



Fiscal Year 2019-20 Recommended Budget



Budget Hearing Agenda

1. County Administrator Presentation
2. Department Head Presentations
 - Health Services Director, Anna Roth
 - Employment and Human Services Director, Kathy Gallagher
 - Sheriff, David Livingston
 - District Attorney, Diana Becton
 - Public Defender, Robin Lipetzky
 - Probation Officer, Todd Billeci
 - Public Works Director, Brian Balbas
3. Open Public Hearing - Public Comment
4. Board Discussion/Action

2018/2019 Achievements

- Budget structurally balanced for 8th year in a row, built on assumption of 5% increase in assessed valuations, actual AV was 6.34%
- Maintained our AAA bond rating from Standard & Poor's, Contra Costa County “fundamentally sound, and had a stable outlook for the future”
- Developed a comprehensive zoning ordinance that will permit and regulate commercial cannabis businesses. The related cannabis tax (Measure R) approved in November 2018 will enable orderly, well-regulated sale, cultivation and manufacture of cannabis products from businesses located in the unincorporated area beginning in 2019

2018/2019 Achievements

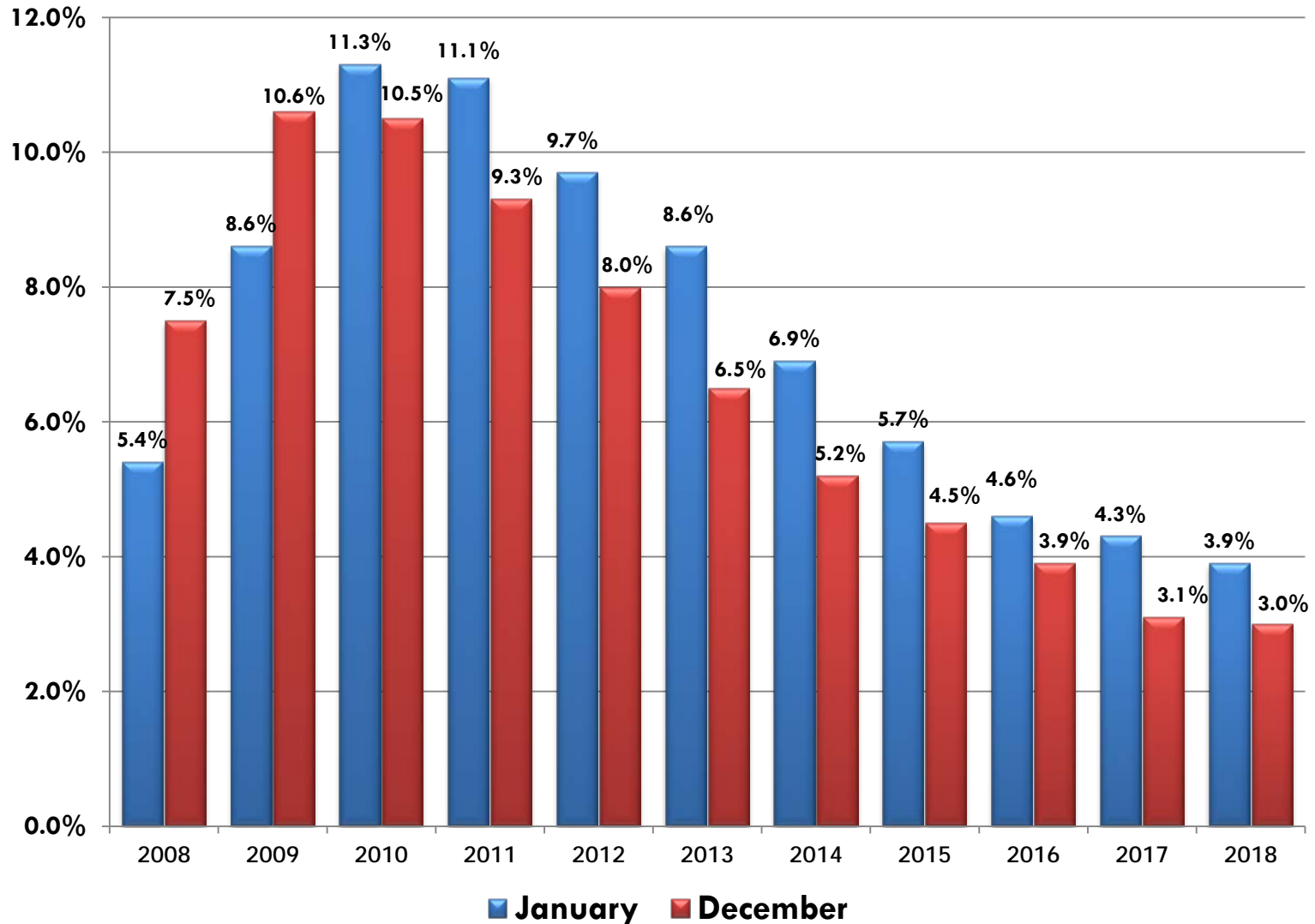
- Launched an online document center to allow public access to over 128,300 records of the Board of Supervisors, including meeting agendas, minutes, ordinances and resolutions dating back to 1852; and implemented a new reporting process for advisory body seats across 78 active boards, resulting in a nearly 17% reduction in vacant seats as compared to last year.
- Established 40 Prescription Drug Drop Kiosks in pharmacies so that residents can drop off their unused, expired or unneeded prescription medicines.
- Implemented the Senior Veterans Benefits Program. Intended to target our senior and elderly Veteran population, working with long-term care facilities to ensure that Veterans and surviving spouses can access free VA benefits claims assistance (often times Veterans are illegally charged for this service by businesses in the community).

2018/2019 Achievements

- Facilitated development of hundreds of units of affordable housing, including 42 units at the Heritage Point project in North Richmond, which broke ground in 2018.
- Awarded two major federal grants totaling over \$1.1 million to the Alliance to End Abuse in partnership with the District Attorney's Office to address human trafficking in Contra Costa County.
- Received the Government Finance Officers' Association Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation awards.

State of the Economy

Unemployment 10 Year Comparison



Contra Costa County

- 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 6.34% increase
 - 2019/20 5.00% increase projected

Departmental Budgeted Cost of Doing Business Increases for Contractors

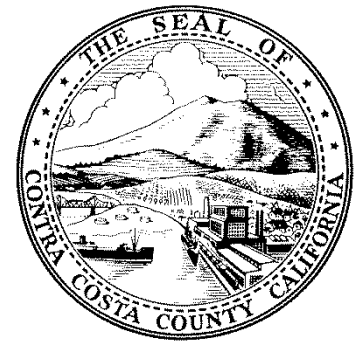
- EHSD – 3.3% across the board for Mental Health CBO contracts, 3.3% average for Children and Family Services and Workforce Services bureau contracts, and 1.2% average increase for CBO contracts in Aging and Adult Services. Additionally, the department anticipates a number of other contractors will be submitting increase requests. Each contract is evaluated independently. Appropriation adjustments may be made when allocations are confirmed in Sept/Oct to accommodate increased requests, should external funding permit.
- Health Services – 3% across the Board for all Mental Health community based organization contracts

