

CALENDAR FOR THE BOARD OF SUPERVISORS  
**CONTRA COSTA COUNTY**  
AND FOR SPECIAL DISTRICTS, AGENCIES, AND AUTHORITIES GOVERNED BY THE BOARD

**SPECIAL MEETING LOCATION:**

**City of Pinole Council Chambers  
2131 Pear Street  
Pinole, California**

**JOHN GIOIA, CHAIR**, 1ST DISTRICT

**CANDACE ANDERSEN, VICE CHAIR**, 2ND DISTRICT

**DIANE BURGIS**, 3RD DISTRICT

**KAREN MITCHOFF**, 4TH DISTRICT

**FEDERAL D. GLOVER**, 5TH DISTRICT

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

PERSONS WHO WISH TO ADDRESS THE BOARD DURING PUBLIC COMMENT OR WITH RESPECT TO  
AN ITEM THAT IS ON THE AGENDA, 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](http://www.co.contra-costa.ca.us).

**SPECIAL MEETING**

**AGENDA**

**January 29, 2019**

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

**D.1** Public Comment

**D.2** Board Operating Procedures and Communications (*Chair, John Gioia*)

**D.3** CONSIDER accepting report on budget and key issues for FY 2019/20 and beyond. (*David Twa, County Administrator and Lisa Driscoll, County Finance Director*)

**-- BREAK --**

**D.4** CONSIDER accepting report "The Economic Outlook: Focus on the Contra Costa Economy" prepared by Beacon Economics. (*Dr. Christopher Thornberg, Beacon Economics*)

**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 (Gov. Code § 54957.6)**

1. Agency Negotiators: David Twa and Richard Bolanos.

Employee Organizations: Public Employees Union, Local 1; AFSCME Locals 512 and 2700; California Nurses Assn.; SEIU Locals 1021 and 2015; District Attorney Investigators' Assn.; Deputy Sheriffs Assn.; United Prof. Firefighters I.A.F.F., Local 1230; Physicians' & Dentists' Org. of Contra Costa; Western Council of Engineers; United Chief Officers Assn.; Contra Costa County Defenders Assn.; Contra Costa County Deputy District Attorneys' Assn.; Prof. & Tech. Engineers IFPTE, Local 21; and Teamsters Local 856.

2. Agency Negotiators: David Twa.

Unrepresented Employees: All unrepresented employees.

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

*Contra Costa County Deputy Sheriffs Association v. Contra Costa County, David O. Livingston, et al.,*

Contra Costa County Superior Court Case No. N19-0097

### **C. PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Title: County Administrator

### **--RESUME OPEN SESSION--**

**D.6** CONSIDER accepting reports on opportunities to improve outcomes for Children and Families. (*Kathy Gallagher, Devorah Levine, Sean Casey and Dr. Chris Farnitano*)

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

## **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.

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.

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[www.co.contra-costa.ca.us](http://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  
**CCCPCPD (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 (CCCPCPD)** 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  
**ECCPCPD** 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 29, 2019

Subject: Board of Supervisors Annual Retreat Budget and Key Issues for FY 2019/20 and Beyond

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**RECOMMENDATION(S):**

ACCEPT report on Budget and Key Issues for FY 2019/20 and beyond.

**FISCAL IMPACT:**

No fiscal impact. This is an informational report only.

**BACKGROUND:**

Attached is the report on Budget and Key Issues.

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☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

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Action of Board On: **01/29/2019** ☐ 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 29, 2019

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

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

By: , Deputy

cc: All Departments (via County Administration)

ATTACHMENTS

Budget and Key Issues



# Contra Costa County Update Budget & Key Issues

**Presentation to  
Board of Supervisors  
January 29, 2019**

# Contra Costa County Familiar Budget Drivers and Challenges for 2019 and Beyond

- Economic Forecast
- State & Federal Budgets
- Labor Negotiations
- Strategic Use of Reserves
- Fund Infrastructure Needs (Repair & Maintenance)
- Fund System Infrastructure
- Adequately Fund Public Safety & Health Departments

# Bay Area Unemployment Rate November, 2018 (Unadjusted)

• San Mateo	2.0%
• Marin	2.2%
• San Francisco	2.2%
• Santa Clara	2.4%
• Sonoma	2.5%
• Napa	2.7%
• Alameda	2.8%
• <b>Contra Costa</b>	<b>2.9%</b>
• Solano	3.6%
• 9 County Average	2.6% (2.8% Last Year)



# 2018/2019 Achievements

- We have new contracts with most of our bargaining unions resulting in substantially improved health insurance benefits and increased wages.
- Virtually all county employees are currently under contract with the exception of PDOCC. (Approximately 9,164 of our 9,500 permanent FTEs have contracts in place).
- Budget structurally balanced for 8<sup>th</sup> year in a row, built on assumption of 5% increase in assessed valuations, actual AV was 6.34%
- The successor agency oversight boards consolidated into one countywide oversight board effective July 1, 2018. The countywide oversight board staffed by the Auditor-Controller via Conservation and Development Department was established.

# 2018/2019 Achievements

- Assessed Value, on which general purpose revenue is based, was up 5.78% for FY 2017/18 and 6.34% in 2018/19, projected to grow 5% in FY 2019/20
- General Fund for 2018/19 - \$1.77 B - (total adjusted budget, excluding fire and special districts, for 2018/19 - \$3.77 B)
- Over 800 new employee positions added in past 5 years
- OPEB managed (unfunded liability reduced from \$2.6 B in 2008 to current \$662.5 m)
- Pension costs projected to be fairly stable for next 5 years (assuming no recession ☹️), although CCCERA did not make the assumed investment rate for 2018

# 2018/2019 Achievements

- Maintained our AAA bond rating from Standard & Poor's, and on lease bonds from Moody's (currently AA3) with both agencies commenting on fact that Contra Costa County was "fundamentally sound, and had a stable outlook for the future."
- S&P also rated the county's existing lease revenue bonds and pension obligation bonds at its "AA+" and "AAA" respectively.
- Moody's currently rates the county's issuer rating at a high investment grade of "AA2" and rates the county's existing lease revenue and pension obligation bonds at "AA3" and "A1", respectively.

# New Buildings and Infrastructure Projects

- The county is constructing two significant capital projects, a new 72,000 square foot administration building to replace the existing 651 Pine Street facility and a new 38,000 square foot EOC and administration building for the Sheriff.
- In 2020 the new administration building and the new EOC will come on line and will reduce the current \$272 million deferred maintenance backlog by over \$30 million
- To significantly reduce the remaining \$242 million cannot be addressed at the current funding of \$10 million per year

# New Buildings and Infrastructure Projects

- The county is continuing to design and plan for the West County Re-entry, Treatment and Replacement Housing project (WRTH). This project will partially replace space in the older Martinez Detention Facility and will designate 96 beds to treat detainees with mental health issues in a more appropriate setting
- The West County Jail project is expected to be completed in 2022

# New Buildings and Infrastructure Projects

- A new 5-year Capital Improvement/Management Plan will 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 2018 we completed the upgrade to our PeopleSoft system at a cost of over \$13.6 million
- In 2019/20 we will evaluate replacement of the finance and tax systems with the likely cost to exceed \$18 million each

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



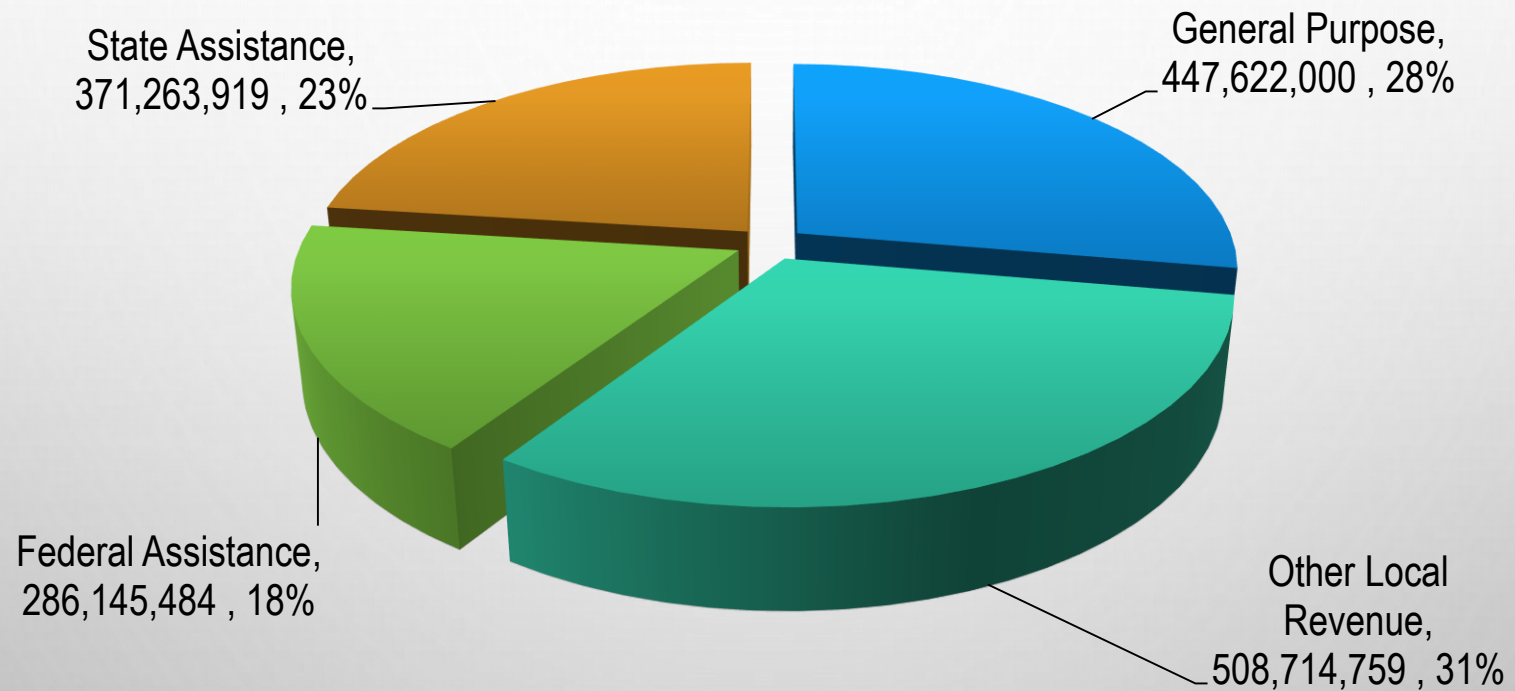
# Contra Costa Fire District Property Tax

- 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 6.44%
  - 2019-20 5.00% Increase projected

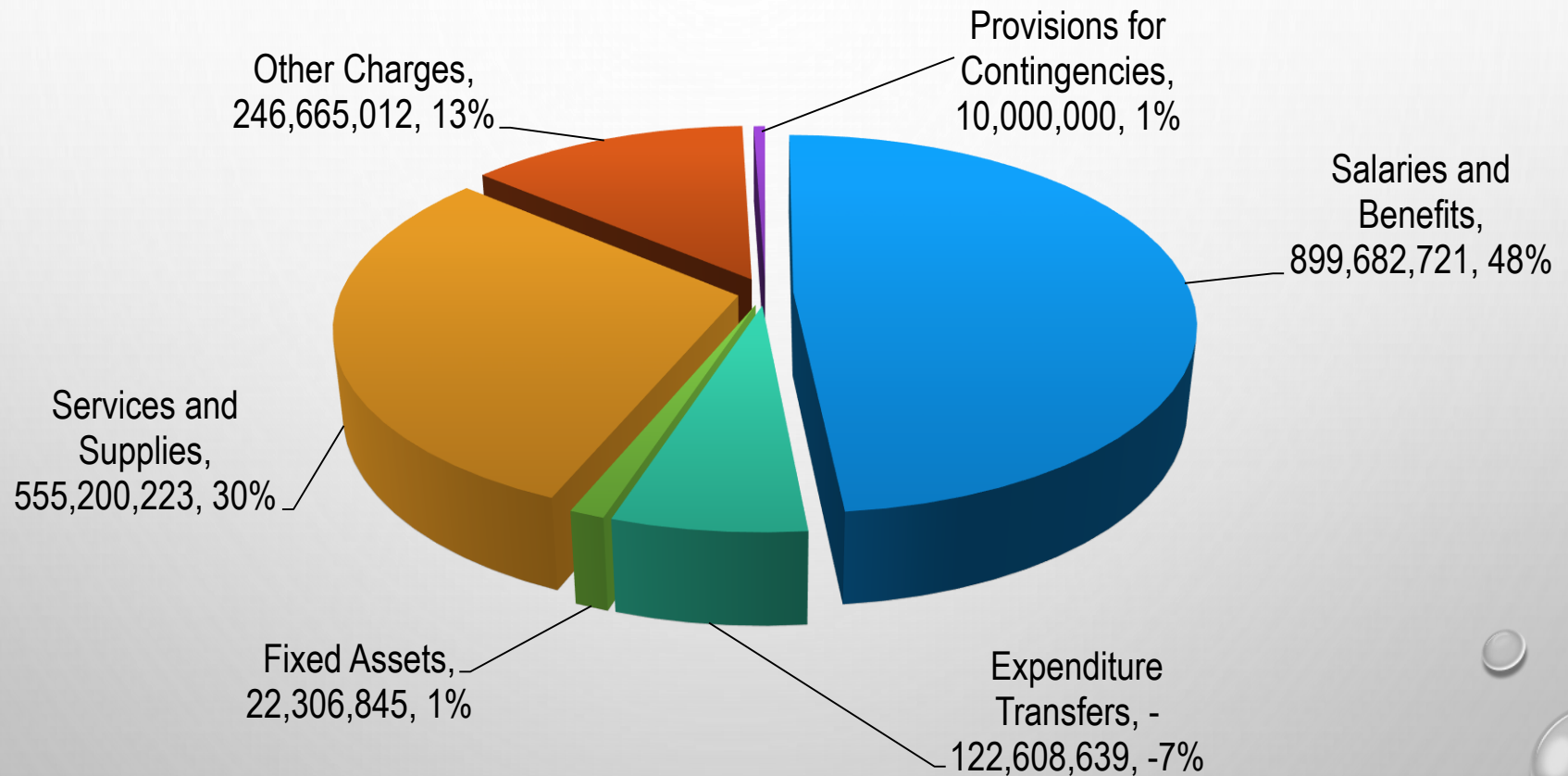
# Fiscal Year 2018-19

## General Fund Budgeted Revenue

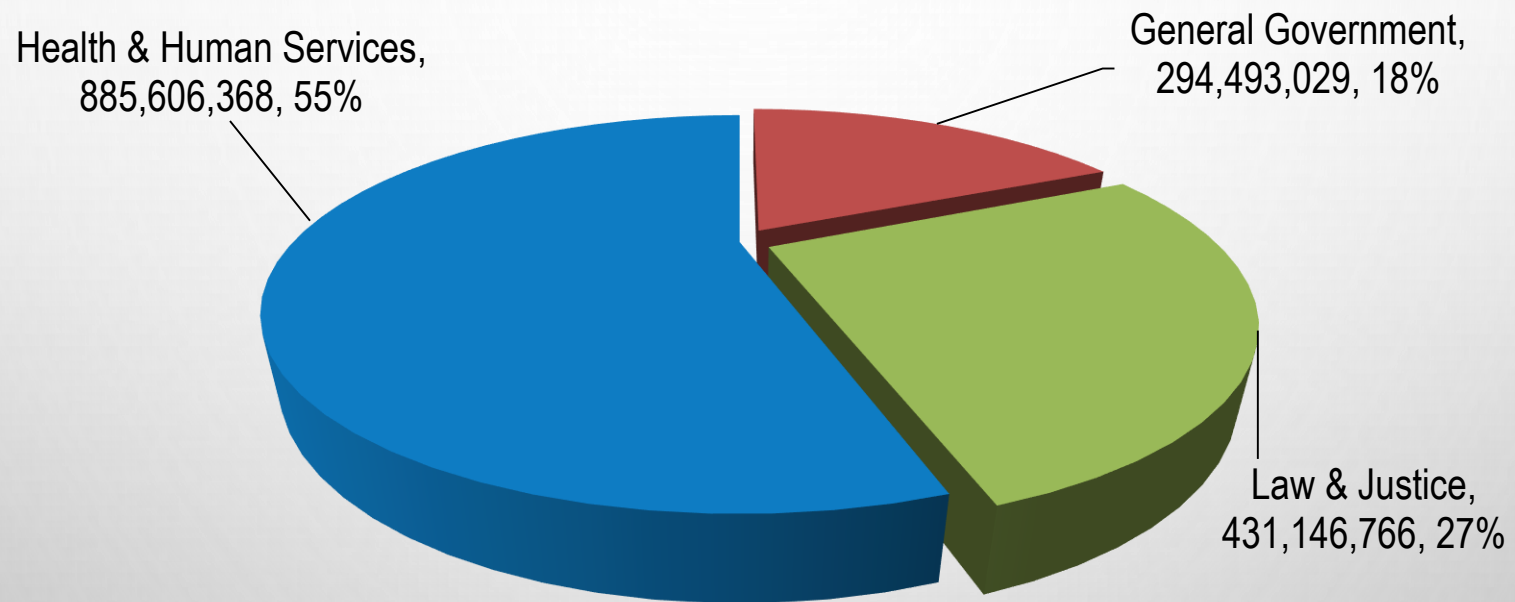
### \$1.613 Billion



# FY 2018-19 General Fund Appropriations \$1.611 Billion



# FY 2018-19 Distribution General Fund Appropriations



# FY 2018/19 Mid-year Preliminary Stats

## Budget Performing As Expected

			Mid-Year 18-19	Mid-Year 17-18	Mid-Year 16-17	Mid-Year 15-16
<b>ALL FUNDS</b>	<b>Budget</b>	<b>Actual</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>
Expenditures	3,769,956,855	1,547,327,992	41.0%	41.6%	43.5%	40.8%
Revenues	3,580,228,965	1,585,960,657	44.3%	43.6%	42.9%	44.1%
<b>GENERAL FUND</b>	<b>Budget</b>	<b>Actual</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>	<b>Percent</b>
Expenditures	1,767,958,344	729,216,503	41.2%	37.5%	42.5%	41.6%
Revenues	1,645,291,605	665,788,588	40.5%	40.4%	38.6%	38.2%
Wages & Benefits	899,380,597	413,076,133	45.9%	46.0%	45.8%	46.0%
Services & Supplies	602,817,080	232,466,968	38.6%	38.3%	40.3%	38.5%
Other Charges	247,425,012	108,682,811	43.9%	40.4%	46.7%	46.4%
Fixed Assets	130,944,625	30,213,732	23.1%	14.4%	14.1%	8.5%
Inter-departmental Charges	-120,608,971	-55,223,141	45.8%	46.5%	41.2%	48.1%
Contingencies	8,000,000	0				
<b>Total Expenses</b>	<b>\$1,767,958,344</b>	<b>\$ 729,216,503</b>	<b>41.2%</b>	<b>40.4%</b>	<b>42.5%</b>	<b>41.6%</b>
Fund Balance	30,148,442					
Taxes	409,780,000	261,403,861	63.8%	59.7%	63.4%	63.7%
Licenses, Permits, Franchises	10,518,588	3,334,320	31.7%	31.2%	21.2%	28.0%
Fines, Forfeitures, Penalties	13,839,710	1,528,831	11.0%	7.6%	8.5%	7.8%
Use of Money & Property	7,078,550	5,871,586	82.9%	48.8%	621.1%	10.3%
Federal/State Assistance	584,811,474	218,400,539	37.3%	33.0%	31.9%	28.3%
Charges for Current Services	257,574,361	97,528,580	37.9%	38.8%	41.8%	40.9%
Other Revenue	331,540,479	77,720,871	23.4%	22.4%	20.4%	28.4%
<b>Total Revenues</b>	<b>\$ 1,645,291,605</b>	<b>\$ 665,788,588</b>	<b>40.5%</b>	<b>38.0%</b>	<b>38.6%</b>	<b>38.2%</b>

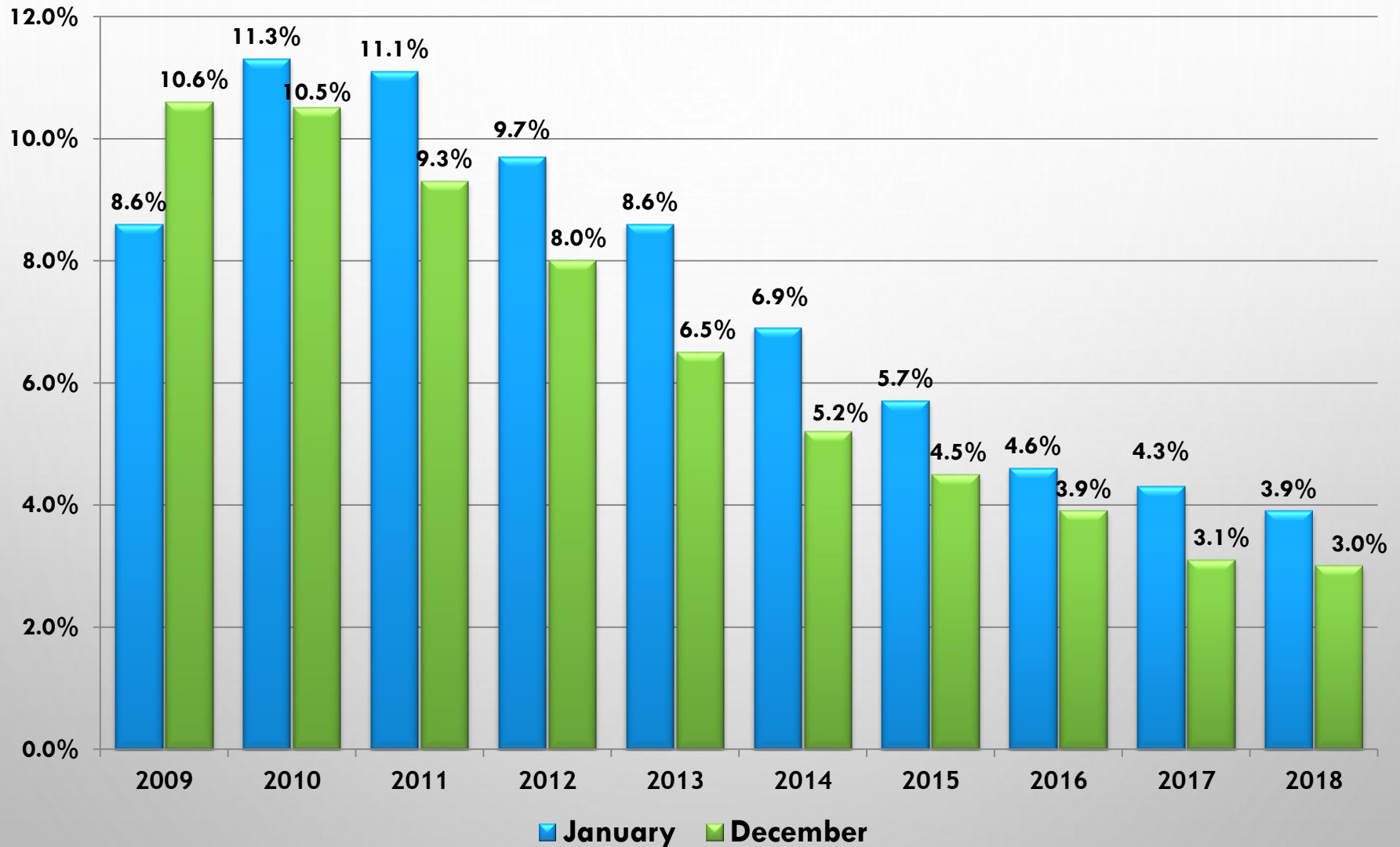
# Contract Status

	<b>Total Number of Permanent Employees <sup>1</sup></b>	<b>Contract Expiration Date</b>
<b><u>Bargaining Units</u></b>		
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
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
IAFF Local 1230	323	6/30/2020
IHSS SEIU - 2015		6/30/2018
Physicians and Dentists of Contra Costa	276	12/31/2017 <sup>2</sup>
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
	<b>Total</b>	<b>9,478</b>

<sup>1</sup> Permanent number of filled Positions as of December 2018 (not FTE)

<sup>2</sup> Currently in Negotiations

# Contra Costa County Unemployment Rate 2008 - 2018

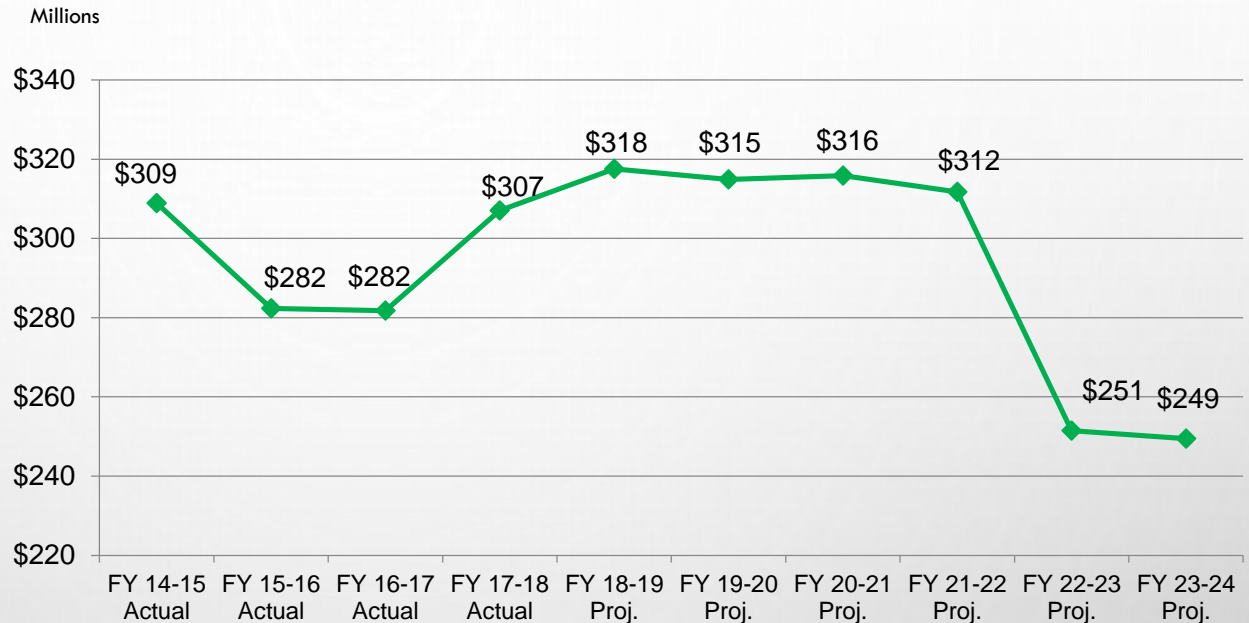




# Pension Cost Management

- 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 7.00%
  - Active payroll growth of 3.25% per annum
- Updates:
  - FY 2018-19  
Recommended Budget - \$342 M
  - Chart includes the final year, 2022, of debt service for County and Fire District Pension Obligation Bonds. [Fire final transfer from operations is in 2022 and payment is June 2023]

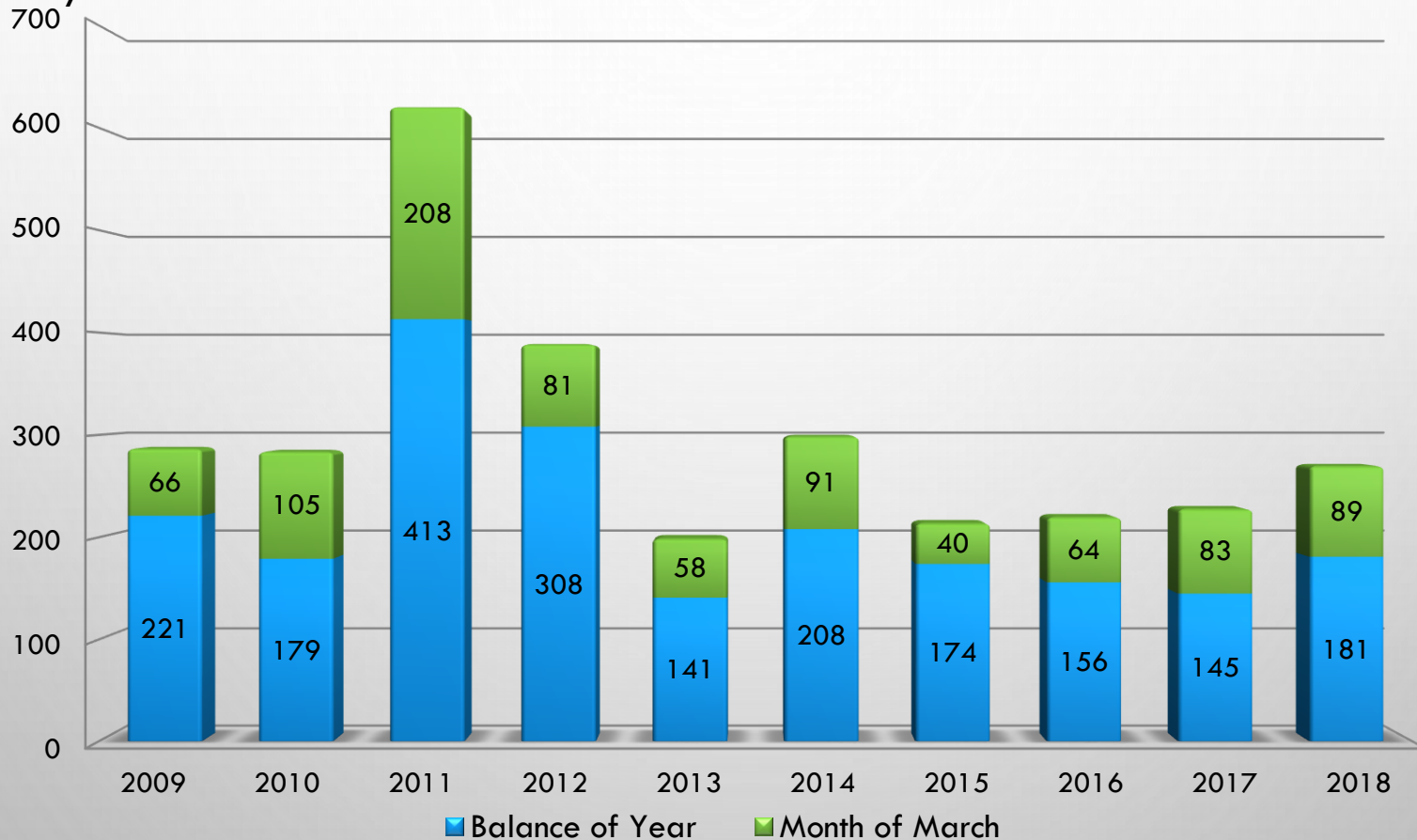
Actual and Projected\* Retirement Expense



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 September 4, 2018) assuming that CCCERA achieves its assumed rate of return each of these years. Note that CCCERA did not achieve its AR for 2018. This data will be updated in March for the FY 2019/20 budget based upon 12/31/2018 CCCERA market impacts.

# Retirements

High numbers of vacant positions due to unprecedented numbers of retirements during calendar year 2011 and 2012 are being filled or eliminated. Historically March retirements are the highest. 2018 retirements were higher than the last three years.



# PRELIMINARY EMPLOYEE DATA

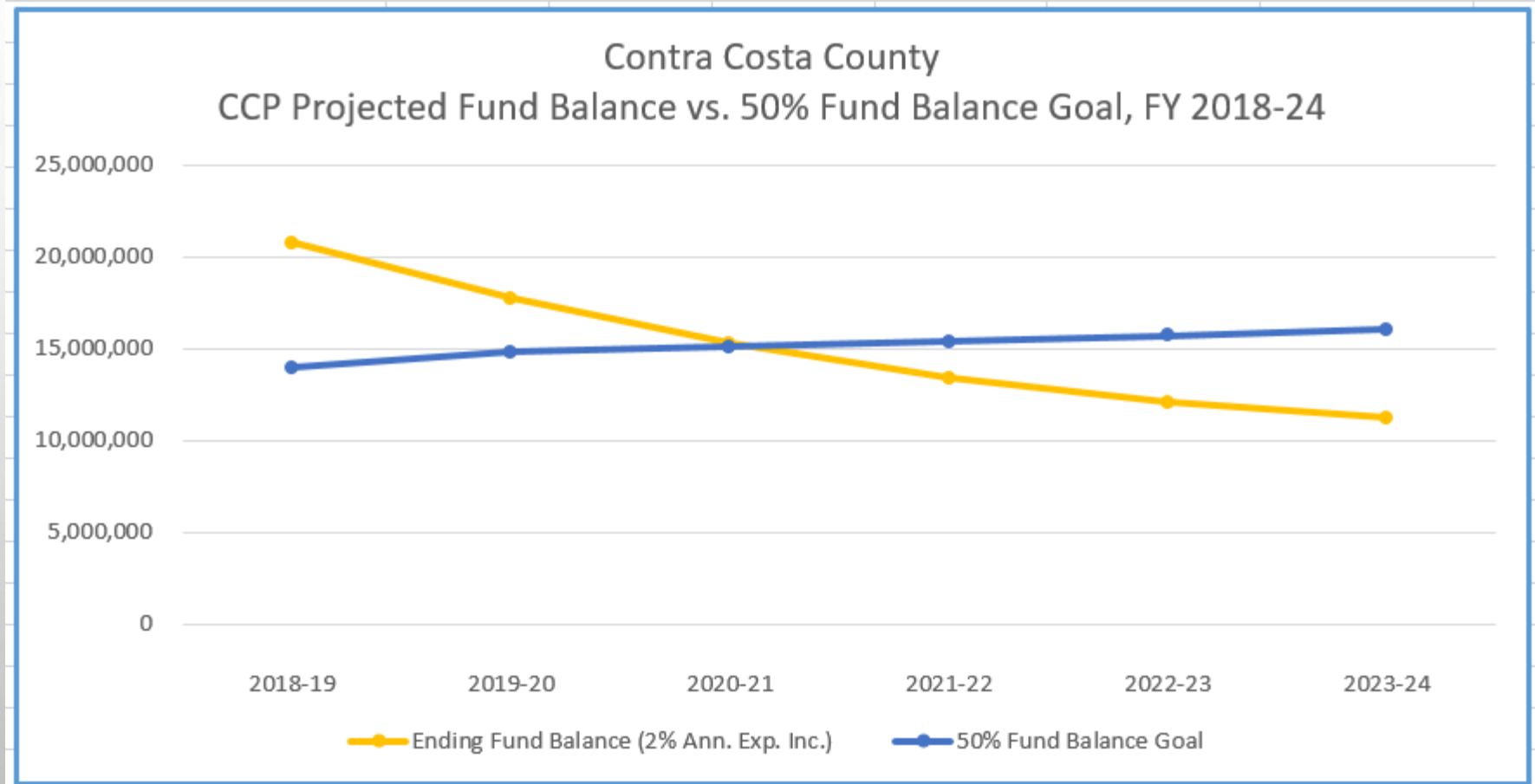
## FY 2019/20

- 9,801 FTE (11 FTE Increase over 2018)
- Total salary and benefit cost of \$1,475,271,591
  - (\$71.5 million increase over 2018)
- Average budgeted wages of \$92,601
- Average retirement cost of \$34,491
- Average health insurance cost \$14,250
- Average total cost of a position \$150,516

# Community Corrections Partnership

- CCP passed a FY 19/20 Budget Recommendation of \$29,599,550 in December 2018, an increase of 6% over the current year.
  - PPC to consider in early February 2019
  - Includes continuation of the Office of Reentry and Justice (Year 4)
  - Uses \$500k in fund balance for Year 3 of the Stand Together CoCo, Immigration Rapid Response Program (3 year pilot)
- CCP budget continues to rely on approximately \$3 million in 19/20 of CCP fund balance (expenses exceed base revenues)
- Assuming just a 2% increase each year to expenditures over the next 5 years, the County would be required to draw \$9.5 million from CCP fund balance to fund AB109 programs over that period
- Assuming a FY 18/19 estimated fund balance of \$20.7 million, fund balance would be reduced to \$11.2 million at the close of FY 23/24
- At \$11.2 million, fund balance would be at 35% of FY 23/24 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 June 30, 2020
- Employer share of pension costs stable (for now)
- “Alliance” ambulance program stable (for now)
- Station 16 (Lafayette) to be completed in FY 2019/20; staffing funded starting March 2019
- Station 70 (San Pablo) construction request for proposals to be released this month

- **Reasons For Concern**

- Property Tax revenue increases anticipated to slow
  - Will continue assumption of 5% in 19/20
  - Decrease likely in 20/21 and beyond
- Cost of labor contracts
  - \$11.3 million in 19/20 (total three year cost of \$23.1 million)
- Continued strain on operating fund
  - Scheduled debt service payments increasing approx. \$700k/yr. through 2022

# Contra Costas Fire – EMS Transport Fund

- **Reasons For Optimism**
  - “Alliance” ambulance program stable; Operating revenues exceeding projections (for now)
  - EMS Transport Fund balance accruing; Goal remains at 50% of annual costs to provide ambulance services
- **Reasons For Concern**
  - Future of healthcare funding continues to be uncertain
    - How does a California single payer system impact ambulance transport revenues?
    - Federal Administration efforts to defund and destabilize Affordable Care Act continue
  - First Ground Emergency Medical Transportation (GEMT) allocation received \$761k (original projection at \$5 - \$6 million); GEMT not a budgeted revenue source
- **EMS Transport Reserve Recommendation**
  - CAO recommends continuing the practice of budgeting annual reserve contributions of \$2 million /yr. to fund the 50% goal (Approx. \$21 million).
  - 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
- State Proposed Budget would address some of County Concerns
- AV Revenue up 6.34% for FY 2018/19 and projected to grow by 5% in 2019/20

- **Positive County Results**

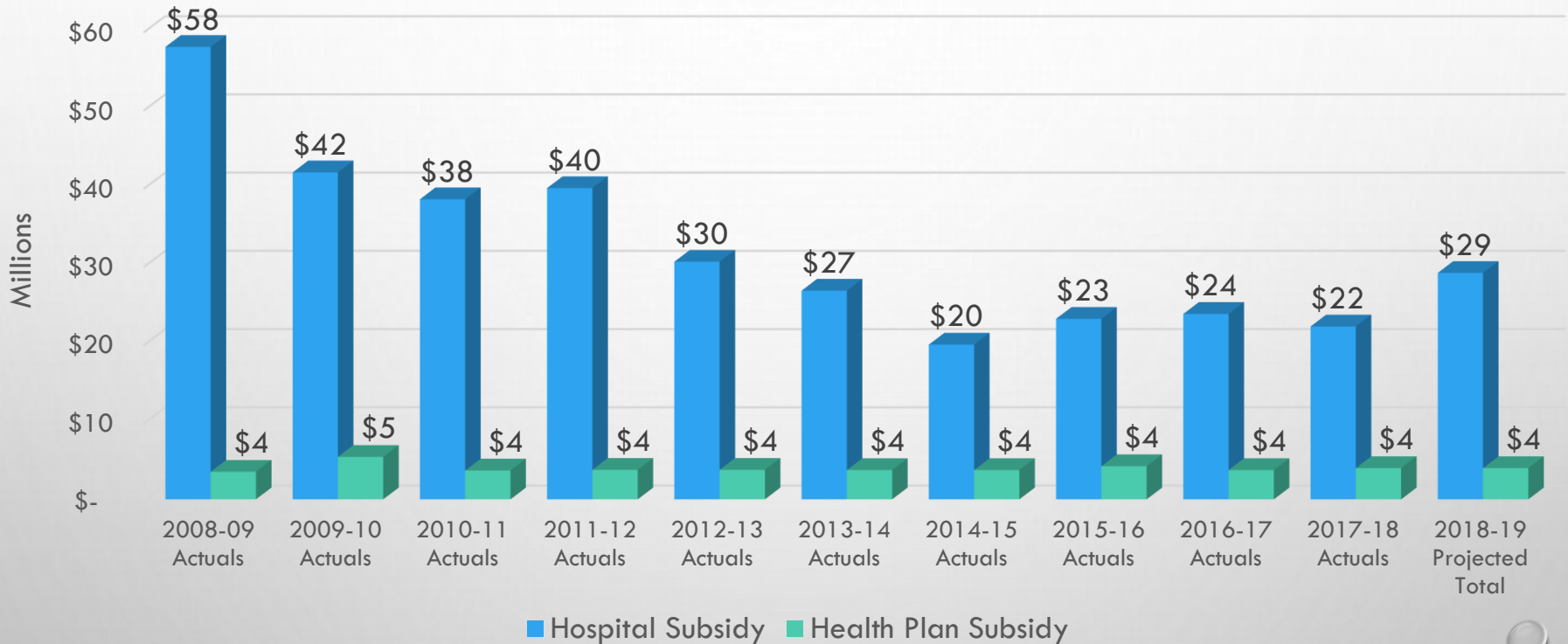
- Budget structurally balanced for eight year in a row
- Employee wages are increased and their Health Insurance Cost increases are addressed for 2020 - 2022
- OPEB managed
- Have begun pre-funding infrastructure needs
- Maintained our AAA bond rating from Standard & Poor's, and received upgrade on lease 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

- Revenues will not keep up with expenditures for 2019/20 nor are they likely to do so for 2020/21 and beyond
- Aging Technology – Finance & Tax Systems
- 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 returns were 14.2%, exact figures for 2018 too early to report, but we believe actual returns were less than 1%
- Economy is driven by technology not labor, social systems are changing, and institutions and leaders struggling to meet the needs of the 21<sup>st</sup> century
- Federal government not likely to respond to counties needs
- **Future of the County Hospital, Clinics, and Health Plan** - it continues to be difficult to support a stand-alone county hospital. We continue to reduce programs in other areas to support Hospital needs. We must consider alternatives
- **Unreasonable** expectations given funding available

# General Fund Subsidy to Hospital and Health Plan



# 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 2019/20 Budget Hearing Format

- Draft agenda for discussion purposes
  - Introduction/summary by County Administrator
  - Departmental presentations:
    - Sheriff-Coroner
    - District Attorney
    - Public Defender
    - Health Services Director
    - Employment and Human Services Director
    - Public Works Director
  - **Suggested changes for this year?**
  - Deliberation
- Budget Hearing on April 16<sup>th</sup> (hearing can be continued if needed)
- Beilenson Hearings may be required
- Budget Adoption on May 7<sup>th</sup>
  - The Fire Board will receive a budget presentation on the District's budget on April 09. Per the norm the Fire Budget Hearing and Adoption will occur along with the Countywide Budget.



