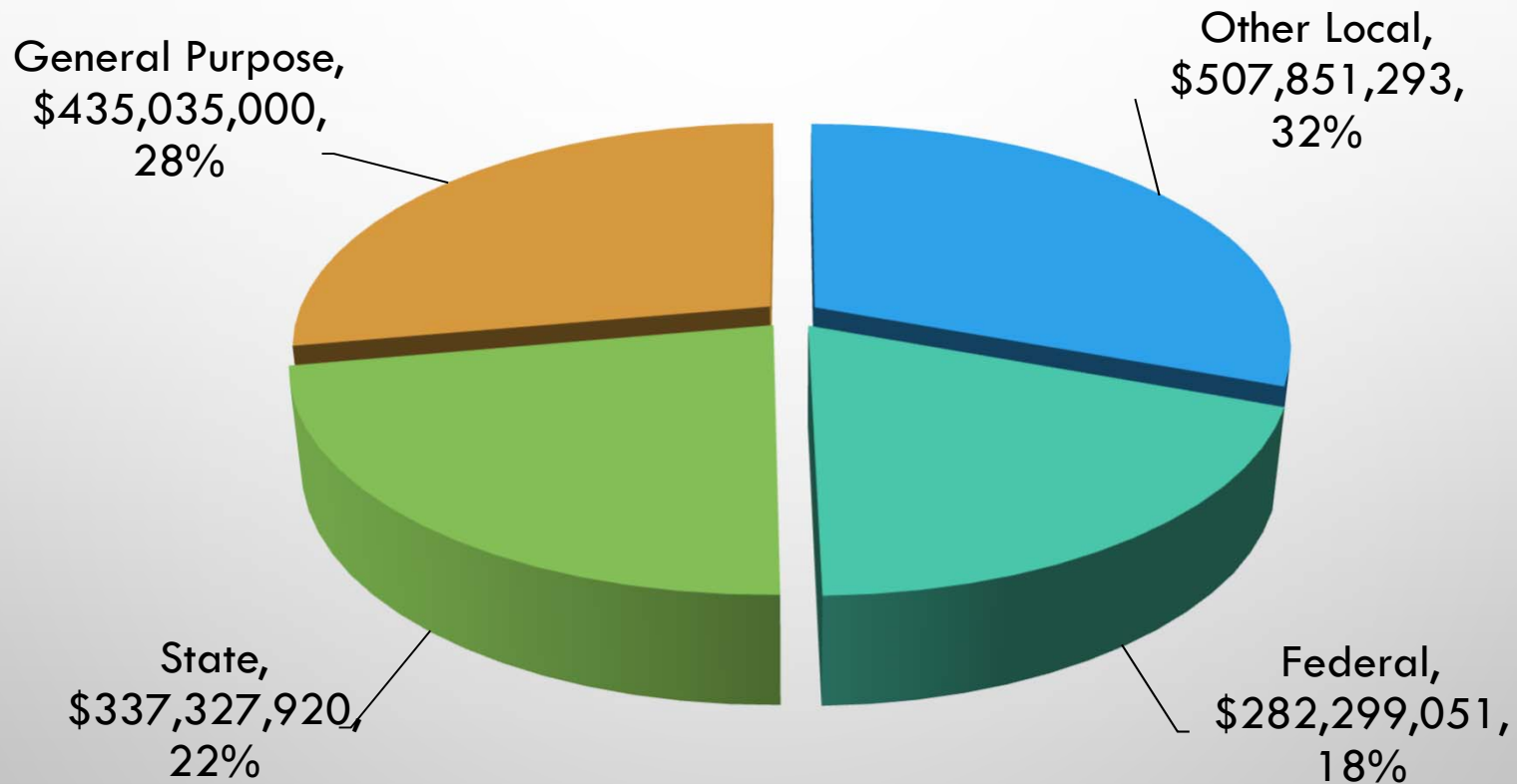
Redevelopment Dissolution

- Successor Agency Oversight Boards consolidate into one Countywide Oversight Board effective July 1, 2018
- Countywide Oversight Board staffed by the Auditor-Controller via Conservation and Development Department
- New Oversight Board Composition includes seven seats
 - **1 member appointed by the county board of supervisors**
 - 1 member appointed by the city selection committee established pursuant to Section 50270 of the Government Code. (Contra Costa Mayor's Conference)
 - 1 member appointed by the independent special district selection committee established pursuant to Section 56332 of the Government Code (Contra Costa Special District's Association)
 - 1 member appointed by the county superintendent of education to represent schools if the superintendent is elected
 - 1 member appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.
 - **1 member of the public appointed by the county board of supervisors**
 - 1 member appointed by the recognized employee organization representing the largest number of successor agency employees in the county. (DCD Conducting Survey of Current Successor Agencies)
- Board will need to determine a process for making appointments
- Any unfilled seats as of July 15, 2018 can be filled by the Governor