Contra Costa County Spending on Services Related to Homeless/Mental Health/Housing

Contra Costa County will spend over \$2.58 Billion on Health and Human Services in FY 2019/20 (an increase of \$70 million over FY 2018-19). That number includes over \$161 million from the General Fund (an increase of \$36 million). It also includes over \$348 million for services related to homeless; mental health; and housing (an increase of over \$22.6 million).

| Service | Expenditures | Federal/ State/ Grants | General Fund | FTE |
|------------------------|---------------|---------------------------|--------------|-------|
| Homeless | \$63,048,130 | \$54,511,833 | \$8,536,297 | 255.0 |
| Mental Health | \$255,086,605 | \$226,888,743 | \$28,197,862 | 603.7 |
| Homeless/Mental Health | \$3,871,774 | \$2,685,491 | \$1,186,283 | 1.0 |
| Housing | \$26,293,737 | \$25,349,737 | \$944,000 | 42.0 |

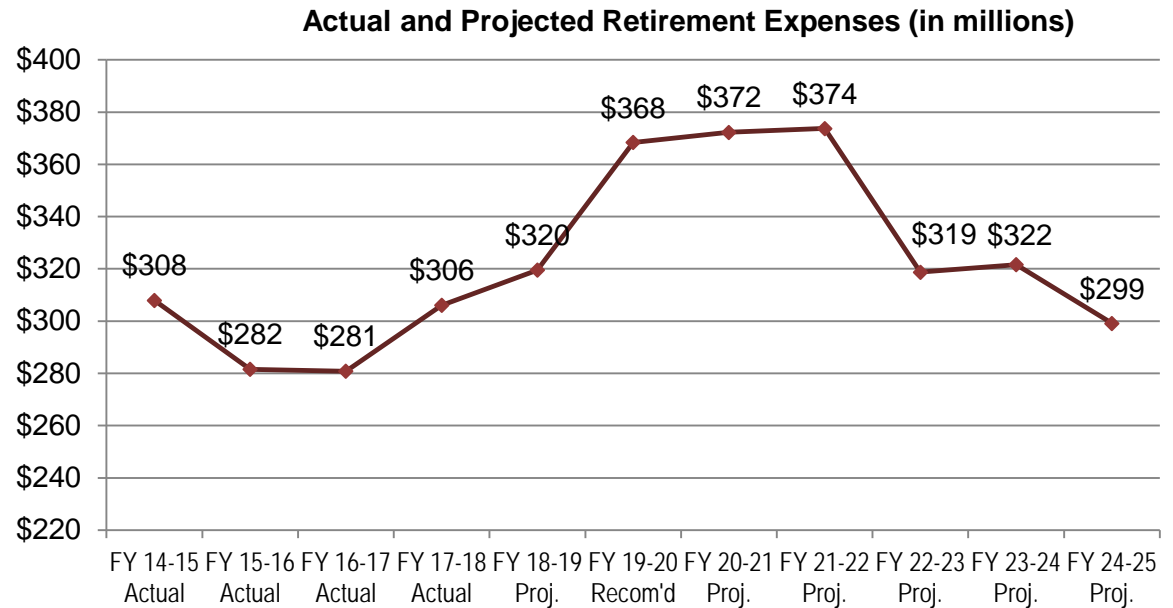
Benefits



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
 - Assumed rate of return change (7.00%)
- Updates:
 - Negotiated 2% PEPRA COLAs with all bargaining groups
 - FY 2019-20 Recommended Budget - \$368 M
 - FY 2020-21 onward based on Segal data
 - Chart now includes the years after debt service for the County and Fire pension obligation bonds are paid off (June 2022)

Actual and Projected* Retirement Expense



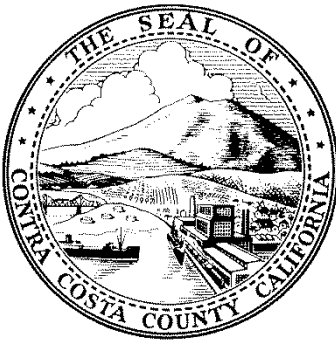
The chart includes four years of actual data, straight-line projection of current year (based on seven months of actual data), Recommended Budget for FY 2019-20, and projection of future years based upon actuarial data provided by CCCERA's actuary (letter dated March 7, 2019).

Assumes we meet the Assumed Rate of Return each year.

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) since 2006: from \$2.57 billion to \$662.5 million, and
- With a Market Value in the trust as of December 31, 2018 in excess of \$269.6 million, the County has pre-funded approximately 28.9% 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.

General Fund Reserves



General Fund Reserve Assumptions

- June 30, 2018:
 - Total general fund revenues were \$1,531,232,000 and total fund balance including reserves were \$495,250,000.
 - Total fund balance is 32.3% of total revenue
 - Of the \$495.25 million in reserves
 - \$254.8 million was unassigned
 - \$240.4 million was assigned, committed, restricted or nonspendable
 - Minimum fund balances of 5% and 10% would be \$76.5 million and \$153.1 million respectively. There was \$342.1 million available over the 10% reserve minimum.
- June 30, 2019:
 - As of March, 2019, the Board of Supervisors has approved the transfer of \$30.3 million from reserves to fund the new Administration and Emergency Services facility projects, and for equipment replacement. No other transfers are anticipated for this fiscal year.
- June 30, 2020:
 - No fund balance use is included in the Recommended Budget for FY 2019-20; however, Health and Public Safety may require use of fund balance to provide mental health services to detainees.

Importance of Reserves for Cash Flow

- Although revenues are volatile, expenses (majority for salaries) are quite smooth.
- General Fund Reserve of \$495.2 Million, (\$254.8 Million Unassigned) has eliminated General Fund negative cash flow during the year.
- The General Fund cash balance no longer begins the year with a negative cash balance. The large disbursements for advances, pension pre-pay costs, and accrued expenses are now covered with reserves.
- Historically, cash flow were not positive until the second installment of property tax receipts are received in late spring.