**“IF WE HAD BACON, WE COULD  
HAVE BACON AND EGGS, IF WE HAD  
EGGS**

Author unknown



Contra  
Costa  
County

To: Board of Supervisors  
From: David Twa, County Administrator  
Date: January 29, 2019

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: **01/29/2019** ☐ 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 29, 2019

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

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

By: , Deputy

cc: All Departments (via County Administration)

## ATTACHMENTS

The Economic Outlook: Focus on the Contra Costa  
Economy



# The Economic Outlook

*Here we go again...*

*Focus on Contra Costa County*

*January 2019*

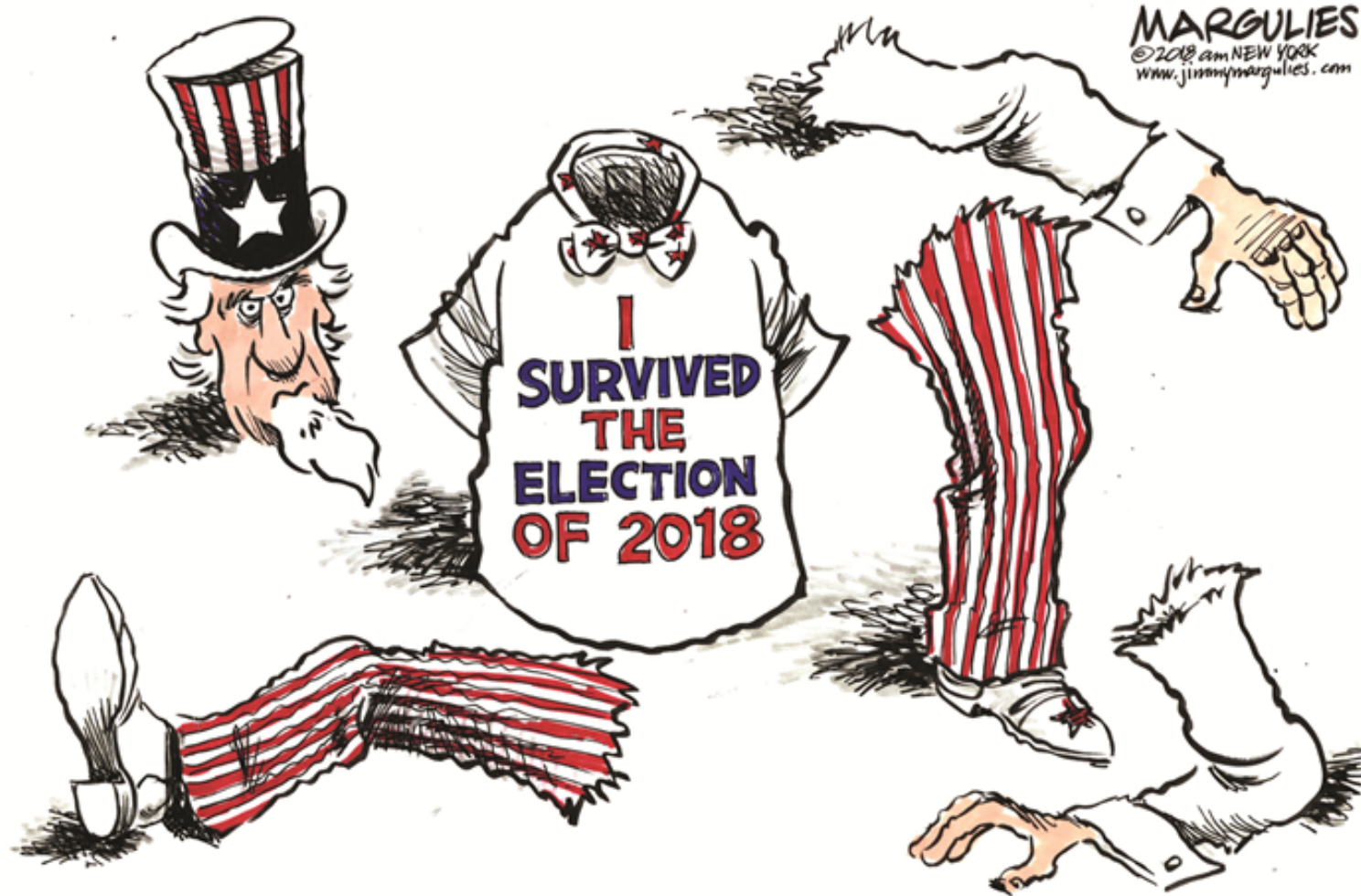
**Christopher Thornberg, PhD**

*Founding Partner, Beacon Economics*

*Director, UCR SoBA Center for Economic Forecasting and  
Development*



# Thank goodness that is behind us...



# And a stock market crash chaser...



**Market plunge reveals growing investor pessimism in US economy**

**Dow falls 350 points, bringing decline for the wild week to more than**

**U.S. Economy Will Slow in 2019, May Enter Recession in 2020, Economists Forecast. Trump Administration Disagrees**

**The US economy is strong. Three signs it won't last**

**For the U.S. Economy, Storm Clouds on the Horizon**

**Treasury Market Flashing A Warning For U.S. Economy**



# A look back



## NBER says U.S. December 2007

Mon Dec 1, 12:20 pm  
WASHINGTON (Reuters) — The U.S. economy slipped into recession, the National Bureau of Economic Research said on Monday.

## Public Opinion Meter



## ing on?

two positions out there: cash,  
an to California', its 'what  
et'  
even if many economists and

nance, and the consumer

so far the numbers are in line (if  
proportionate to the

s when



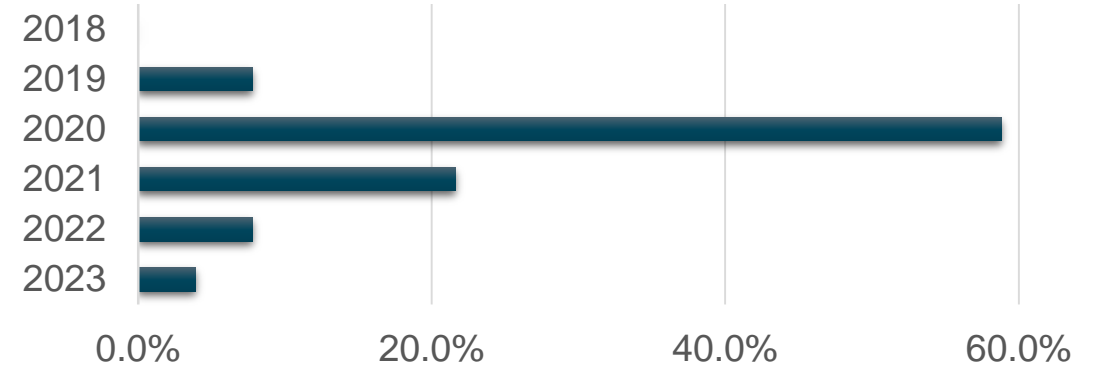
# Will the Real Economy Please Stand Up?



## Why so glum?

- ☐ 2018 Growth: 3.2% with .75% fiscal stimulus after-burner
- ☐ Labor markets, consumer spending, business investment, wages, exports, energy, debt levels still all on steady sustainable paths
- ☐ Interest rates, inflation still constrained
- ☐ 2019: back to a solid pace of 2.5% growth
- ☐ Still a low chance of recession in next 24 months`
- ☐ Southern California: Still out in front

WSJ Next Recession Poll



**It isn't the 'when',  
it's the 'why'**



# Will the Real Economy Please Stand Up?

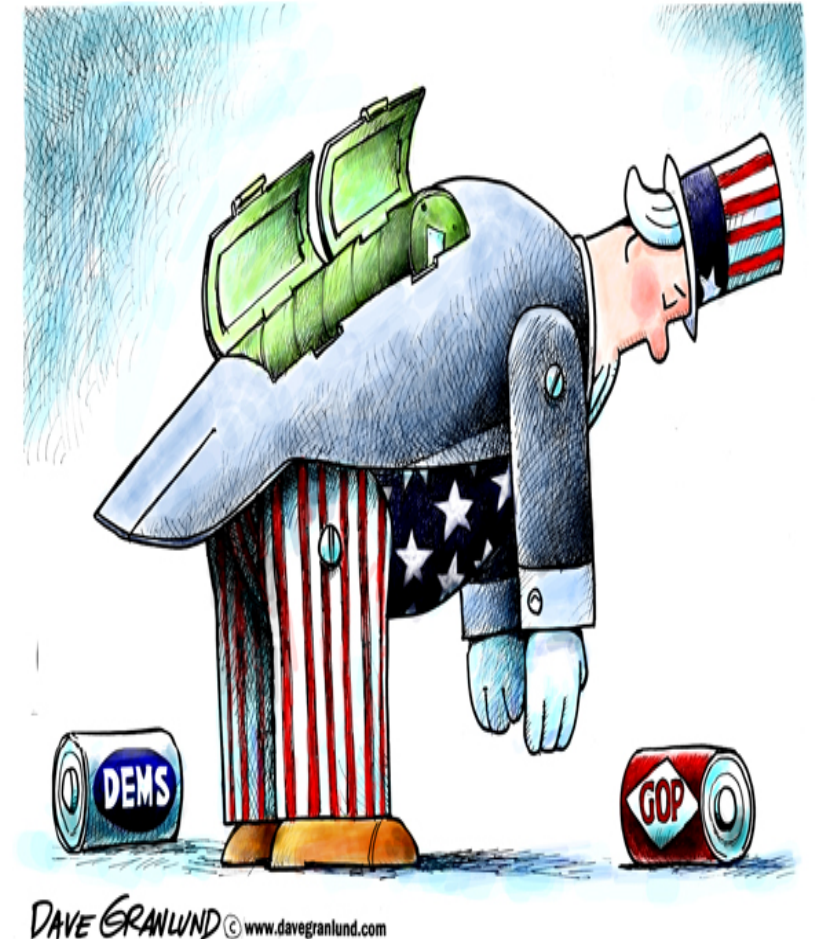


## Brakes and Imbalances

- ☐ Labor shortages impacting employers
- ☐ Local Housing Shortages
- ☐ Recent market volatility / rising long term rates
- ☐ Aggressive Fed, flattening yield curves
- ☐ Sharp growth in government deficits
- ☐ The Federal government shutdown
- ☐ Global trade / security worries

## Political Dysfunction

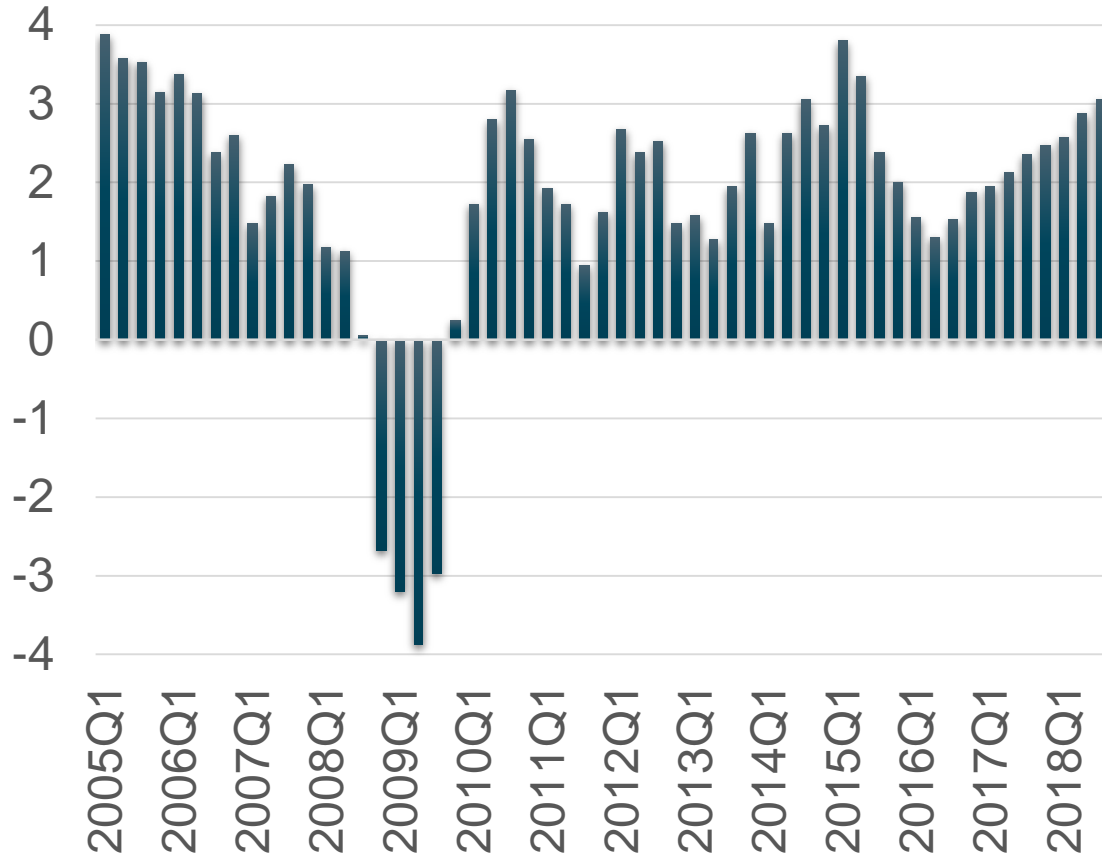
- ☐ Little effort to deal with underinvestment in infrastructure, rising wealth inequality, healthcare cost inflation, pension and entitlement issues, etc etc etc
- ☐ The great disconnect between economic realities and political discourse



# GDP: Q3 3.5%, Q4 tracking 2.7%



Real GDP Growth (yoy)



	2016	2017	Q2	Q3
GDP	1.88	2.48	4.20	3.50
Final Demand				
<b>Consumption</b>	<b>1.87</b>	<b>1.83</b>	<b>2.57</b>	<b>2.69</b>
Goods	0.75	0.96	1.16	1.20
Services	1.11	0.87	1.42	1.49
<b>Fixed investment</b>	<b>0.39</b>	<b>0.95</b>	<b>1.10</b>	<b>-0.04</b>
Structures	0.07	0.08	0.43	-0.26
Equipment	-0.08	0.54	0.27	0.03
Intellectual prop	0.24	0.18	0.45	0.35
Residential	0.16	0.15	-0.05	-0.16
<b>Change inventories</b>	<b>-0.20</b>	<b>-0.11</b>	<b>-1.17</b>	<b>2.07</b>
<b>Net exports</b>	<b>-0.34</b>	<b>-0.23</b>	<b>1.22</b>	<b>-1.78</b>
Exports	0.09	0.56	1.12	-0.45
Imports	-0.43	-0.79	0.10	-1.34
<b>Government</b>	<b>0.16</b>	<b>0.03</b>	<b>0.43</b>	<b>0.56</b>
Federal	0.02	0.09	0.24	0.21
State and local	0.15	-0.06	0.20	0.35

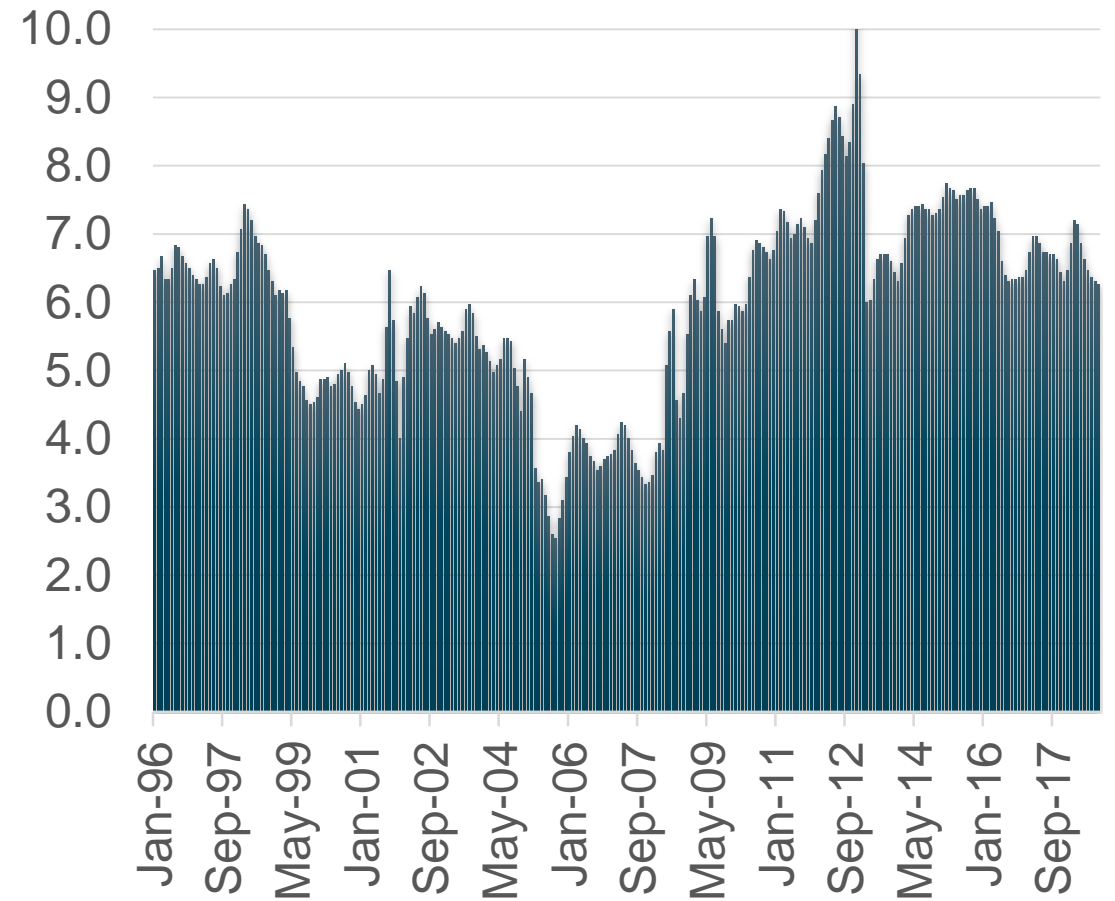
# Consumer Spending



## Real Consumer Spending Growth (Y-o-Y)



## Personal Savings Rate



# Autos?



US Auto Light Truck Sales

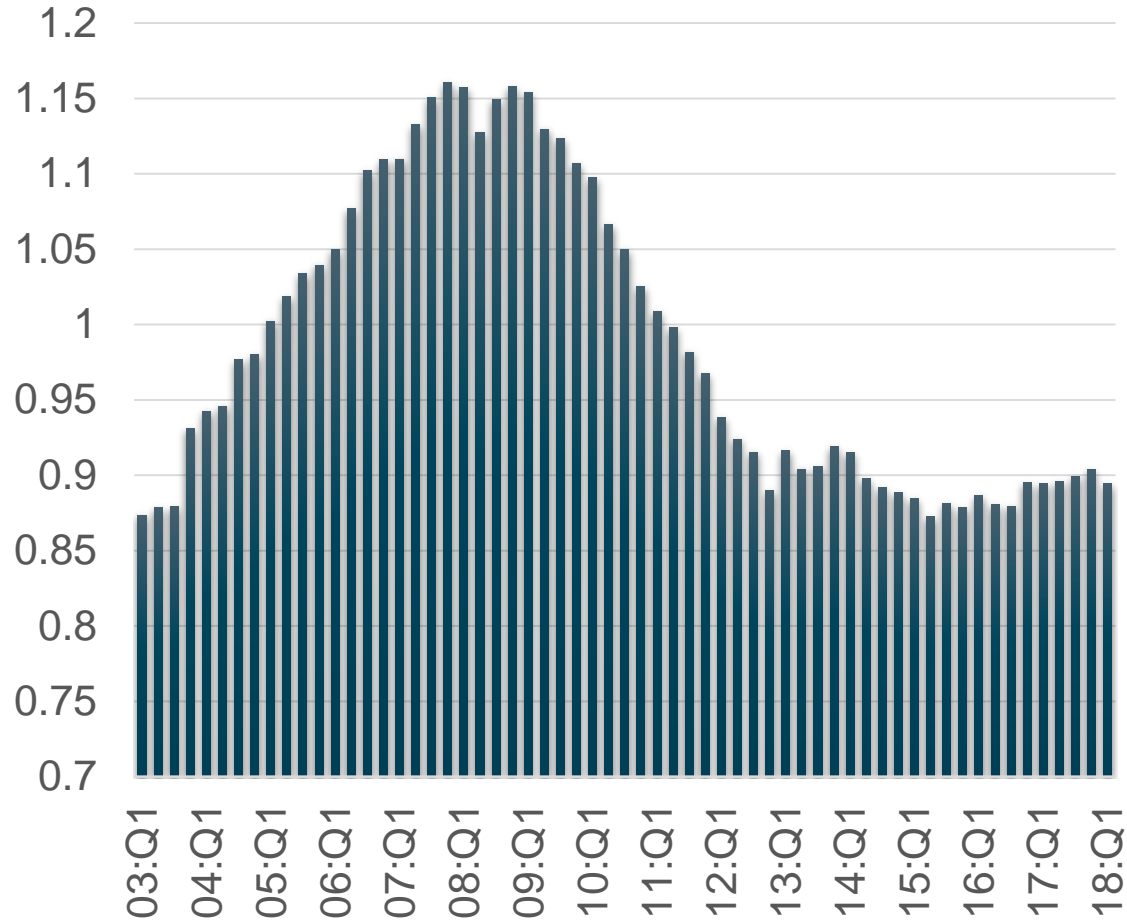




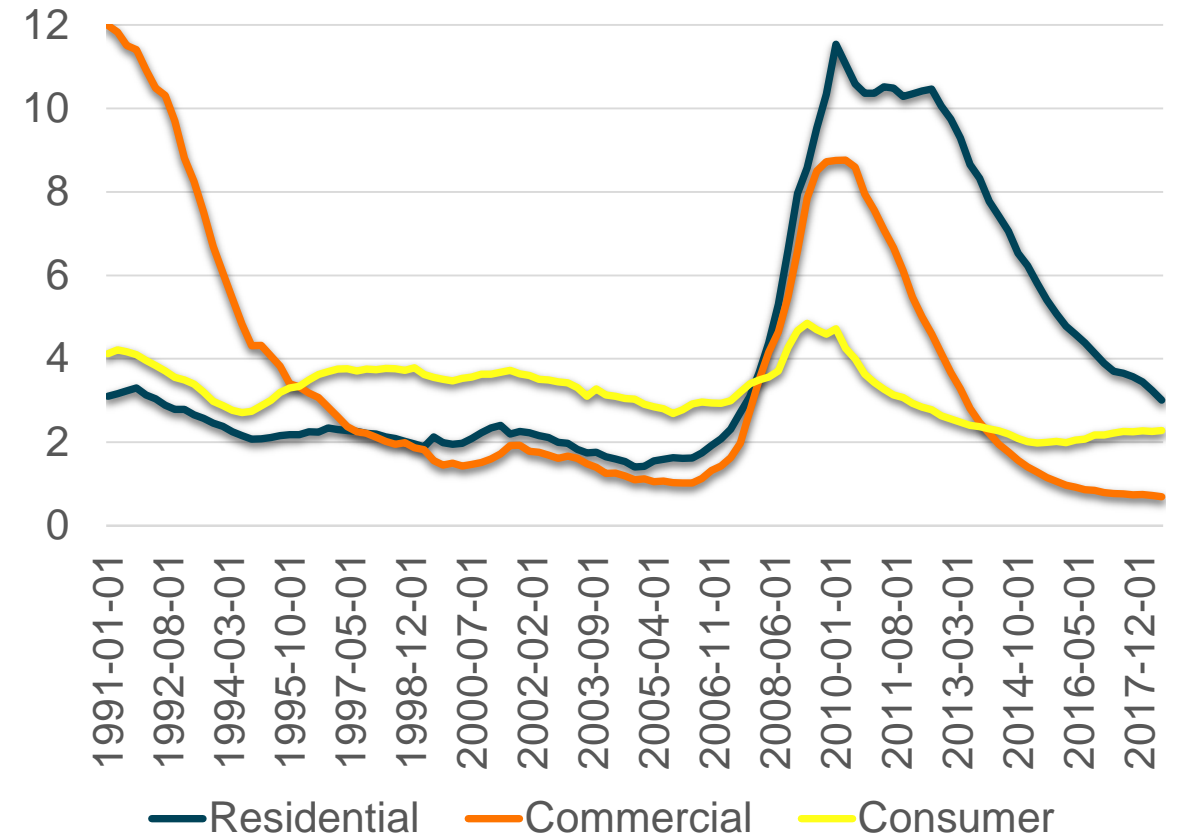
# Consumer Debt Loads



## Household Debt / DPI Ratio



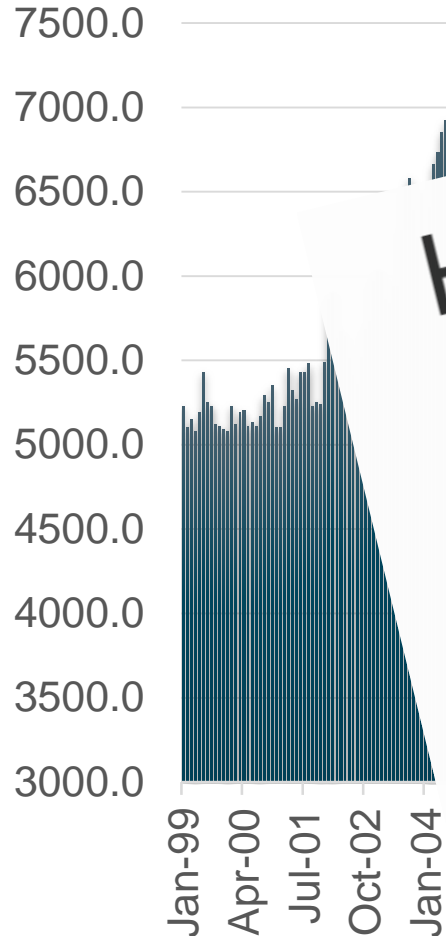
## Loan Delinquencies: All Commercial Banks



# Housing Markets: Slight Slowing



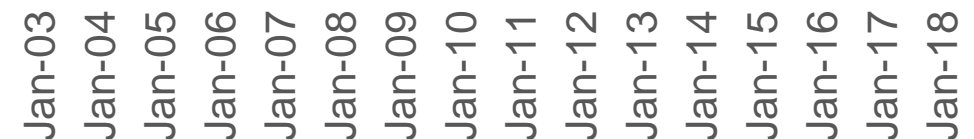
Home Sales



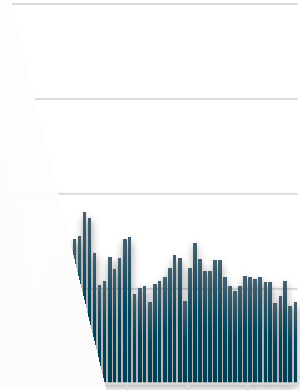
Housing market is showing signs of cracking: 'Anything-goes list-price strategy is no longer working'

- Even in the hottest markets, there is an affordability limit, and that limit is clearly now being hit.