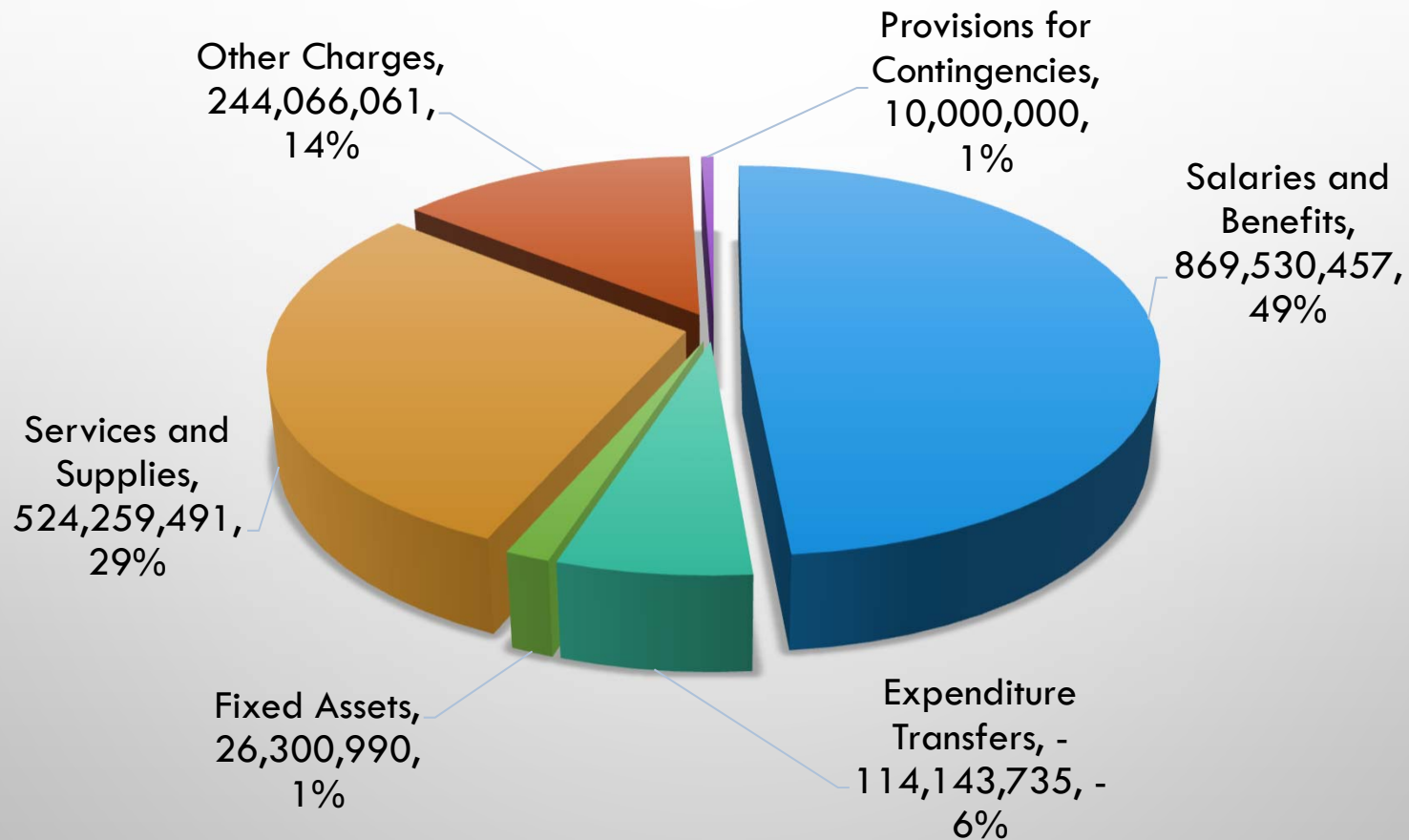
Fiscal Year 2017-18

General Fund Budgeted Revenue

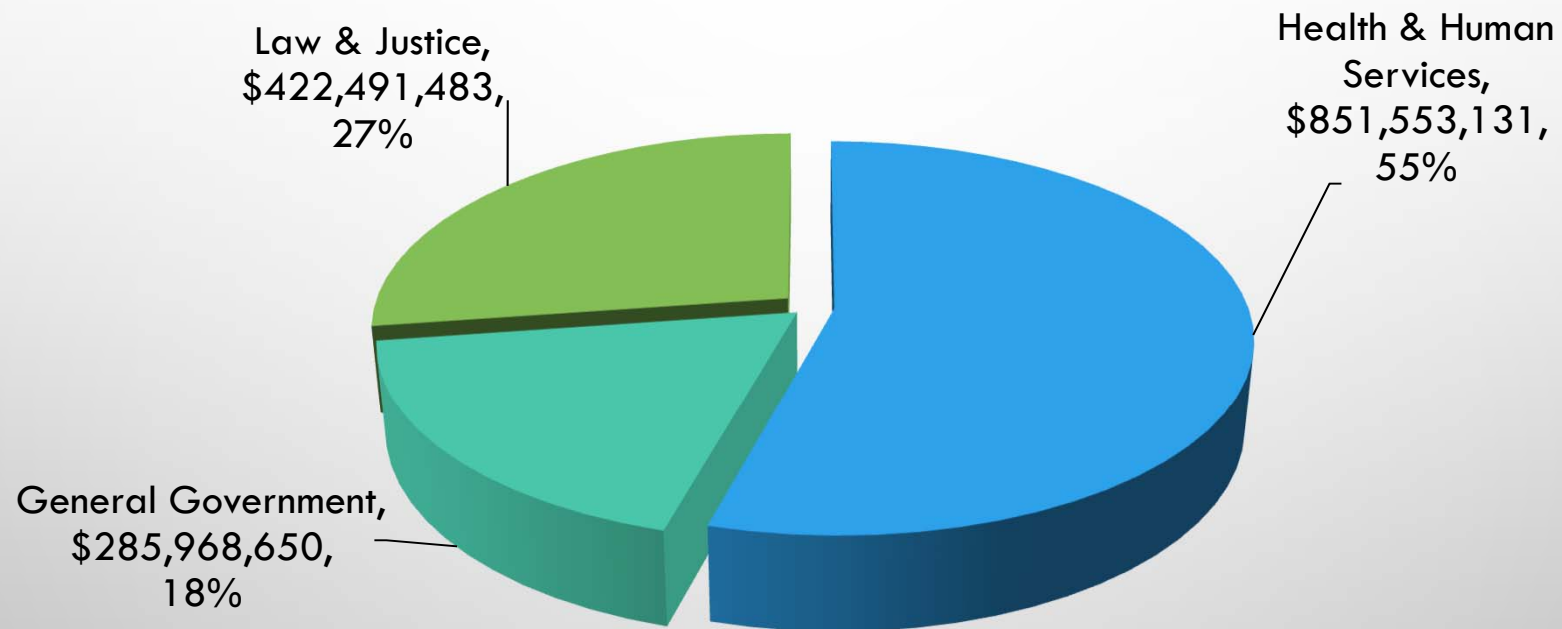
\$1.562 Billion



FY 2017-18 General Fund Appropriations \$1.56 Billion



FY 17-18 Distribution General Fund Appropriations



FY 2017/18 Mid-year Preliminary Stats

Budget Performing As Expected

			Mid-Year 17-18	Mid-Year 16-17	Mid-Year 15-16	Mid-Year 14-15
ALL FUNDS	Budget	Actual	Percent	Percent	Percent	Percent
Expenditures	3,481,558,504	1,447,820,821	41.6%	43.5%	40.8%	43.5%
Revenues	3,643,507,424	1,588,664,485	43.6%	42.9%	44.1%	44.0%
GENERAL FUND	Budget	Actual	Percent	Percent	Percent	Percent
Expenditures	1,597,751,688	598,765,615	37.5%	42.5%	41.6%	43.7%
Revenues	1,696,879,727	685,030,565	40.4%	38.6%	38.2%	37.1%
Wages & Benefits	874,009,322	401,679,553	46.0%	45.8%	46.0%	45.9%
Services & Supplies	580,570,786	222,178,717	38.3%	40.3%	38.5%	41.3%
Other Charges	245,982,271	99,454,401	40.4%	46.7%	46.4%	51.0%
Fixed Assets	102,327,058	14,730,620	14.4%	14.1%	8.5%	15.1%
Inter-departmental						
Charges	(113,938,956)	(53,012,837)	46.5%	41.2%	48.1%	53.2%
Contingencies	7,929,245	111	0.0%	0.0%	0.0%	0.0%
Total Expenses	\$ 1,696,879,727	\$ 685,030,565	40.4%	42.5%	41.6%	43.7%
Taxes	386,935,000	230,920,844	59.7%	63.4%	63.7%	65.5%
Licenses, Permits, Franchises	10,819,467	3,380,656	31.2%	21.2%	28.0%	27.0%
Fines, Forfeitures, Penalties	24,643,179	1,880,529	7.6%	8.5%	7.8%	7.0%
Use of Money & Property	5,282,645	2,576,446	48.8%	621.1%	10.3%	59.9%
Federal/State Assistance	578,862,326	191,098,646	33.0%	31.9%	28.3%	29.3%
Charges for Current						
Services	253,397,192	98,314,255	38.8%	41.8%	40.9%	31.6%
Other Revenue	315,311,879	70,594,240	22.4%	20.4%	28.4%	26.7%
Total Revenues	\$ 1,575,251,688	\$ 598,765,615	38.0%	38.6%	38.2%	37.1%