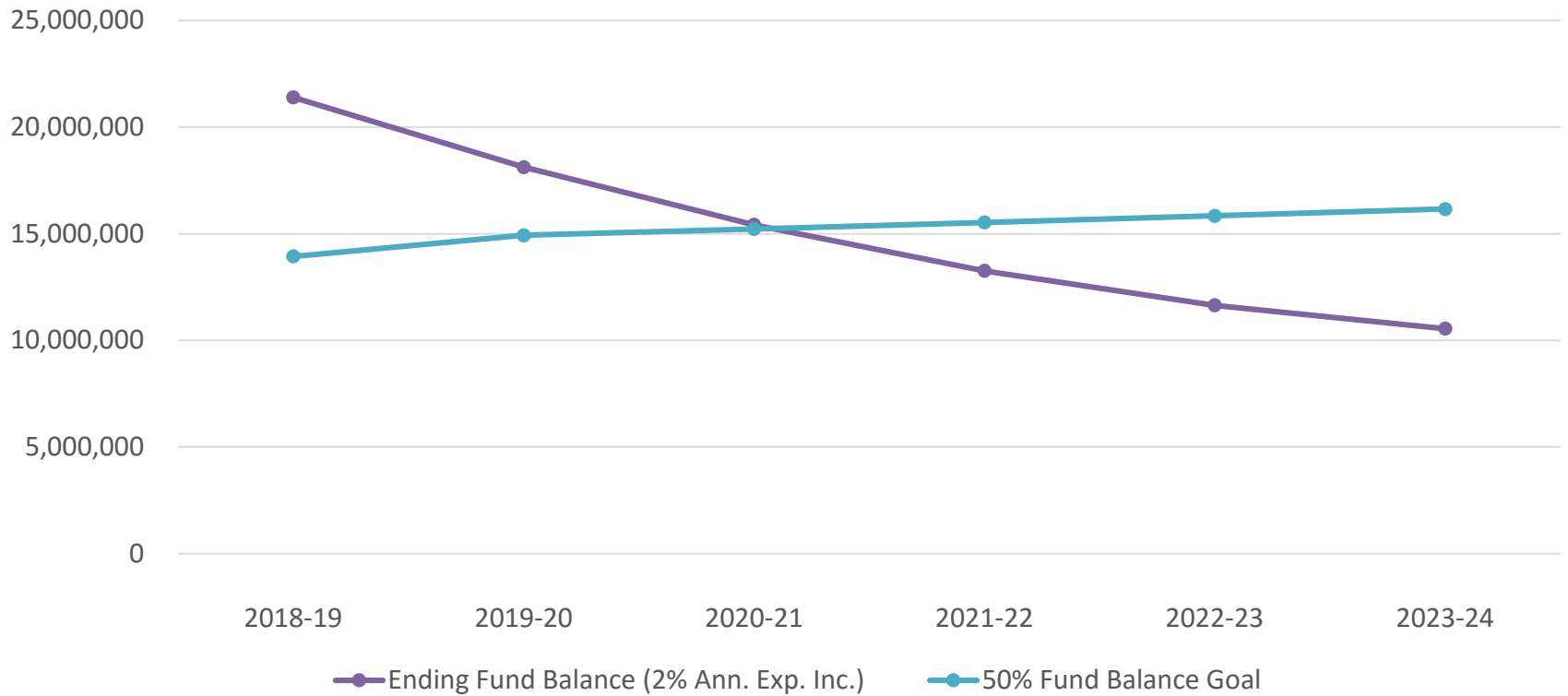
Community Corrections Partnership

- The CCP and Public Protection Committee passed a FY 19/20 Budget Recommendation of \$29.9 million in March 2019, an increase of 7.1% over the current year.
 - Includes continuation of the Office of Reentry and Justice (Year 4)
 - Uses \$500,000 in fund balance for Year 3 of the Stand Together CoCo, the immigration rapid response program (3-year pilot)
- FY 19/20 CCP budget continues to rely on approximately \$3.3 million in fund balance (expenses exceed base revenue)
- Assuming just a 2% increase each year to expenditures over the next 5 years, the County would be required to draw \$10.9 million from CCP fund balance to fund AB 109 programs over that period
- Assuming a FY 18/19 estimated ending fund balance of \$21.4 million, fund balance would be reduced to \$10.5 million at the close of FY 23/24
- At \$10.5 million, fund balance would be at 33% of FY 23/24 projected expenditures. CCP approved fund balance policy is 50% of expenditures (Approx. 6 months of operations)

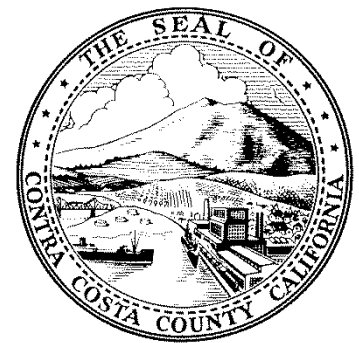
Community Corrections Partnership

Contra Costa County

CCP Projected Fund Balance vs. 50% Fund Balance Goal, FY 2018-24



Debt Position/Ratings



County of Contra Costa (County Only)
Outstanding Lease Revenue and Pension Obligation Bonds and True Interest Cost
(as of June 30, 2018)
(\$ in thousands)

| <u>Bond Issues</u> | <u>Date of Issue</u> | <u>Final Maturity Date</u> | <u>Principal Amount Issued</u> | <u>Outstanding Principal</u> | <u>True Interest Cost (%)</u> |
|--|--------------------------|---------------------------------------|--|----------------------------------|---------------------------------------|
| <u>Lease Revenue Bond and Obligation Issues (LRBs and LROs):</u> | | | | | |
| 2010 Series A-1 (Capital Project I – Tax Exempt) | 11/16/10 | 06/01/20 | 6,790 | 2,120 | 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 | 9,975 | 3.84% |
| 2012 Lease Revenue Obligations | 11/11/12 | 06/01/27 | 13,102 | 8,975 | 2.68% |
| 2015 Series A (Refunding and Capital Projects) | 08/25/15 | 06/01/35 | 19,055 | 16,945 | 3.18% |
| 2015 Series B (Refunding and Capital Projects) | 08/25/15 | 06/01/28 | 52,060 | 43,300 | 2.40% |
| 2017 Series A (Refunding and Capital Projects) | 03/03/17 | 06/01/27 | 99,810 | 81,890 | 2.33% |
| 2017 Series B (Capital Projects) | 05/26/17 | 06/01/32 | 100,285 | 94,675 | 2.39% |
| | | <i>Total LRBs and LROs</i> | <u>\$342,367</u> | <u>\$291,704</u> | |
| <u>Pension Obligation Bond Issues (POBs):</u> | | | | | |
| Series 2003 A (Taxable) | 05/01/03 | 06/01/22 | 322,710 | 155,880 | 5.36% |
| | | <i>Total POBs</i> | <u>\$322,710</u> | <u>\$155,880</u> | |
| | | <i>Grand Total</i> | <u>\$665,077</u> | <u>\$447,584</u> | |

1. The 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

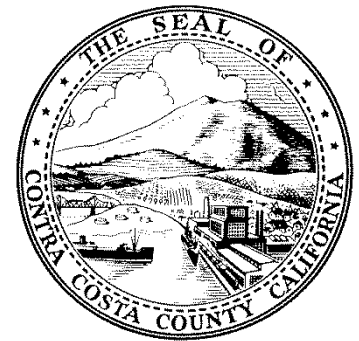
All Ratings are “Stable” Unless Otherwise Noted in Footnotes 4 and 5

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+ |
| 9 | 2017 | Aa2 | AAA | A1 | AA+ | Aa3 ⁹ | AA+ |
| 10 | 2018 | Aa2 | AAA | A1 | AAA | Aa3 | 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.
9. October 6, 2016, Moody's upgraded the County's LRB rating to Aa3.
10. February 23, 2018, Standard & Poor's Global upgraded the County's Pension Obligation Bonds from AA+ to AAA.