0.0%  
-20.0%

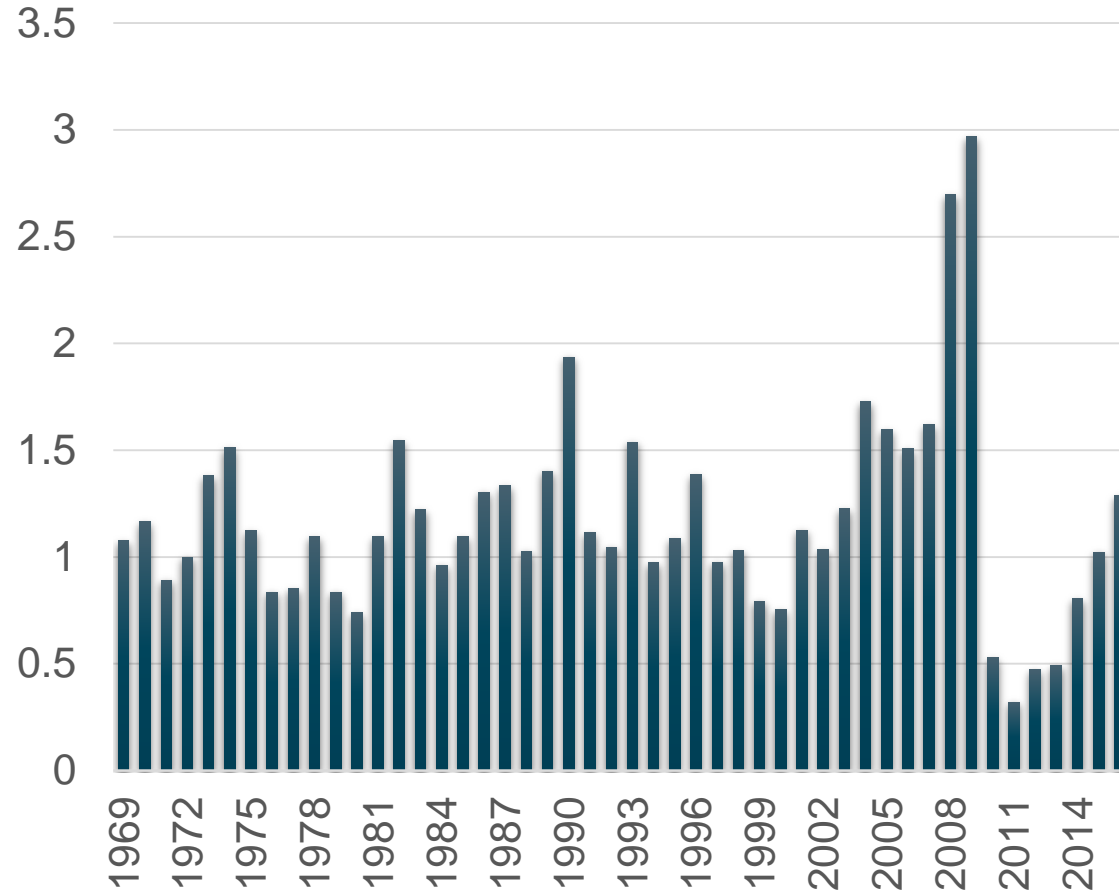


with

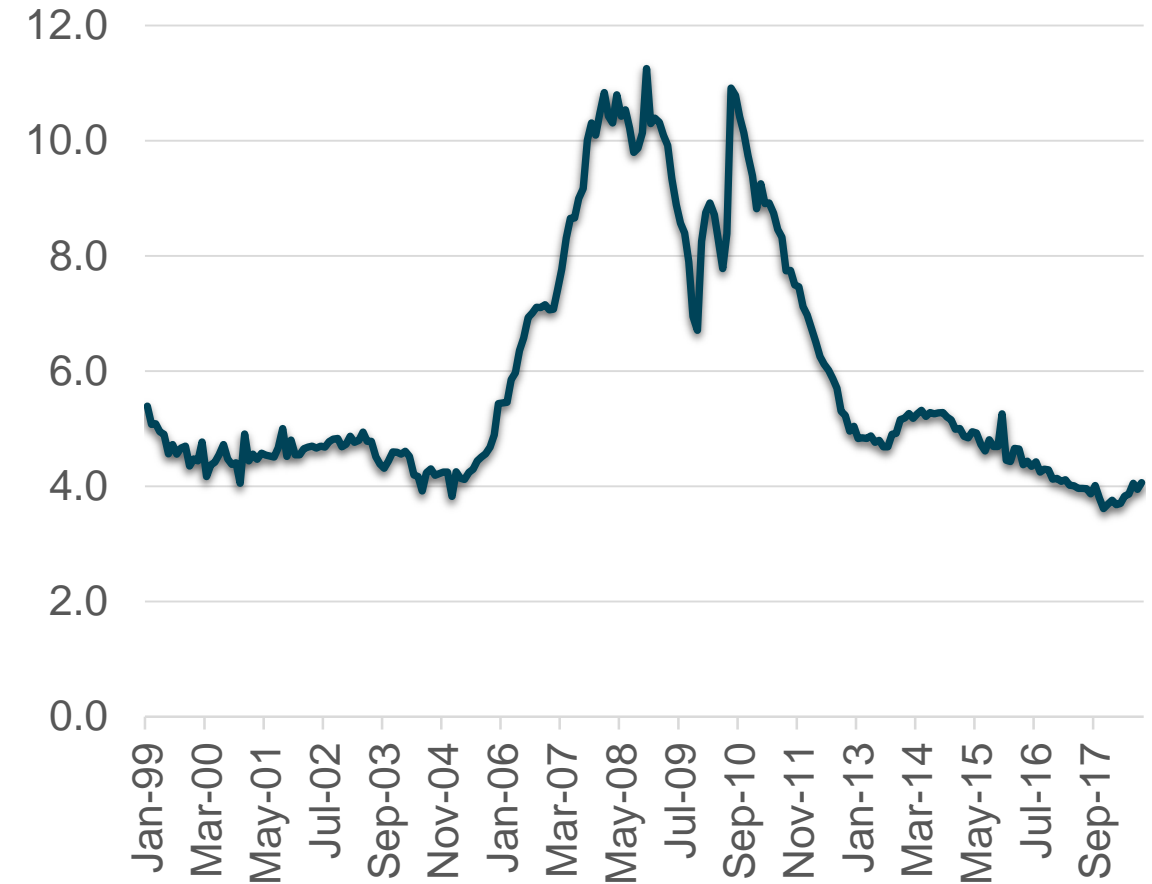


# Home Prices / Inventories

## Housing Starts per New Household



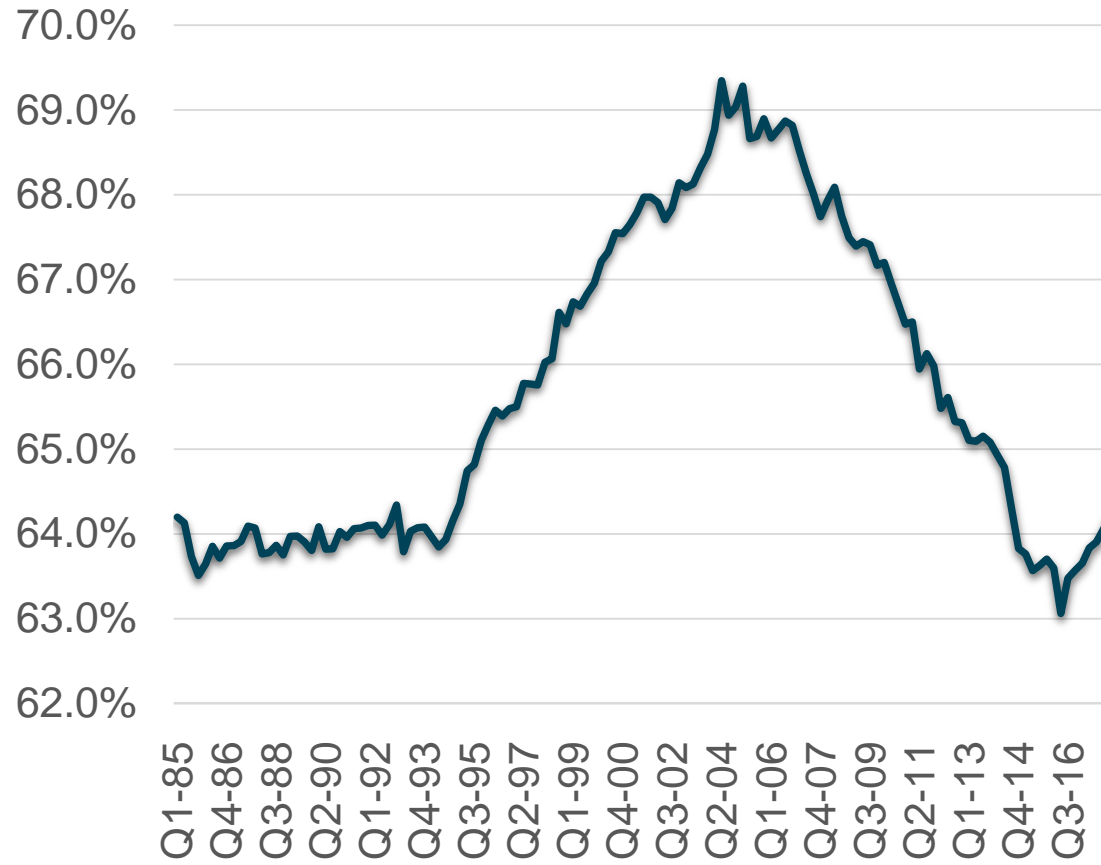
## Months Supply of Homes



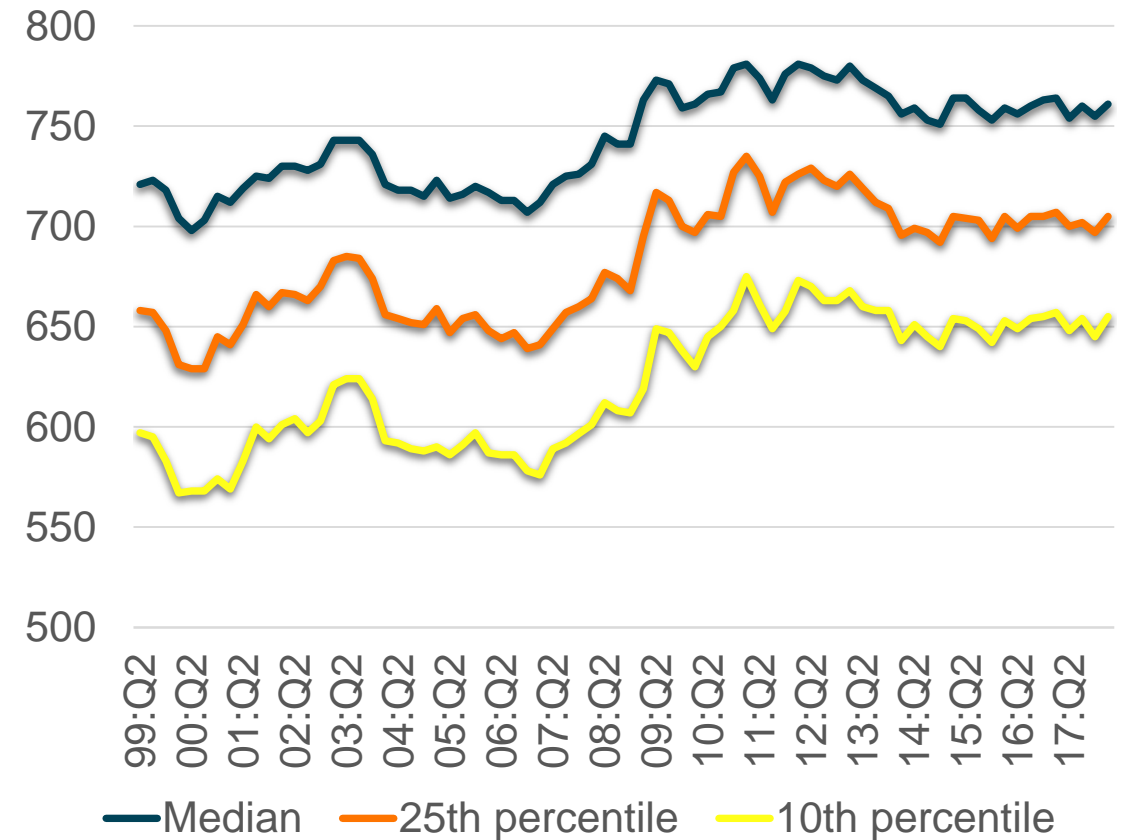
# Ownership and Credit Availability



## Ownership Rates



## Mortgage Origination by Credit Score



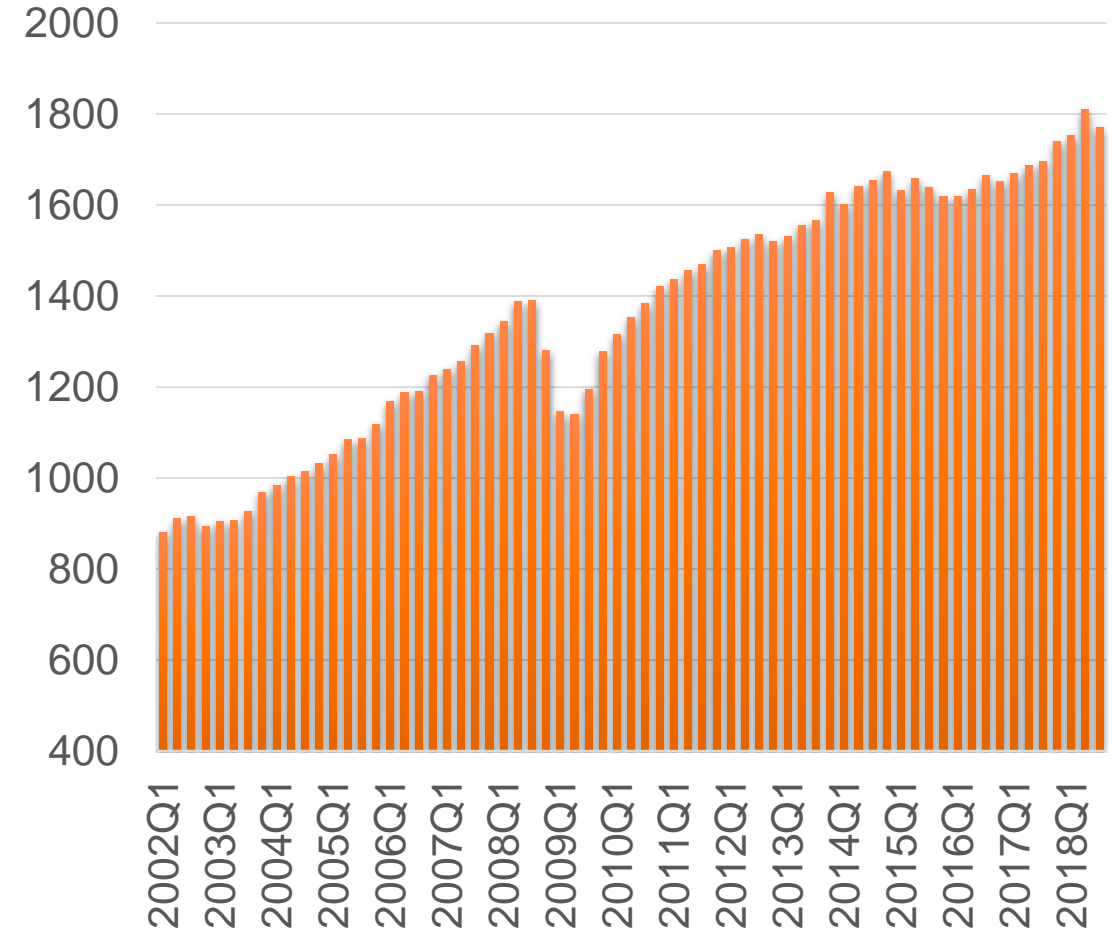
# Industrial Production



## Industrial Production YoY Growth



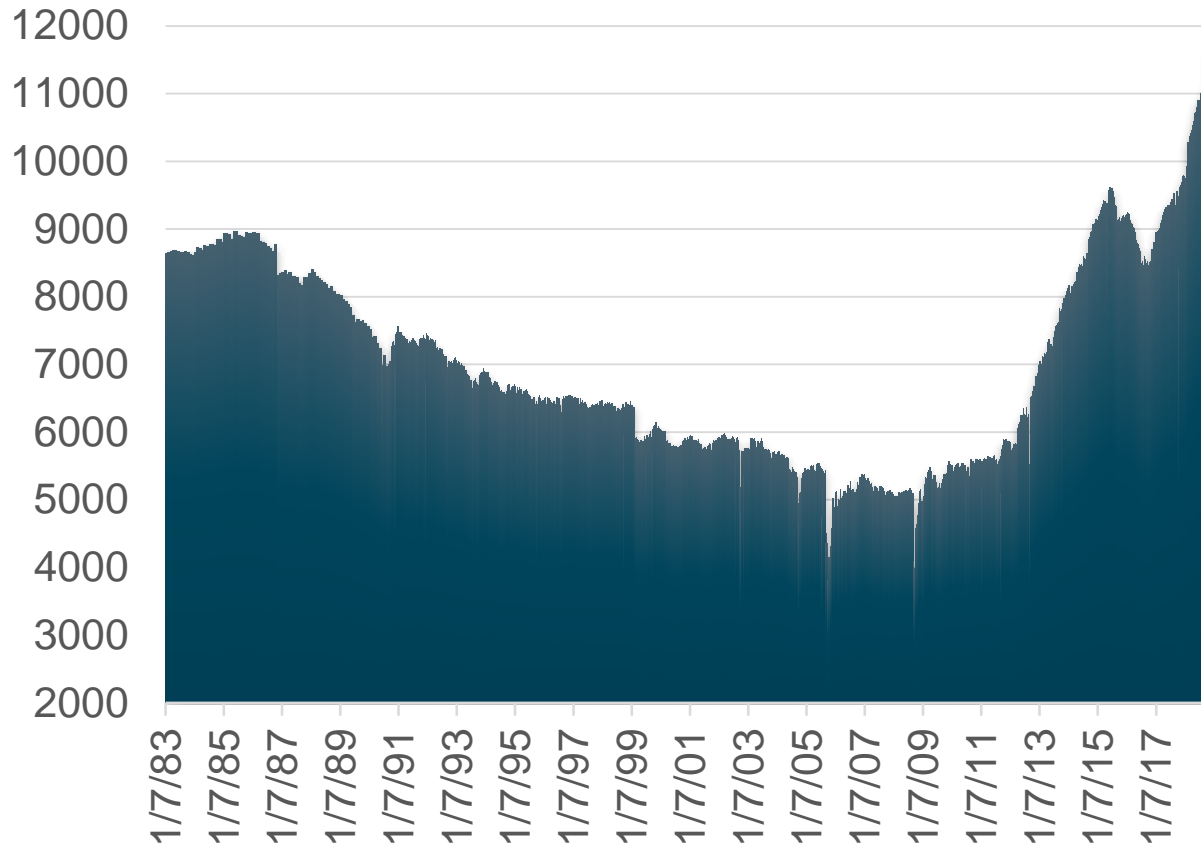
## Exports of goods, Real



# Oil Production / Prices



## US Crude Oil Production (TB/D)



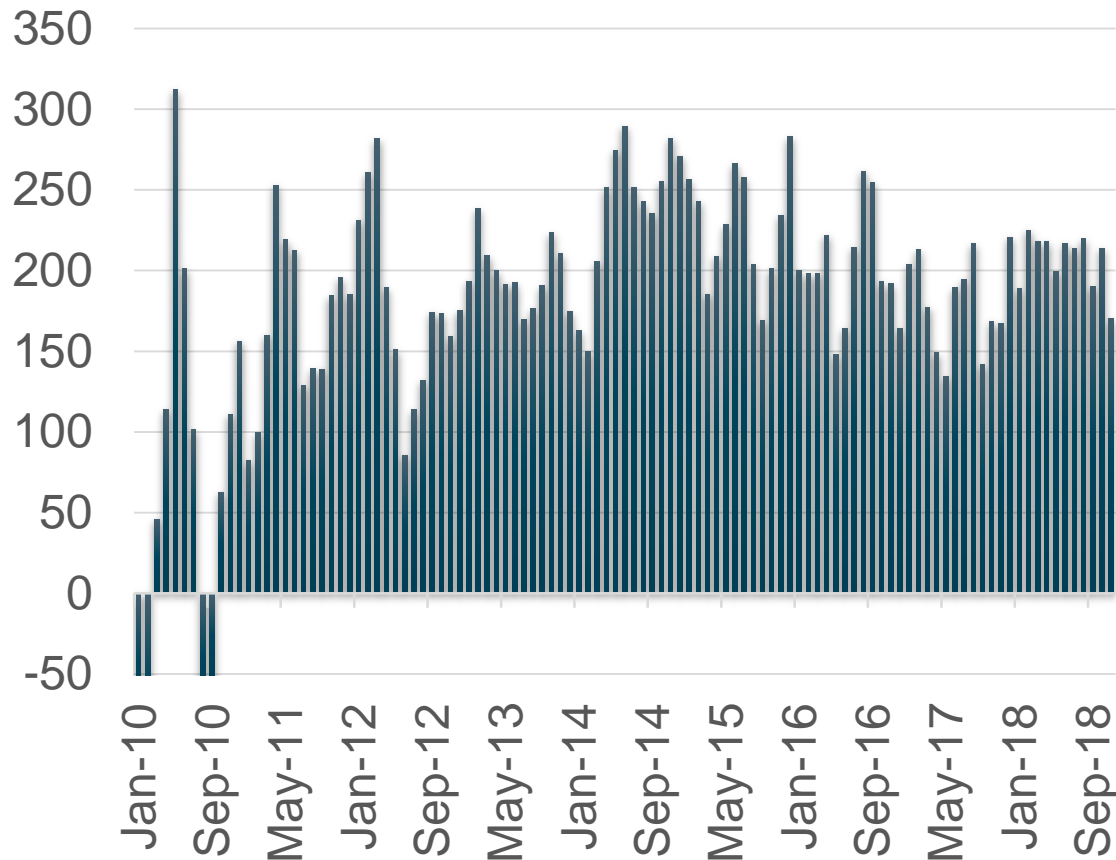
## WTI Oil Prices (\$/B)



# Labor Markets



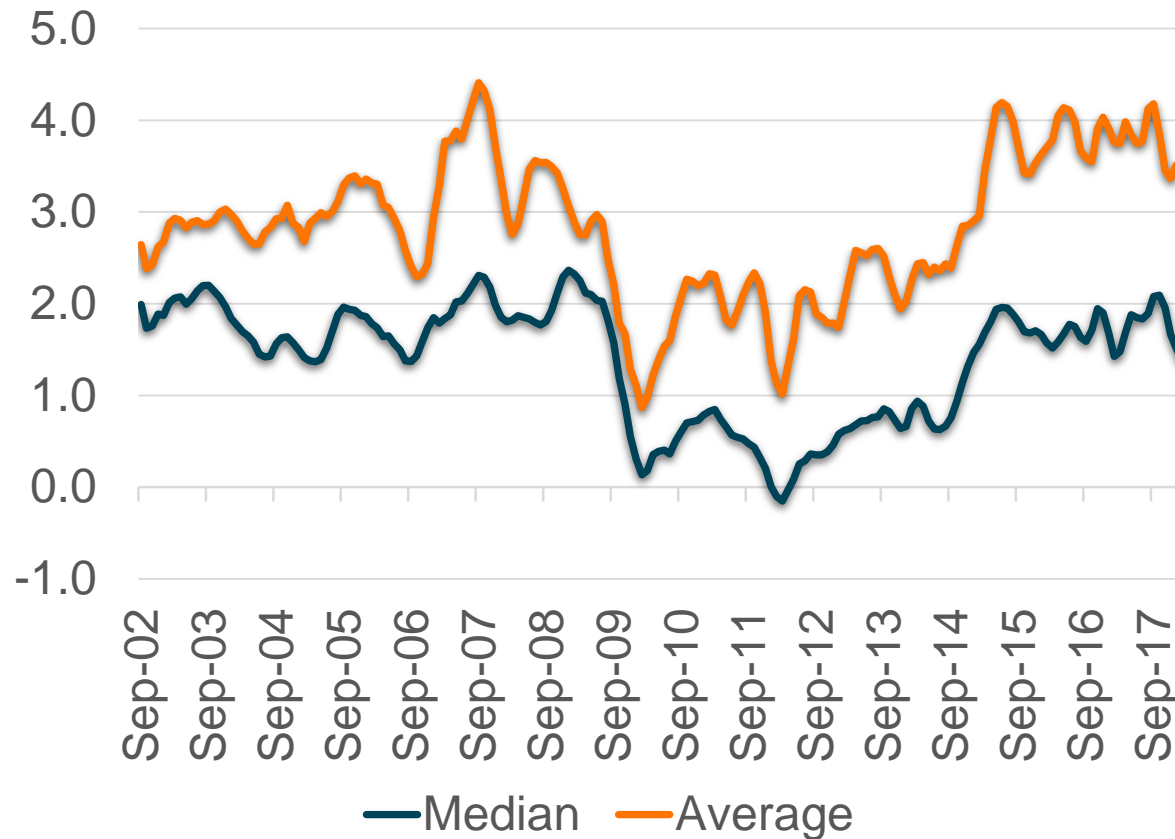
## Change Non Farm Payrolls (Smoothed)



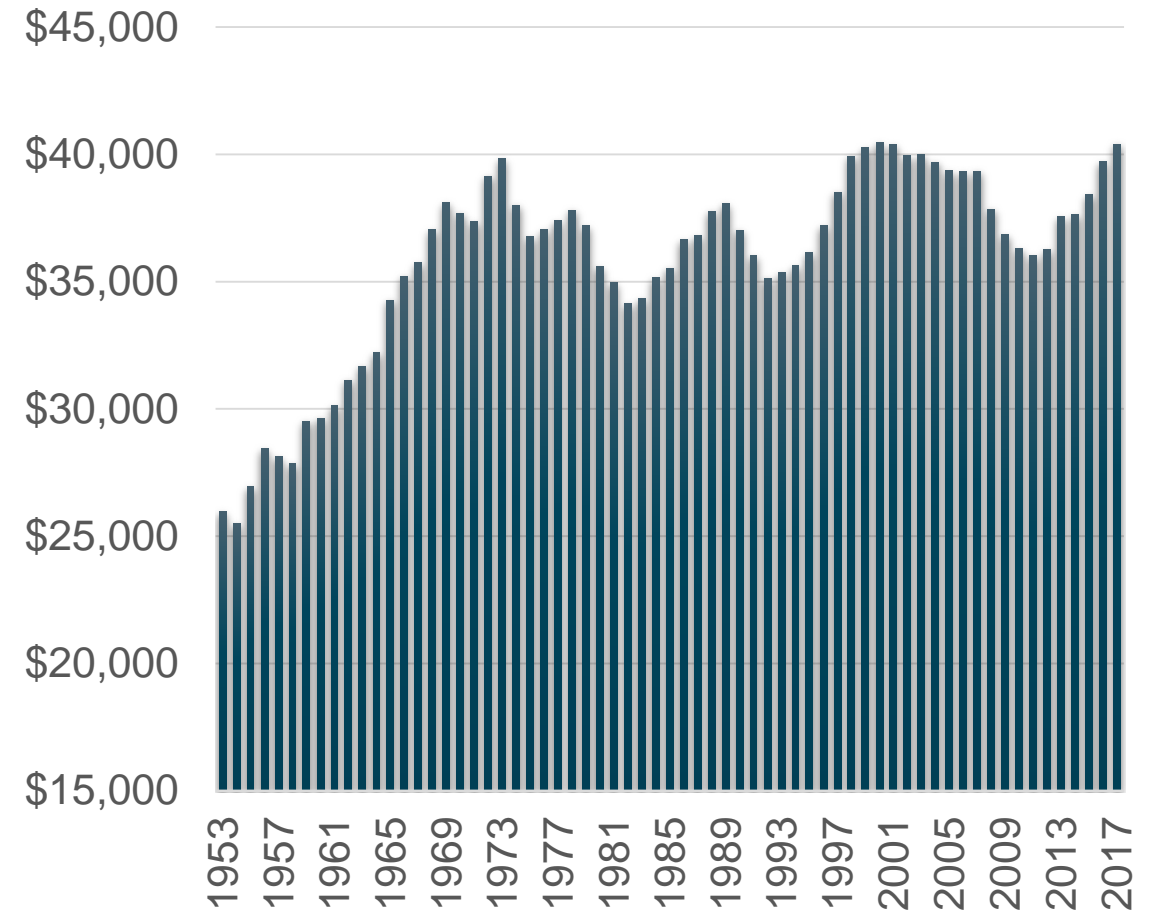
# Consequences



## Real Wage Gains for Continuously Employed FT Workers



## Real Median Income- Males

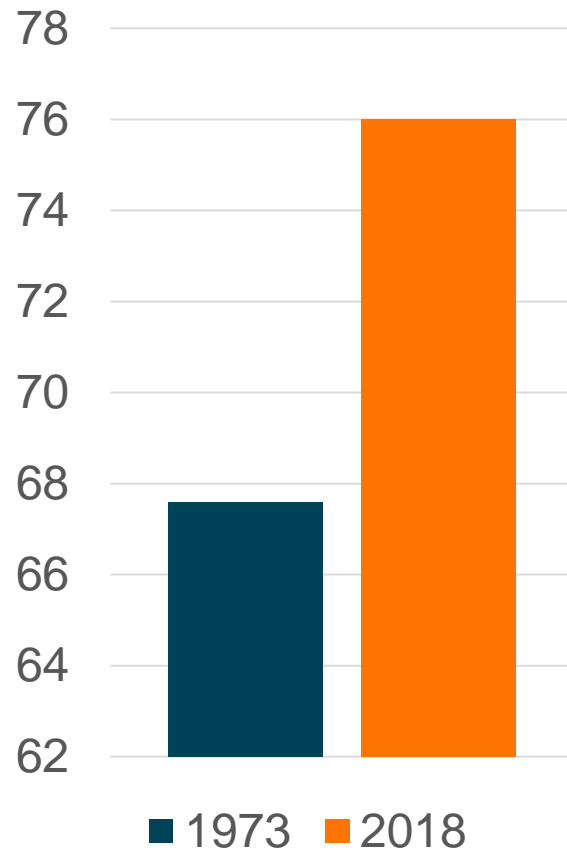




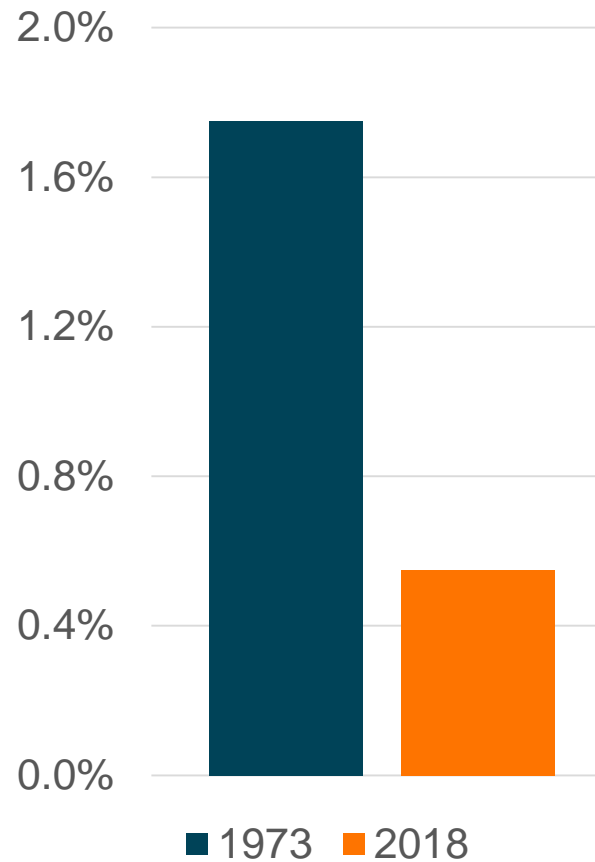
# Quality of Life



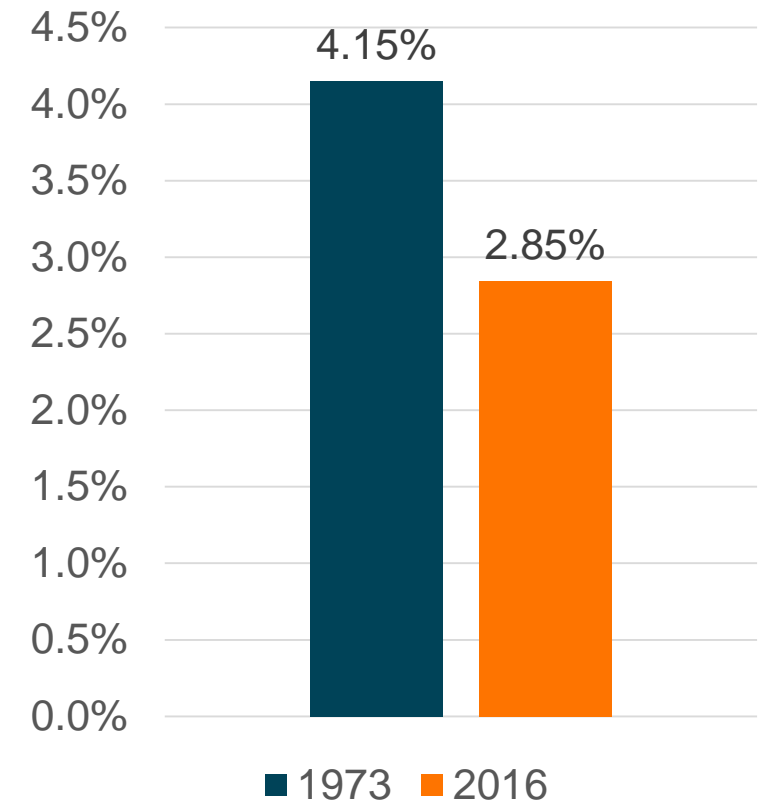
## Life Expectancy



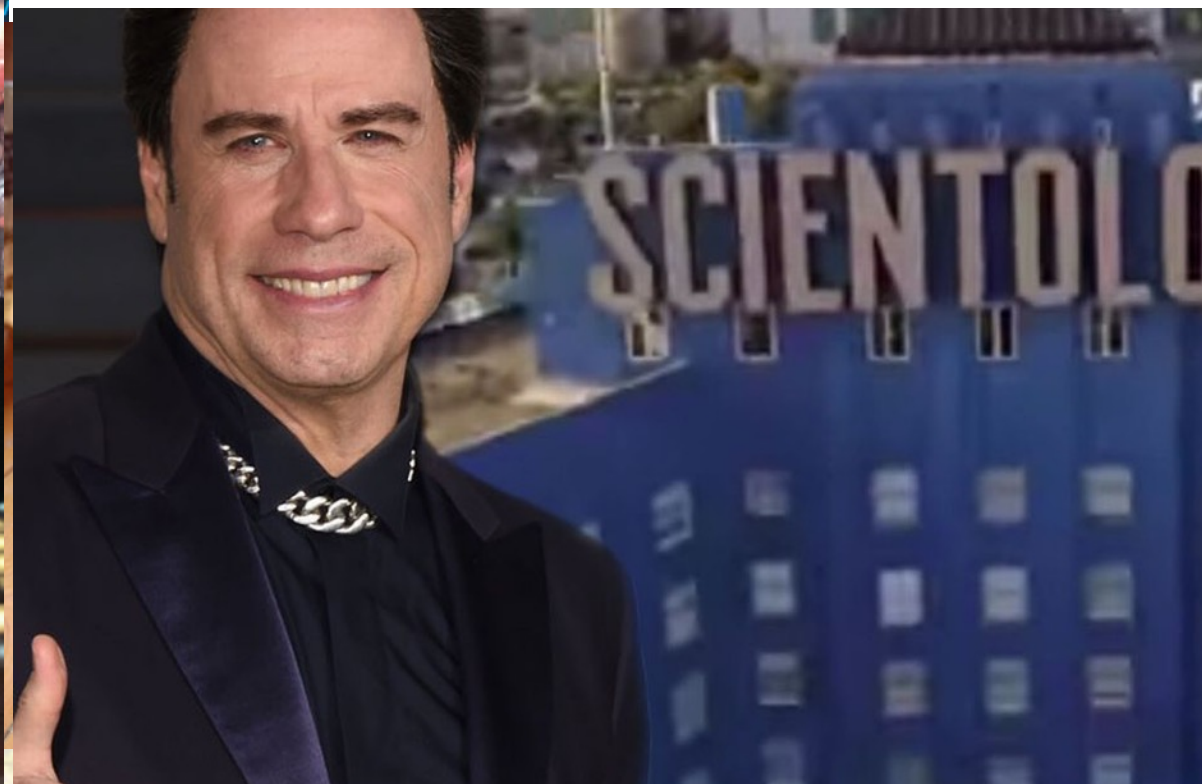
## Infant Mortality



## Total Crime Rate in the U. S.



# Quality of Life



# The Real Inequality



**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%

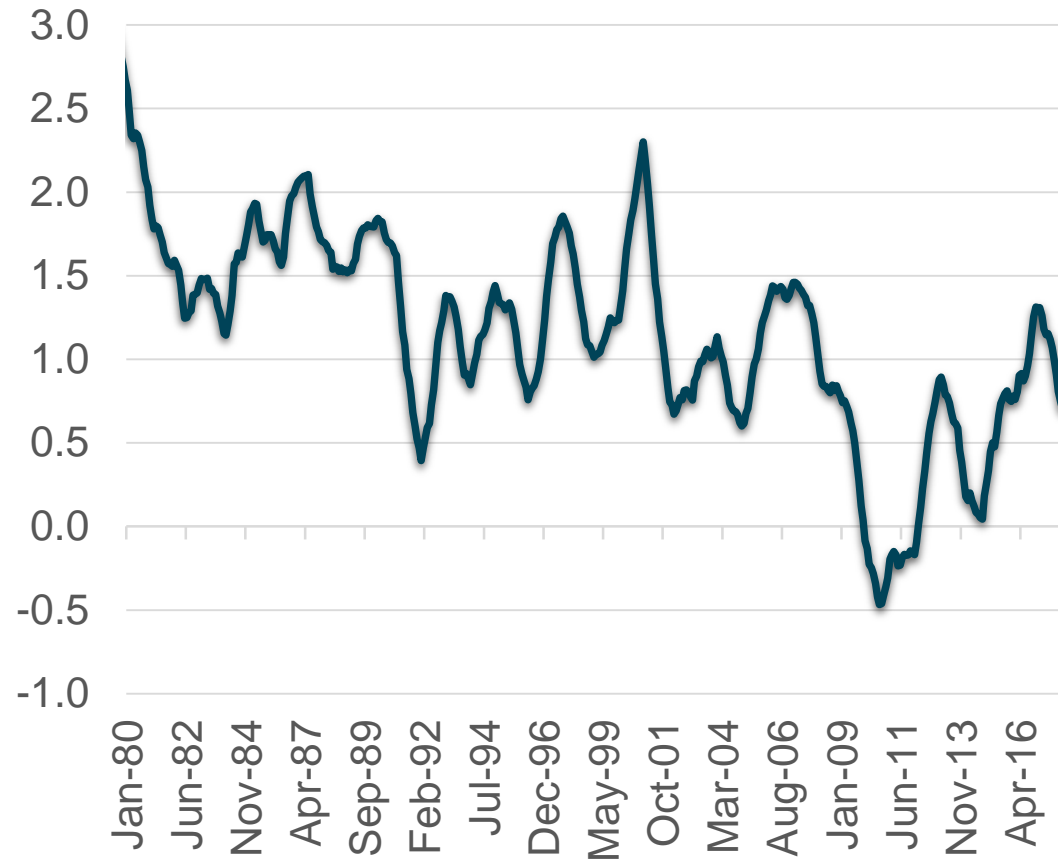
**Real Average Net Worth by Age**

Family characteristic	1989		2016	
	Median	Mean	Median	Mean
All families	87.5	346.9	97.3	692.0
Age of head				
Less than 35	14.6	87.4	11.0	76.1
35–44	105.3	275.4	59.8	288.6
45–54	184.2	515.7	124.2	727.5
55–64	182.6	574.3	187.3	1167.4
65–74	143.1	522.0	223.4	1066.0
75 or more	135.2	450.7	264.8	1066.9

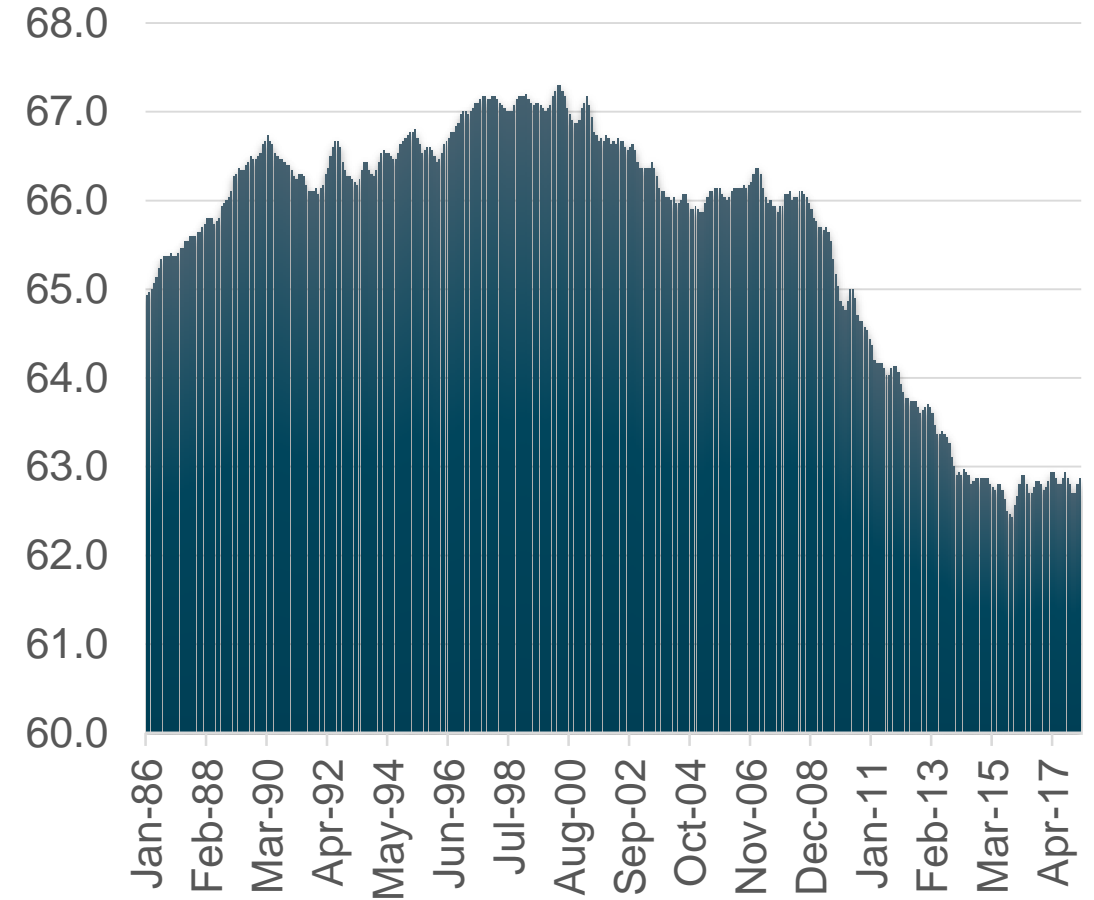
# Workforce Growth



## US Labor Force Growth (Smoothed)



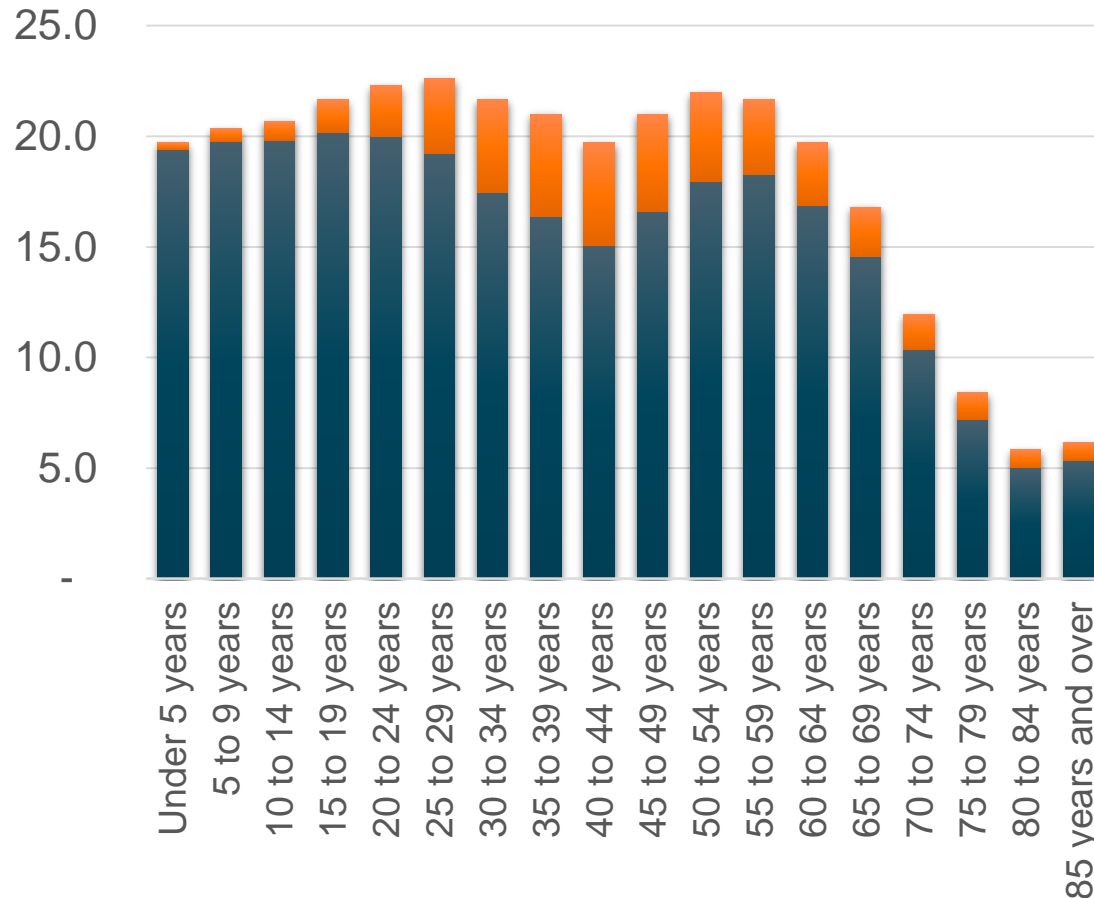
## US Participation Rate



# Looking Ahead



2016 Population by Age (Millions)



## US Population Forecast

	0-24	25-64	65+
Current	104.5	169.4	49.2
2016-26	0.9	4.7	17.8
2026-36	2.0	6.2	11.9
2036-46	2.3	9.4	4.8
Total	5.3	20.3	34.5

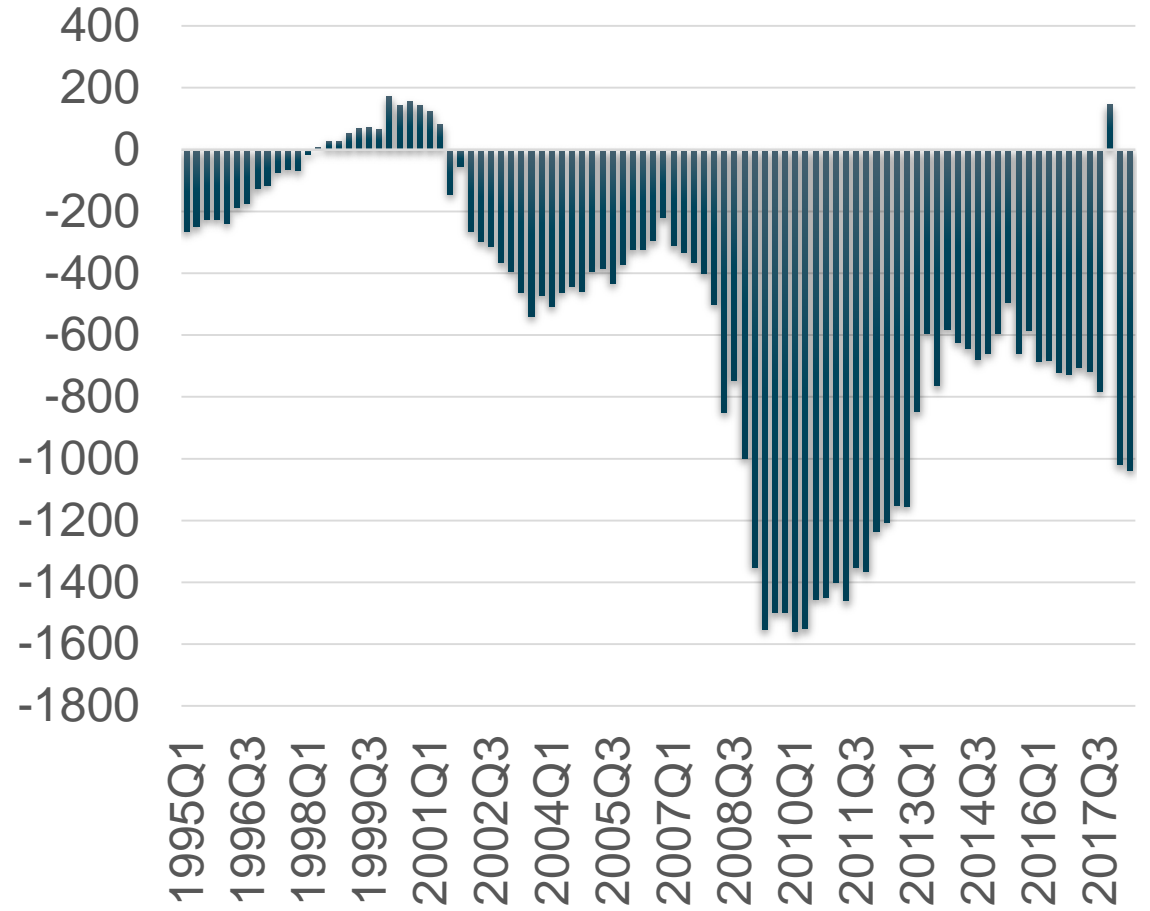
# Twin Deficits



## Trade Deficit



## Net Surplus Federal Go







# Trump Just Ripped Up Nafta. Here's What's in the New Deal.

Changes for automakers, dairy farmers, labor unions and large corporations headline the renegotiated U.S.M.C.A., which is poised to replace Nafta.