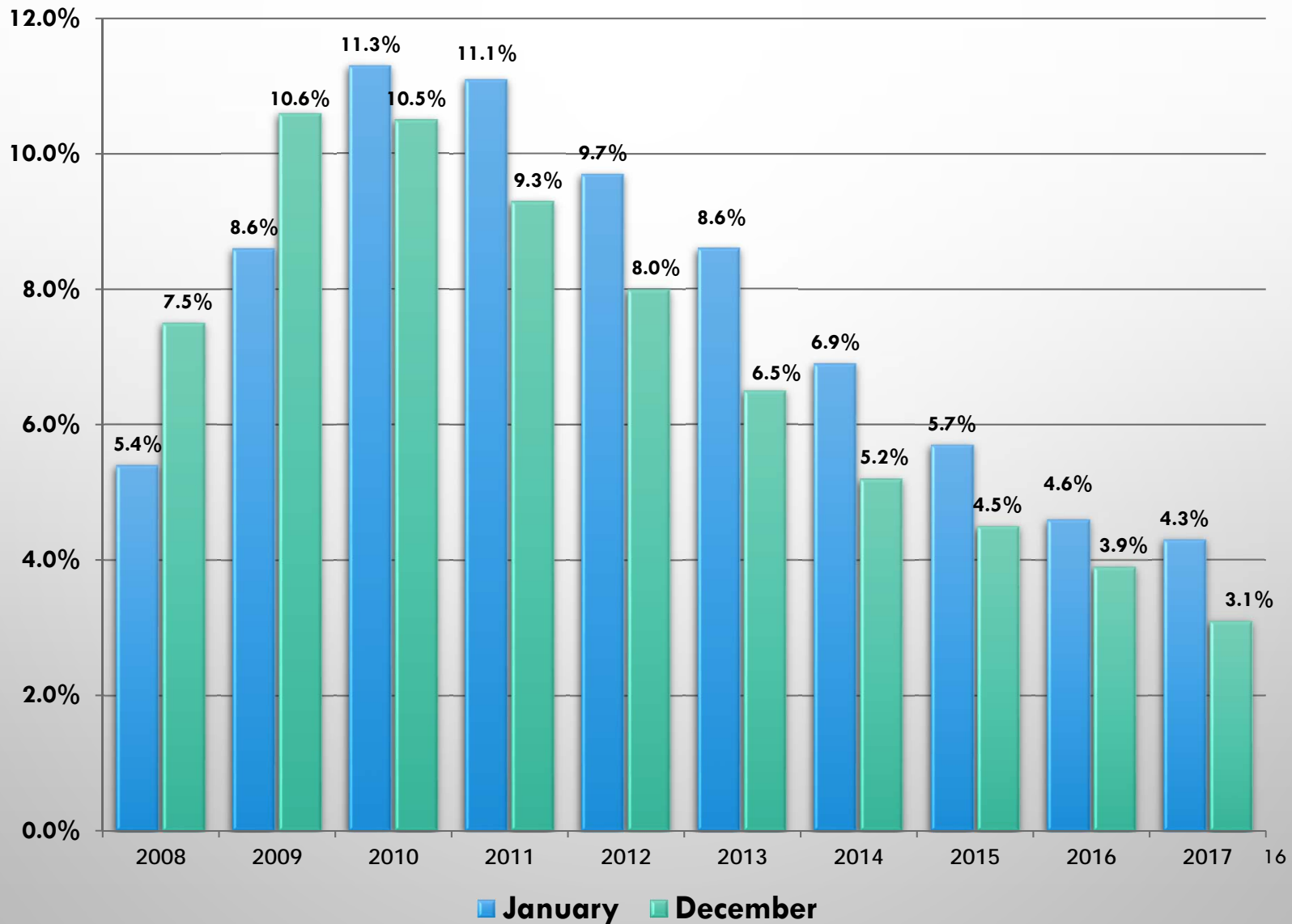
Contract Status

<u>Bargaining Units</u>	<u>Total Number of Permanent Employees ¹</u>	<u>Contract Expiration Date</u>
AFSCME Local 2700, United Clerical, Technical and Specialized Employees	1,590	6/30/2019
AFSCME Local 512, Professional and Technical Employees	241	6/30/2019
California Nurses Association	1,067	1/31/2018 ²
CCC Defenders Association	73	6/30/2018
CCC Deputy District Attorneys' Association	91	6/30/2018
Deputy Sheriff's Association, Mgmt Unit and Rank and File Unit	839	6/30/2019
Deputy Sheriff's Association, Probation Peace Officers Association	243	6/30/2018
District Attorney Investigator's Association	16	6/30/2019
IAFF Local 1230	300	6/30/2020
IHSS SEIU - 2015		6/30/2018
Physicians and Dentists of Contra Costa	275	2/28/2018 ²
Professional & Technical Engineers – Local 21, AFL-CIO	1,065	6/30/2019
Public Employees Union, Local One & FACS Site Supervisor Unit	556	6/30/2019
SEIU Local 1021, Rank and File and Service Line Supervisors Units	886	6/30/2019
Teamsters, Local 856	1,707	6/30/2019
United Chief Officers' Association	12	6/30/2020
Western Council of Engineers	26	6/30/2019
Management Classified & Exempt & Management Project	421	n/a
	Total	
	9,408	

¹ Permanent number of filled Positions as of December 2017 (not FTE)

² Currently in Negotiations

Contra Costa County Unemployment Rate 2008 - 2017



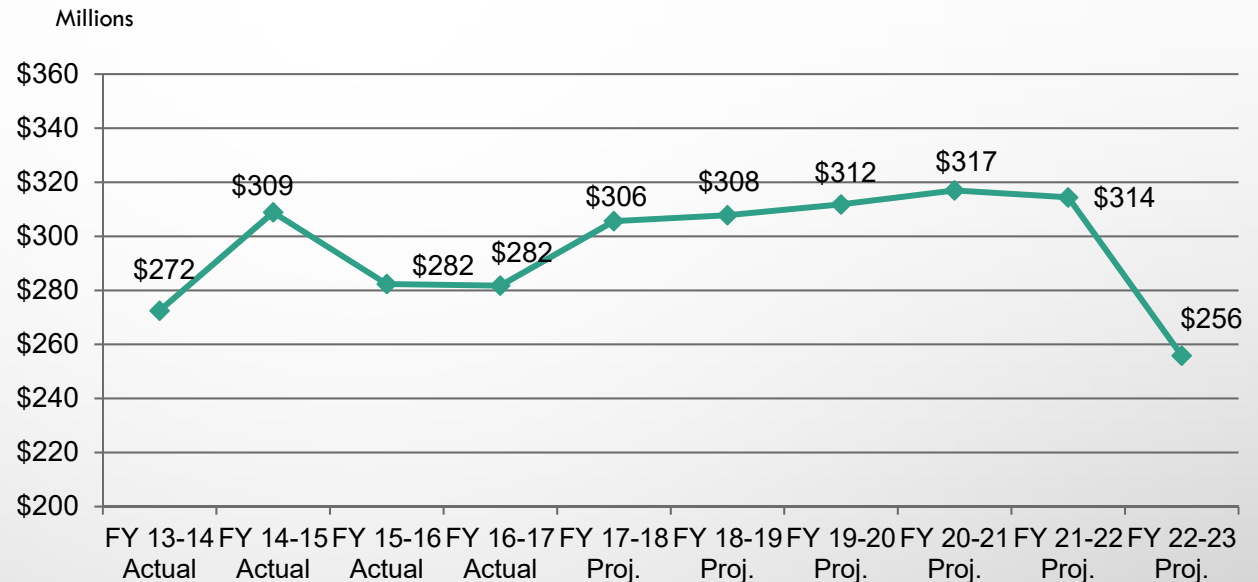
Infrastructure

- **Repair; Maintenance; and Development of New Buildings and Technology**
 - In 2020/21 the new administration building and the new EOC will come on line and will reduce the current \$272 million backlog by over \$30 million
 - The west county jail reuse will also come on line in 2020/21 and will require new staffing levels, as well as additional mental health providers
 - To significantly reduce the remaining \$242 million cannot be addressed at the current funding of \$10 million per year
 - A 5 year Capital Improvement Plan (CIP) should concentrate on reducing the number of buildings currently owned by the County and consolidating as many of the remaining buildings as possible, including increasing the number of buildings leased as opposed to owned
 - In 2017 we completed the upgrade to our PeopleSoft system at a cost of \$13.6 million (to date)
 - Over the next 5 years we will need to upgrade our Payroll, Finance and Tax systems at a cost of approximately \$15 million for each system
- **Future of the County Hospital, Clinics, and Health Plan**
 - It will become increasingly difficult to support a stand-alone County Hospital. We will need to look at alternatives

Pension Cost Management

- Following carefully
- Monitoring changes by state and CCCERA board
 - New PEPRAs as of 1/1/2013
 - No extension of amortization
 - No change in 5-year smoothing
 - No change in pooling
 - Assumed rate of return 7.00%
 - Active payroll growth of 3.25% per annum
- Updates:
 - FY 2017-18
Recommended Budget - \$328 M
 - Chart includes the final year of debt service for county and fire pension obligation bonds, both of which pay off in FY 2021-22

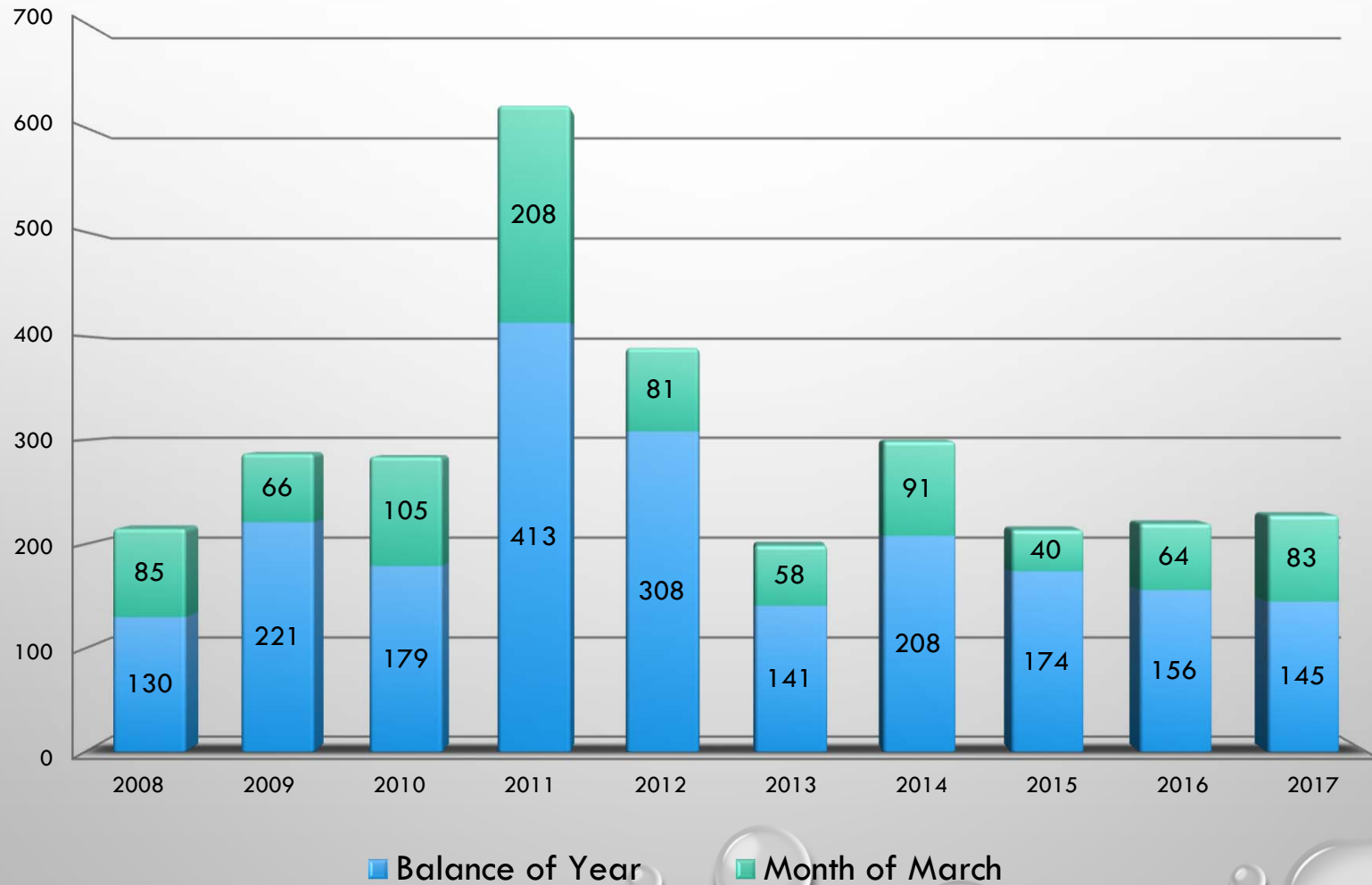
Actual and Projected* Retirement Expense



The chart includes four years of actual data, straight-line projection of current year (based upon six months of actual data), and projection of future years based upon current year wages and actuarial data provided by CCCERA's actuary (letter dated August 18, 2017) assuming that CCCERA achieves its assumed rate of return each of these years. This data will be updated in March for the FY 2018/19 budget based upon 12/31/2017 CCCERA market impacts.