Capital/Facility Maintenance Needs



Capital Improvement Plan

- The FY 2019/20 Recommend Budget includes:
 - Strategic planning and financing elements for facilities renewal and new construction projects; and
 - Comprehensive management program for general government real estate relative to acquisition, use, disposition and maintenance
 - These elements include funding decisions for maintaining the County’s facility assets, allowing the Board of Supervisors to make funding decisions using credible information.
- In FY 2018-19 the County began construction of two significant capital projects:
 - Administration Building: a new 72,000 sq. ft. administration building to replace the existing 651 Pine Street facility; and
 - Emergency Operations Center: a new 38,0000 sq. ft. EOC and administration building for the Sheriff’s Office.



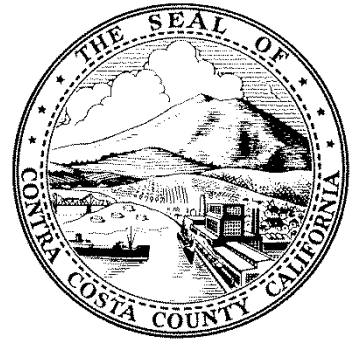
Capital Improvement Plan

- Additional Capital Projects:
 - Expansion of the West County Health Center. The County plans to complete construction of a new 21,000 sq. ft. expansion to the West County Health Center in January 2020. The project includes spaces for Adult and Children's Behavioral Health.
 - West County Re-Entry, Treatment and Replacement Housing Project (WRTH). The County will continue the design and planning of WRTH to create more appropriate housing and treatment facilities for inmates with behavioral health needs and a partial replacement general population beds at the Martinez Detention Facility. The project also includes construction of an onsite Reentry Services Complex and Medical and Psychiatric Services Clinic.

Capital Maintenance Costs

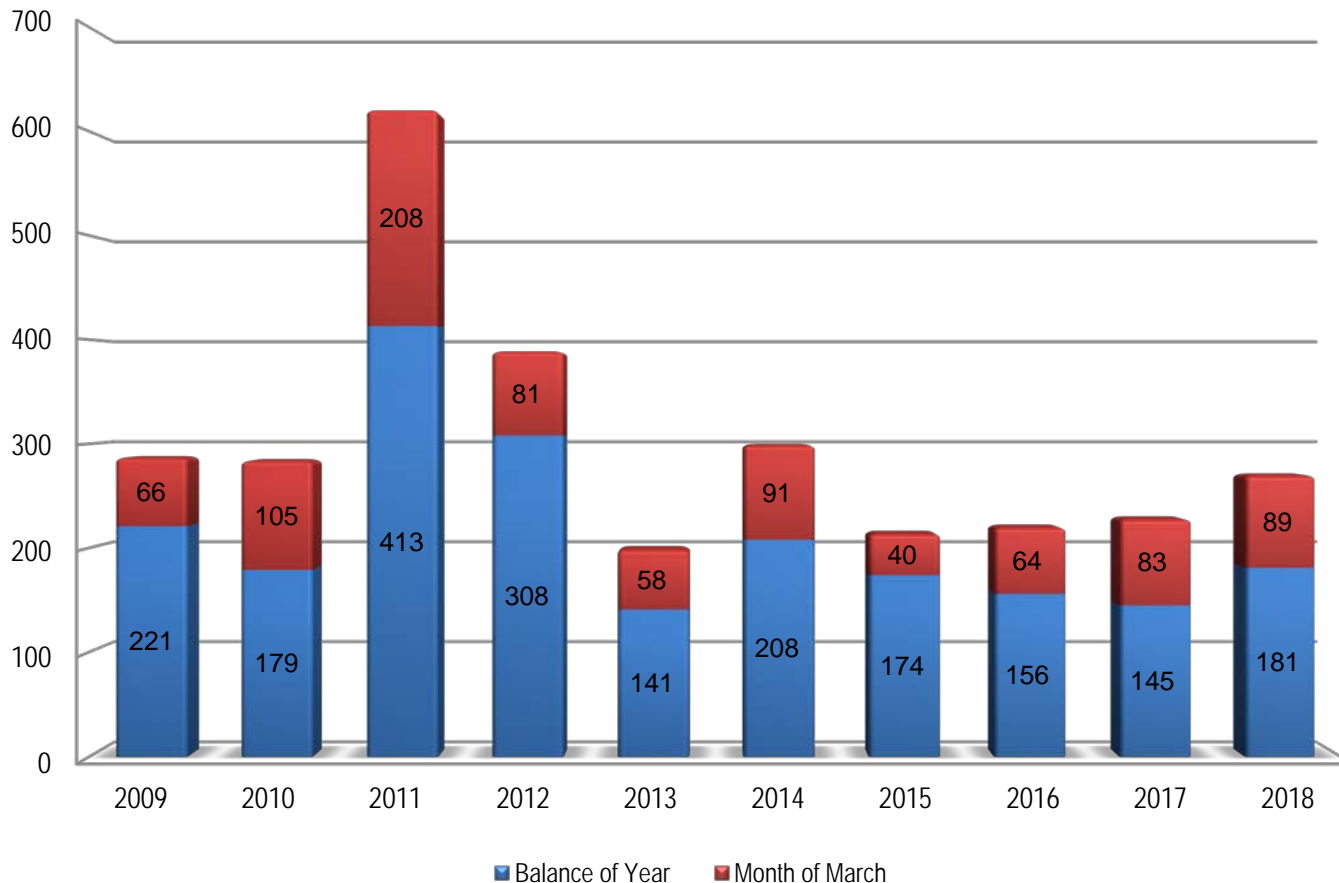
- On March 31, 2015 the Board of Supervisors received an updated comprehensive building condition assessment which identified a total of \$272.2 million in deferred facilities maintenance needs and capital renewal requirements
- The 2007 report had identified \$270.2 Million
- \$5 Million was budgeted in FY 2012/13,
- \$10 Million in each year of FY 2013/14 through FY 2018/19;
- Recommended Budget for FY 2019/20 includes:
 - \$10 million for major capital improvements (one-time monies)
 - \$5 million for plant acquisition, construction and repair
 - \$1.5 million for minor improvements and deferred maintenance when no other funds are available
 - \$2,550,000 to continue to fund facility lifecycle on a by-building cost-per-square foot basis

Labor



Retirements

The County continues to carry a number of vacant positions due, in part, to unprecedented numbers of retirements during calendar year 2011 and 2012. The chart below provides the last ten years of retirement history by year and for the month of March. Historically March retirements are the highest because retirees must be retired by April 1 in order to receive a cost-of-living adjustment from the Contra Costa County Employees' Retirement Association. With the exception of 2011, March of 2019 with over 126 retirees is the highest in the last 10 years.