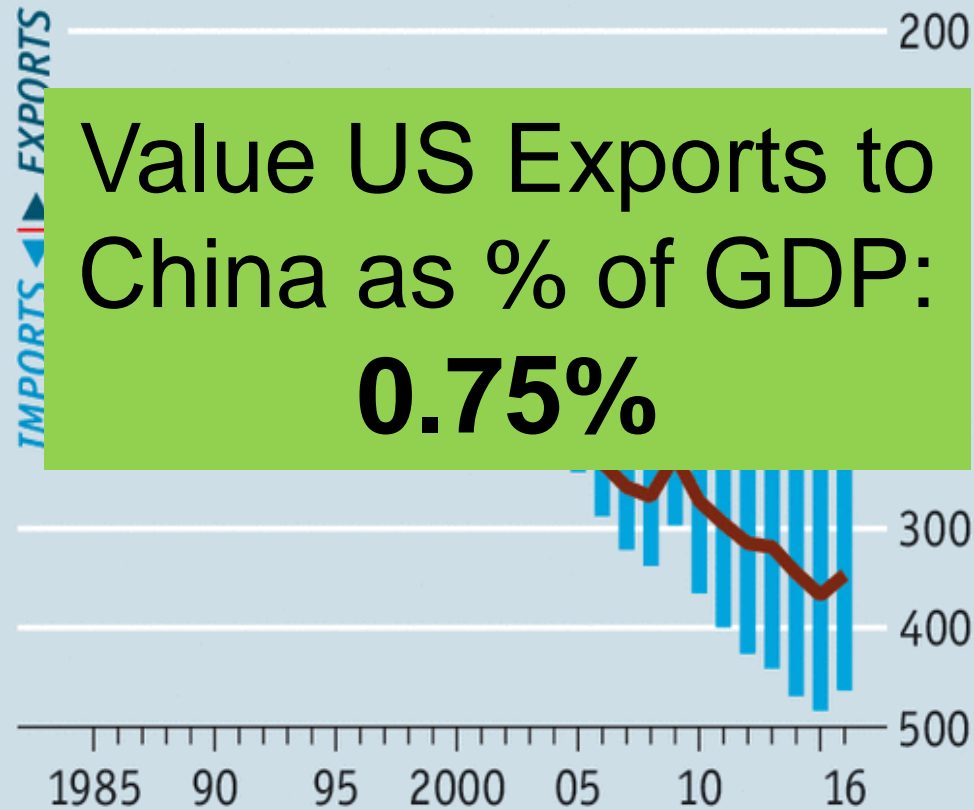
BUSINESS

U  
t

# The China Syndrome



United States goods trade with China, \$bn



Country	Exports		Imports	
Total,	829.8		1233.9	
<a href="#">China</a>	64.0	7.7%	249.7	20.2%
<a href="#">Canada</a>	151.8	18.3%	188.8	13.0%
<a href="#">Mexico</a>	151.8	18.3%	188.8	13.7%
<a href="#">Japan</a>	151.8	18.3%	188.8	5.7%
<a href="#">Germany</a>	151.8	18.3%	188.8	5.0%
<a href="#">United Kingdom</a>	151.8	18.3%	188.8	2.4%
<a href="#">Korea</a>	151.8	18.3%	188.8	2.9%
<a href="#">France</a>	18.1	2.2%	25.7	2.1%
<a href="#">India</a>	15.5	1.9%	26.8	2.2%
<a href="#">Italy</a>	11.9	1.4%	26.8	2.2%
<a href="#">Taiwan</a>	13.6	1.6%	21.6	1.8%
<a href="#">Netherlands</a>	24.2	2.9%	10.7	0.9%

Value China Exports to US as % of GDP: **4.0%**

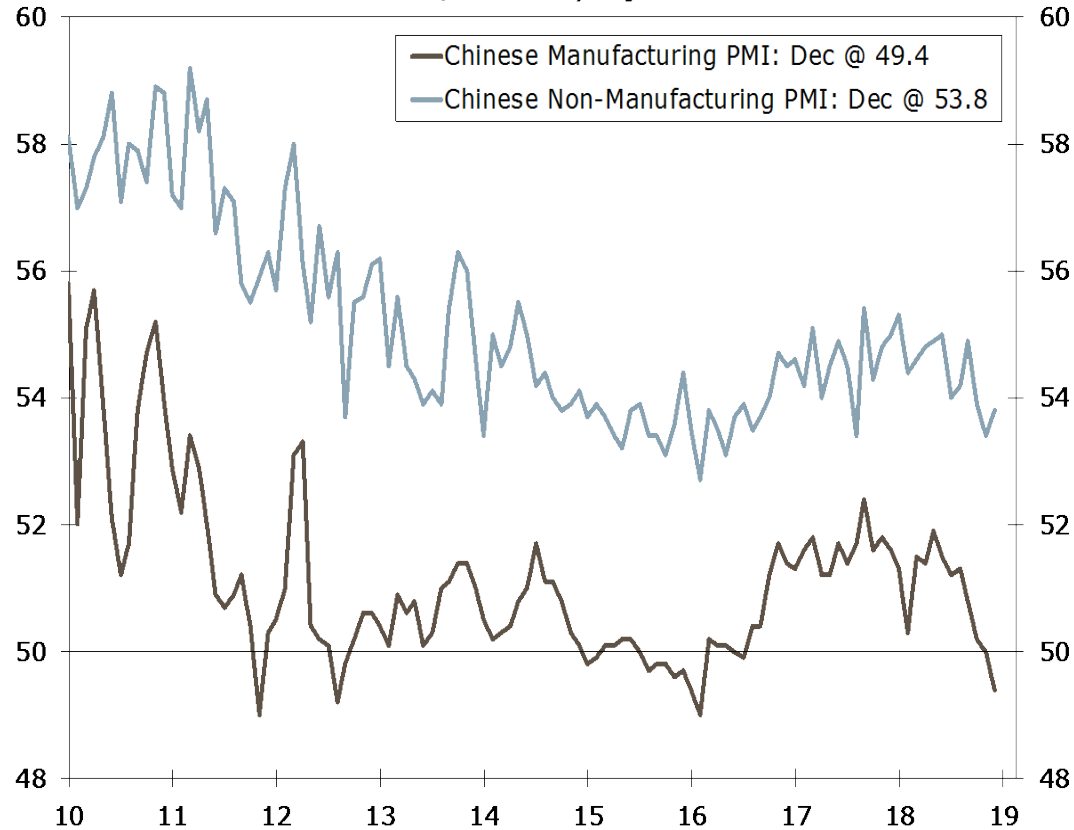


# The Yuan response



## China Purchasing Managers' Indices

Index, Seasonally Adjusted



## Yuan / Dollar Exchange Rate



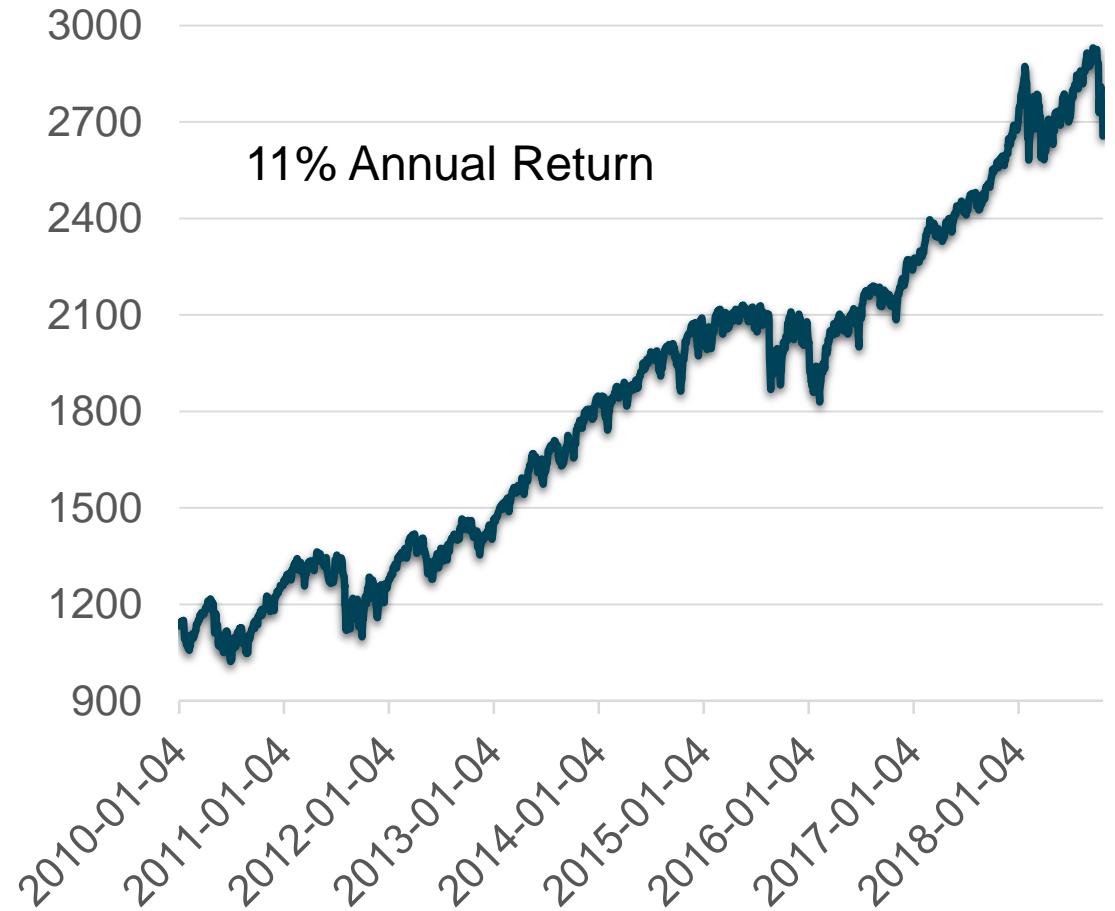
# The Markets



S&P 500



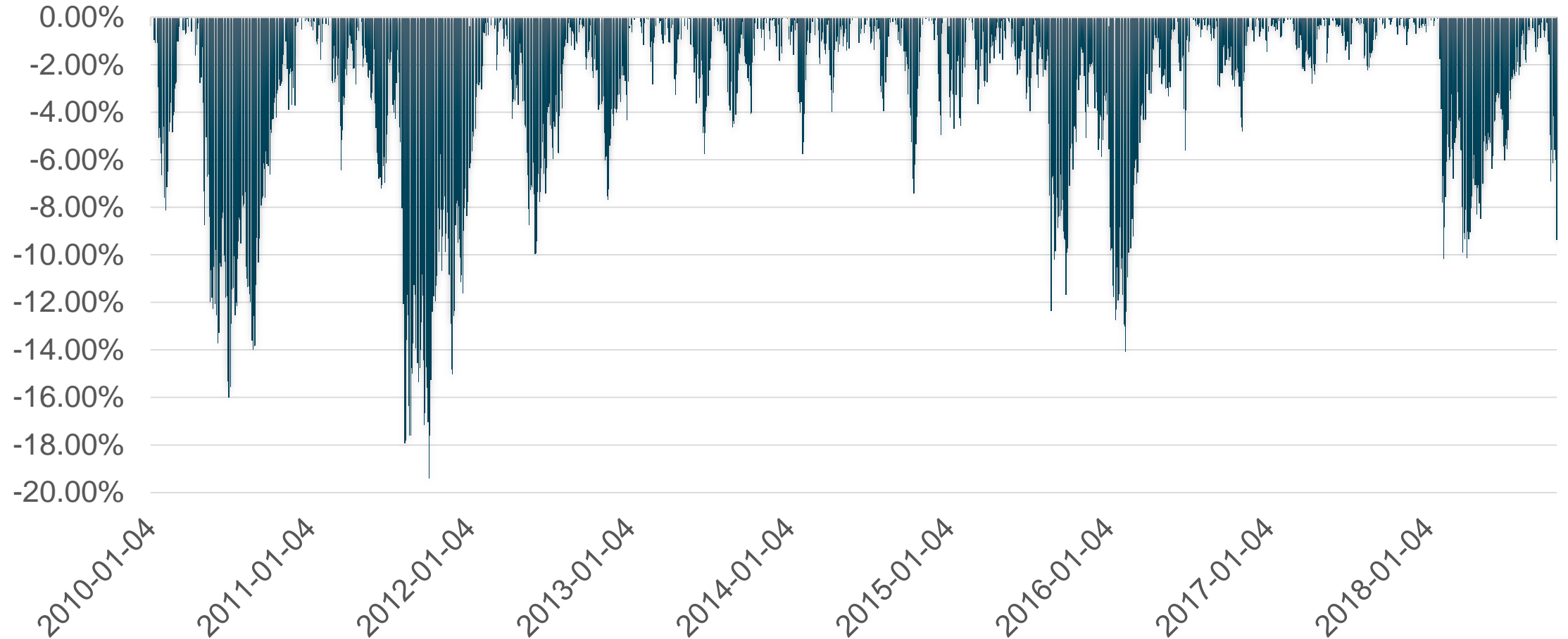
S&P 500



# The Markets



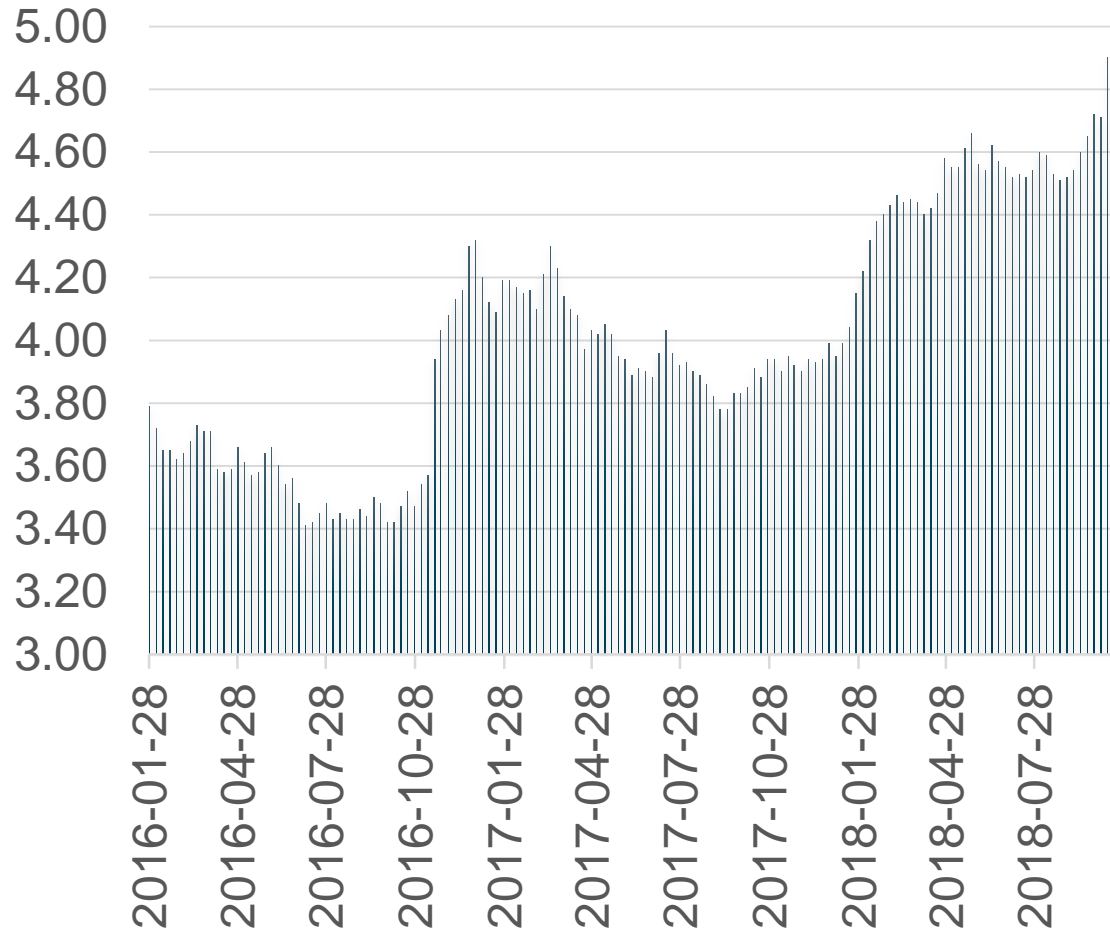
## Market Selloffs Current Expansion



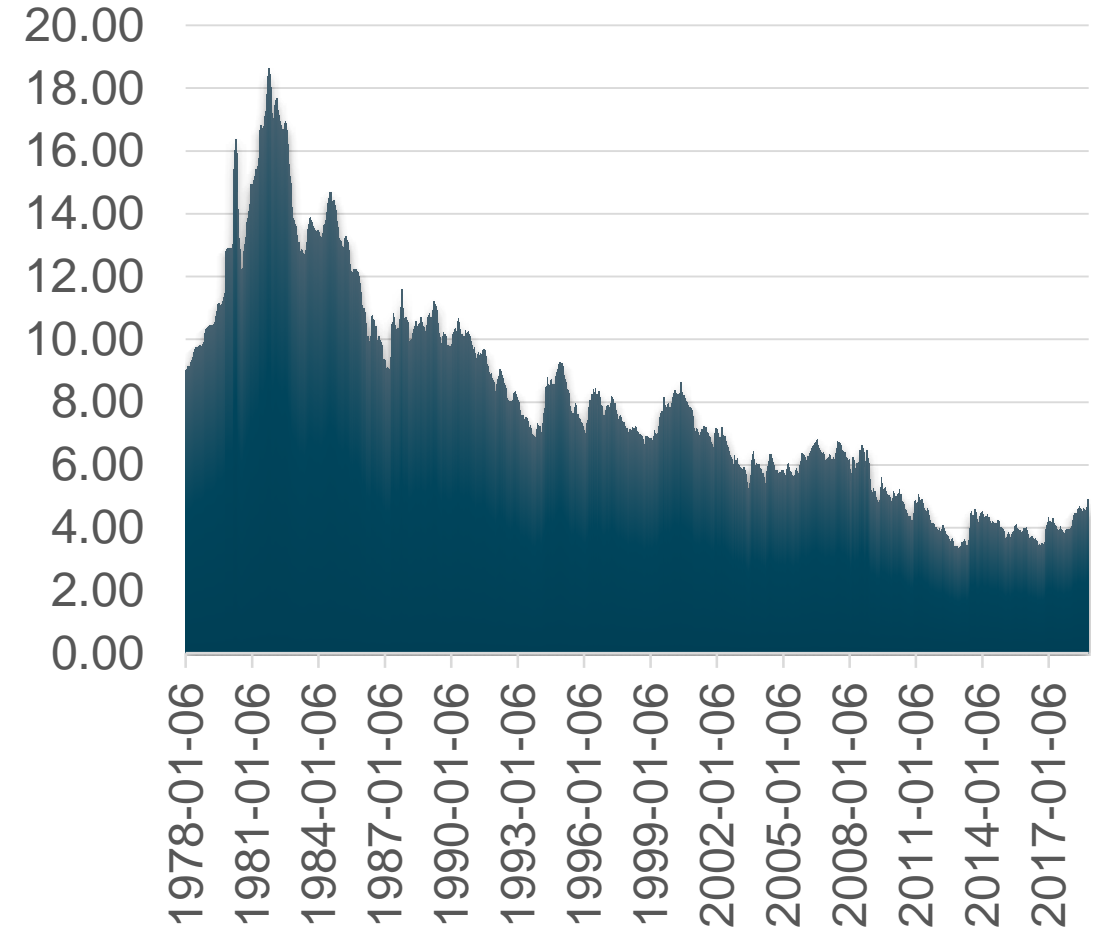
# A Rising Rate Trigger?



## Mortgage Rates (30 Year Fixed)



## Mortgage Rates (30 Year Fixed)



# Inflation?



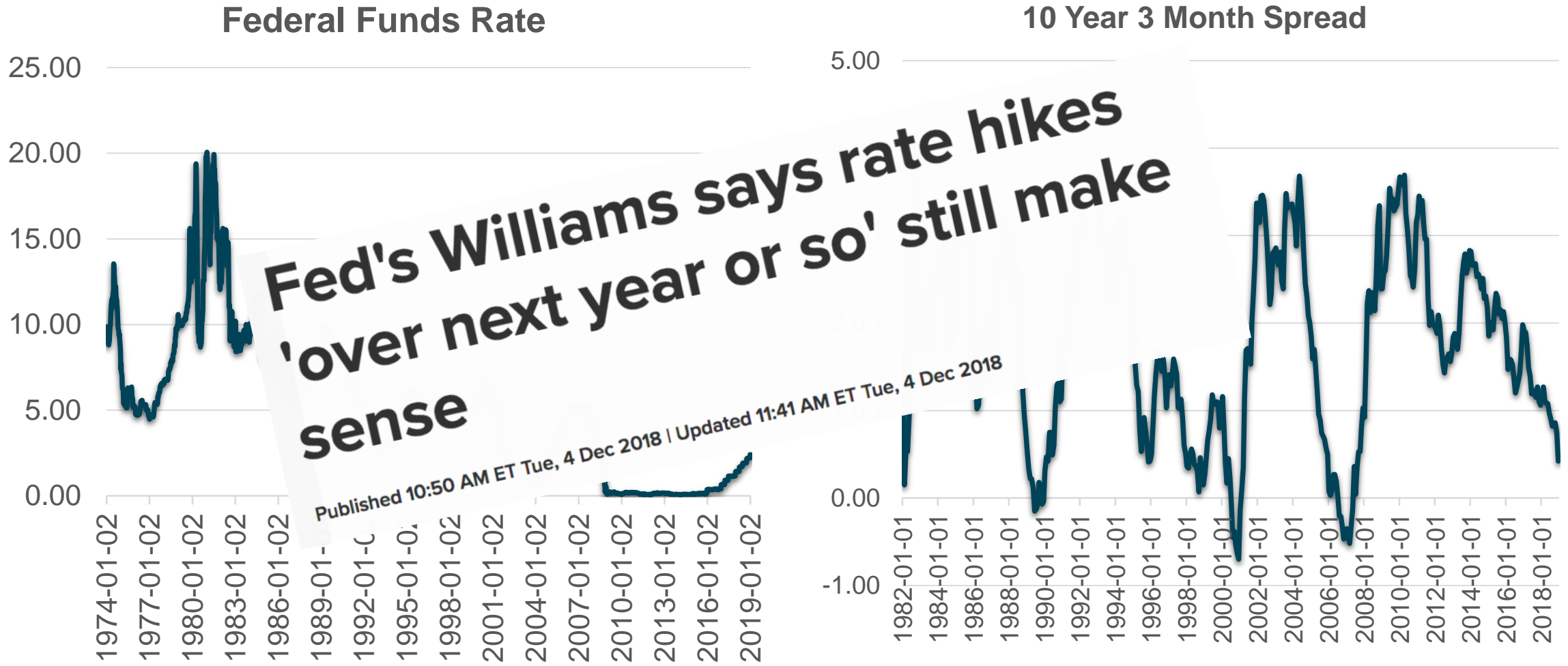
**Core Inflation**



**M2 Growth (Y-o-Y)**



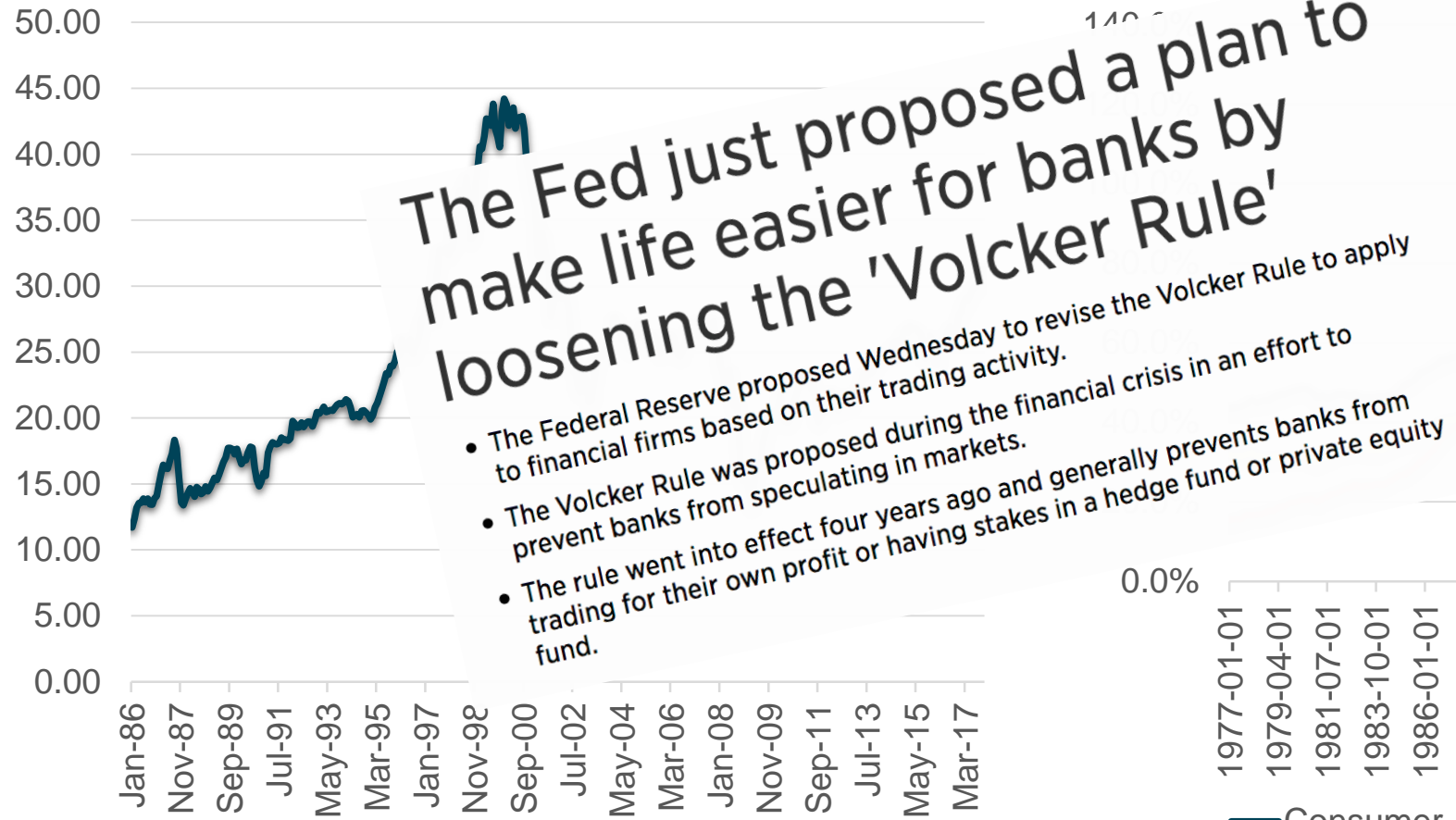
# Federal Reserve Policy: Normalization?



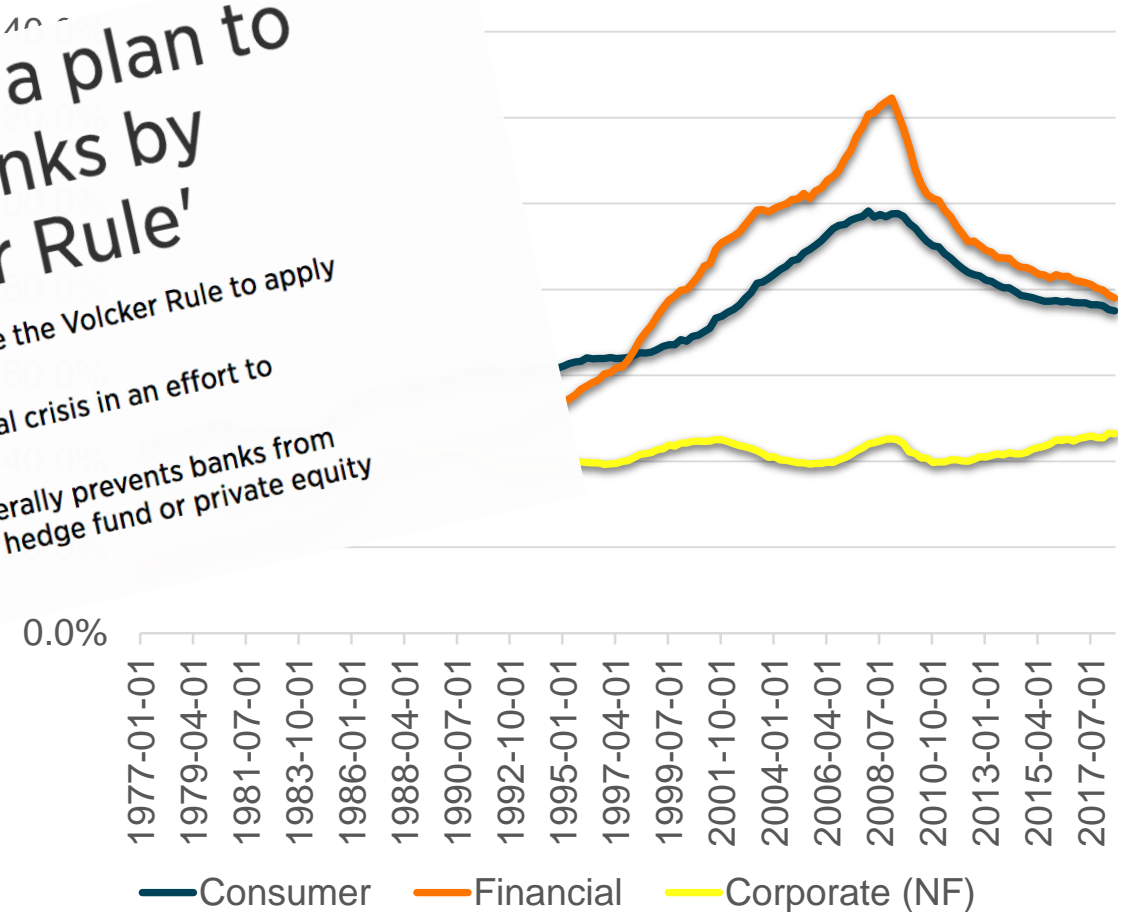
# Another Bubble?