Retirements

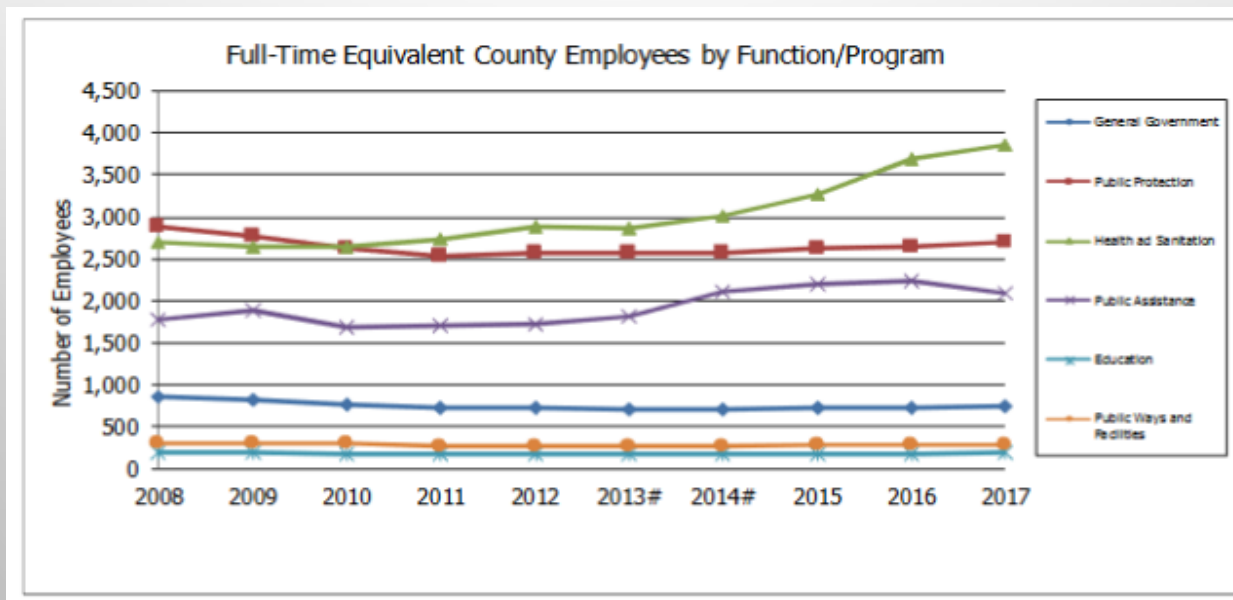
High numbers of vacant positions due to unprecedented numbers of retirements during calendar year 2011 and 2012 are beginning to recover. Historically March retirements are the highest. Retirement numbers appear to have returned to normal.



Increase To Full-time-equivalent Positions

- After several years of no growth – steady increase has begun
- Increase of 1,580 FTE in last five years (8,329 to 9,877)

	Actual 2011-2012	Actual 2012-2013	Actual 2013-2014	Actual 2014-2015	Actual 2015-2016	Actual 2016-2017	Budgeted 2017-18
General Government	728	707	712	728	739	751	775
Public Protection	2,565	2,565	2,566	2,624	2,637	2,701	2,730
Health and Sanitation	2,876	2,866	3,014	3,259	3,693	3,855	3,855
Public Assistance	1,722	1,815	2,106	2,203	2,245	2,089	2,022
Education	175	175	175	178	180	194	194
Public Ways and Facilities	<u>263</u>	<u>263</u>	<u>279</u>	<u>281</u>	<u>284</u>	<u>287</u>	<u>288</u>
Total	8,329	8,391	8,852	9,273	9,778	9,877	9,864



Note: Budgeted 2017-18 FTE figures are those authorized as of July 1, 2017 including vacancies

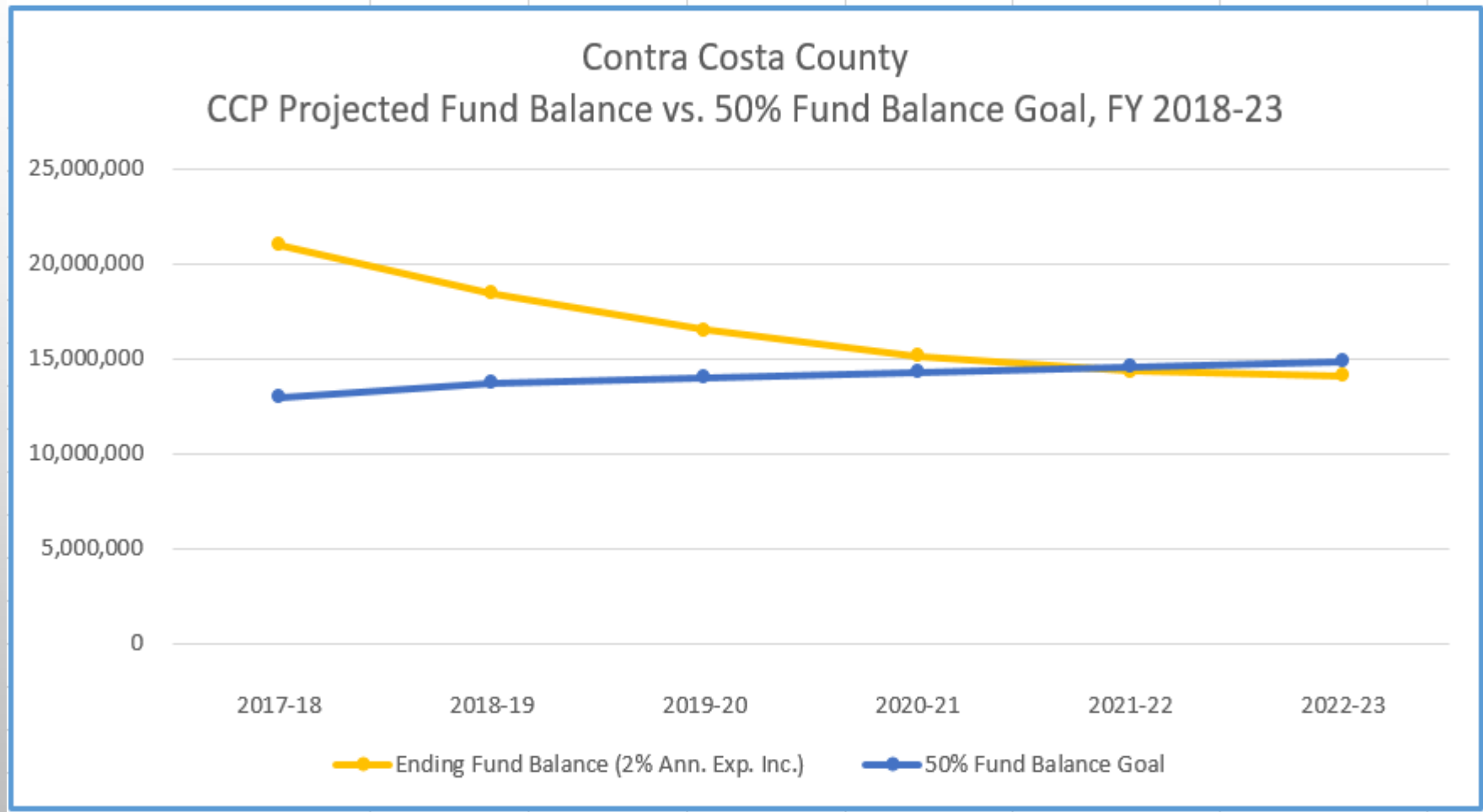
Current Recruitments

- 2018 New Department Heads and Key Staff
 - Public Works Director
 - Economic Development Manager
 - Health Services Director
 - Chief Assistant County Administrator
 - Public Information Officer
 - Chief Information Officer
 - Assistant Information Officer

Community Corrections Partnership

- CCP passed a FY 18/19 Budget Recommendation of \$27,462,512 in December 2017, an increase of 6% over the current year. PPC to consider in February 2018
- CCP budget continues to rely on approximately \$2.5 million in 18/19 of CCP fund balance (expenses exceed revenues)
- Fund balance use includes year 2 of the annual \$500k contribution to Stand Together CoCo, Immigration Rapid Response Program (3 year pilot-project)
- Assuming just a 2% increase each year to expenditures over the next 5 years, the County would be required to draw \$6.9 million from CCP fund balance to fund AB109 programs over that period
- Assuming a FY 18/19 estimated fund balance of \$21 million, fund balance would be reduced to \$14.1 million at the close of FY 22/23
- At \$14.1 million, fund balance would be at 47% of FY 22/23 projected expenditures. **Goal is 50% of expenditures** (*Approx. 6 months of operations*)