Net Decrease of 1.5 FTEs Recommended

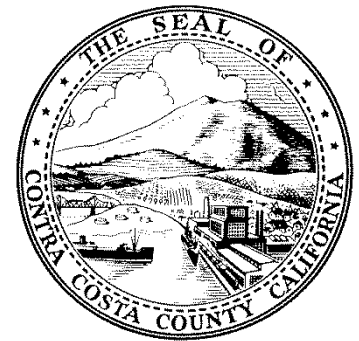
- Agriculture-Weights/Measures had a decrease of 1 FTE,
- Board of Supervisors/Merit Board had a decrease of 0.5 FTE,
- Child Support an increase of 9 FTE,
- County Administrator an increase of 1 FTE,
- District Attorney has an increase of 1 FTE,
- Employment and Human Services has a net increase of 1 FTE (after elimination of 67 vacant/unfunded positions),
- Human Resources a decrease of 2 FTE,
- Probation a decrease of 22 FTE,
- Public Defender an increase of 1 FTE,
- Public Works an increase of 3 FTE,
- Contra Costa County Fire Protection District an increase of 7 FTE, and CCC Fire Protection District EMS Transport increase of 1 FTE.

| Recommended Budget FTEs Net Add/Delete History | | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | <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> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
| County | -111 | -138 | -12 | 2 | 4 | 28 | 36 | 58 | -2 | -9.5 |
| CCC Fire | <u>-8</u> | <u>0</u> | <u>0</u> | <u>-18</u> | <u>0</u> | <u>7</u> | <u>14</u> | <u>5</u> | <u>14</u> | <u>8</u> |
| All County | -119 | -138 | -12 | -16 | 4 | 35 | 50 | 63 | 12 | -1.5 |

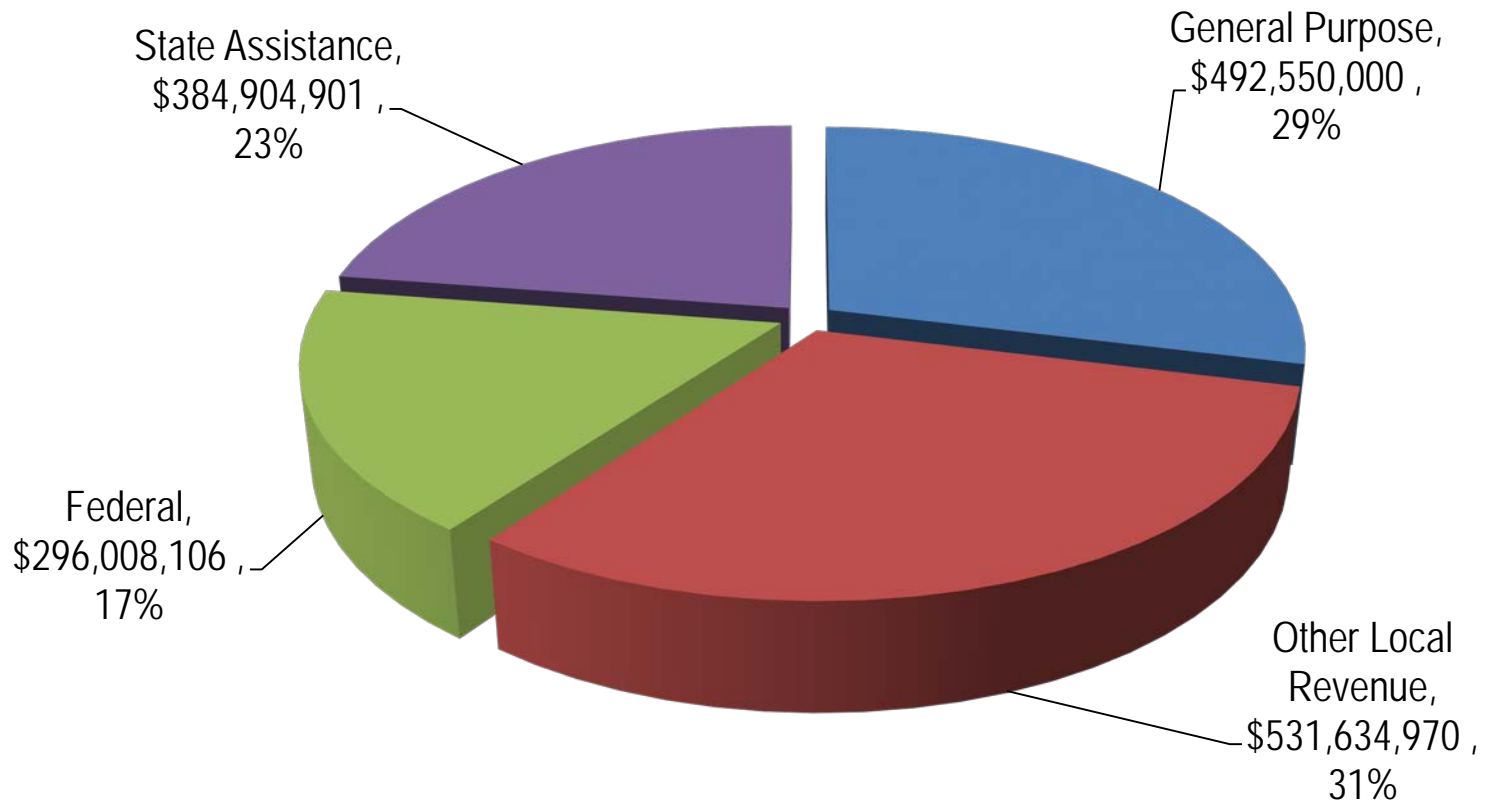
Labor Contracts

| | Total Number | | Contract |
|---|-------------------------------|------------|------------------------|
| | of Permanent Employees | | Expiration Date |
| <u>Open or Opening in Fiscal Year 2019/20</u> | | | |
| Deputy Sheriff's Association, Mgmt Unit and Rank and File Unit | 832 | | 6/30/2019 |
| Deputy Sheriff's Association, Probation Peace Officers Association | 230 | | 6/30/2019 |
| District Attorney Investigator's Association | 18 | | 6/30/2019 |
| Physicians and Dentists of Contra Costa | 276 | | 12/31/2017 |
| IHSS SEIU - 2015 | | | 6/30/2018 |
| Open or Opening in Fiscal Year 2019/20 | 1,356 | 14% | |
| <u>Settled</u> | | | |
| AFSCME Local 2700, United Clerical, Technical and Specialized Employees | 1,574 | | 6/30/2022 |
| AFSCME Local 512, Professional and Technical Employees | 223 | | 6/30/2022 |
| California Nurses Association | 1,078 | | 9/30/2021 |
| CCC Defenders Association | 76 | | 6/30/2022 |
| CCC Deputy District Attorneys' Association | 85 | | 6/30/2022 |
| IAFF Local 1230 | 323 | | 6/30/2020 |
| Professional & Technical Engineers – Local 21, AFL-CIO | 1,107 | | 6/30/2022 |
| Public Employees Union, Local One & FACS Site Supervisor Unit | 546 | | 6/30/2022 |
| SEIU Local 1021, Rank and File and Service Line Supervisors Units | 838 | | 6/30/2022 |
| Teamsters, Local 856 | 1,781 | | 6/30/2022 |
| United Chief Officers' Association | 12 | | 6/30/2020 |
| Western Council of Engineers | 23 | | 6/30/2022 |
| Management Classified & Exempt & Management Project | 456 | | n/a |
| Total | 8,122 | 86% | |