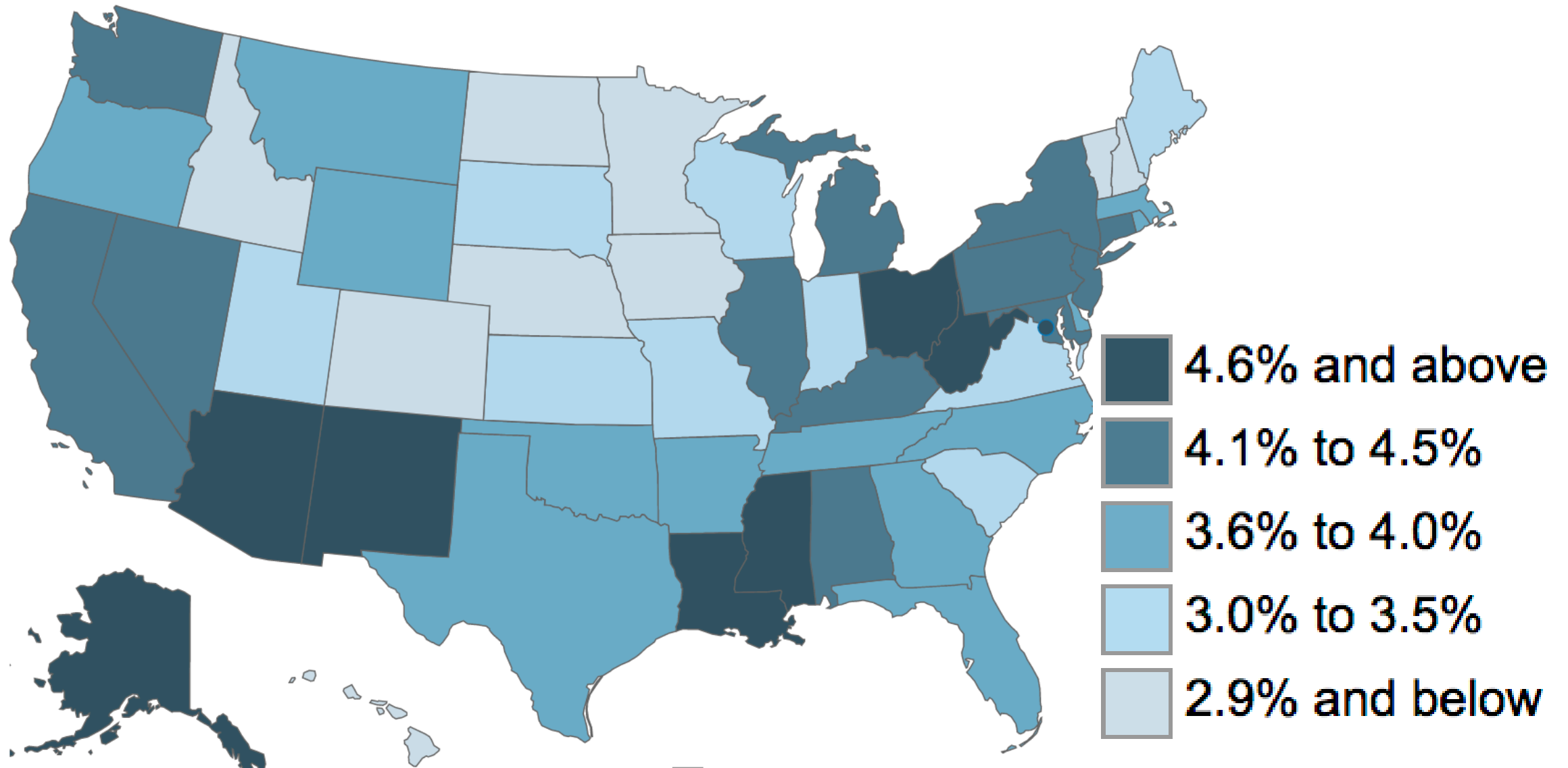
Shiller P/E Ratio



Debt to GDP



### State unemployment rates, August 2018, seasonally adjusted

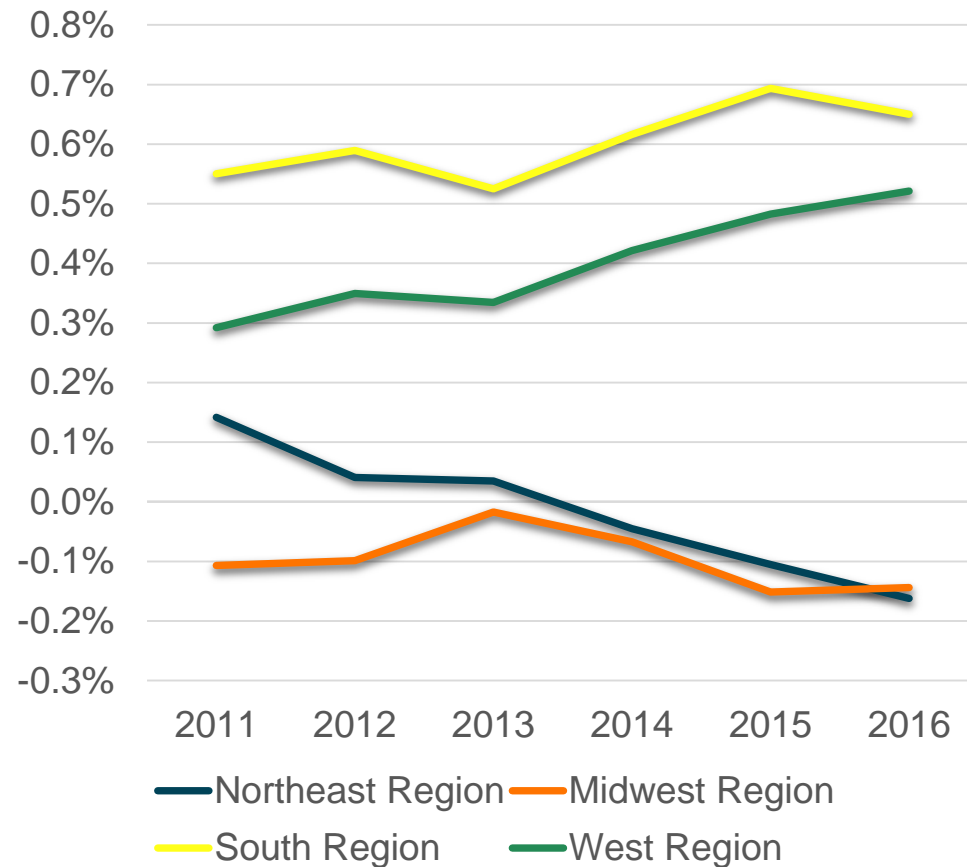




# Population Shifts



Net Migration (% of Pop) by region



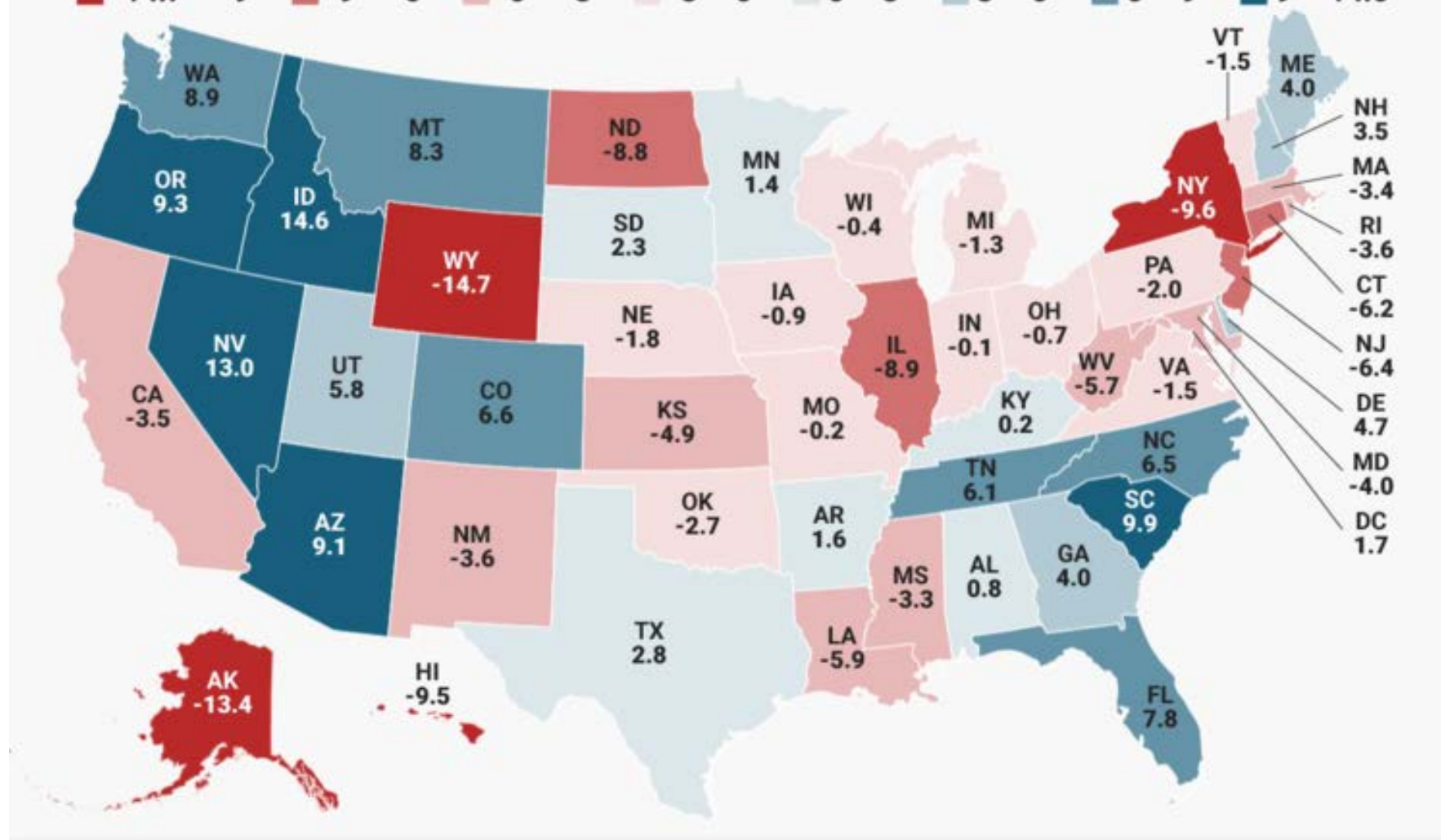
Net Migration by State 14-16

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%

# NET DOMESTIC MIGRATION

NET DOMESTIC MIGRATION PER 1,000 RESIDENTS, JULY 1, 2016 – JULY 1, 2017

■ -14.7 – -9   
 ■ -9 – -6   
 ■ -6 – -3   
 ■ -3 – 0   
 ■ 0 – 3   
 ■ 3 – 6   
 ■ 6 – 9   
 ■ 9 – 14.6



# California fact versus fiction



## 2016 Best & Worst States For Business

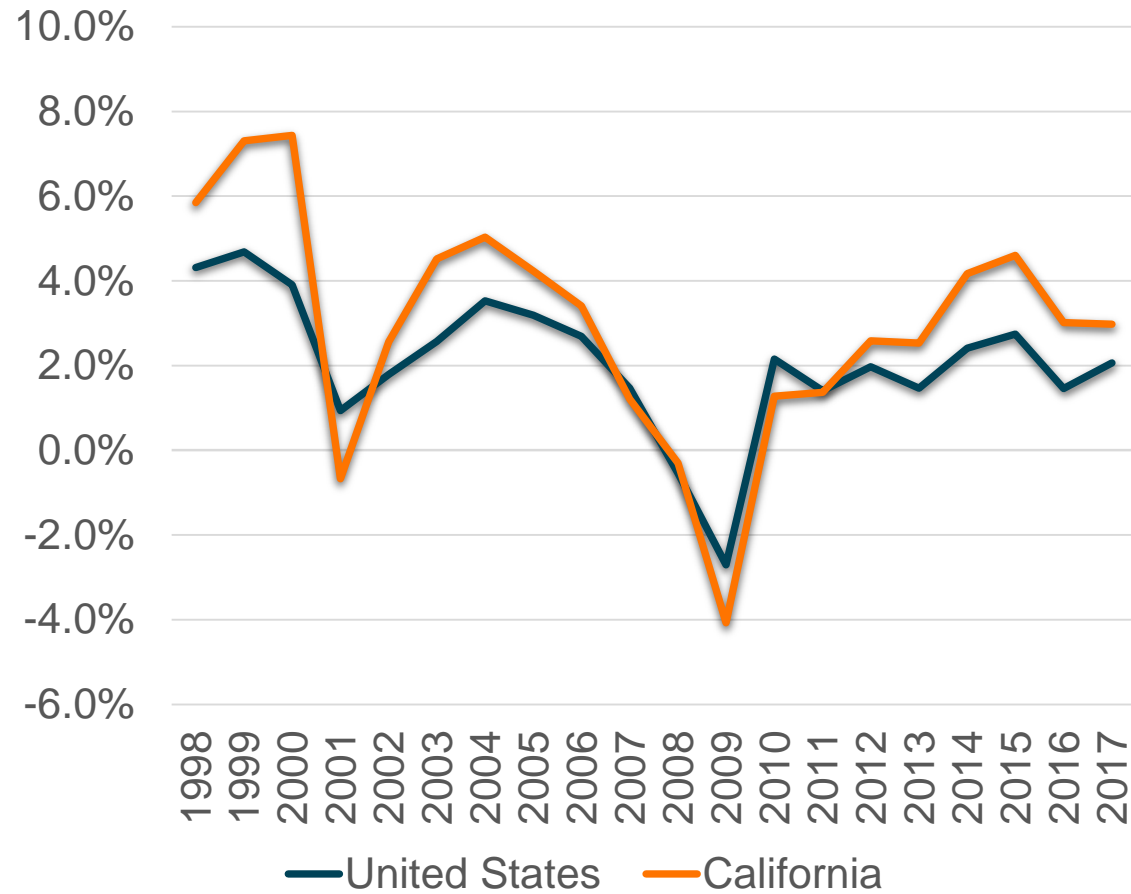
- 50 [California](#)
- 49 [New York](#)
- 48 [Illinois](#)
- 47 [New Jersey](#)
- 46 [Massachusetts](#)
- 45 [Connecticut](#)
- 44 [Hawaii](#)
- 43 [Michigan](#)
- 42 [Oregon](#)
- 41 [Vermont](#)
- 40 [Maryland](#)
- 39 [Mississippi](#)
- 38 [West Virginia](#)
- 37 [Rhode Island](#)



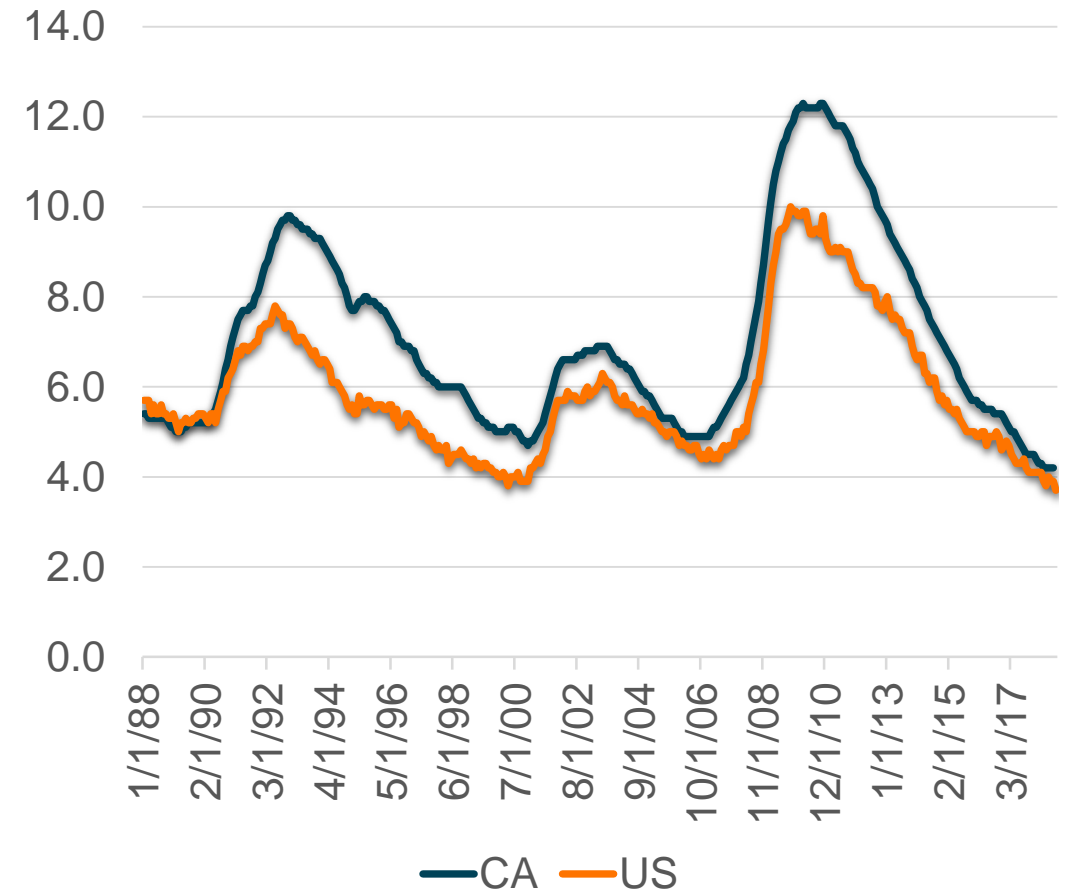
# Booms and Busts



## Growth in Real Output



## US Unemployment



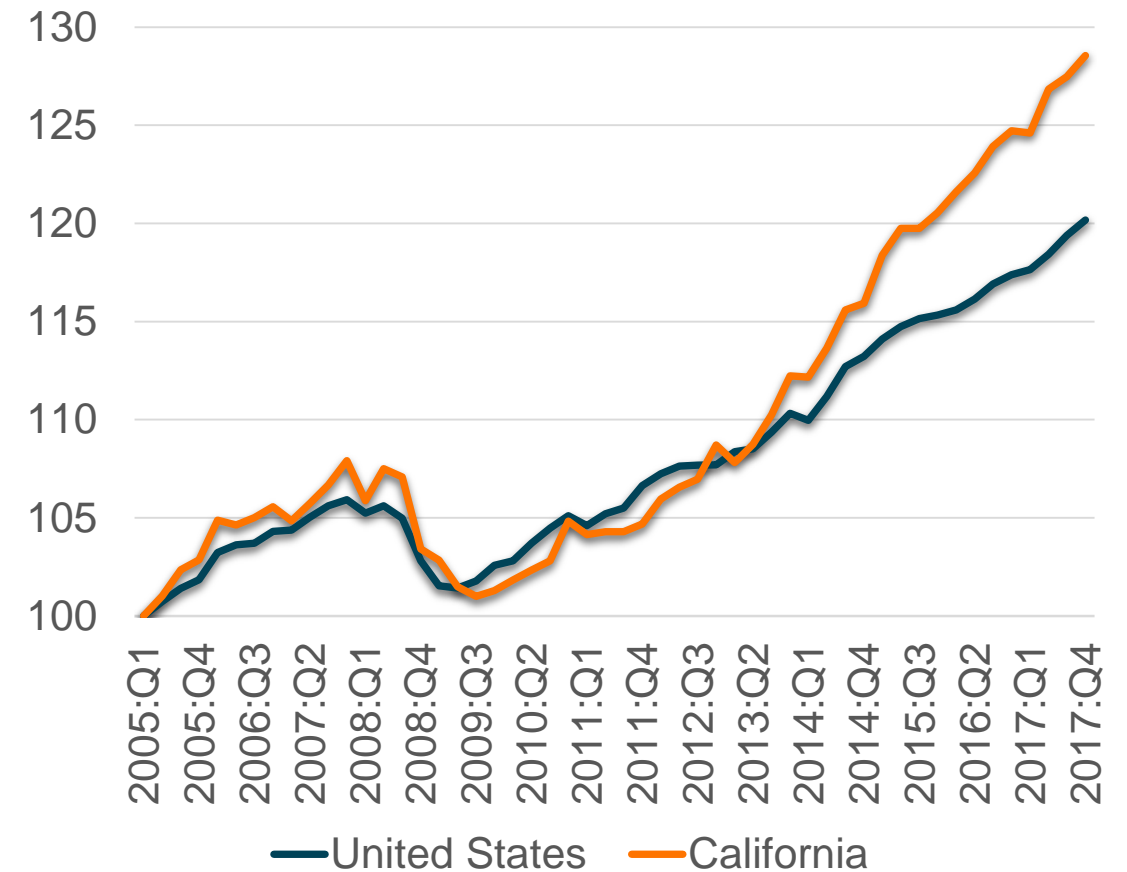


# California Economic Engine



Q1 2018	1 Year	5 Year
<b>Washington</b>	<b>4.3%</b>	<b>3.7%</b>
<b>California</b>	<b>3.5%</b>	<b>3.7%</b>
<b>Utah</b>	<b>3.7%</b>	<b>3.4%</b>
<b>Colorado</b>	<b>4.5%</b>	<b>3.4%</b>
<b>Oregon</b>	<b>3.4%</b>	<b>2.9%</b>
Florida	2.3%	2.8%
Texas	4.2%	2.8%
Idaho	3.2%	2.8%
Georgia	2.5%	2.8%
<b>Nevada</b>	<b>4.0%</b>	<b>2.7%</b>

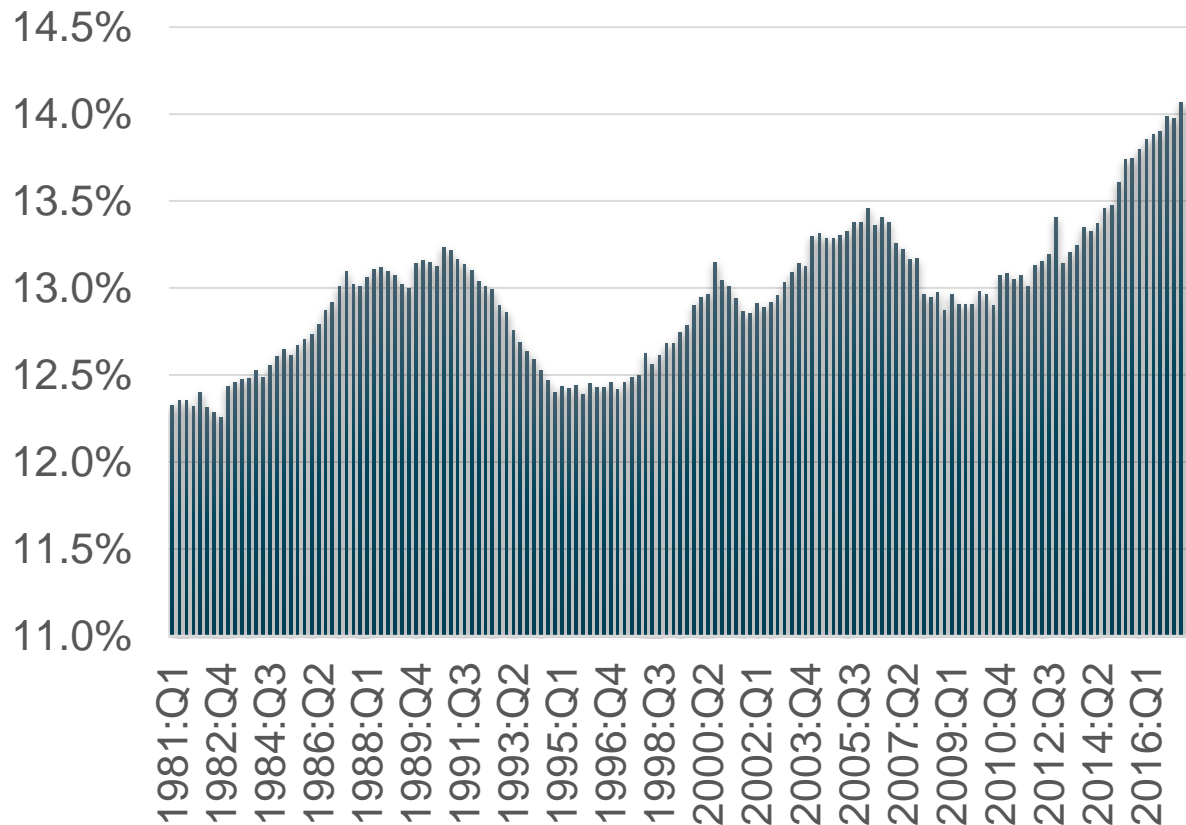
Real State Output Index



# California Economic Engine



California Share National Personal Income



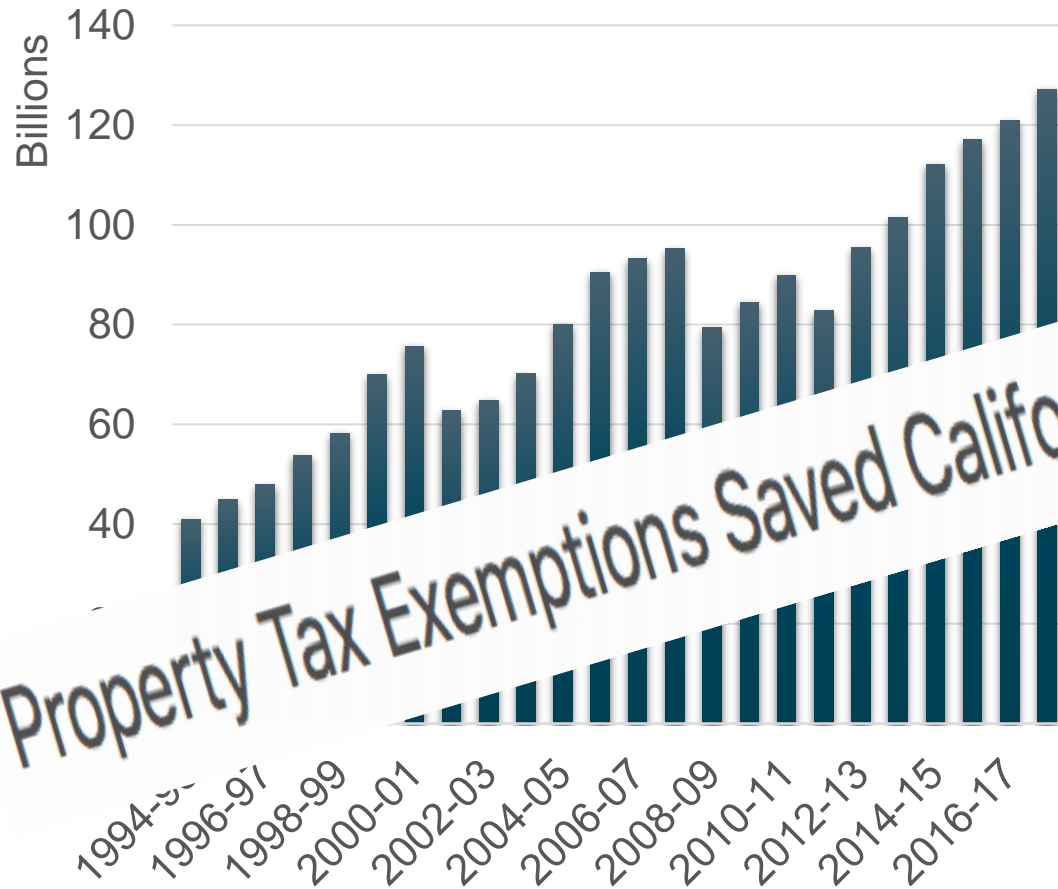
Employment

Rk	State	#	Ann Gr	Share US
1	Nevada	211.2	3.4%	1.7%
2	Utah	218.3	3.2%	1.7%
3	Florida	1238.2	3.1%	9.8%
4	Oregon	252.1	2.9%	2.0%
5	Idaho	92.1	2.8%	0.7%
6	Colorado	328.7	2.7%	2.6%
7	Washington	413.1	2.7%	3.3%
8	California	2051	2.6%	16.3%
9	Georgia	537.9	2.6%	4.3%
10	South Carolina	237.6	2.4%	1.9%

# A (Temporary) Revenue Glut



State Revenues from Taxes



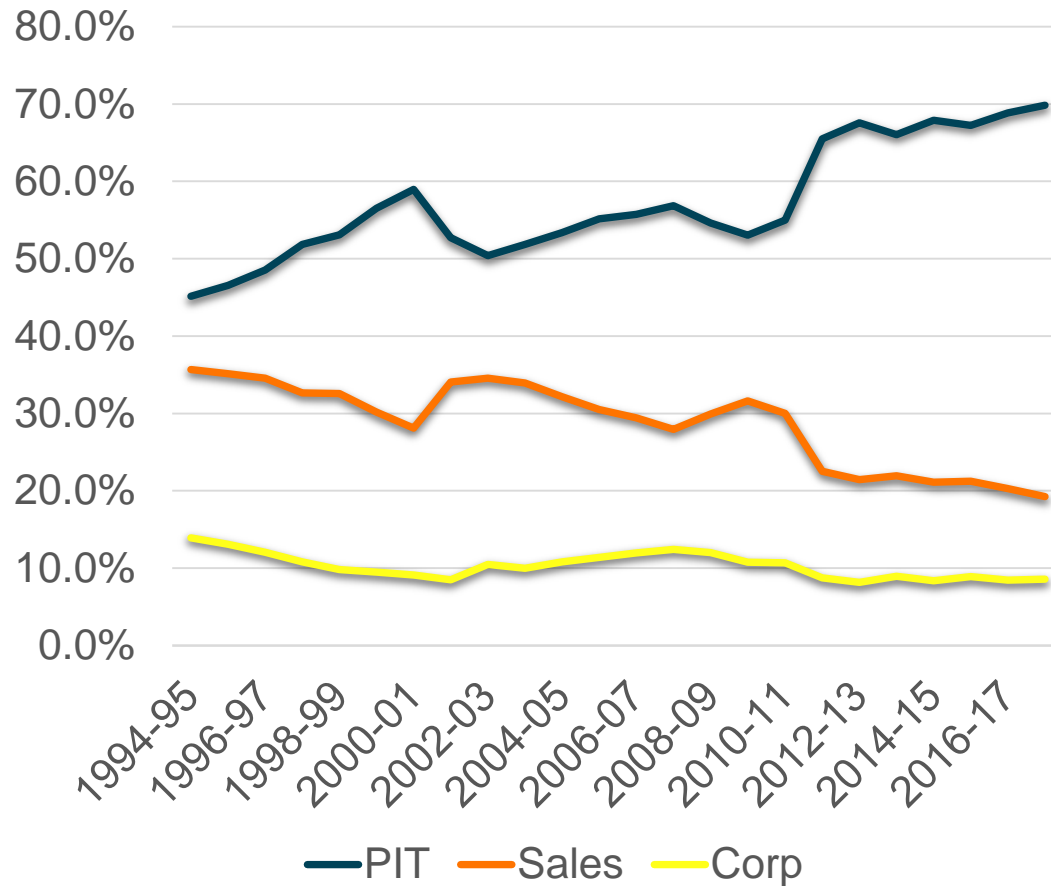
Tax Revenues as % GSP

1 Mississippi	24.8%	14 Alabama	16.5%
2 West Virginia	23.1%	15 North Dakota	17.7%
3 New Mexico	22.5%	16 Iowa	17.5%
4 Vermont	21.9%	17 Michigan	17.5%
5 Kansas	20.6%	18 Louisiana	17.2%
6 Maine	20.1%	19 Minnesota	17.2%
7 Hawaii	19.2%	20 Idaho	16.8%
8 New York	19.1%	21 California	16.7%
9 Oregon	19.0%	22 Ohio	16.7%
10 Kentucky	18.9%	23 New Jersey	16.6%
11 South Carolina	18.8%	24 Oklahoma	16.5%

# A (Temporary) Revenue Glut



Share by Source



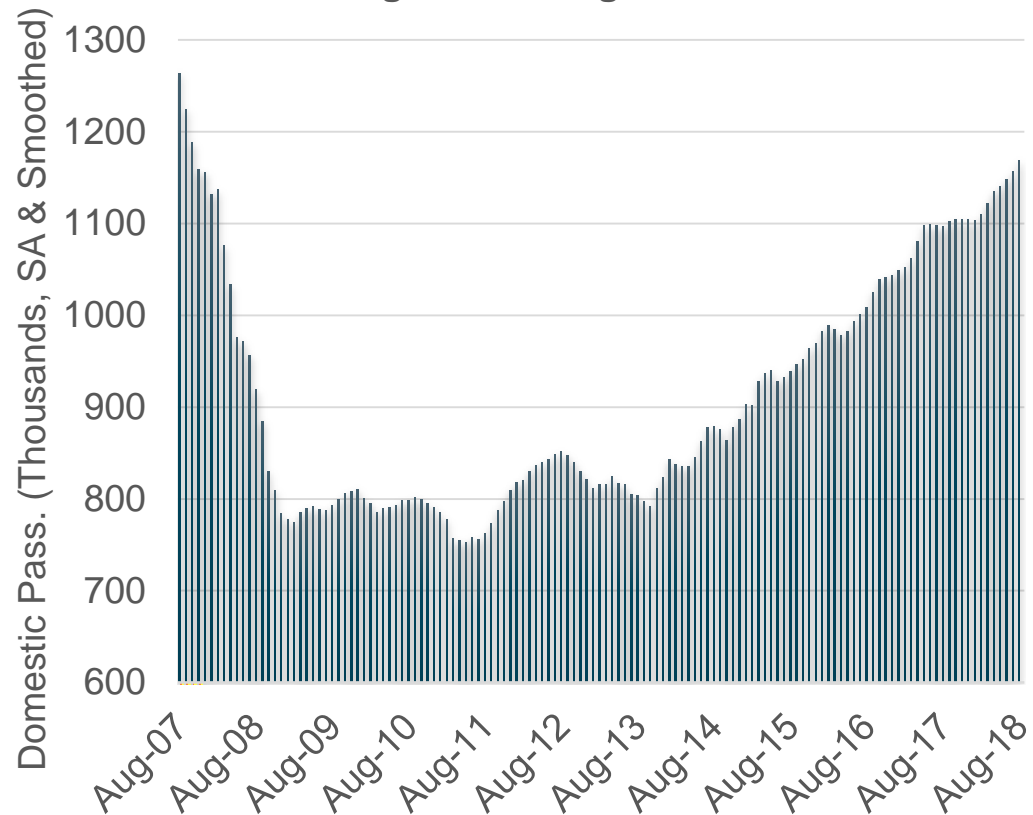
- Hyper-Cyclical
- Progressive / Regressive
- Tax on Effort vs Tax on Wealth
- Inflation for Goods relative to Inflation for Services
- Evolutionary vs revolutionary reform



# Air Traffic



**Domestic Passengers  
Oakland International Airport  
Aug. 2007 – Aug. 2018**



Airport	Domestic Pass. (000's) Aug. 2018	Year over Year % Change	Five Year % Change
OAK	1,168.8	6.6%	45.4%
SFO	3,665.8	1.8%	26.9%
SJC	1,132.6	19.9%	62.8%

# Hotels

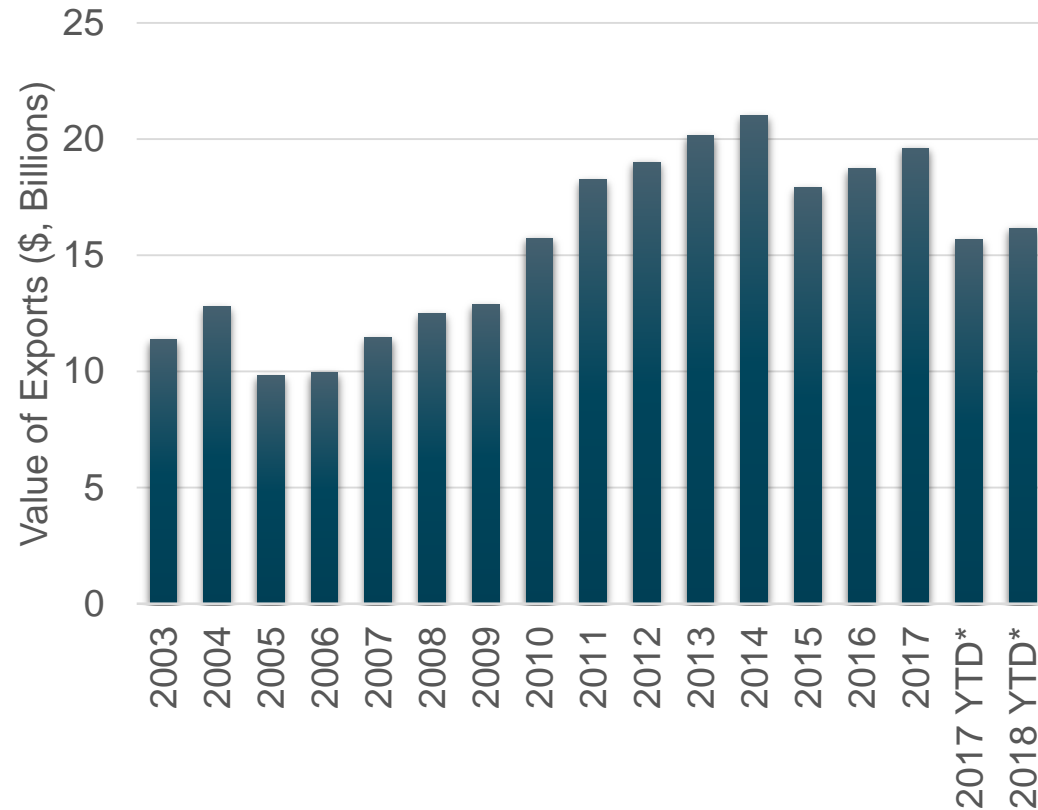


	AVERAGE DAILY ROOM RATE			OCCUPANCY PERCENT		
	2018	2017	VAR	2018	2017	VAR
SAN FRANCISCO	\$299.19	\$282.82	5.8%	86.6%	87.0%	-0.5%
SAN FRANCISCO AIRPORT	210.48	204.44	3.0%	88.1%	87.4%	0.8%
SAN JOSE/PENINSULA	224.46	212.59	5.6%	82.4%	81.7%	0.9%
OAKLAND/EAST BAY	173.16	164.80	5.1%	81.0%	81.4%	-0.4%
MONTEREY/CARMEL	322.18	308.85	4.3%	78.4%	76.7%	2.2%
CENTRAL VALLEY	107.56	103.30	4.1%	75.6%	76.3%	-1.0%
SACRAMENTO	137.01	131.82	3.9%	80.2%	81.2%	-1.2%
MARIN COUNTY	185.69	181.60	2.3%	81.1%	82.4%	-1.5%

# Port of Oakland

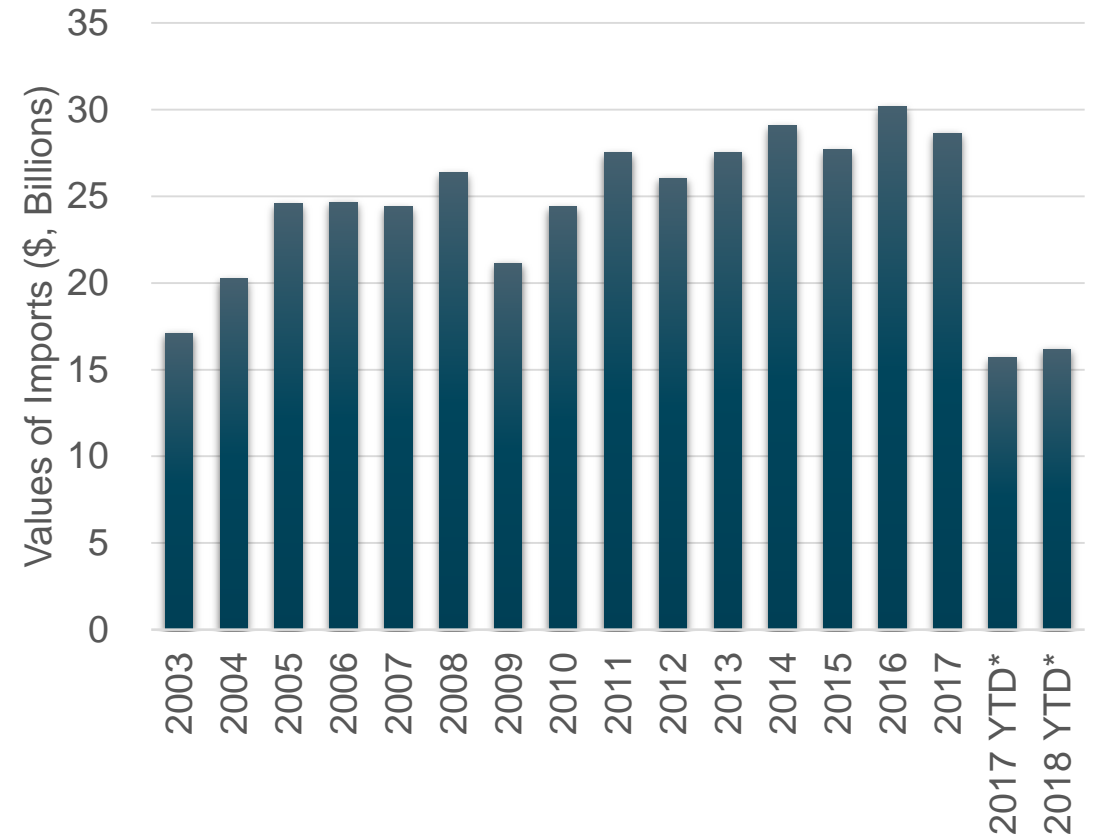


Value of Exports  
All Commodities  
2003 to 2018 YTD\*

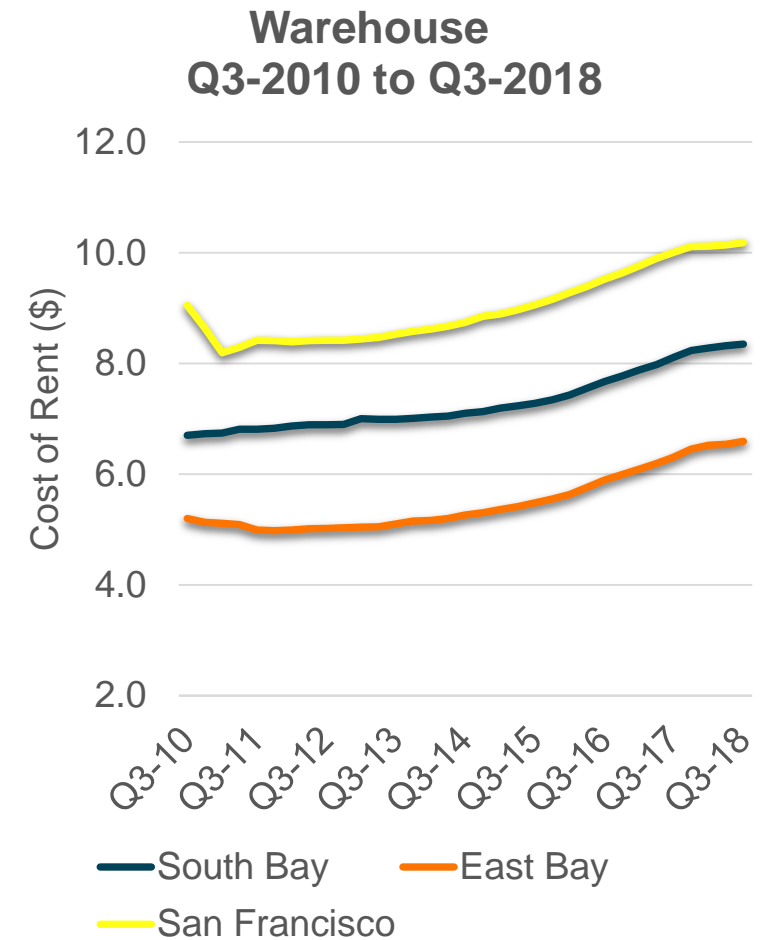
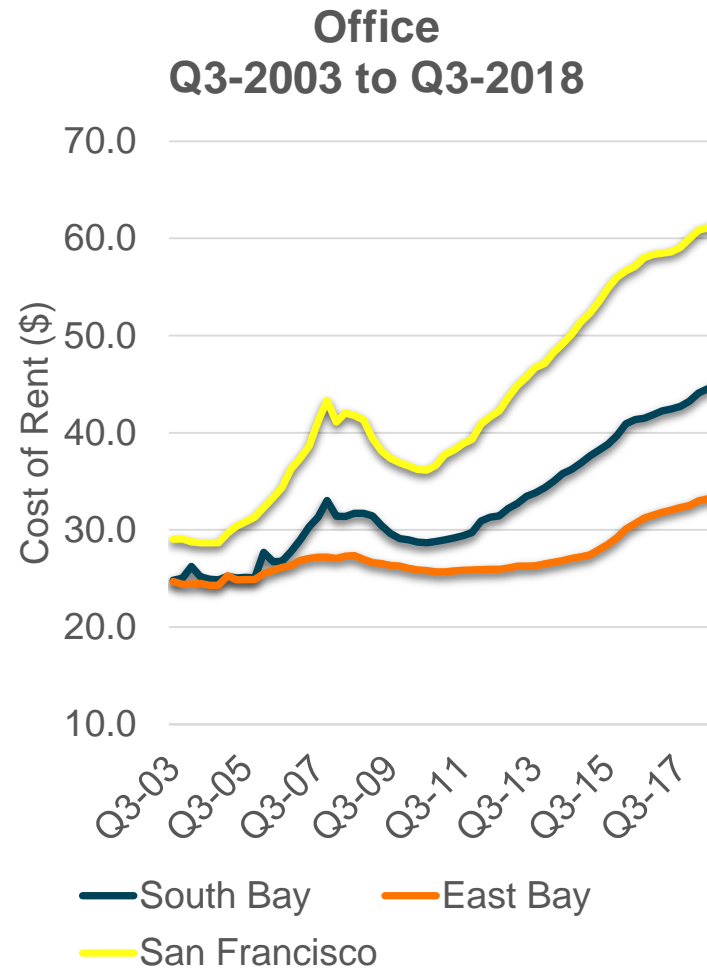
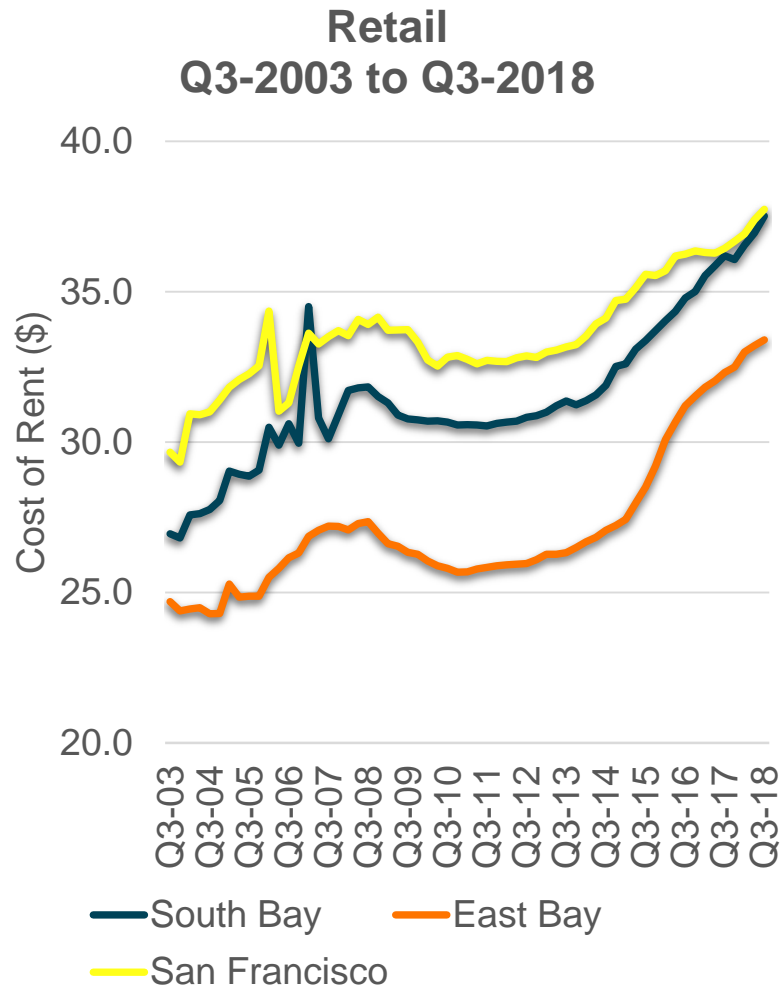