Community Corrections Partnership



Contra Costa Fire Protection District

- **Reasons For Optimism**

- Settled with Local 1230 and UCOA through 2021
- Employer share of pension costs stable and decreasing in 18/19
- “Alliance” ambulance program stable (for now)
- Station 16 (Lafayette) and 70 (San Pablo) projects close to breaking ground

- **Reasons For Concern**

- Property Tax revenue increases slowing
 - Reducing 18/19 assumption to 5% growth from 6%
- Cost of labor contracts
 - \$8.7 million in 18/19 (total three year cost of \$23.3 million)
- Continued strain on operating fund
 - Scheduled debt service payments increasing approx. \$700k/yr. through 2022
 - Additional engine company at Station 1 beginning in March 2018
 - Future staffing of Station 16 once constructed

Contra Costas Fire – EMS Transport Fund

- **Reasons For Optimism**

- “Alliance” ambulance program stable
- Operating revenues exceeding projections (for now)
- Initial \$3 million borrowing from District operating fund repaid in 17/18

- **Reasons For Concern**

- Future of healthcare funding continues to be uncertain
 - California single payer system?
 - Affordable Care Act repeal or defunding?
- EMS Transport Fund reserve
 - Goal is 50% of annual cost of ambulance services - \$21 million
- First Ground Emergency Medical Transportation (GEMT) allocation anticipated at approximately \$700,000 (original projection at \$5 - \$6 million)

- **EMS Transport Reserve Recommendation**

- CAO recommends budgeting annual reserve contributions of \$2 million /yr. to fund the \$21 million goal.
- This recognizes that the District has ongoing receivables of approx. \$10 million at any given time.

Continued Reasons For Optimism

- **Positive Economic Outlook**

- California economic outlook stable for next year
- AV Revenue up 5.8% for FY 2017/18 and projected to grow by 5% in 2018/19

- **Positive County Results**

- Budget structurally balanced for seventh year in a row
- Employee wages increased
- Over 1,500 new employee positions added in past 5 years
- Most departments fully staffed
- OPEB managed
- Have begun pre-funding infrastructure needs
- Fund balance increased
- Maintained our AAA bond rating from Standard & Poor's, and received upgrade on lease bonds from Moody's (from A1 to aa3) with both agencies commenting on fact that Contra Costa County was "fundamentally sound, and had a stable outlook for the future."
- Pension Obligation Bond matures 6/1/2022 (\$47,382,000)

Reasons For Concern


- Federal and State economy likely to slow or enter recession by 2020
- Prop 172 sales tax revenue increases slowing in 2018/19
- Revenues are not projected to keep up with expenditures for 2017/18 nor are they projected to do so for 2018/19 and beyond
- Aging technology –Finance & Tax systems
- Labor negotiations
- CCCERA's Net Pension Liability is \$1.4 Billion (as of 12/31/16) and there is more unfunded liability coming
- Increased costs of benefits – pension assumed rate of return is 7.00% - actual returns for 2015 were 2.6%, 2016 returns were 7.4%, 2017 likely to exceed the 7% figure
- Economy is driven by technology not labor, social systems are changing, and institutions and leaders struggling to meet the needs of the 21st Century
- Federal government not likely to respond to counties needs
- Unreasonable expectations given funding available

Continue Focus On

- Focus on current needs but look for long term solutions – five year minimums
- Developing staff
- 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

FY 2018-19 Budget Hearing Format

- Draft agenda for discussion purposes
 - Introduction/summary by County Administrator
 - Departmental presentations:
 - Sheriff-Coroner
 - District Attorney
 - Health Services Director
 - Employment and Human Services Director
 - Any suggested changes for this year?
 - Deliberation
- Budget Hearing on April 17th (hearing can be continued if needed)
- Budget Adoption on May 8th
 - The Fire Board will receive a budget presentation on the District's Budget on April 10. Per the norm the Budget Hearing and Adoption will occur along with the Countywide Budget.



**“At Every Crossroads On The Path
That Leads To The Future, Tradition
Has Placed 10,000 Obstacles To
Guard The Past”**

Maurice Maeterlinck



Contra Costa County

To: Board of Supervisors
 From: David Twa, County Administrator
 Date: January 30, 2018
 Subject: Annual Report on Capital Projects

RECOMMENDATION(S):

Accept report on Capital Projects.

FISCAL IMPACT:

No fiscal impact. This is an informational report only.

☐ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/30/2018** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

Contact: Eric Angstadt, Assistant
County Administrator 925-335-1009

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 30, 2018

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

By: , Deputy

cc:

ATTACHMENTS

New Administration, EOC, and Public Safety Building
Presentation

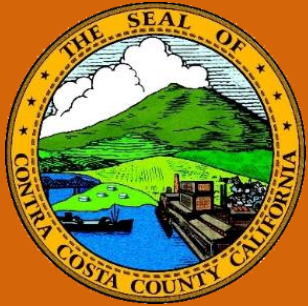


BOARD OF SUPERVISORS UPDATE

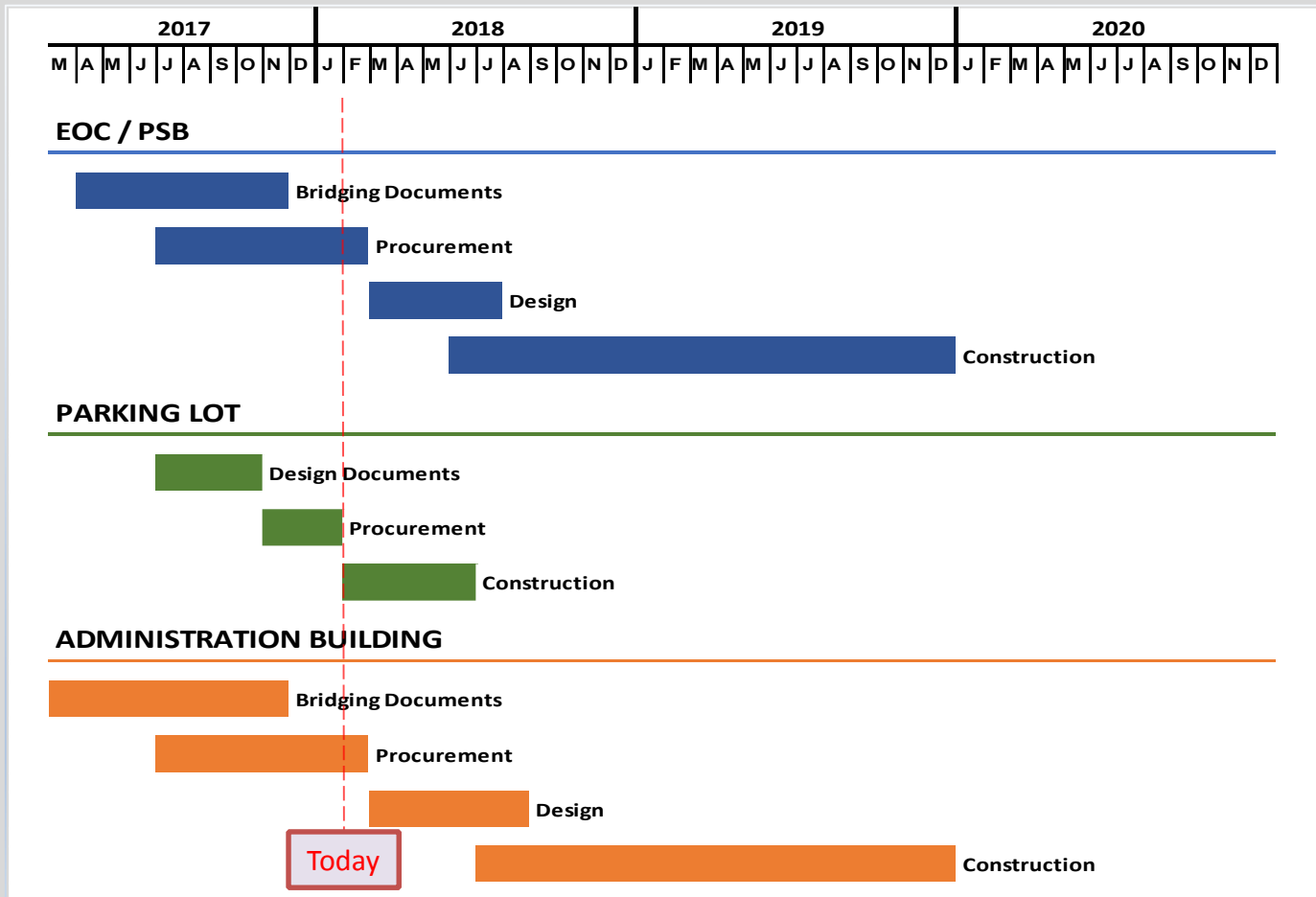
CONTRA COSTA COUNTY

New Administration Building and
Emergency Operations Center / Public Safety Building
January 30, 2018





Milestone Schedules





Design-Build Best Value Procurement Schedule

- RFQ Issued: _____ October 2, 2017
- Proposals due: _____ January 25, 2018
- Confidential Interviews: _____ Jan. 31 and Feb. 1
- Request for Supplemental Information: _____ February 2, 2018
- Final Response to RSI due: _____ February 9, 2018
- Notice of Award: _____ February 16, 2018
- Board Approval: _____ March 20, 2018
- Contract and NTP: _____ March 21, 2018
- **Project Completion: _____ July, 2020**



NEW PARKING LOT

Tentative Schedule

- Crime Lab Building Vacated: _____ January 29, 2018
- Contractor Notice to Proceed: _____ February 9, 2018
 - Permit/Mobilization/Start Work: _____ February 16, 2018
 - Building Abatement/Demo: _____ February 28, 2018
 - Existing Parking Lot Demo: _____ March 16, 2018
 - New Parking Lot Construction: _____ March 30, 2018
- **Project Target Completion: July, 2018**

*PV Array/Shading Project not anticipated to extend work.