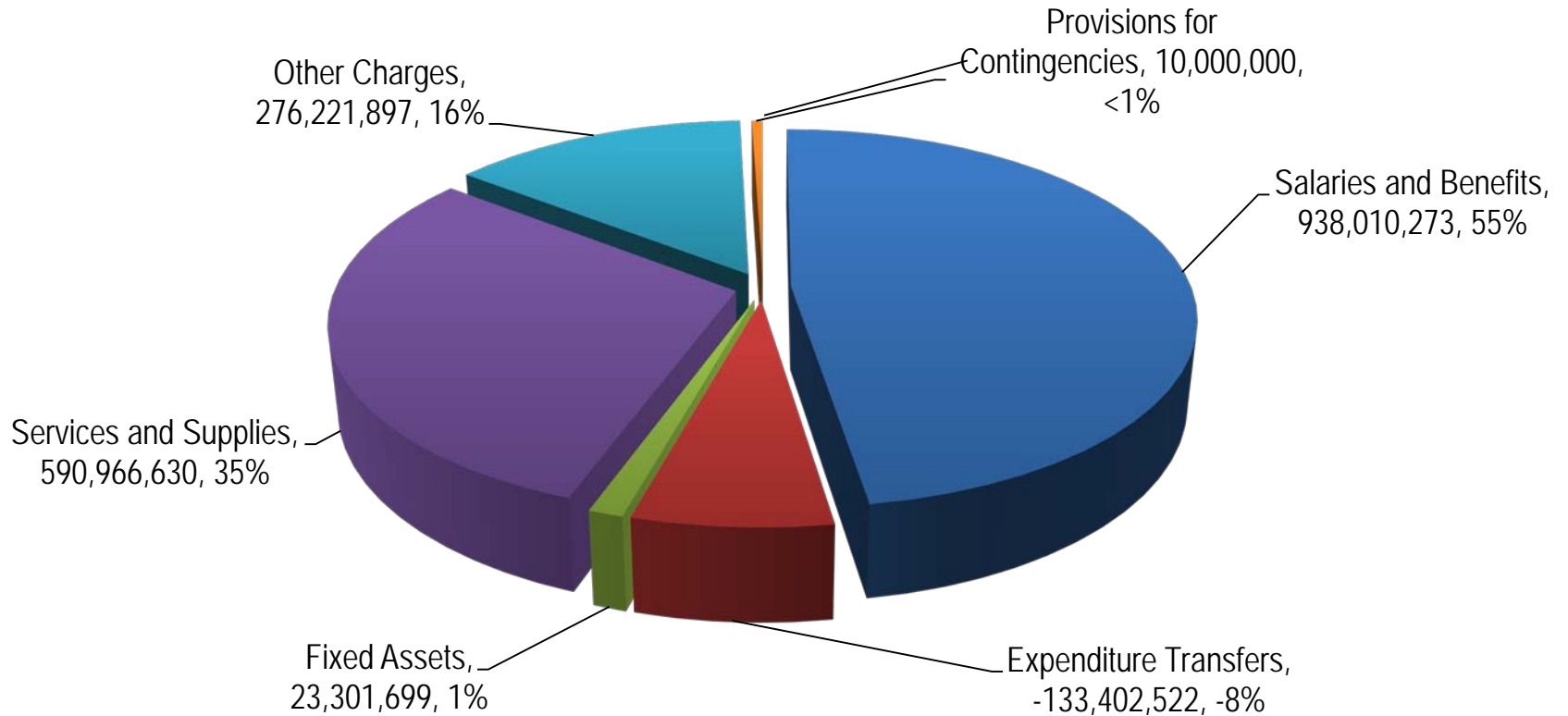
Budget and Financial Performance



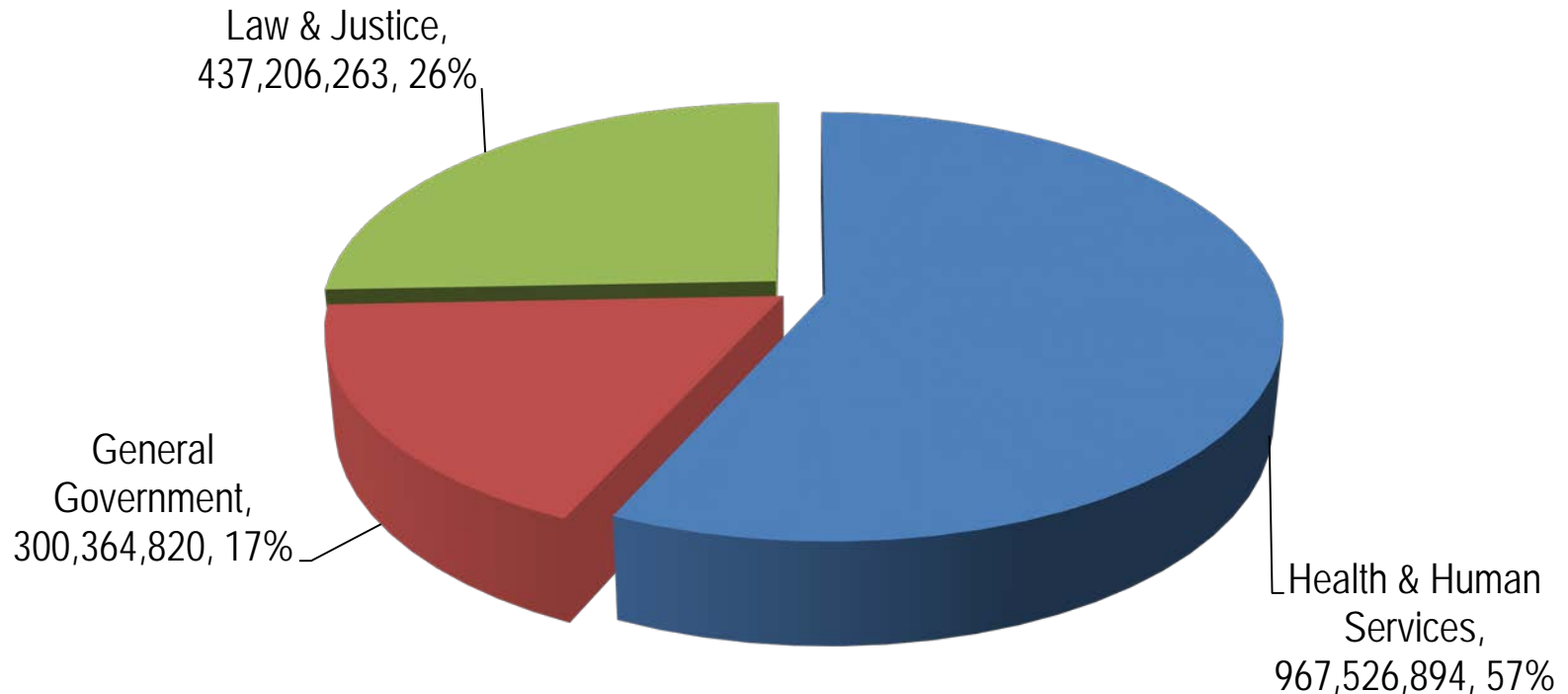
Total General Fund Revenue \$1.705 Billion



Total General Fund Expenditures \$1.705 Billion



Distribution of General Fund Expenditures



Health & Human Services programs continue to grow both as a percentage and dollar amount. FY 2018-19 figures were: 55% for Health & Human Services (\$885.6 million), 27% for Law & Justice (\$431.1 million); and 18% for General Government (\$294.5 million).