\*Through October

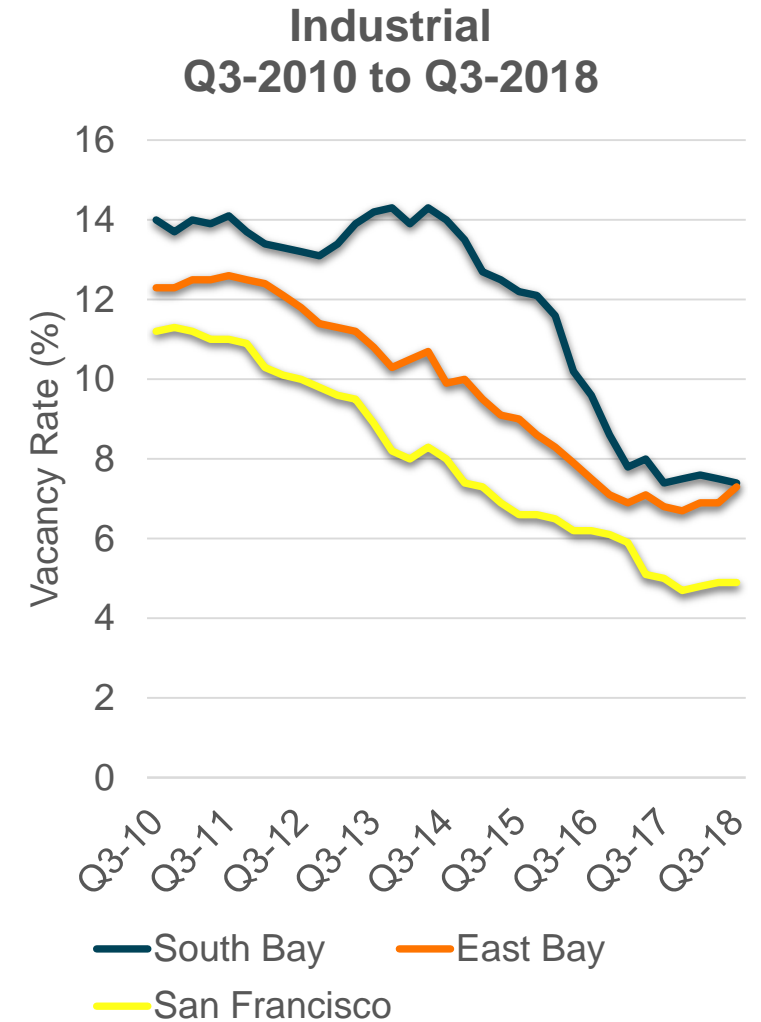
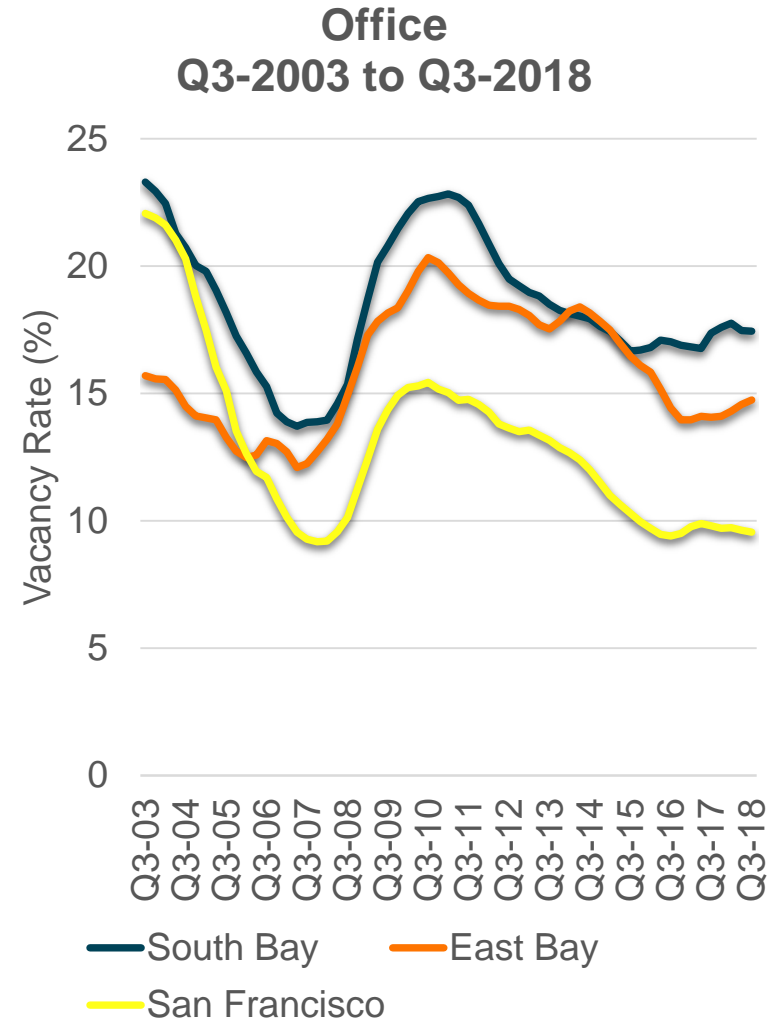
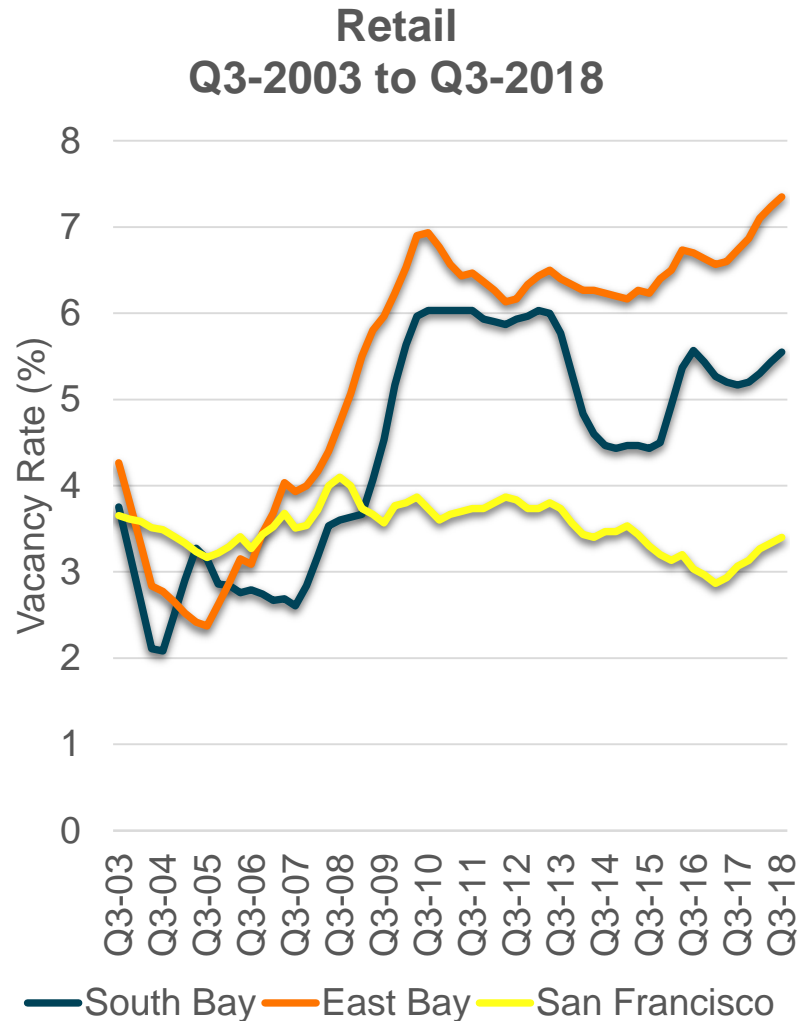
Value of Imports  
All Commodities  
2003 to 2018 YTD\*



# Rents

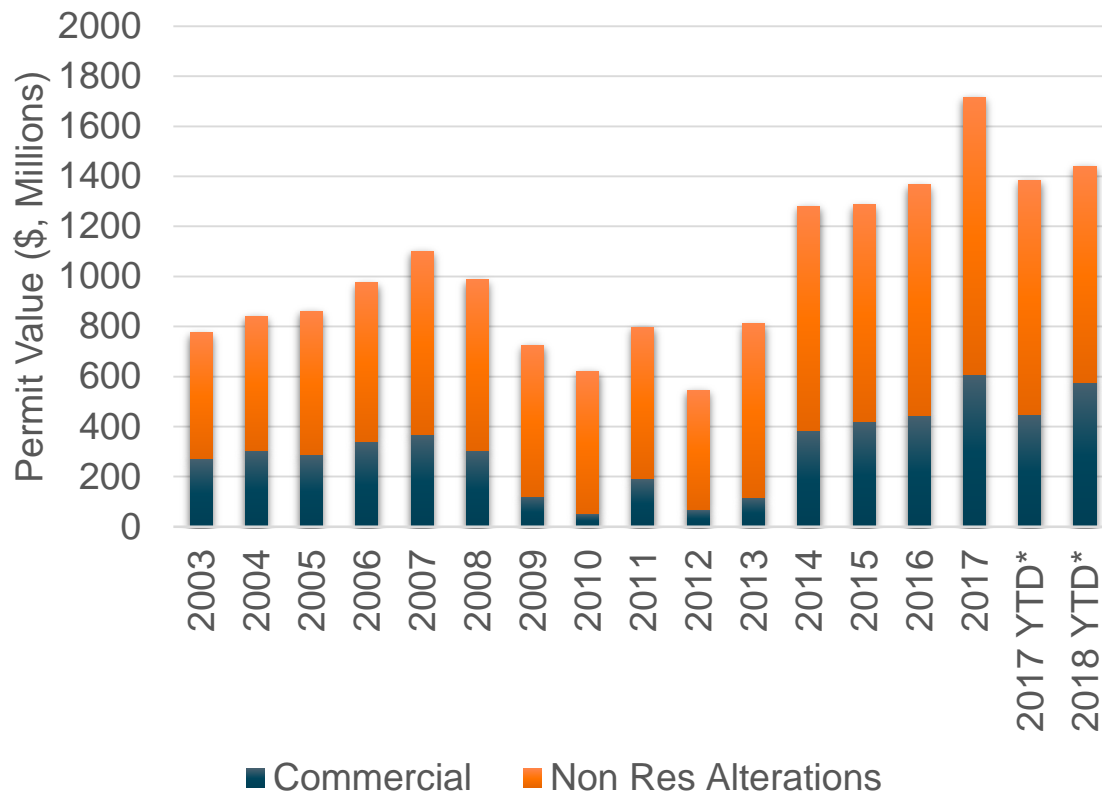


# Vacancy Rates



# Nonresidential Real Estate Permits

**East Bay Nonresidential Permits  
2003 to 2018 YTD\***



\*through the third quarter

Region	Value of Permits 2018 YTD* (\$, Millions)		YTD Year over Year % Growth	
	Comm.	Alts.	Comm.	Alts.
East Bay	574.9	866.4	28.1%	-7.5%
San Francisco	1,622.2	1,842.3	-7.5%	-36.8%
South Bay	1,221.8	1,506.9	67.9%	25.6%

# State Job Growth



**California Non Farm Payroll  
YoY Growth**

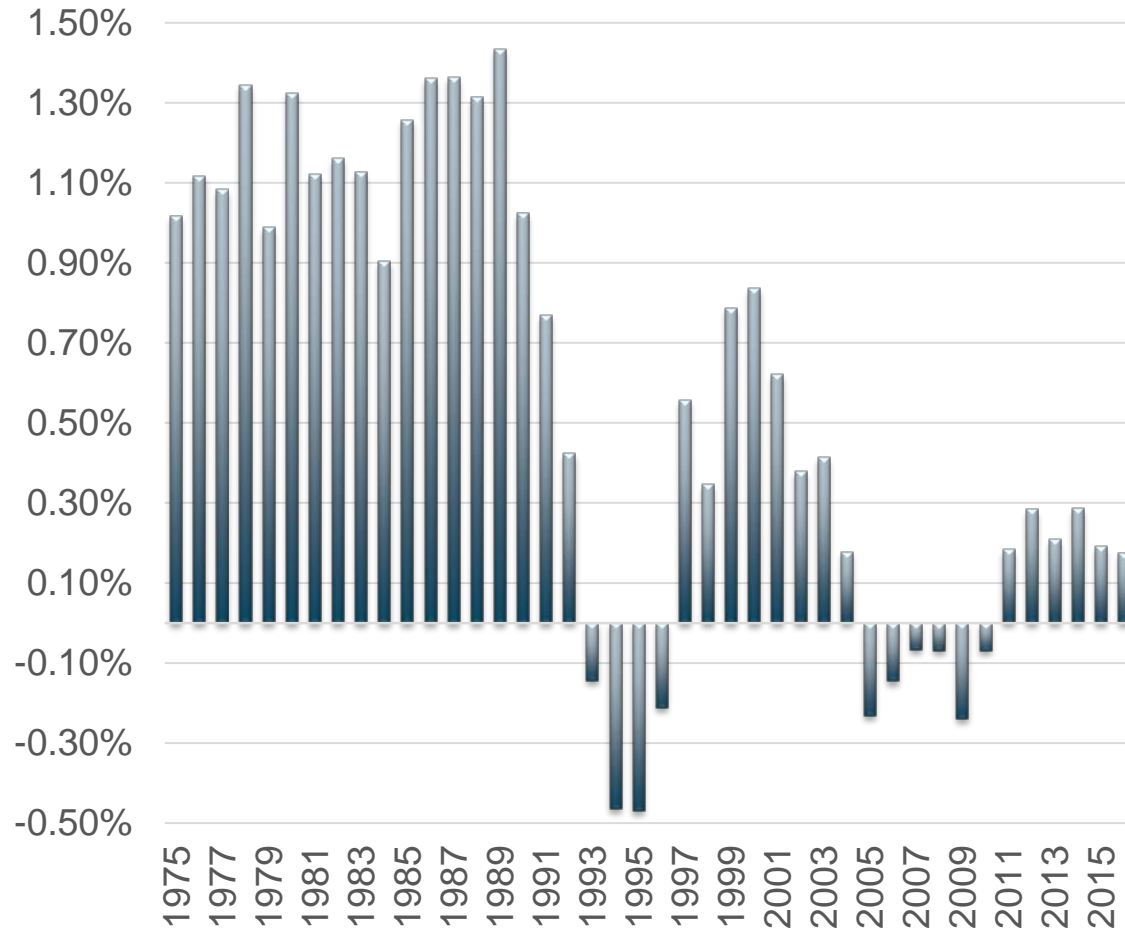


	Nov-18		
San Jose	1,147,800	2.6%	3.4%
Stockton	246,000	3.8%	3.1%
Santa Rosa	211,500	2.0%	2.3%
Riverside	1,509,100	4.2%	2.3%
Fresno	357,600	3.1%	2.1%
Oakland	1,194,800	2.0%	1.9%
San Francisco	1,146,000	1.9%	1.9%
Bakersfield	264,800	1.5%	1.8%
San Diego	1,490,500	1.8%	1.8%
Oxnard	309,400	1.1%	1.6%
Sacramento	993,500	2.6%	1.3%
Los Angeles	4,523,400	1.4%	1.3%
Orange	1,635,300	1.7%	0.4%

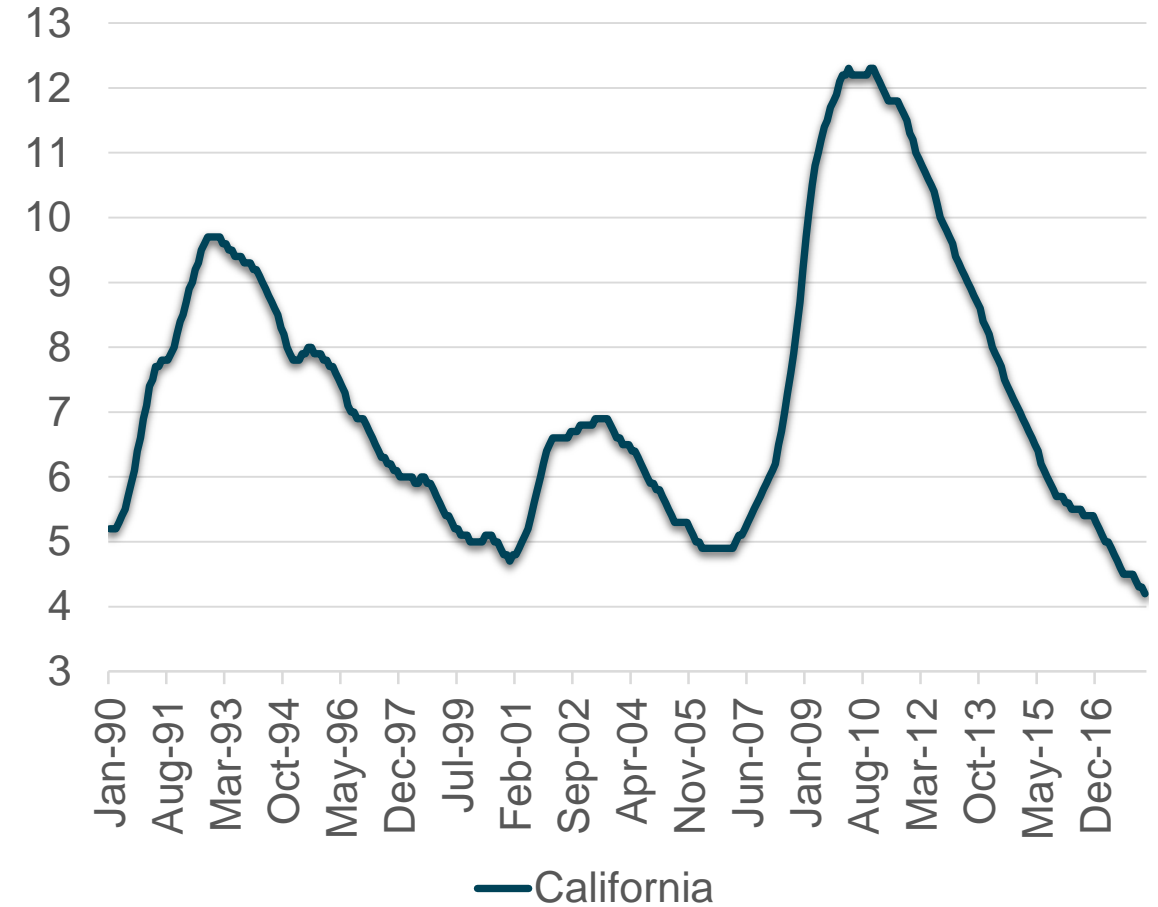
# California Labor Markets



## Net Migration as a % of Pop

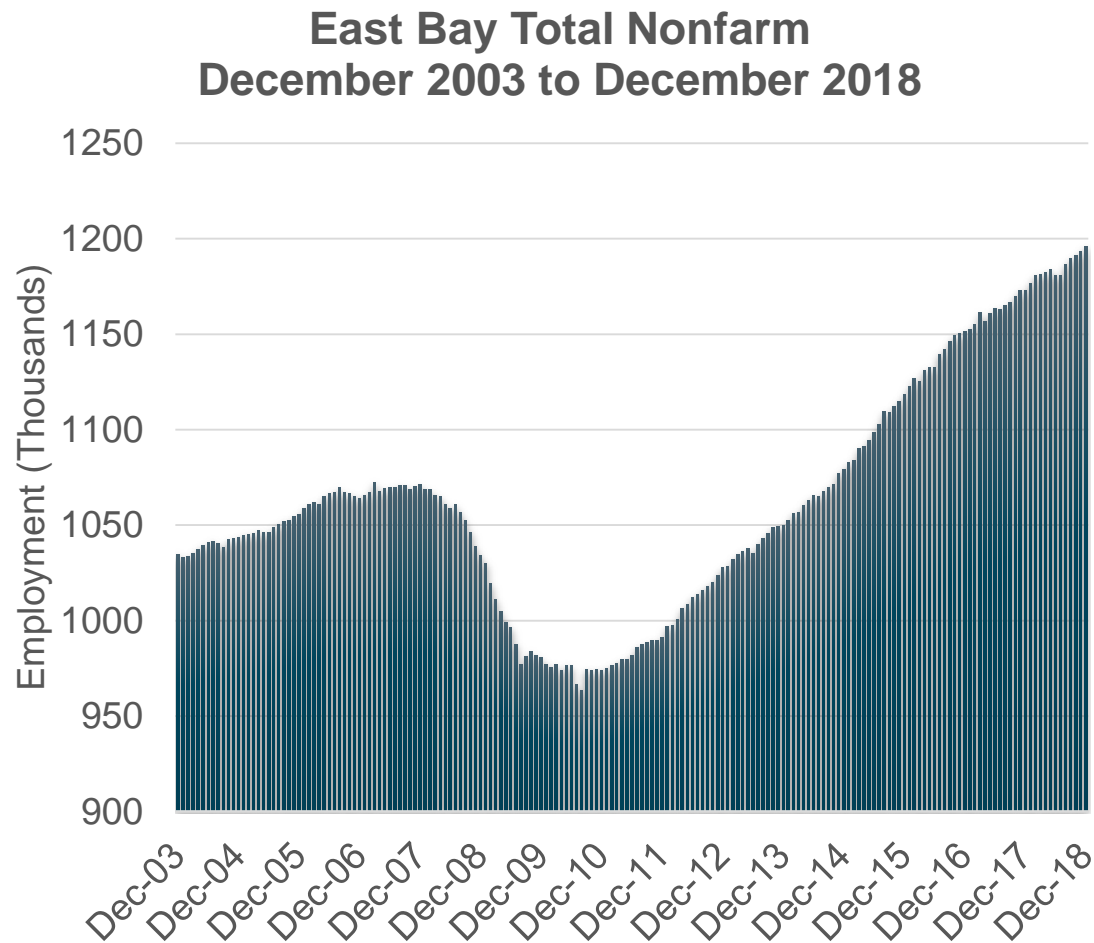


## Unemployment Rate





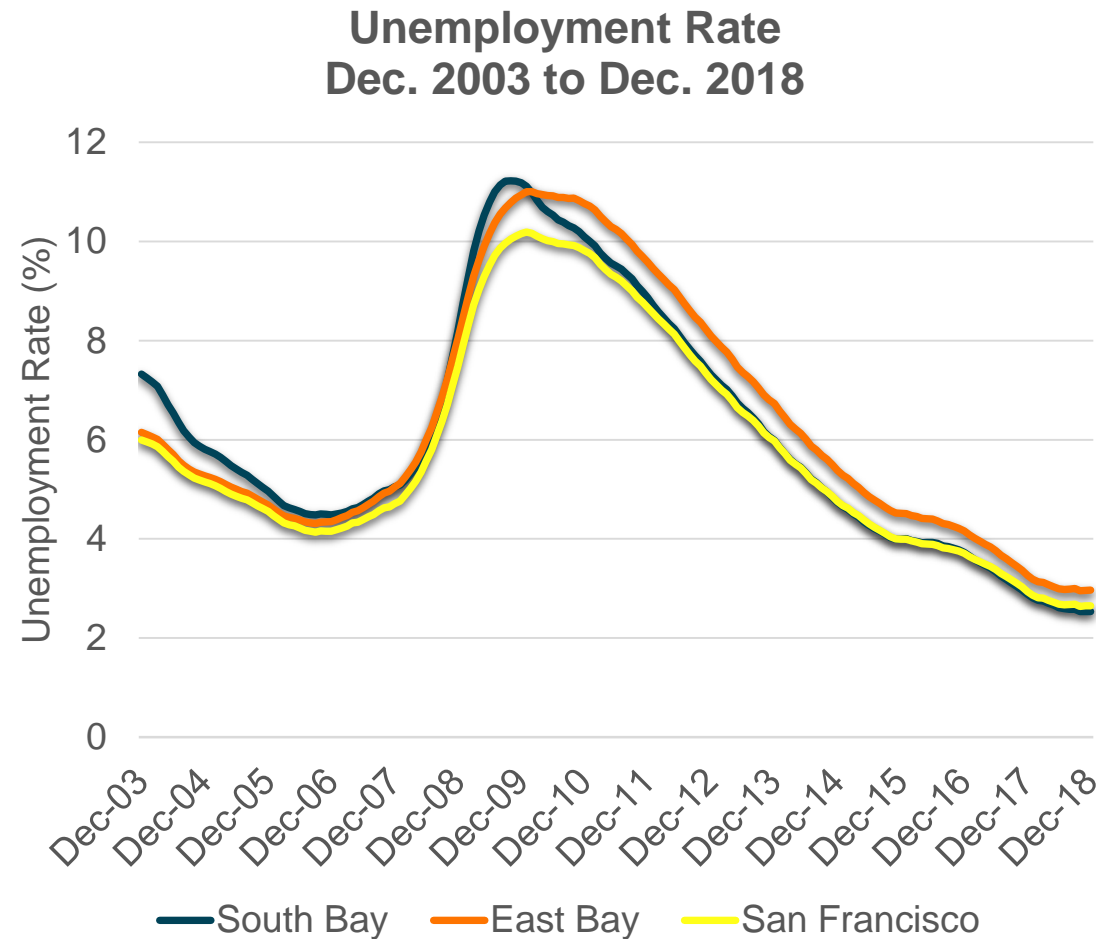
# Employment Comparisons



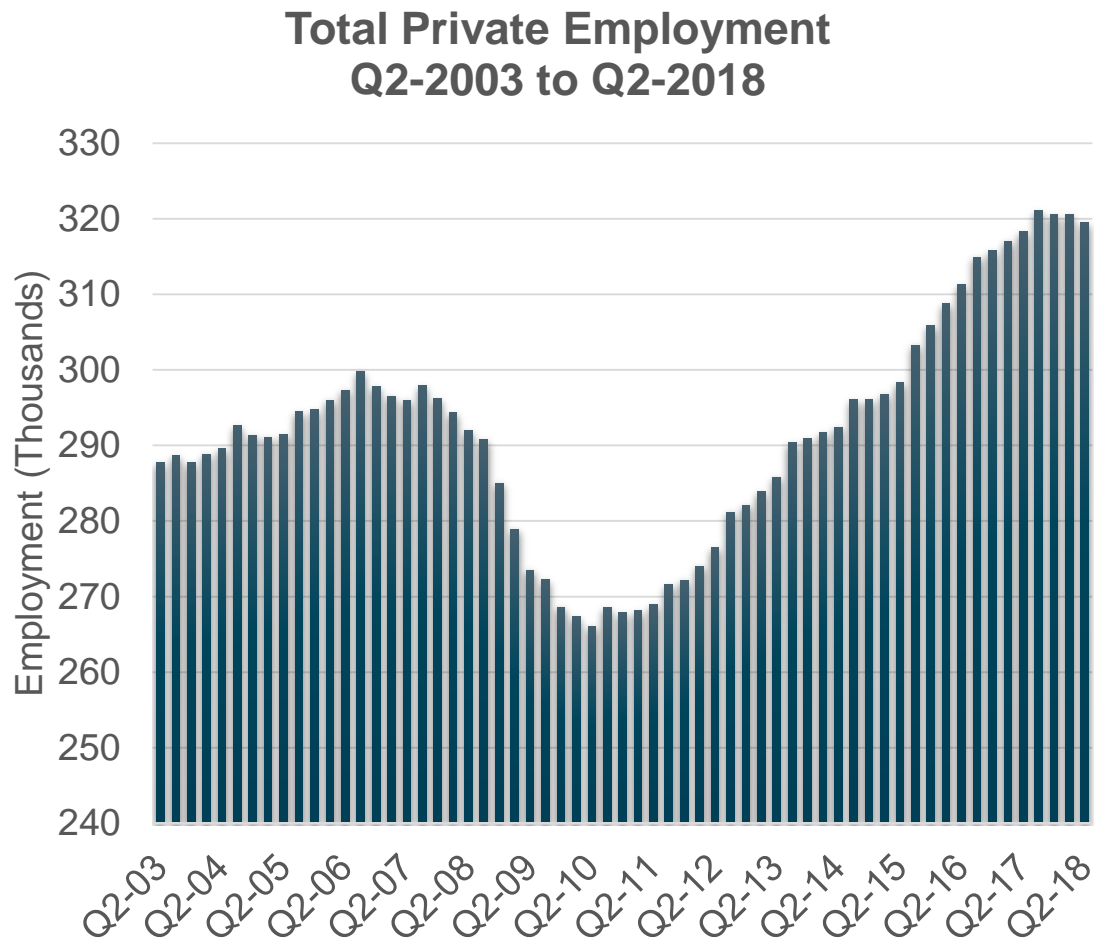
Region	Total Nonfarm Employment (000's)	Year over Year % Growth
South Bay	1,149	3.3
San Francisco	2,348	2.0
<b>East Bay</b>	<b>1,196</b>	<b>2.0</b>
California	17,287	1.7

# Industry Comparisons – December 2018

Industry	East Bay		California
	Emp	% Gr	% Gr
<b>Total Nonfarm</b>	<b>1,196</b>	<b>2.0</b>	<b>1.7</b>
Admin Support	72	10.7	2.8
Construction	76	4.0	2.6
Professional	100	2.4	4.1
Other Services	41	2.3	-0.7
Education/Health	198	2.0	2.5
Logistics	210	1.7	0.4
Retail Trade	117	1.3	-0.5
Manufacturing	98	1.2	0.4
Hospitality	117	0.5	2.8
Information	27	0.4	1.5
Government	176	0.3	1.2
Financial Activities	57	-0.9	0.5
Wholesale Trade	48	-3.0	-0.7



# Employment Comparisons



County	Total Private Employment (000's)	Year over Year % Growth
San Francisco	635.5	3.2
Santa Clara	1,004.7	2.9
Alameda	676.4	2.3
<b>Contra Costa</b>	<b>321.1</b>	<b>1.0</b>

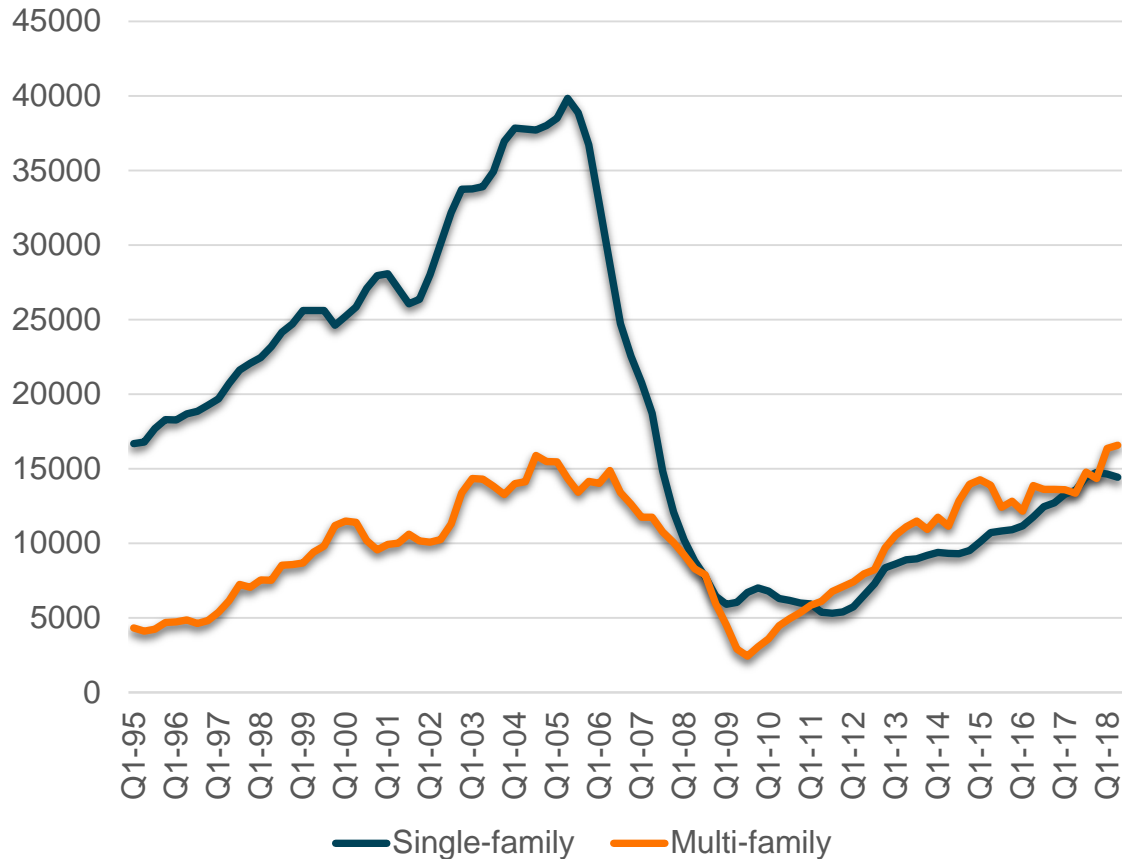
# Employment – Contra Costa County

Industry	Employment Q2-2018	Year over Year % Change	Average Annual Wage (\$)	Year over Year % Change
<b>Total Private</b>	<b>321,060</b>	<b>1.0</b>	<b>66,157</b>	<b>-9.3</b>
NR/Construction	838	25.9	40,951	-0.1
Hospitality	41,322	4.4	23,517	-2.2
Other Scvs.	12,824	3.2	40,321	0.7
Admin Support	22,790	2.2	51,956	-4.5
Education	7,623	2.1	40,256	1.4
Manufacturing	15,495	0.6	92,068	-22.5
Health Care	62,111	0.4	67,808	4.5
FIRE	27,312	0.2	98,005	-16.2
Professional	15,774	0.2	110,481	-16.5
Information	7,958	-0.1	107,769	-25.3
Retail Trade	42,116	-0.7	35,424	0.8
Wholesale Trade	9,728	-2.7	93,438	-9.8