The Morrow House

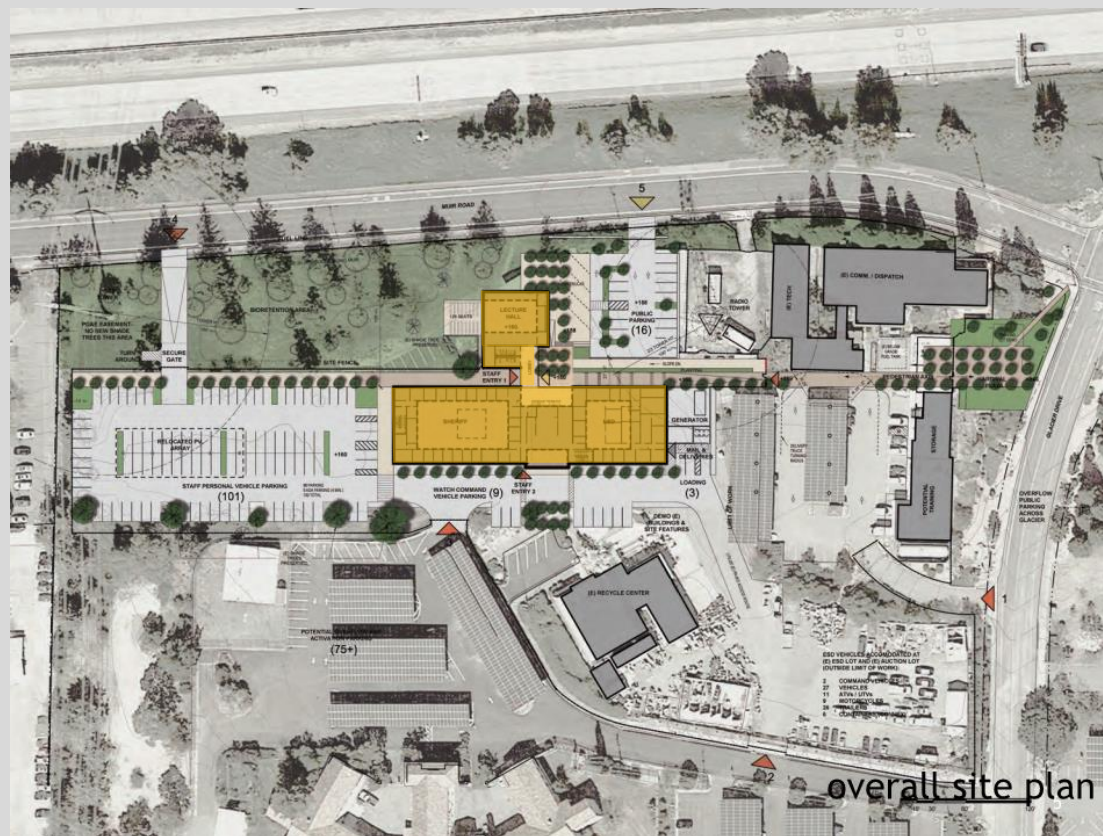


Emergency Operations Center & Public Safety Building





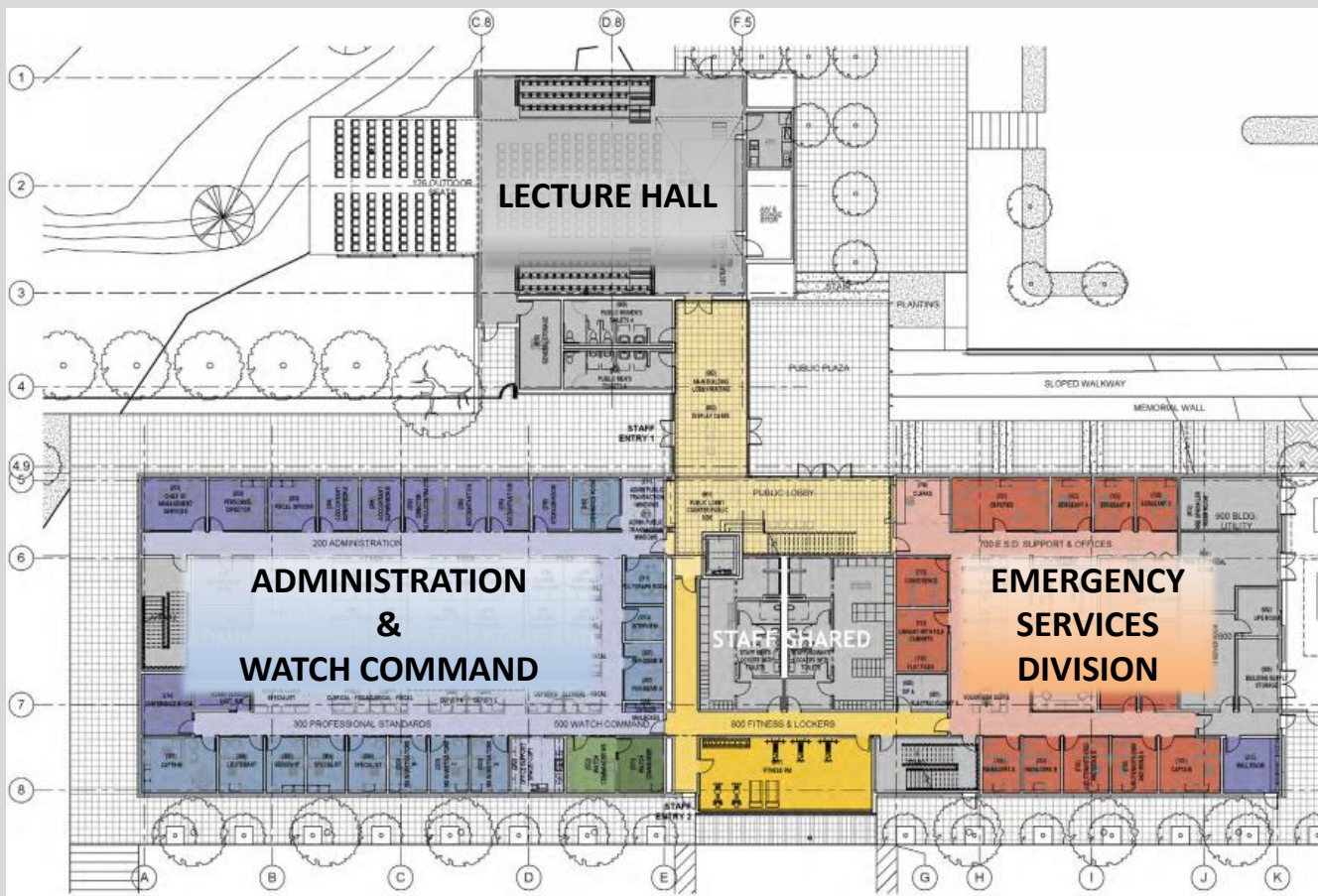
Site Development Plan



- stronger campus environment
- better use of outdoor space
- distinct civic identity for public safety