Ranking of Department Share of General Purpose Revenue

Ranking of Department Share of General Purpose Revenue

| | 2019-20 Baseline | Share of Total | 2019-20 Recommended | Share of Total | |
|--------------------------------------|---------------------|-------------------|------------------------|-------------------|-------|
| Health Services | 134,636,000 | 27.1% | 134,636,000 | 27.3% | 83.5% |
| Sheriff-Coroner | 97,725,000 | 19.6% | 97,725,000 | 19.8% | |
| Probation | 47,036,014 | 9.5% | 44,000,000 | 8.9% | |
| Public Works | 27,000,000 | 5.4% | 27,000,000 | 5.5% | |
| Employment and Human Services | 26,913,000 | 5.4% | 26,913,000 | 5.5% | |
| Public Defender | 26,542,000 | 5.3% | 26,542,000 | 5.4% | |
| District Attorney | 22,473,683 | 4.5% | 21,746,000 | 4.4% | |
| Capital Improvements | 16,500,000 | 3.3% | 16,500,000 | 3.3% | |
| Assessor | 16,990,736 | 3.4% | 16,250,000 | 3.3% | |
| Superior Court Related Functions | 11,320,000 | 2.3% | 11,320,000 | 2.3% | |
| Contingency Reserve | 10,000,000 | 2.0% | 10,000,000 | 2.0% | |
| County Administrator | 7,420,000 | 1.5% | 7,420,000 | 1.5% | |
| Board Of Supervisors | 7,104,254 | 1.4% | 7,060,000 | 1.4% | |
| Central Support Services: | 6,990,000 | 1.4% | 6,990,000 | 1.4% | |
| Clerk-Recorder Elections | 6,868,000 | 1.4% | 6,868,000 | 1.4% | |
| Conflict Defense Services | 6,000,000 | 1.2% | 6,000,000 | 1.2% | |
| Employee/Retiree Benefits | 5,500,000 | 1.1% | 5,500,000 | 1.1% | |
| Animal Services | 4,500,000 | 0.9% | 4,500,000 | 0.9% | |
| Auditor-Controller | 3,791,849 | 0.8% | 3,500,000 | 0.7% | |
| Human Resources | 3,568,578 | 0.7% | 3,200,000 | 0.6% | |
| Agriculture-Weights/Measures | 2,427,412 | 0.5% | 2,500,000 | 0.5% | |
| Treasurer-Tax Collector | 2,450,000 | 0.5% | 2,450,000 | 0.5% | |
| County Counsel | 2,000,000 | 0.4% | 2,000,000 | 0.4% | |
| Justice System Development/Planning | 1,790,000 | 0.4% | 1,790,000 | 0.4% | |
| Veterans Service | 1,200,000 | 0.2% | 1,200,000 | 0.2% | |
| Conservation & Development | 785,000 | 0.2% | 785,000 | 0.2% | |
| Crockett-Rodeo Revenues | 560,000 | 0.1% | 560,000 | 0.1% | |
| Department Of Information Technology | 95,000 | <.1% | 95,000 | <.1% | |
| Debt Service | (2,500,000) | (0.5%) | (2,500,000) | (0.5%) | |
| | 497,686,526 | 100.0% | 492,550,000 | 100.0% | |

Reasons for Optimism

Positive Economic Outlook

- State revenues up State Budget reasonably stable
- Affordable Care Act intact for now
- AV revenue up 6.34% for FY 2018/19
- Projecting 5.0% growth in AV revenue in 2019/20

Positive County Results

- Budget structurally balanced for ninth year in a row
- OPEB managed
- Have begun pre-funding infrastructure needs
- Standard & Poor's Rating Increase to AAA in 2013 (reaffirmed 2015)
- S&P increased the rating on the County's Pension Obligation Bonds to AAA (from AA+) in February 2018
- Final Pension Obligation Bond Matures 6/1/2022 (\$47,382,000)

Reasons for Concern/Potential Costs

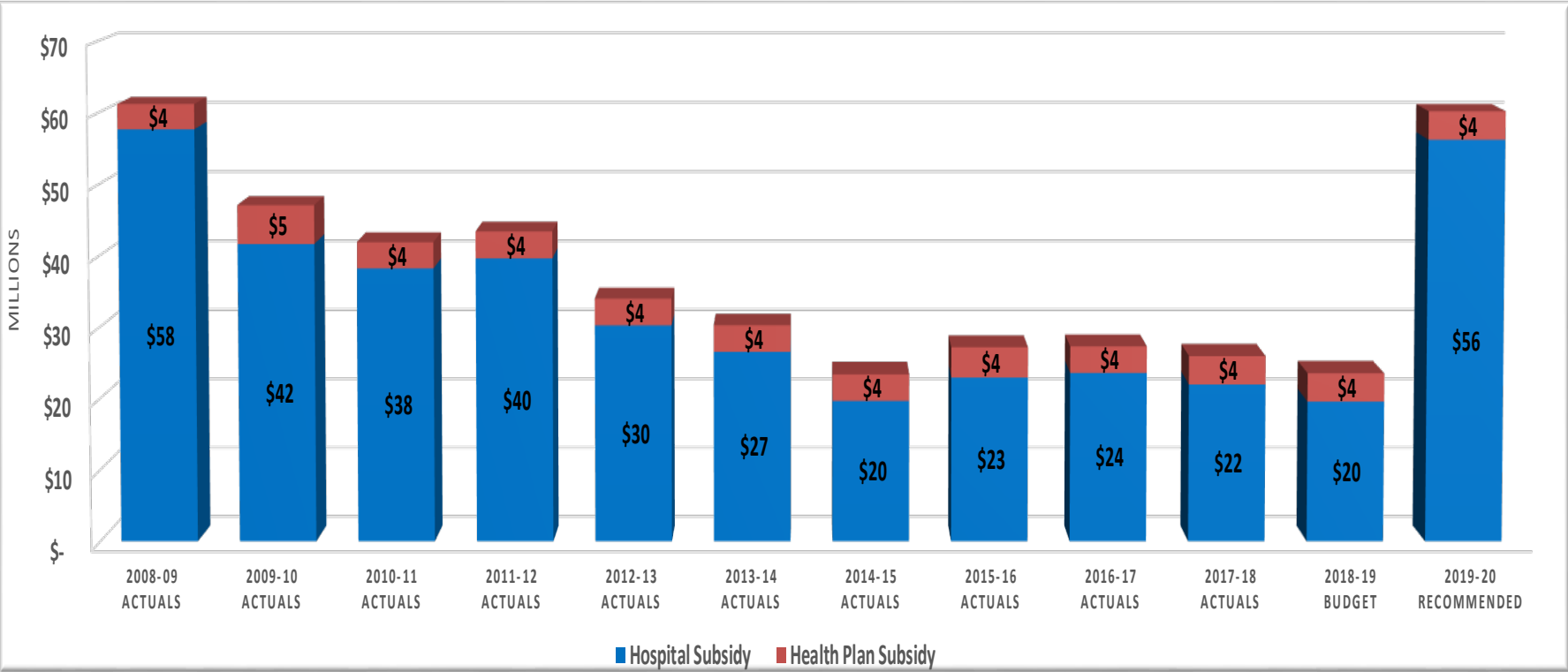
- Cumulative effect of wage increases coupled with significant increases to benefits will exceed projected revenues and will stress future year budgets
- Finance & Tax Systems Replacement - \$18-20 M (each)
- Additional funding requests from Departments and the public in the next few years are likely to be more than can be provided from current and projected revenue sources
- In-Home Supportive Services - Maintenance of Effort scheduled to increase by \$6 M in FY 2021-22