# 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	111,185
Shortfall	100,489

### Method 2

Total	911,001
Per Year	263,667
Current	111,185
Shortfall	157,482

# How Much of a Backlog?



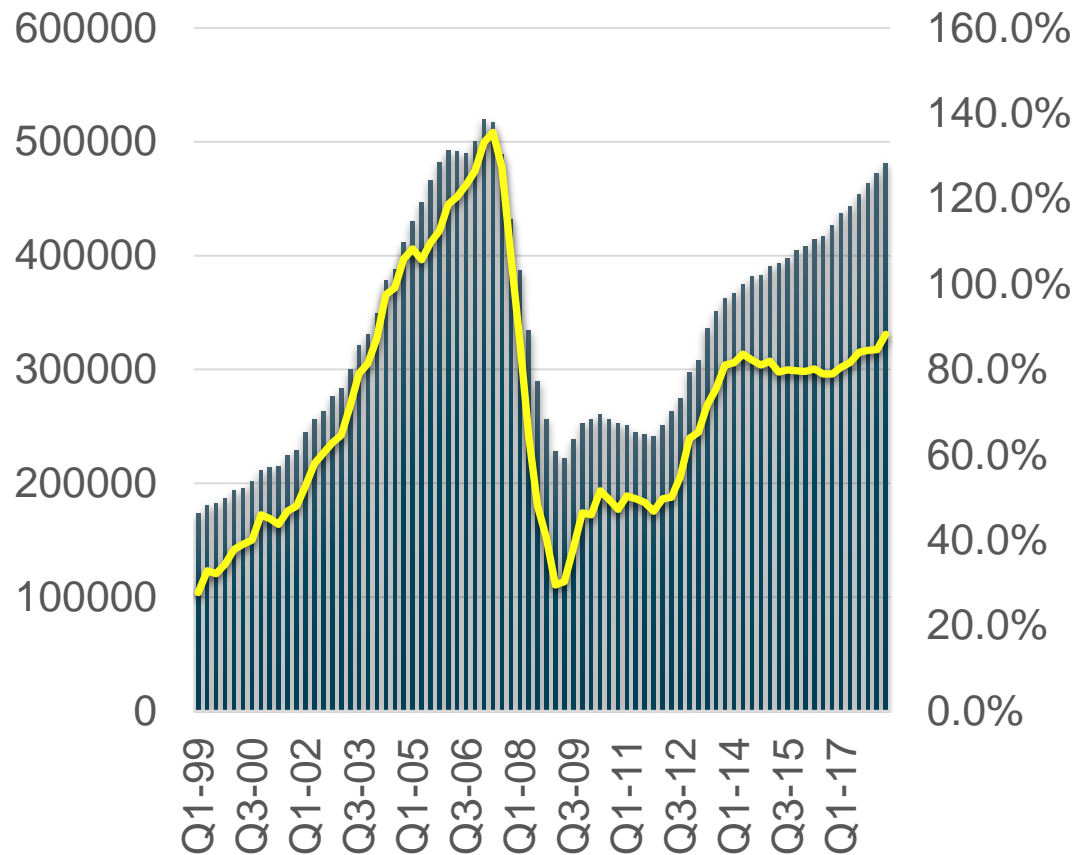
	Units	Vacancy	Rk	00-17 Gr%	Rk	00-17 Ch
Texas	10,933	9.4%	28	34%	4	2,776
Florida	9,442	13.2%	6	29%	6	2,139
California	14,177	5.8%	52	16%	21	1,963
N Carolina	4,623	11.1%	17	31%	8	1,099
Georgia	4,282	8.4%	34	30%	9	1,001
Arizona	2,999	13.1%	7	37%	3	810
Washington	3,103	7.3%	44	27%	10	652
New York	8,328	8.1%	39	8%	44	648
Virginia	3,513	7.1%	46	21%	15	609
Colorado	2,385	8.3%	35	32%	7	577

	Backlog
Avg Growth	291
Avg Vacancy	676
<b>Total</b>	<b>967</b>
High Growth	1,408
Avg Vacancy	676
<b>Total</b>	<b>2,084</b>
Texas Growth	1,849
Avg Vacancy	676
<b>Total</b>	<b>2,525</b>

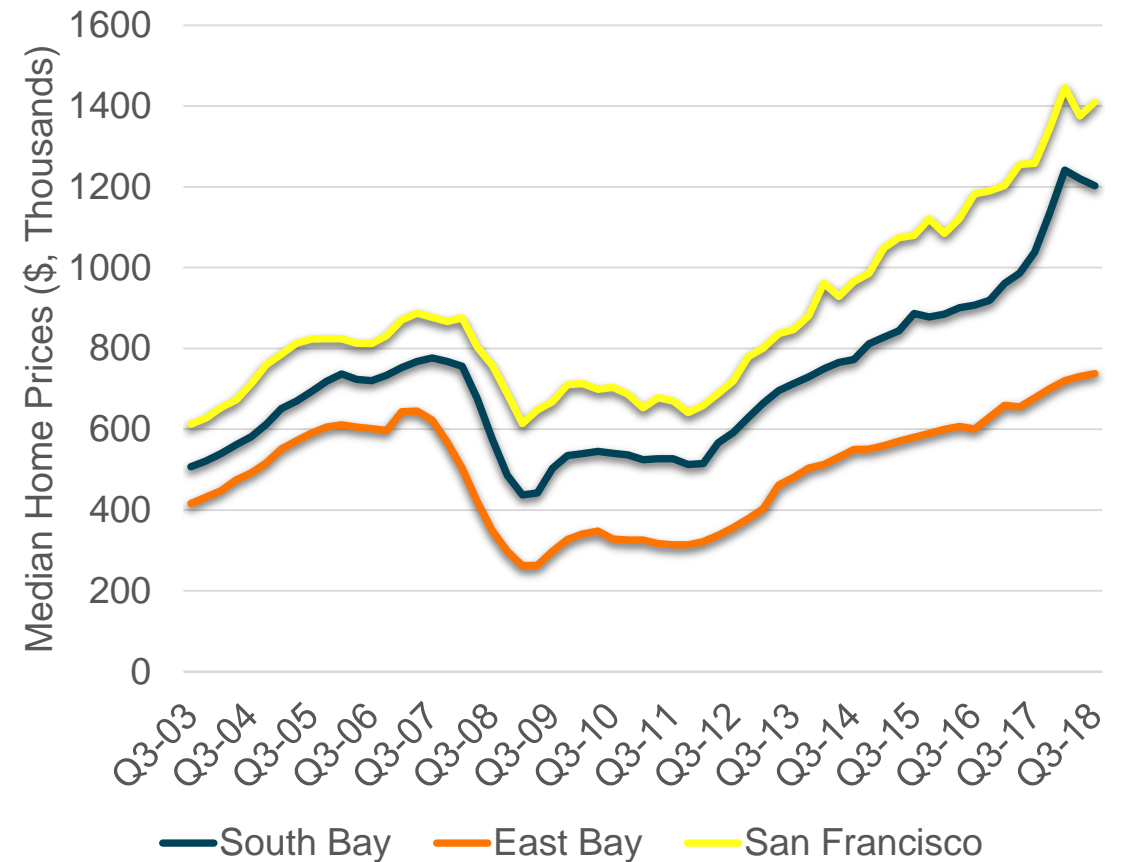
# The Housing Exodus



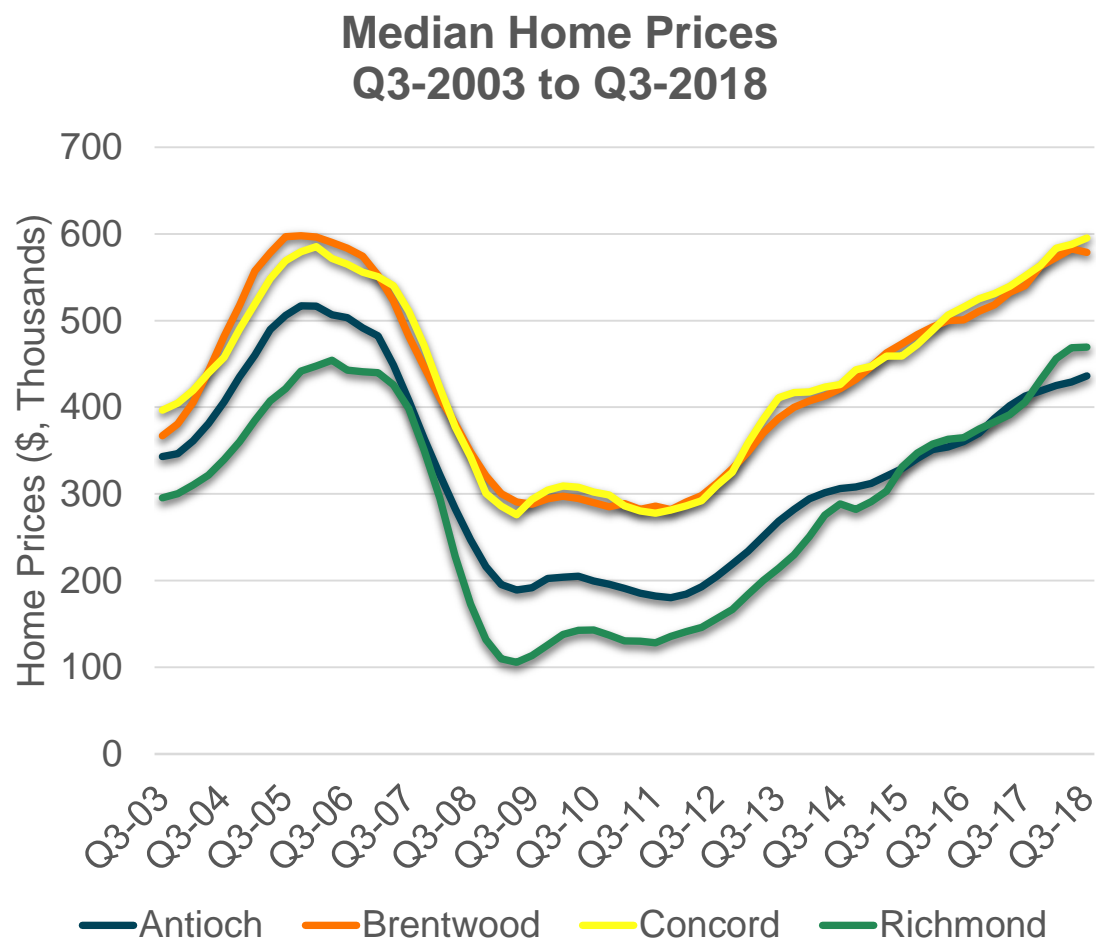
## California Home Prices Relative to US



## Median Home Price Q3-2003 to Q3-2018



# Residential Real Estate - Local

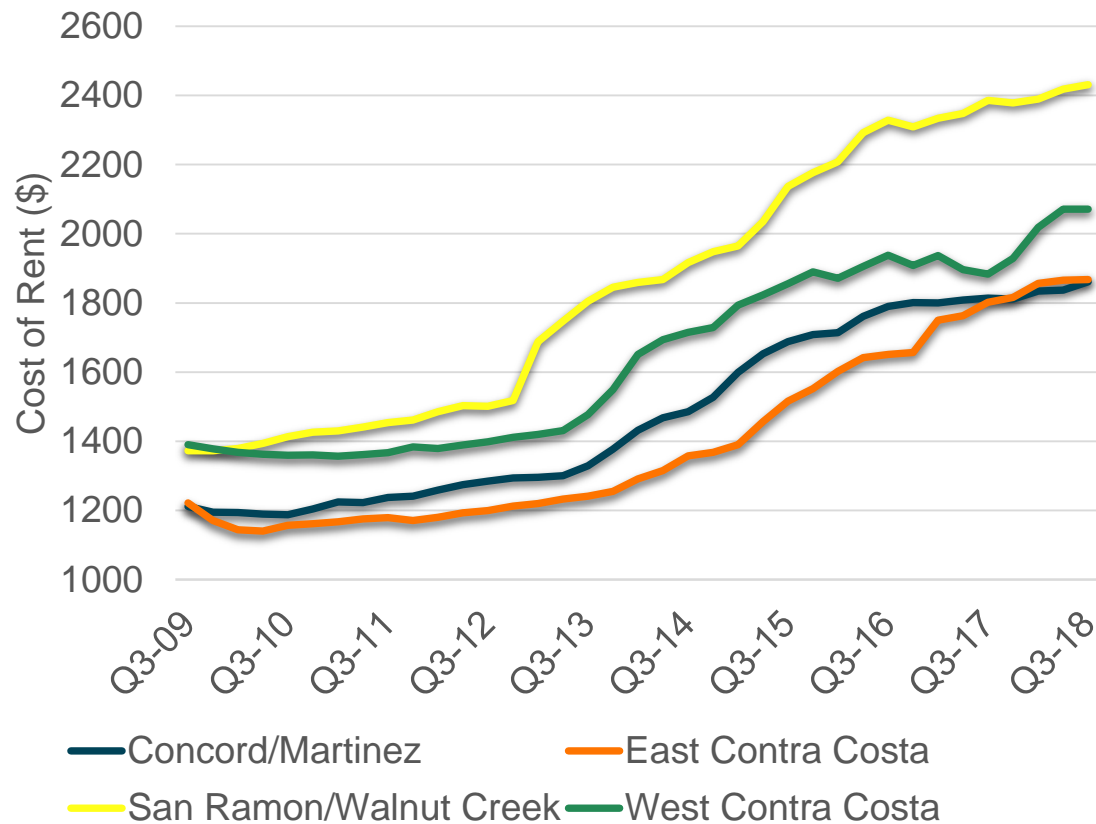


City	Median Home Prices in Q3-2018 (000's)	Year over Year % Change
Richmond	461.8	15.0
Brentwood	590.0	9.9
Concord	591.1	9.6
Antioch	436.9	4.9

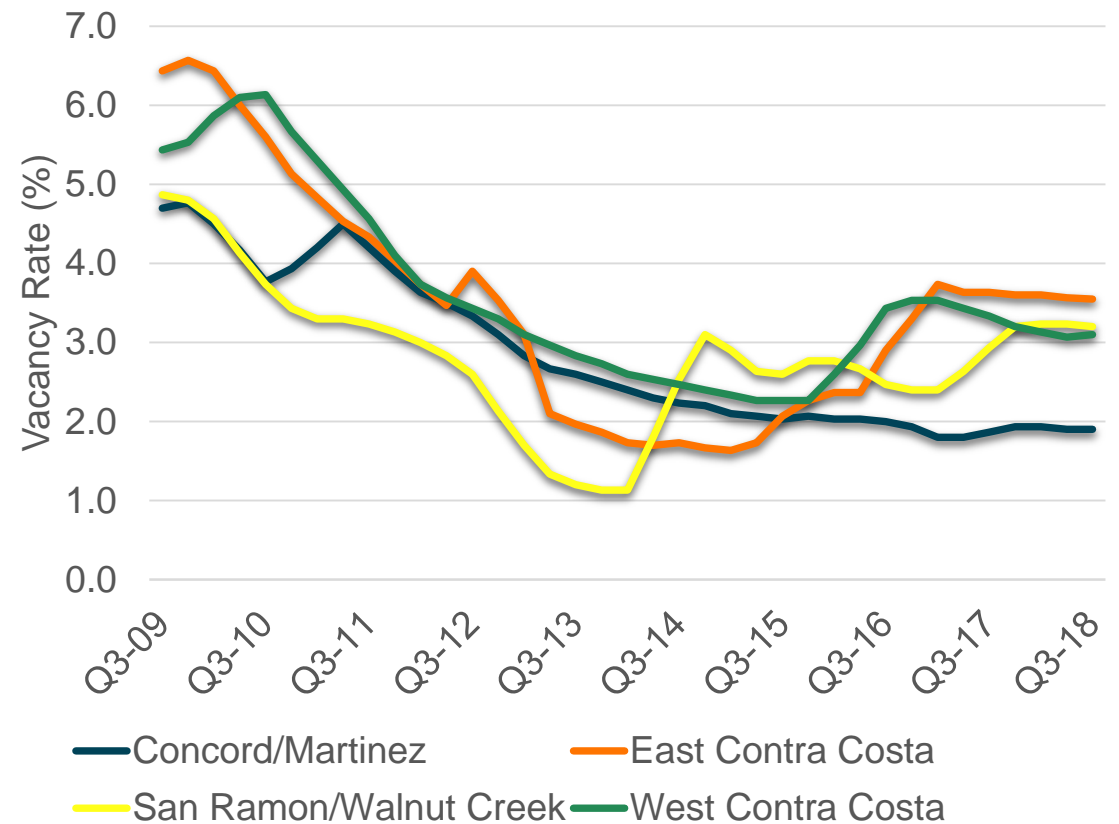


# Residential Real Estate - Local

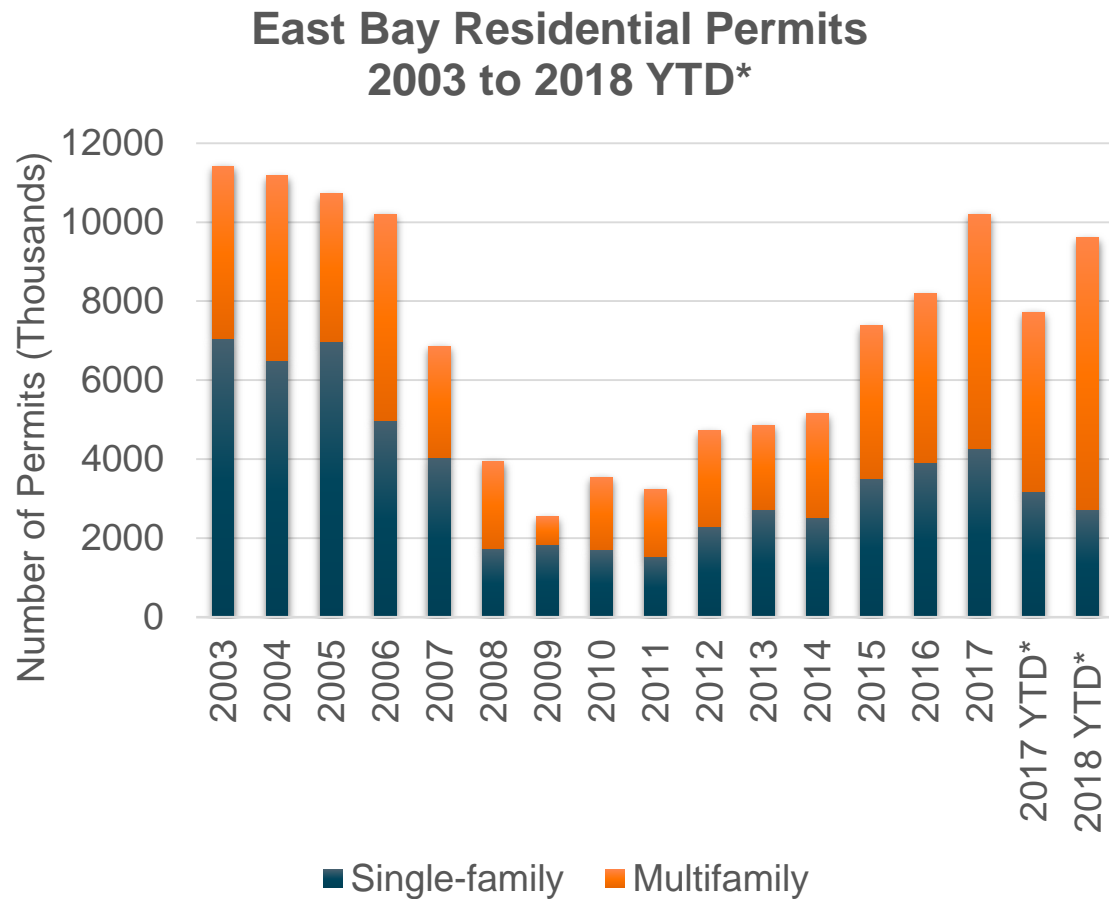
Apartment Rents  
Q3-09 to Q3-2018



Apartment Vacancy Rate  
Q3-2009 to Q3-2018



# Residential Real Estate – Permits

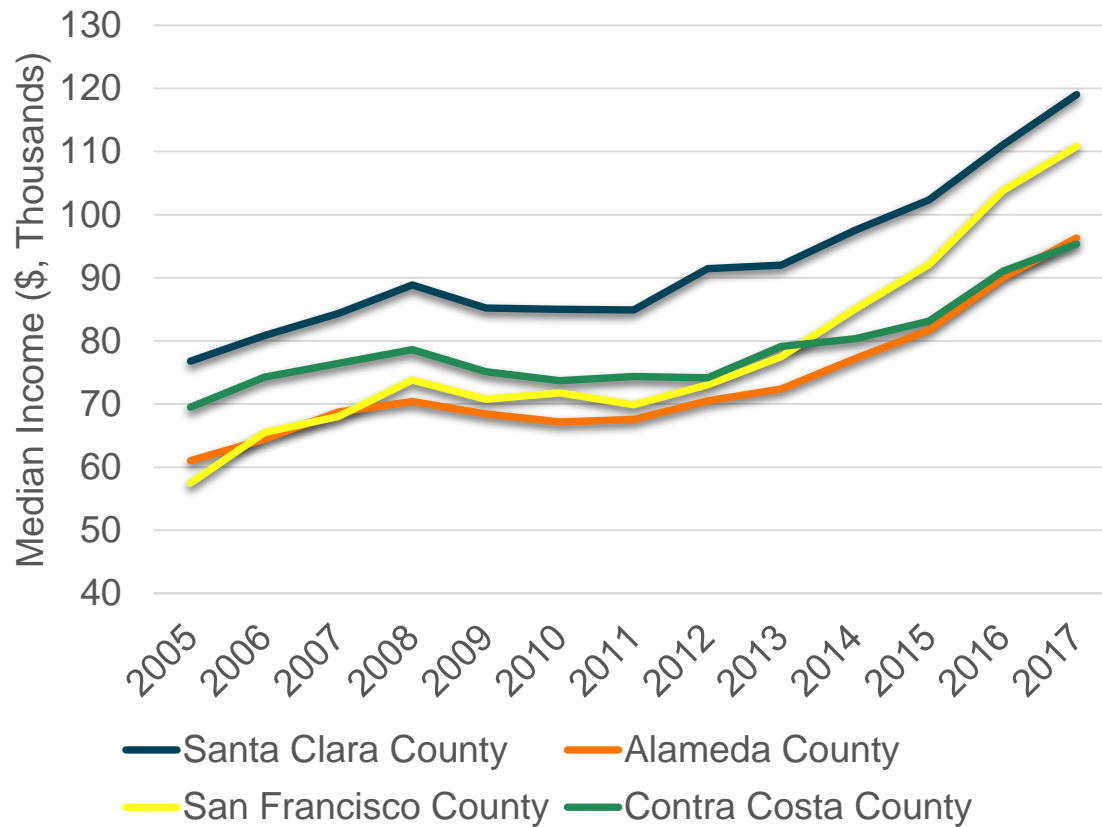


\*through the third quarter

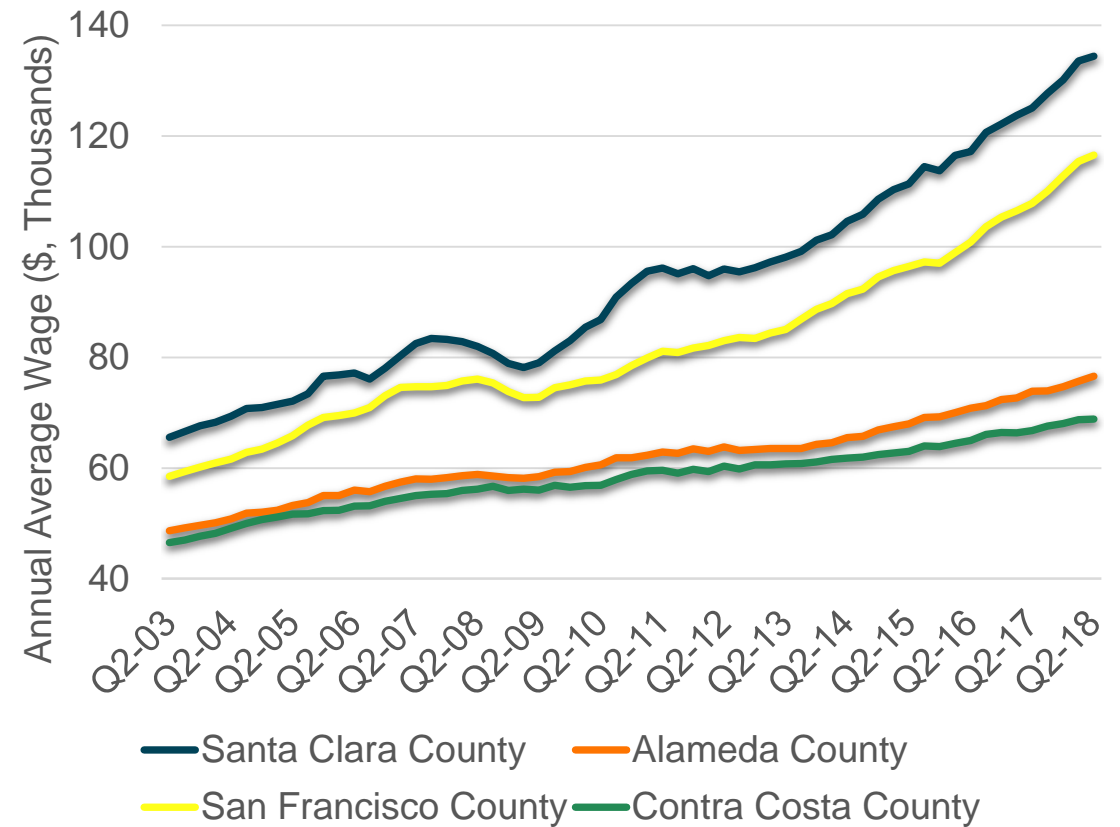
Region	Number of Permits 2018 YTD*		YTD Year over Year % Growth	
	Multi-family	Single-family	Multi-family	Single-family
East Bay	6,870	2,734	51.3%	-13.9%
San Francisco	3,252	1,662	-22.8%	-16.1%
South Bay	4,008	538	-12.1%	17.2%

# Households vs Payrolls

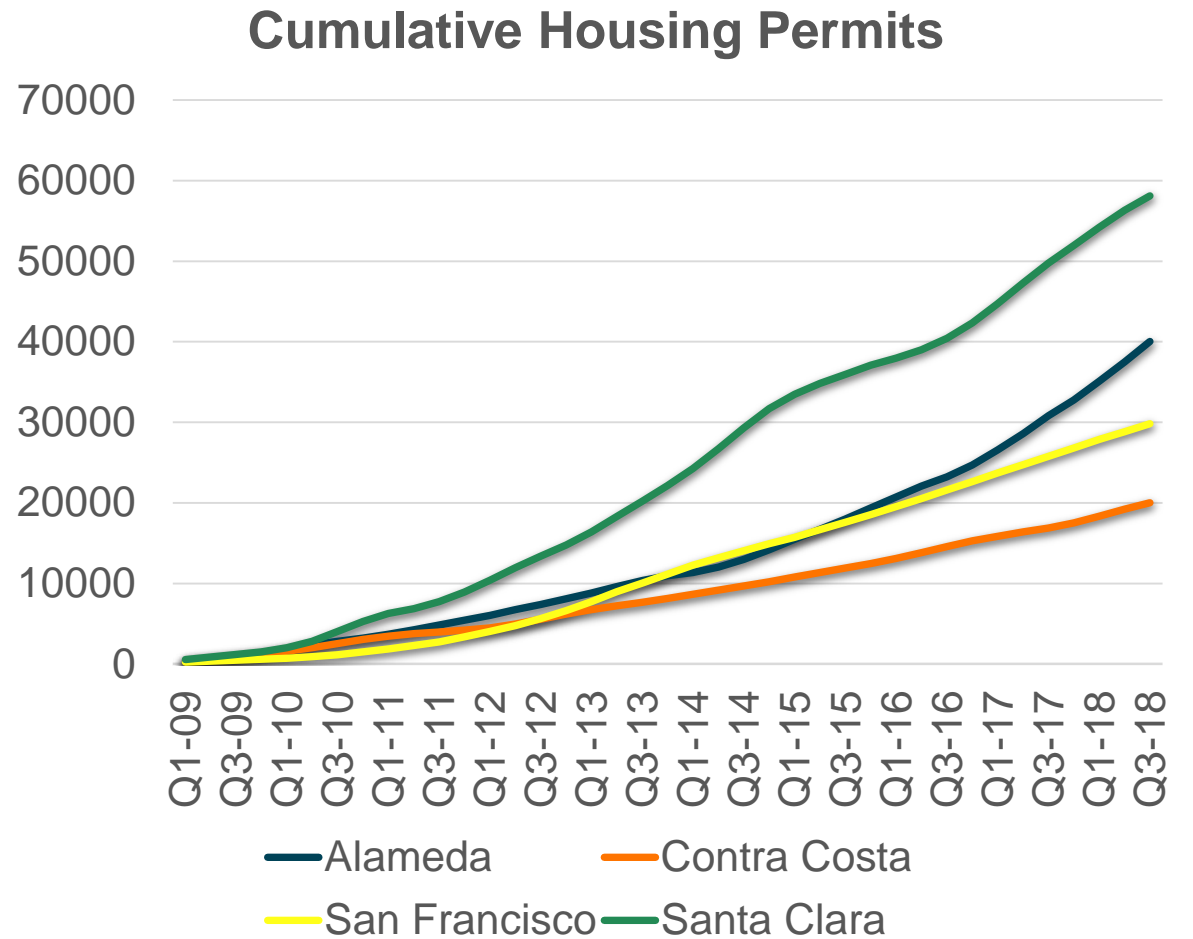
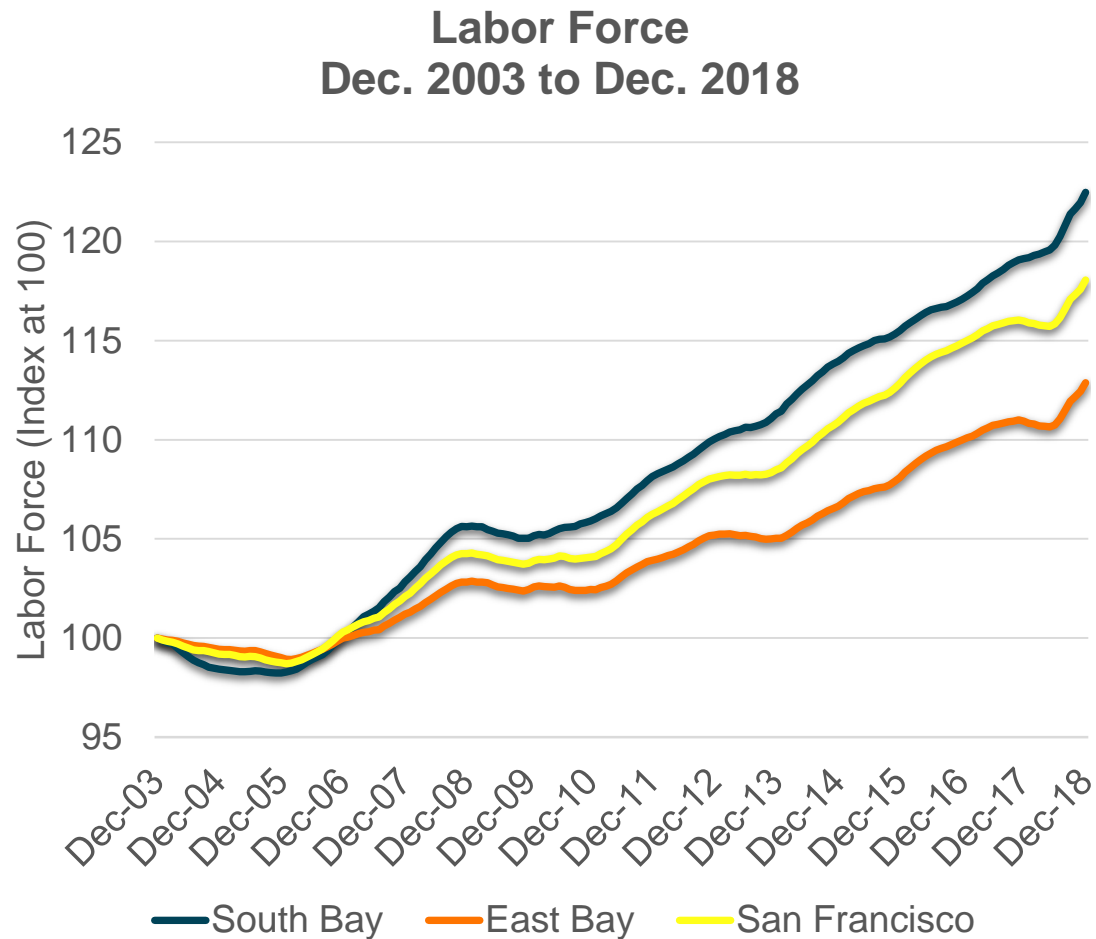
Median Household Income  
2005 to 2017



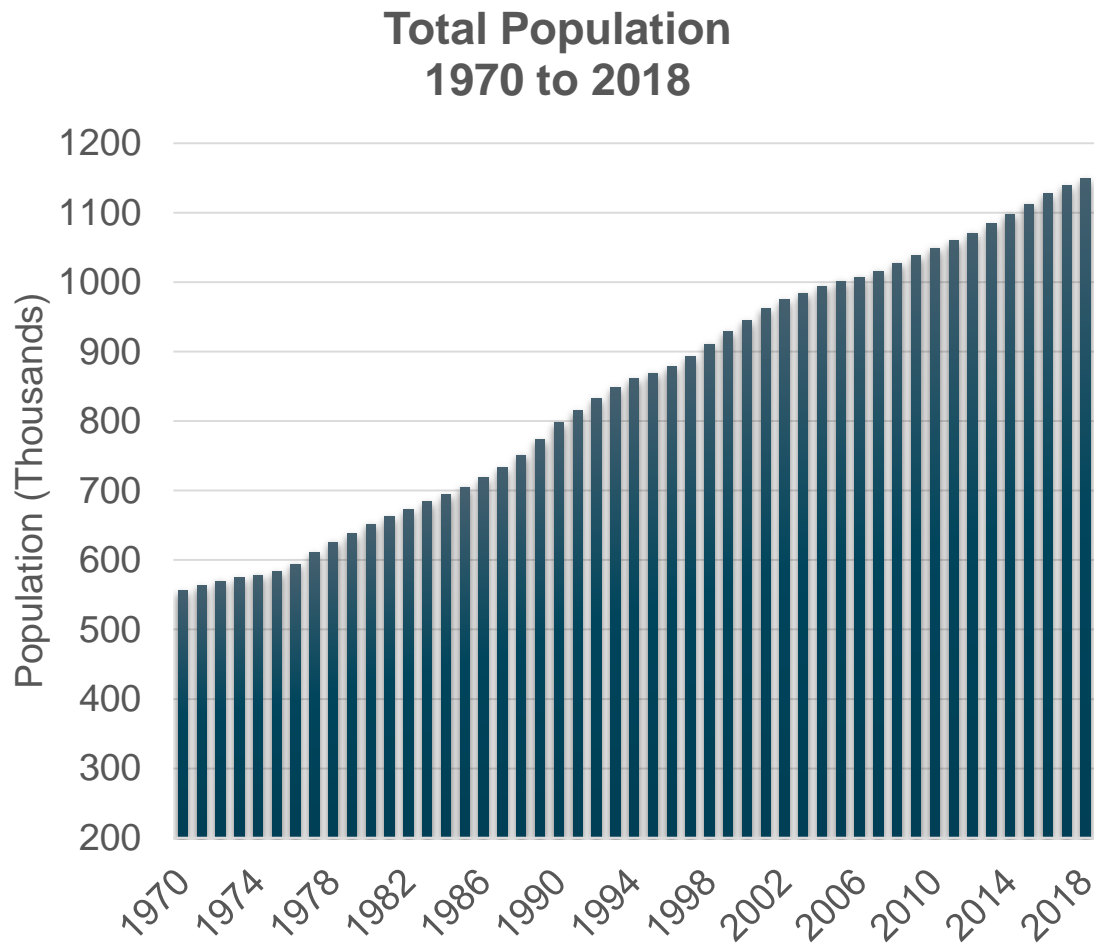
Annual Average Wages  
Q2-2003 to Q2-2018



# Labor Force and Housing



# Population – Contra Costa County



City	2018 Population (000's)	Year % Change	Five Year % Change
<b>County Total</b>	<b>1,149.4</b>	<b>0.9</b>	<b>6.0</b>
Concord	129.2	0.7	3.5
Antioch	113.1	0.7	5.1
Richmond	111.0	0.8	3.9
San Ramon	82.6	1.6	8.1
Pittsburg	72.6	1.8	9.2
Walnut Creek	70.7	0.2	6.5
Brentwood	63.0	2.7	16.7
Danville	44.4	0.8	4.7
Oakley	41.7	1.5	10.7
Martinez	38.1	0.7	4.2

# The Impact



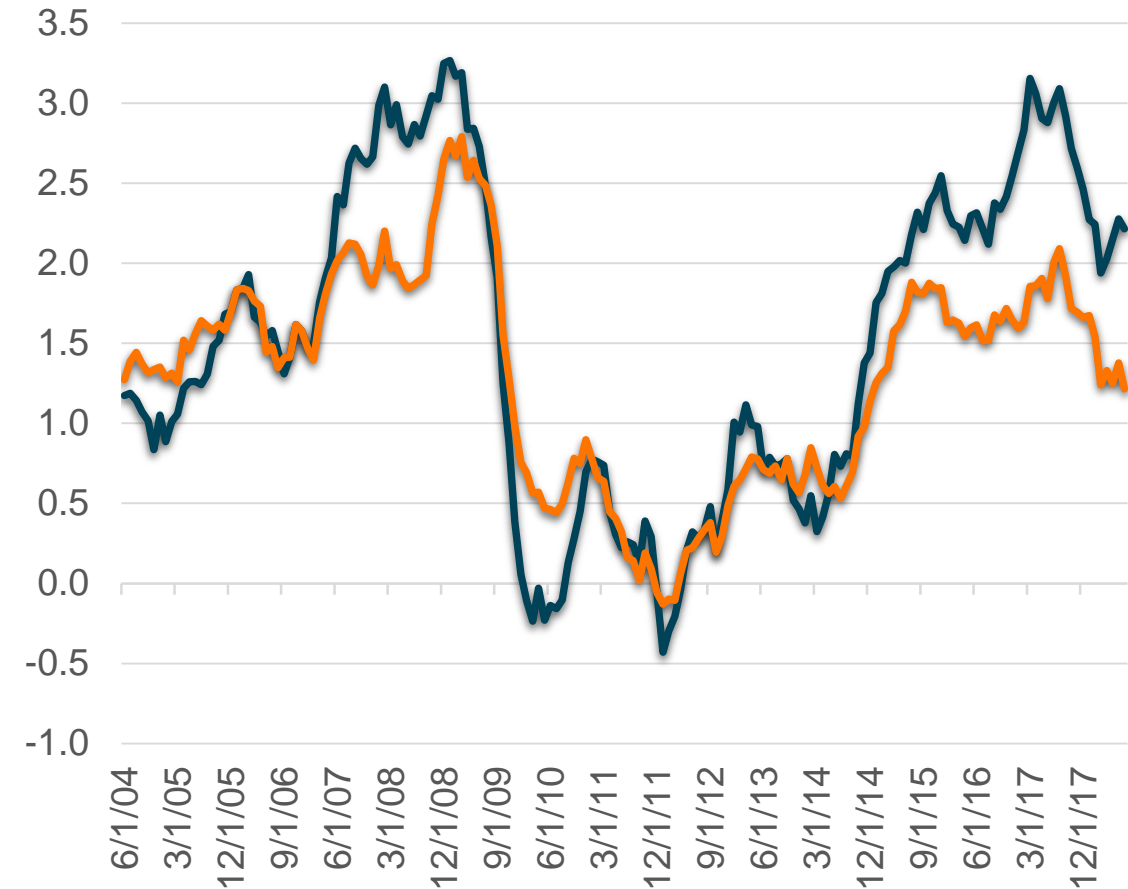
	California	Alameda	Los Angeles	Orange	San Diego	San Francisco	Santa Clara
Renters 2016	6,000,750	273,116	1,832,068	447,586	532,265	222,703	276,842
Change 11-16	375,376	16,779	112,284	36,722	36,656	3,678	14,125
Growth 11-16	6.7%	6.5%	6.5%	8.9%	7.4%	1.7%	5.4%
Overcrowded	818,737	39,668	303,691	72,153	60,812	16,739	43,186
Share	13.6%	14.5%	16.6%	16.1%	11.4%	7.5%	15.6%
Change 11-16	75,986	15,758	12,676	2,078	16,673	-2,091	7,089