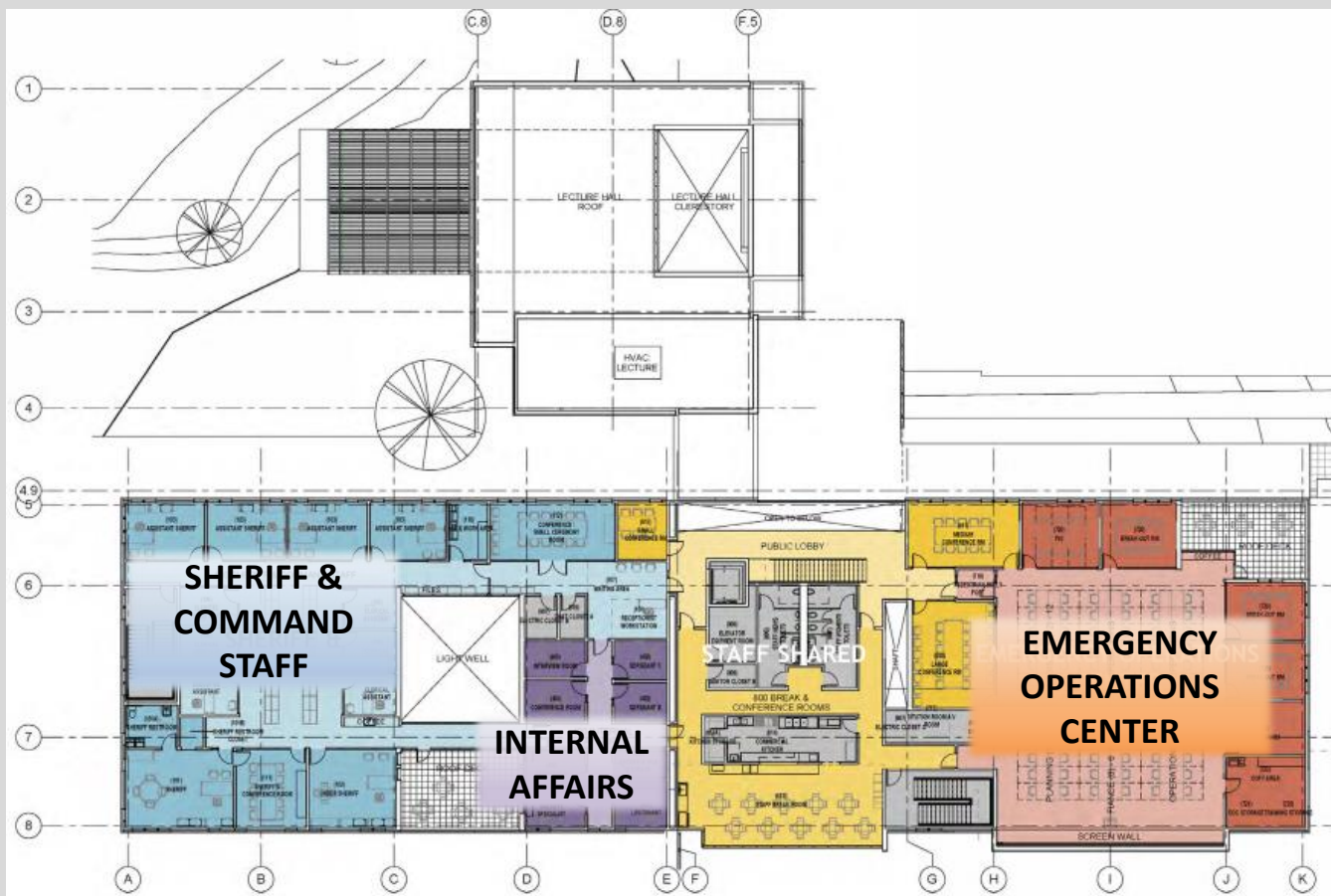


Level 1



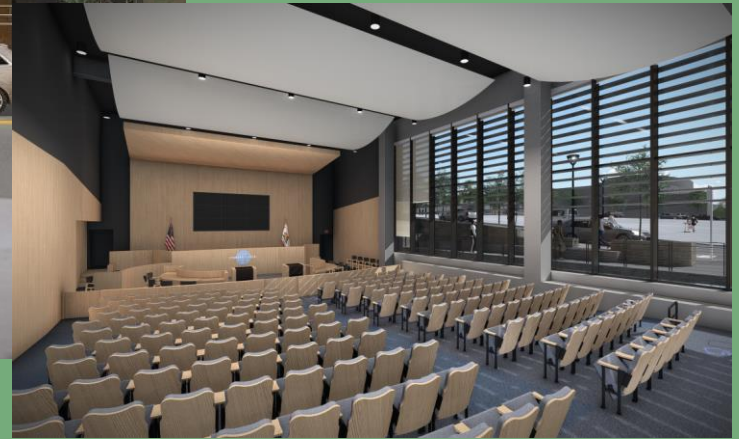


Level 2





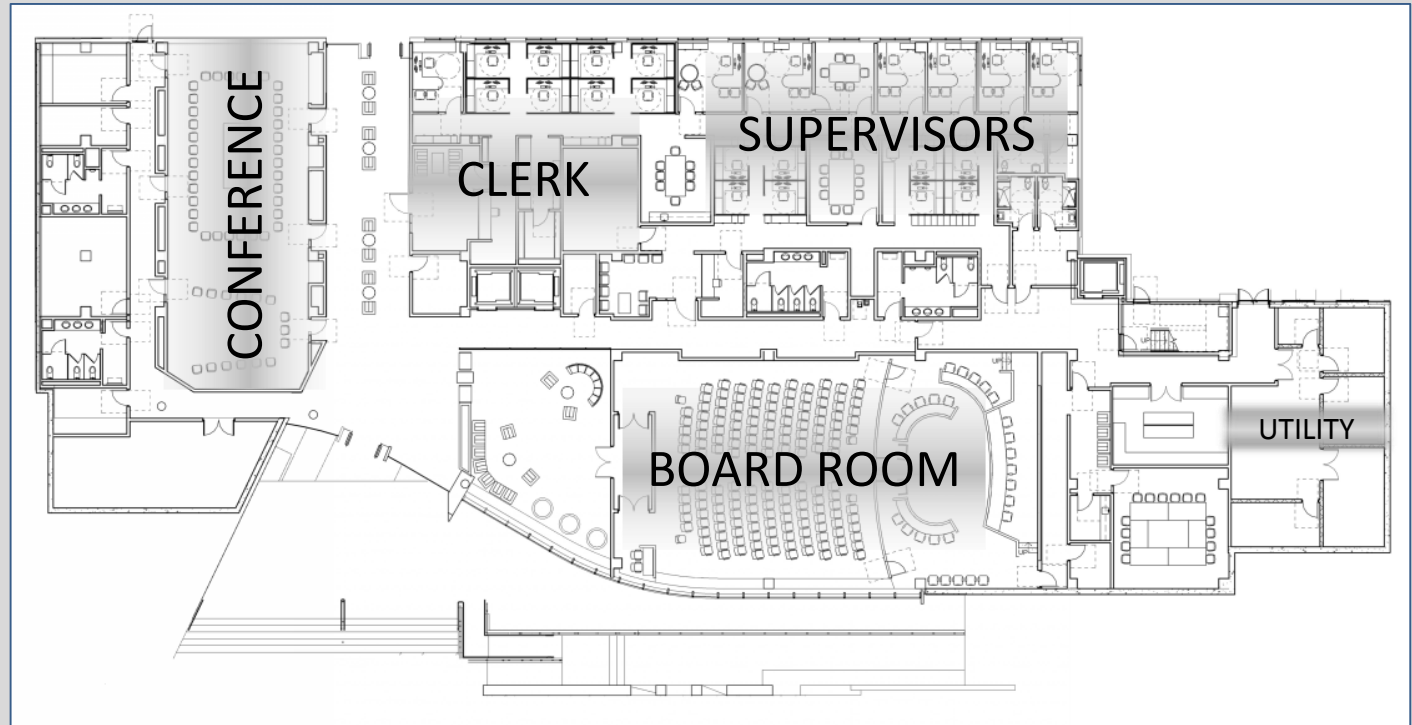
New Administration Building



Board of Supervisors Update
January 30, 2018

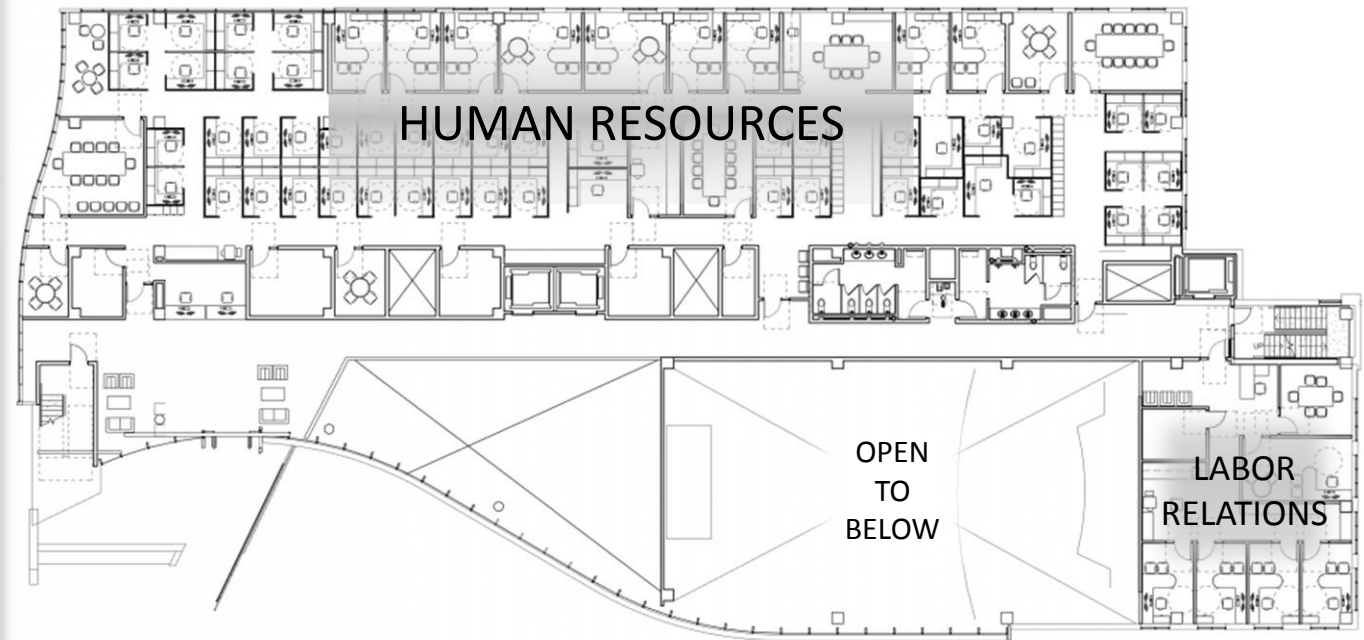


Ground Floor Plan



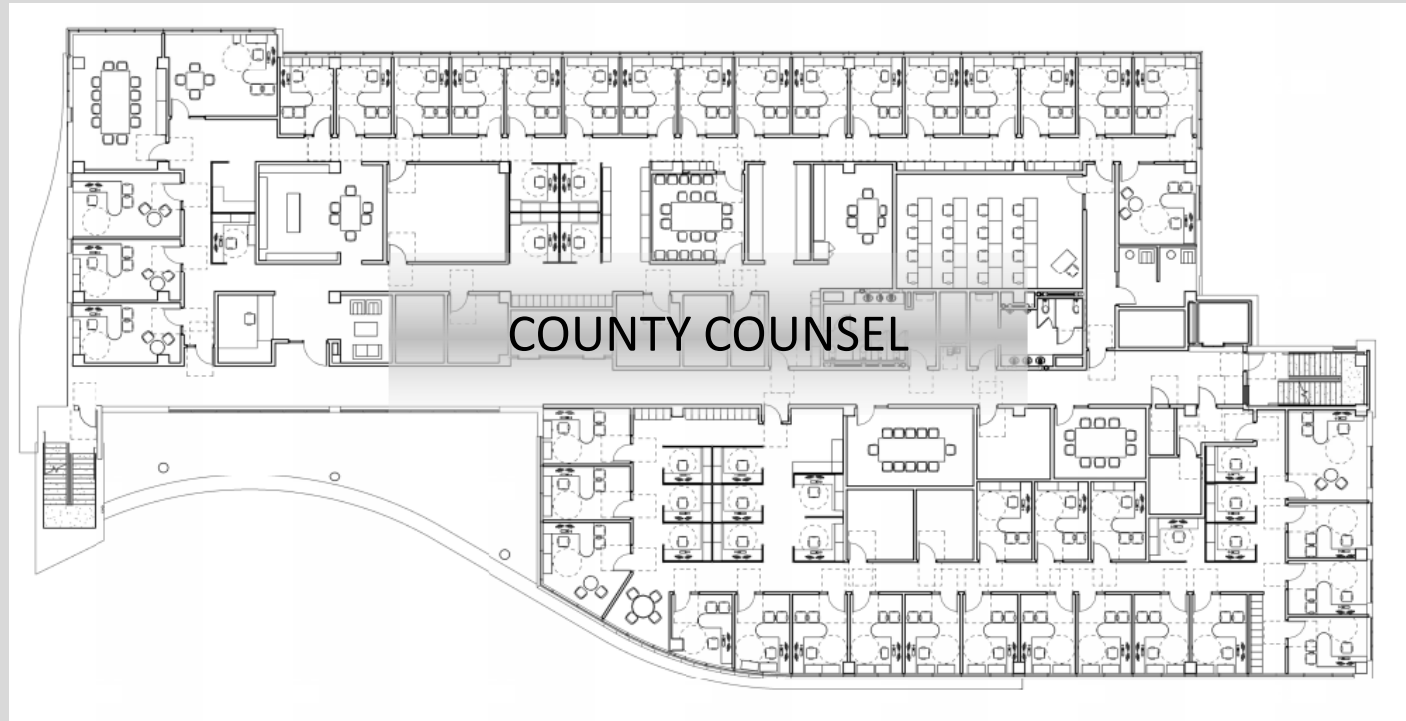


First Floor Plan



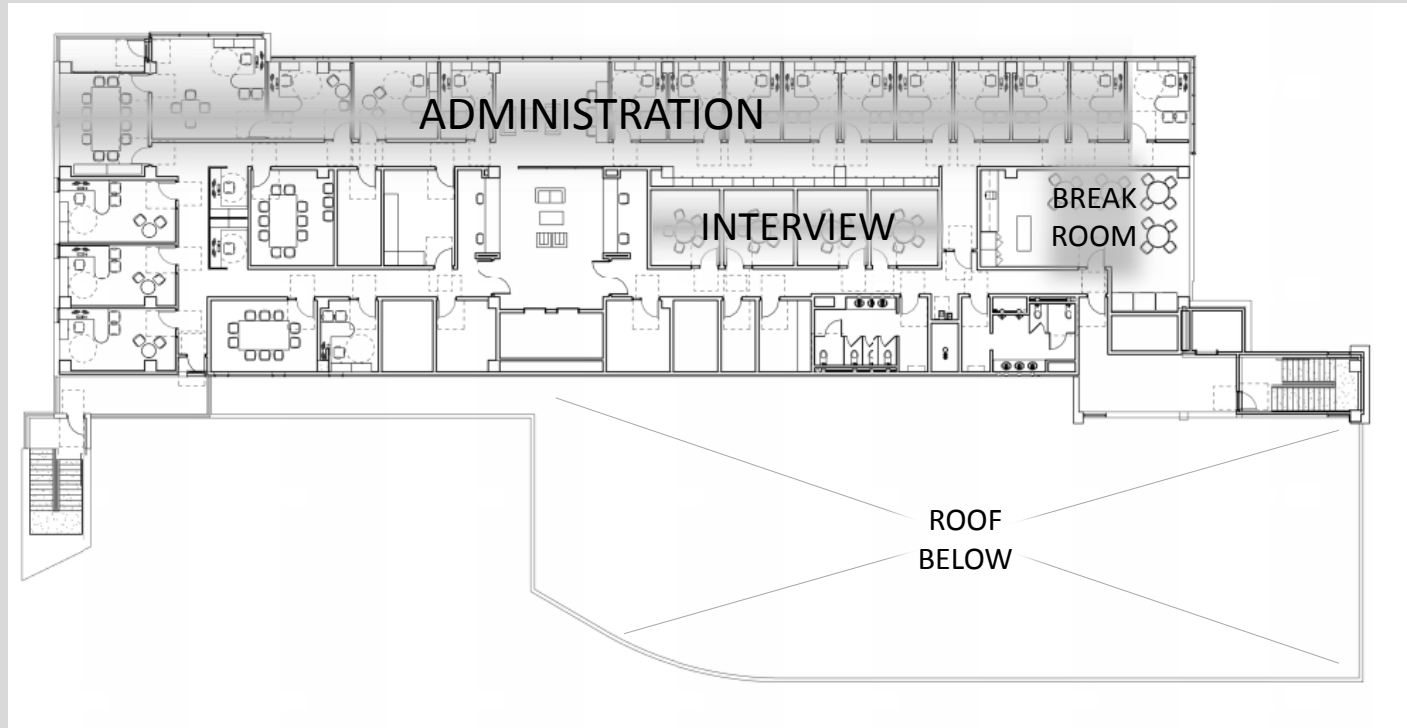


Second Floor Plan





Third Floor Plan







Animation of Administration Building



QUESTIONS?



Contra Costa County

To: Board of Supervisors
 From: David Twa, County Administrator
 Date: January 30, 2018

Subject: Board of Supervisors Annual Retreat Update on Office and Reentry & Justice

RECOMMENDATION(S):

ACCEPT report from the Office of Reentry & Justice on the County's reentry and justice related programs, including the Government Alliance on Race and Equity (GARE).

FISCAL IMPACT:

No fiscal impact. This is an informational report only.

BACKGROUND:

Lara DeLaney, acting Director of the Office of Reentry & Justice (ORJ); Donté Blue, Deputy Director of the ORJ; and Dwayne Marsh, Deputy Director Government Alliance on Race and Equity, will provide the Board of Supervisors with an update on the County's reentry and justice related initiatives.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/30/2018** ☒ 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 30, 2018

Contact: Lara DeLaney
925.335.1097

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

By: , Deputy

cc:



Contra Costa County

To: Board of Supervisors
 From: David Twa, County Administrator
 Date: January 30, 2018

Subject: Board of Supervisors Annual Retreat Update on Homeless Continuum of Care

RECOMMENDATION(S):

Accept report on Contra Costa's Homelessness Continuum of Care.

FISCAL IMPACT:

No fiscal impact. This is an informational report only.

BACKGROUND:

Report on Contra Costa's Homelessness Continuum of Care.

☐ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/30/2018** ☐ 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 30, 2018

Contact: Lavonna Martin
(925) 608-6700

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

By: , Deputy

cc: Enid Mendoza, Senior Deputy County Administrator