Issues for Further Consideration

HEALTH DEPARTMENT

- Contra Costa Cares provides primary care services to adults not covered by the Affordable Care Act (ACA)
- The Department's Budget includes \$750,000 for Contra Costa Cares that will be matched by area hospitals or Community Organizations

Hospital and Health Plan Subsidy

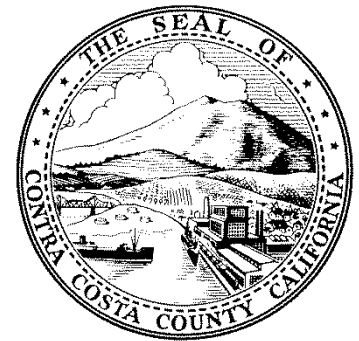


Reasons for Concern/Potential Costs

Health Department:

- The proposed repeal of ACA could impact up to 72,000 people currently enrolled in our Medi-Cal expansion resulting in the loss of up to \$90 million annually
- This is in addition to the additional \$36.7 million in general purpose revenue being diverted from other county departments in the FY2019/20 Recommended Budget (total of \$60.3 million)
- The financial structure of the County Hospital is unsustainable without new revenue or significant contributions from the General Fund for the foreseeable future
- Without alternative funding sources or service delivery models, maintaining services in the County Hospital will force us to identify service level reductions in other County departments to maintain a structurally balanced budget

Contra Costa County Fire Protection



CCC Fire Protection District

- **FY 2019-20 Recommended Budget Summary**

- Balanced assuming 5% increase in property tax revenue
- Continues funding goal of 50% reserve for Alliance program with \$2.0 million reserve contribution
- Increases staffing in the Fire Suppression and EMS Transport operations
 - **Net increase of 7 FTEs to ConFire**, including three (3) Fire Captains to staff a new air ambulance program, one (1) Fire Investigator for arson investigations, one (1) Fire Education Coordinator for public education, and two (2) Building Plan Checkers for plan review
 - **Net Increase of 1 FTEs to EMS Transport Fund**, including one (1) Medical Director to provide medical oversight

CCC Fire Protection District

- 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 6.3%
 - 2017-18 5.5%
 - 2018-19 6.4%
 - 2019-20 5.0% Increase projected

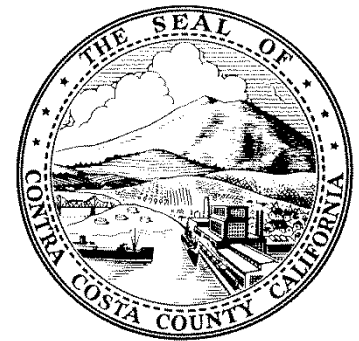
CCC Fire Protection District

- **Reasons for optimism**
 - Settled with Local 1230 and UCOA through June 2020
 - Employer share of pension costs stable
 - Pension Obligation Bonds paid off 2022/23
 - Station 16 (Lafayette) on schedule to open May 2019 and Station 70 (San Pablo) construction contract was awarded in March 2019
- **Reasons for concern**
 - Property tax revenue increases anticipated to slow
 - Cost of labor contracts
 - \$11.4 million in 19/20 (total three year cost of \$23.3 million)
 - Continued financial strains and unknowns on
 - Capital and non-capital equipment replacement (e.g., heavy fire apparatus).
 - Debt service payments increasing approx. \$700k/year through 2022
 - Future staffing of Station 70 (San Pablo) once constructed
 - Future construction projects for Stations 86 (Bay Point) and 9 (Pacheco)
- **Capital Construction Fund**
 - Establishment of a capital construction fund for current (Station 70) and future major construction projects (Stations 9 and 86) which will be initially funded with \$10 million from District general fund reserves.

CCC Fire EMS Transport Fund

- **Reasons for optimism**
 - “Alliance” Ambulance program stable
 - Operating revenues exceeding projections
 - Fund Balance Accruing
 - Goal to remain at 50% of annual cost of ambulance services
- **Reasons for concern**
 - Future of Healthcare funding continues to be uncertain
 - Federal Administration’s efforts to defund & destabilize the Affordable Care Act (ACA)
 - Ground Emergency Medical Transportation (GEMT) allocation not certain, 2nd payment estimated at \$600,000 is expected to be received by June 2019
- **EMS Transportation Reserve**
 - Continue practice of budgeting annual reserve contributions of \$2 Million per year to fund the 50% goal (approximately \$21 Million)
 - This recognizes that the District has ongoing receivable of approximately \$10 million at any given time

Recommendations



Recommended Budget Actions

1. OPEN and CONDUCT a public hearing to receive input on the FY 2019-20 Recommended Budget;
2. ACKNOWLEDGE that significant economic issues will 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;
3. ACKNOWLEDGE that wage and benefit increases when coupled with the lack of increased funding from the State and Federal Governments will challenge the County's ability to deliver essential services to our residents;
4. 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;
5. DIRECT the County Administrator to continue to make this information readily available to the residents of the County;
6. ACKNOWLEDGE that the Recommended Budget does not include any funding changes that may occur in the State of California's 2019-20 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;
7. RE-AFFIRM the Board of Supervisors' policy prohibiting the use of County General Purpose Revenue to back-fill State revenue cuts;

Recommended Budget Actions

8. 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;
9. ACKNOWLEDGE that the Recommended Budget balances annual estimated expenditures with estimated revenues in FY 2019-20, and is both technically and structurally balanced;
10. 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;
11. 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;
12. ACKNOWLEDGE that maintaining core services, maintaining an improved credit rating, minimizing debt, and maintenance of the County's physical assets remain a priority of the Board of Supervisors over the long term;
13. DIRECT the County Administrator to prepare for Board adoption on May 7, 2019, the FY 2019-20 County and Special District Budgets, as modified, to incorporate any changes directed by the Board during these public hearings; and
14. DIRECT the County Administrator to prepare for consideration by the Board of Supervisors on May 7, 2019, position additions and eliminations necessary to carry out Board action on the Recommended Budget.

Budget Hearing Agenda

1. County Administrator Presentation
2. Department Head Presentations
 - Health Services Director, Anna Roth
 - Employment and Human Services Director, Kathy Gallagher
 - Sheriff, David Livingston
 - District Attorney, Diana Becton
 - Public Defender, Robin Lipetzky
 - Probation Officer, Todd Billeci
 - Public Works Director, Brian Balbas
3. Open Public Hearing - Public Comment
4. Board Discussion/Action

**“If we had bacon, we could have
bacon and eggs, if we had eggs**

Author unknown



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