# The Upside of Labor Shortages



	Number (Mil)	Median Income 2016	Change 13-16	Unemp 2016	Change 13-16
Total	20.96	40,005	10.2%	5.5%	-3.0%
No High School	3.52	21,558	13.1%	8.2%	-3.7%
High School	4.26	30,231	10.9%	7.0%	-4.0%
Some College	6.14	36,985	3.1%	5.5%	-3.4%
Bachelor plus	7.03	60,121	9.4%	3.6%	-1.6%

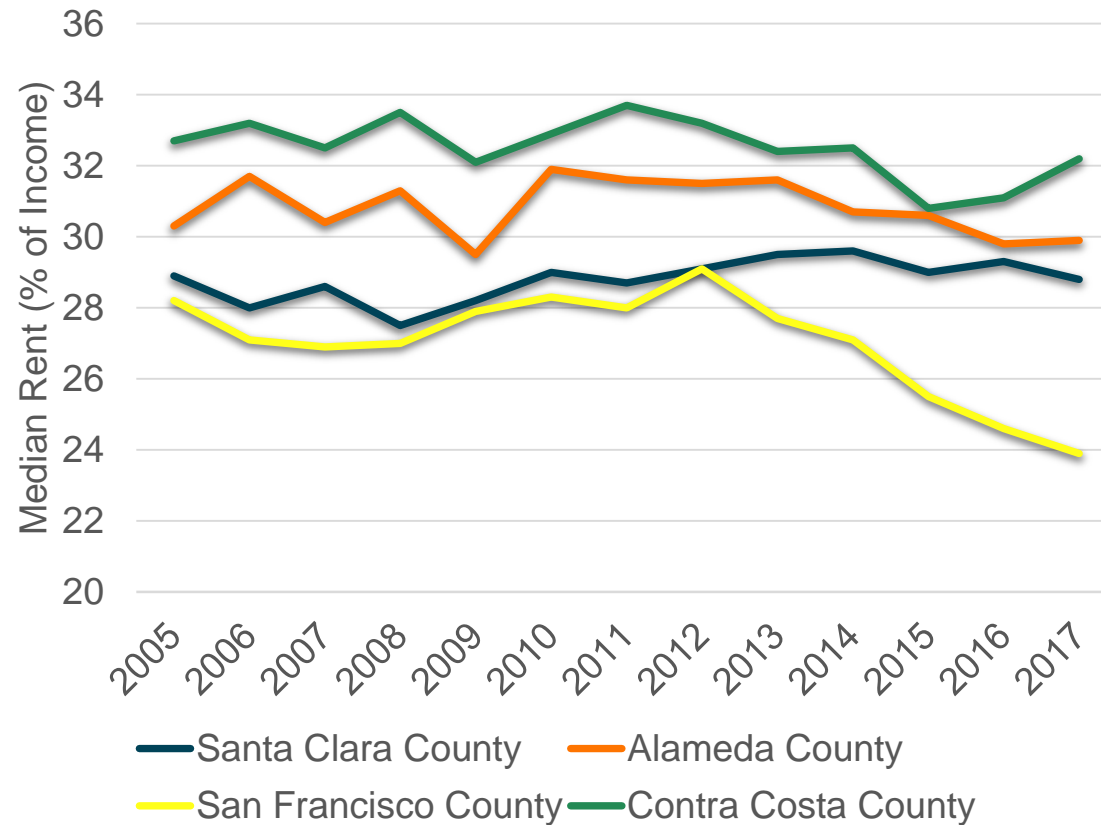
Median Wage Growth West VS US



# Don't Just Focus on Affordable Rentals



**Median Rent as % of Income  
2005 to 2017**



**Share Households > 30% Income**

	Renter		
	2013	2016	Ch
Fresno	54.8%	57.5%	2.7%
Los Angeles	57.0%	55.4%	-1.6%
San Bernardino	54.7%	55.4%	0.7%
Riverside	58.8%	54.8%	-4.0%
San Diego	53.7%	54.7%	1.0%
Orange	55.5%	54.1%	-1.4%
Sacramento	52.9%	52.1%	-0.9%
Alameda	50.8%	47.2%	-3.6%
Santa Clara	47.2%	46.2%	-1.1%
San Francisco	42.8%	36.8%	-6.0%



# The Commute Impact

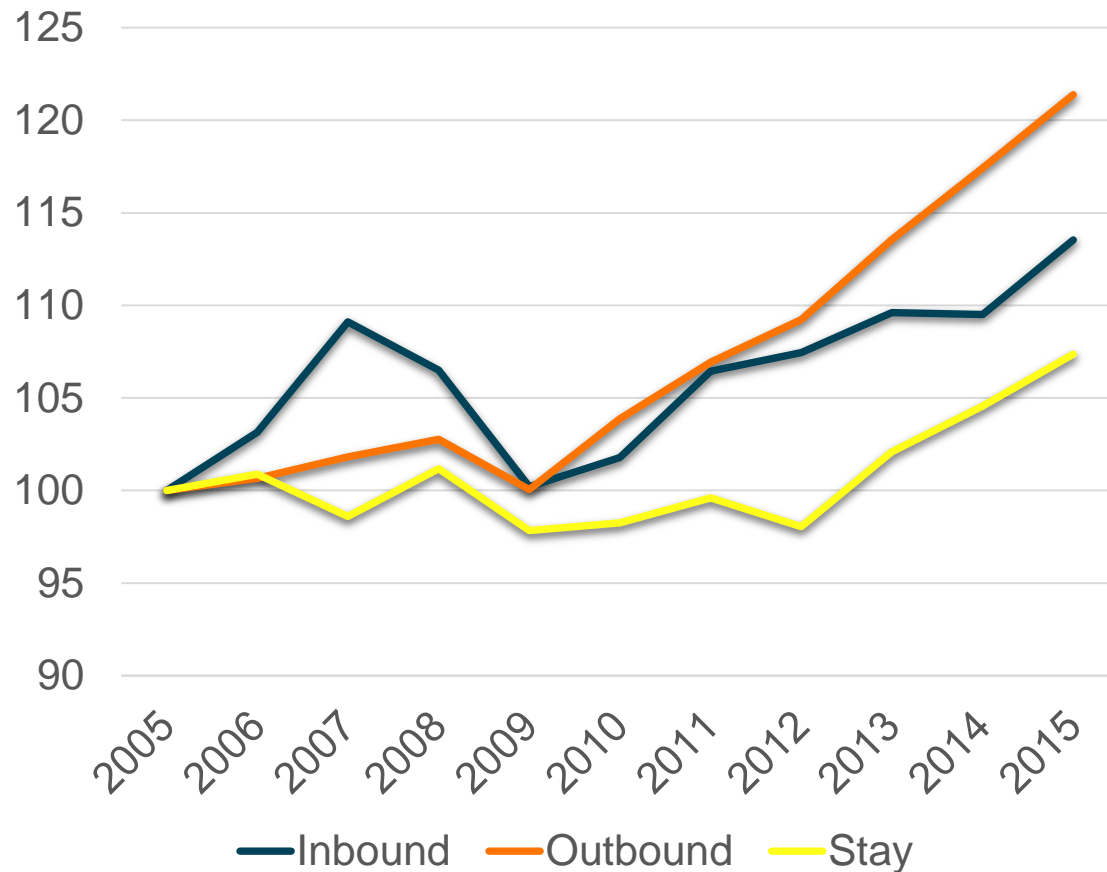


	Res Emp	Ch 12-17	Gr	Out Cnty	Sh
Alameda	770234	76444	9.9%	36005	47.1%
San Bernardino	890998	101571	11.4%	32113	31.6%
Contra Costa	543260	60182	11.1%	29556	49.1%
Riverside	1014984	150692	14.8%	28079	18.6%
Santa Clara	971960	109719	11.3%	25227	23.0%
Sacramento	689495	91152	13.2%	22646	24.8%
San Mateo	409921	39283	9.6%	21653	55.1%
San Joaquin	303851	45701	15.0%	19831	43.4%
Solano	204776	24954	12.2%	14919	59.8%
Stanislaus	230328	33644	14.6%	12592	37.4%
Madera	57028	15310	26.8%	9532	62.3%
Ventura	409760	23567	5.8%	7912	33.6%
Placer	177146	21908	12.4%	7596	34.7%

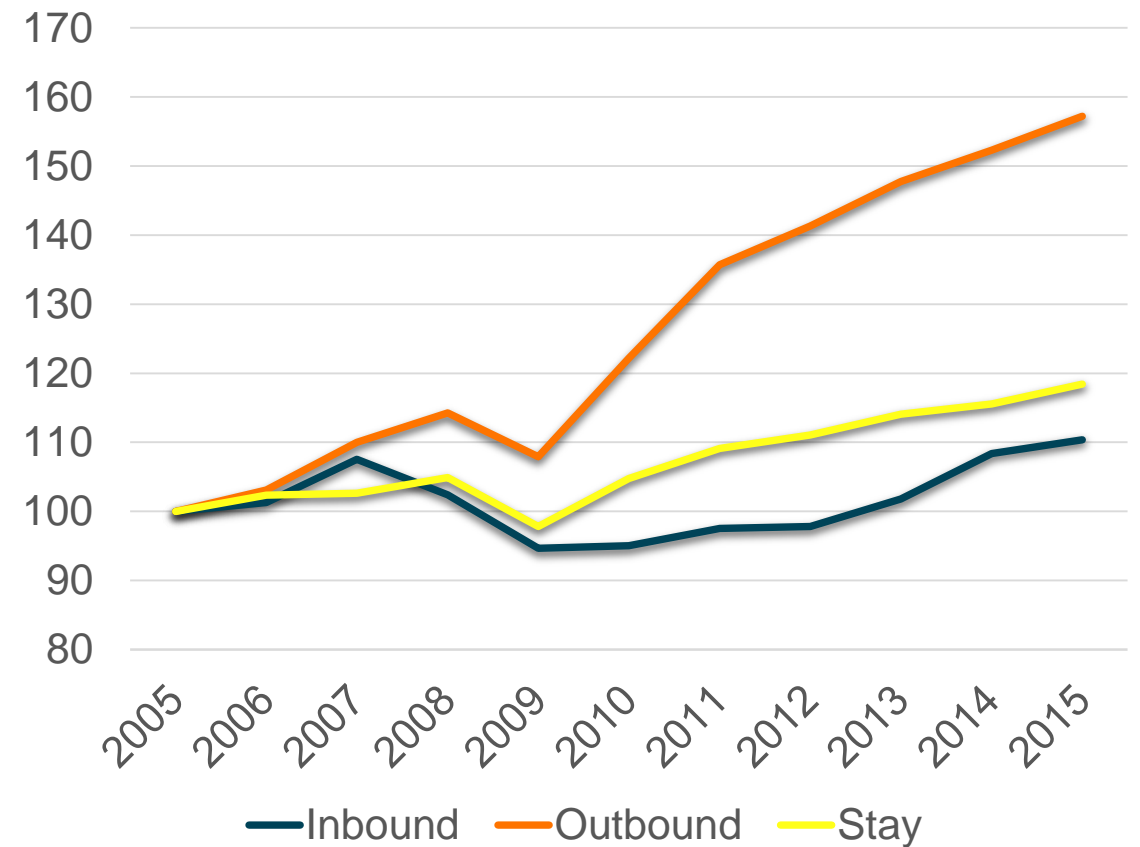
# Contra Costa Commuting



## Contra Costa County Worker Commuting Patterns

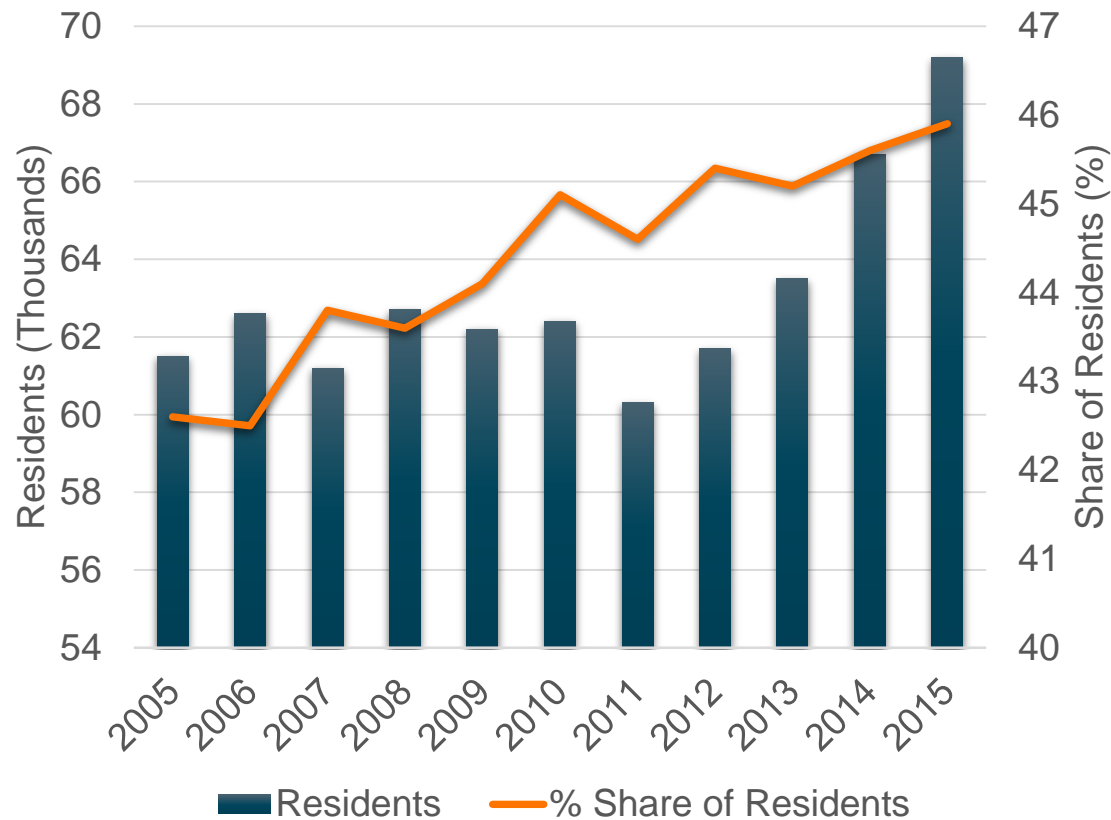


## Tri-Valley Worker Commuting Patterns

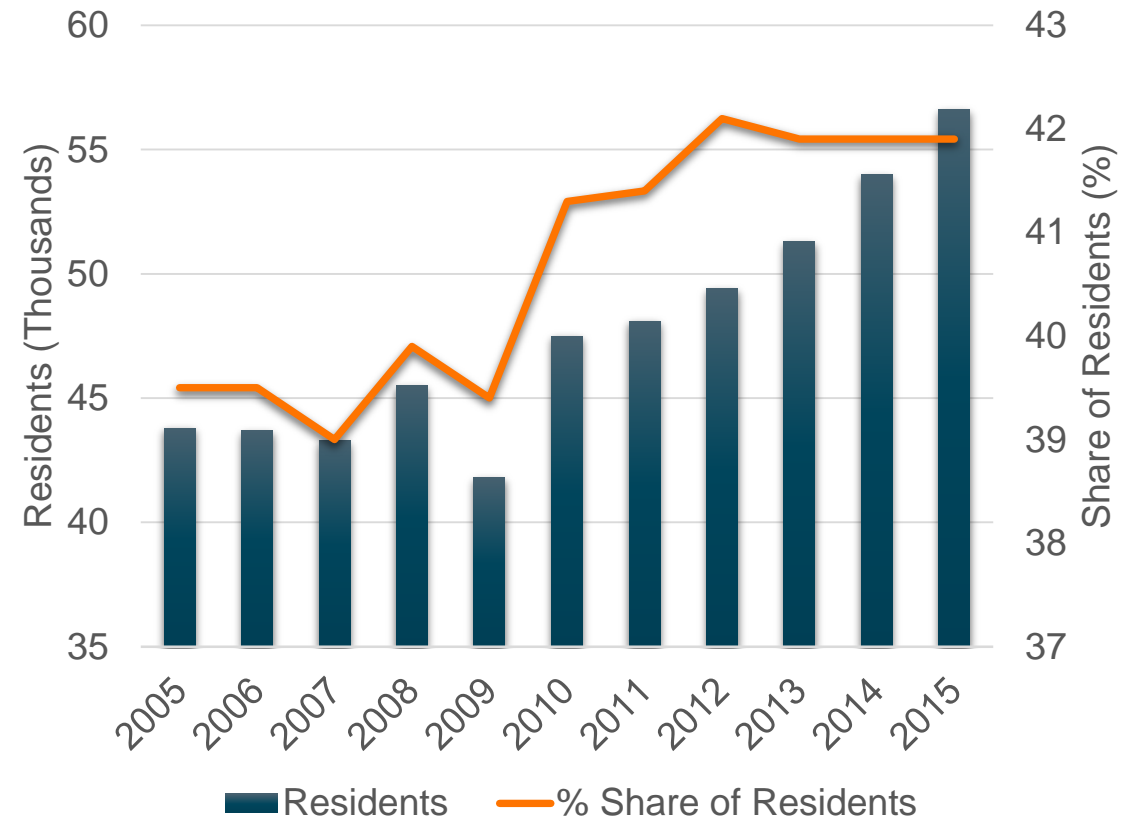


# Commuting Patterns - Central Contra Costa

Outbound Commuting: Central CC  
2005 to 2015

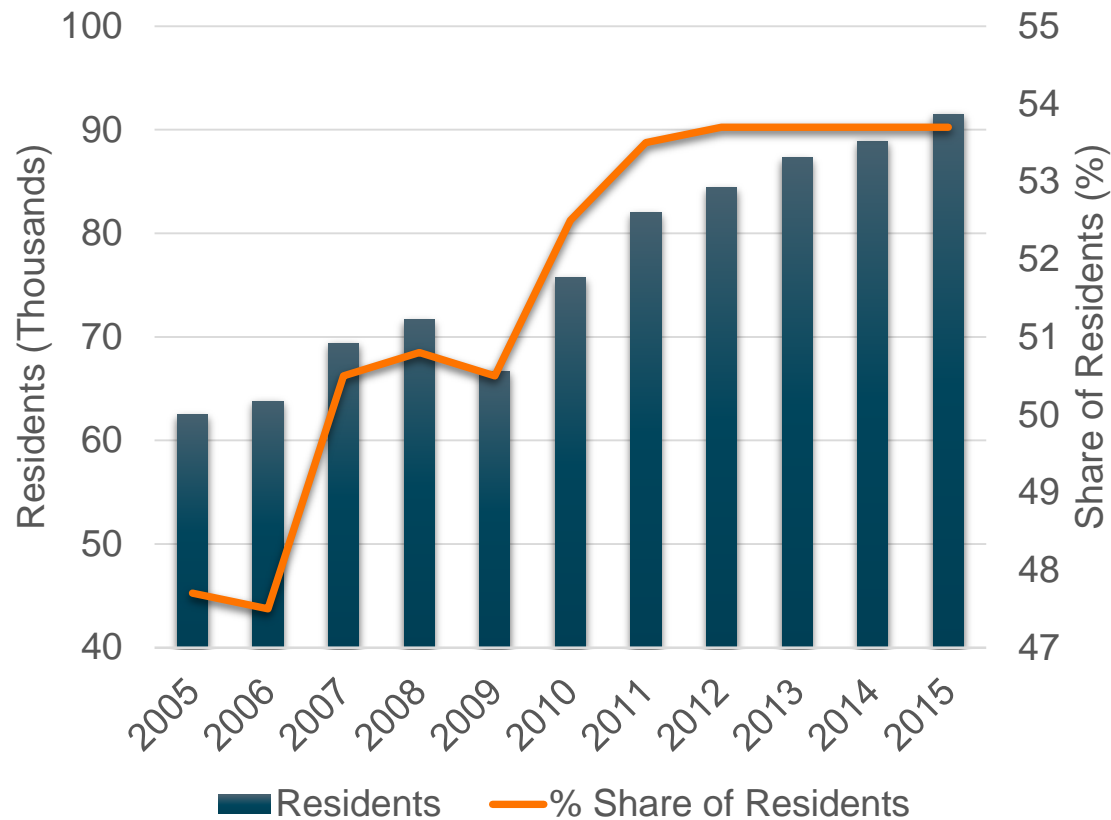


Outbound Commuting: East CC  
2005 to 2015

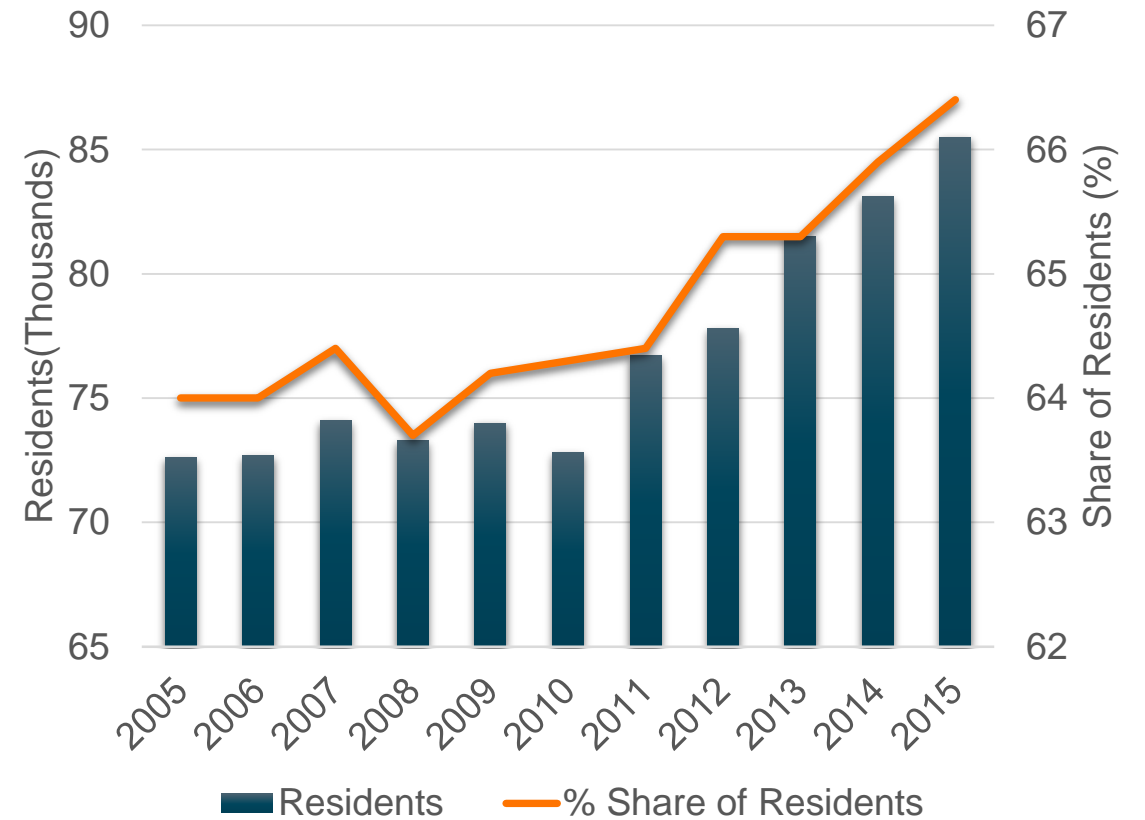


# Commuting Patterns – Tri-Valley Region

Outbound Commuting: Tri Valley  
2005 to 2015



Outbound Commuting: West CC  
2005 to 2015



# A Year Ago



Northern California Fires Destroy More Than 8,000 Structures: A Breakdown of the Damage

More than 70 percent of the buildings that burned were homes



L.A. NOW LOCAL

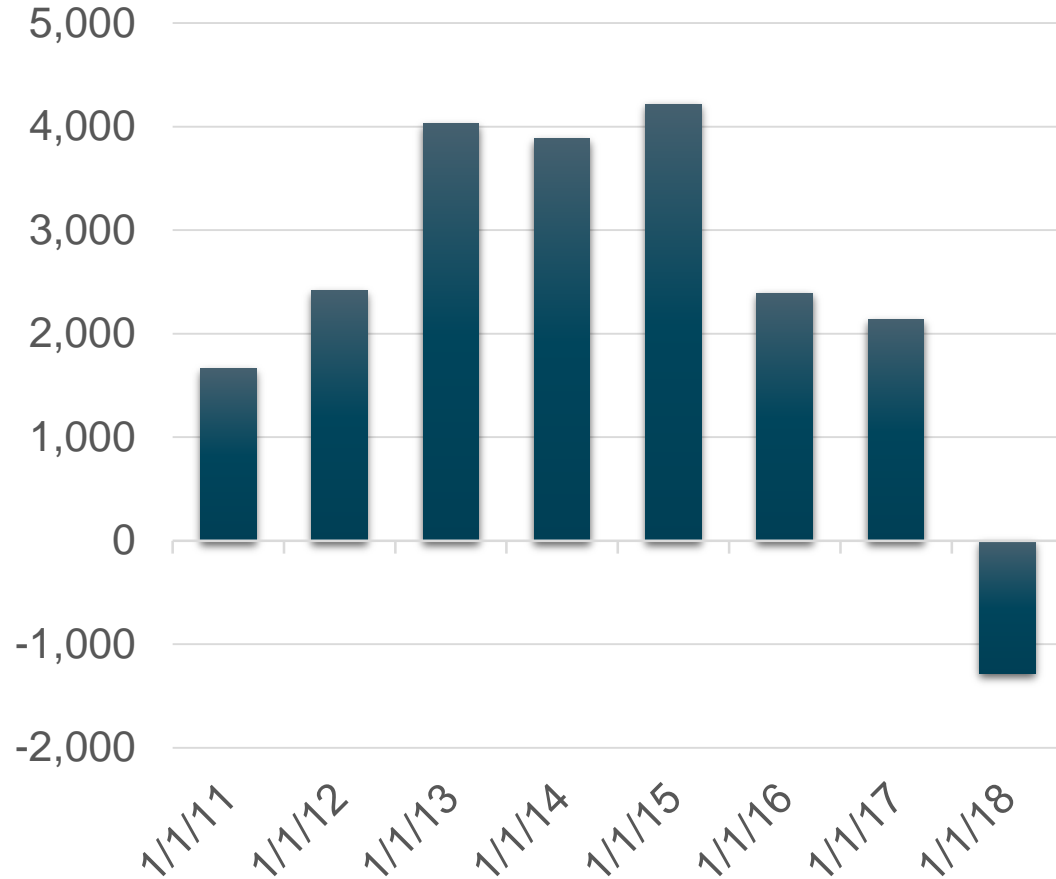
Death toll rises to 40 as firefighters continue to battle massive California wildfires



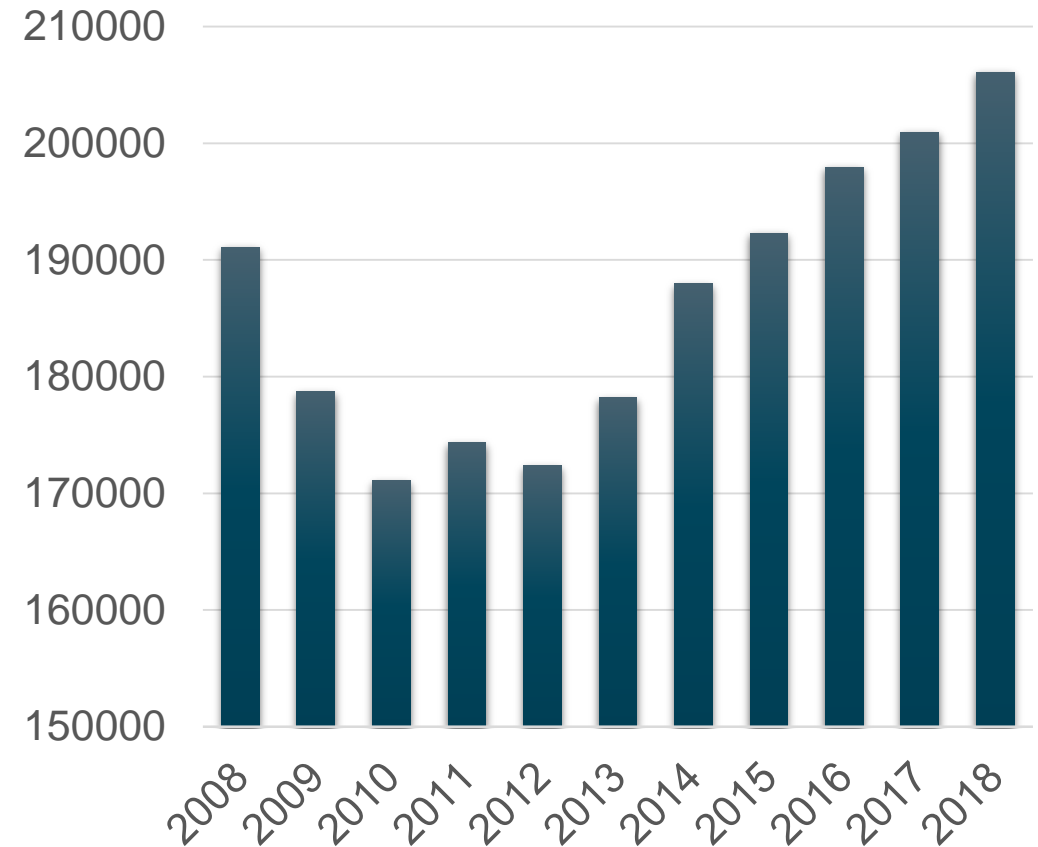
# Local Population, Sonoma County



## Change Pop Sonoma County



## Sonoma Employment



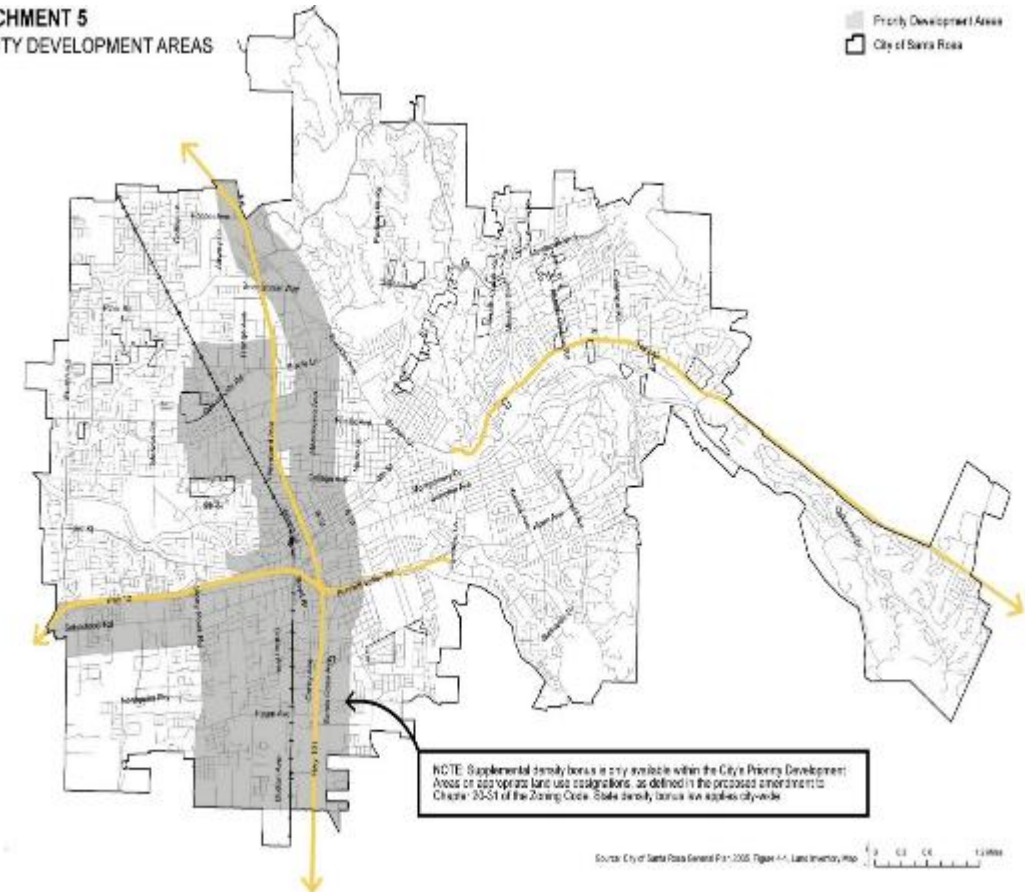


# SUPPLEMENTAL DENSITY BONUS

## Allow up to 100% Bonus

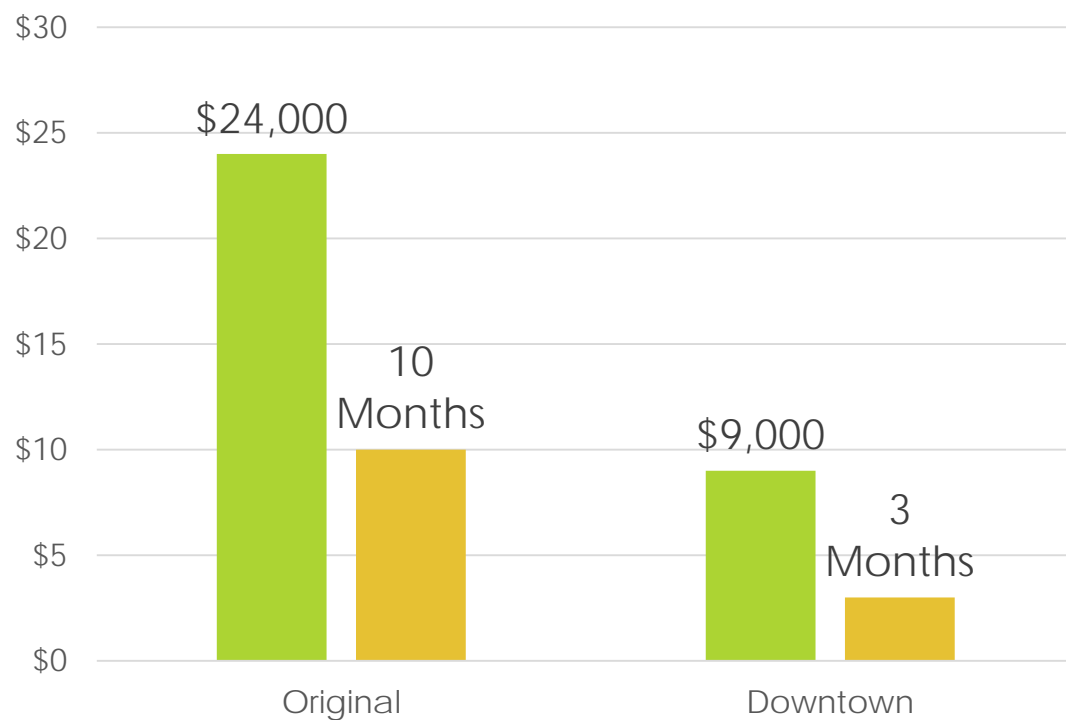
- Project Eligibility Requirements:
  - ✓ Achieves 35% State Bonus and
  - ✓ Located within a Priority Development Area or Station Area and
  - ✓ Located within appropriate General Plan Land Use Designation
- Density above 35% granted for:
  - ✓ Affordable Housing or
  - ✓ Affordable Housing and Community Benefits

ATTACHMENT 5  
PRIORITY DEVELOPMENT AREAS



# Programmatic and Policy Updates

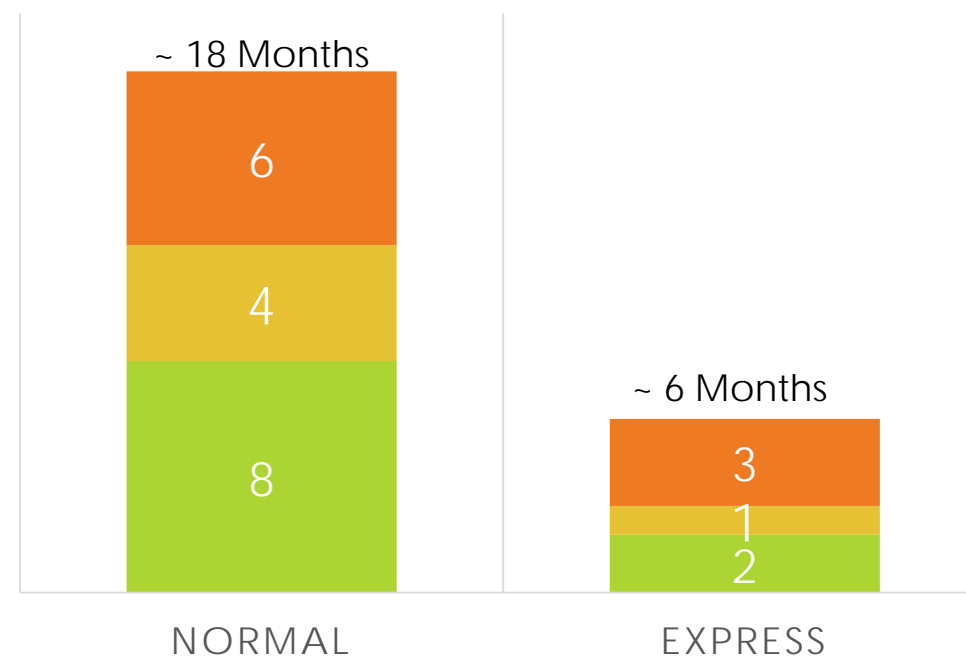
## Design Review Process



City Council Ordinance ORD-2018-012,  
May 22, 2018

## EXPRESS PERMITTING PROGRAM

■ Planning ■ Engineering ■ Building



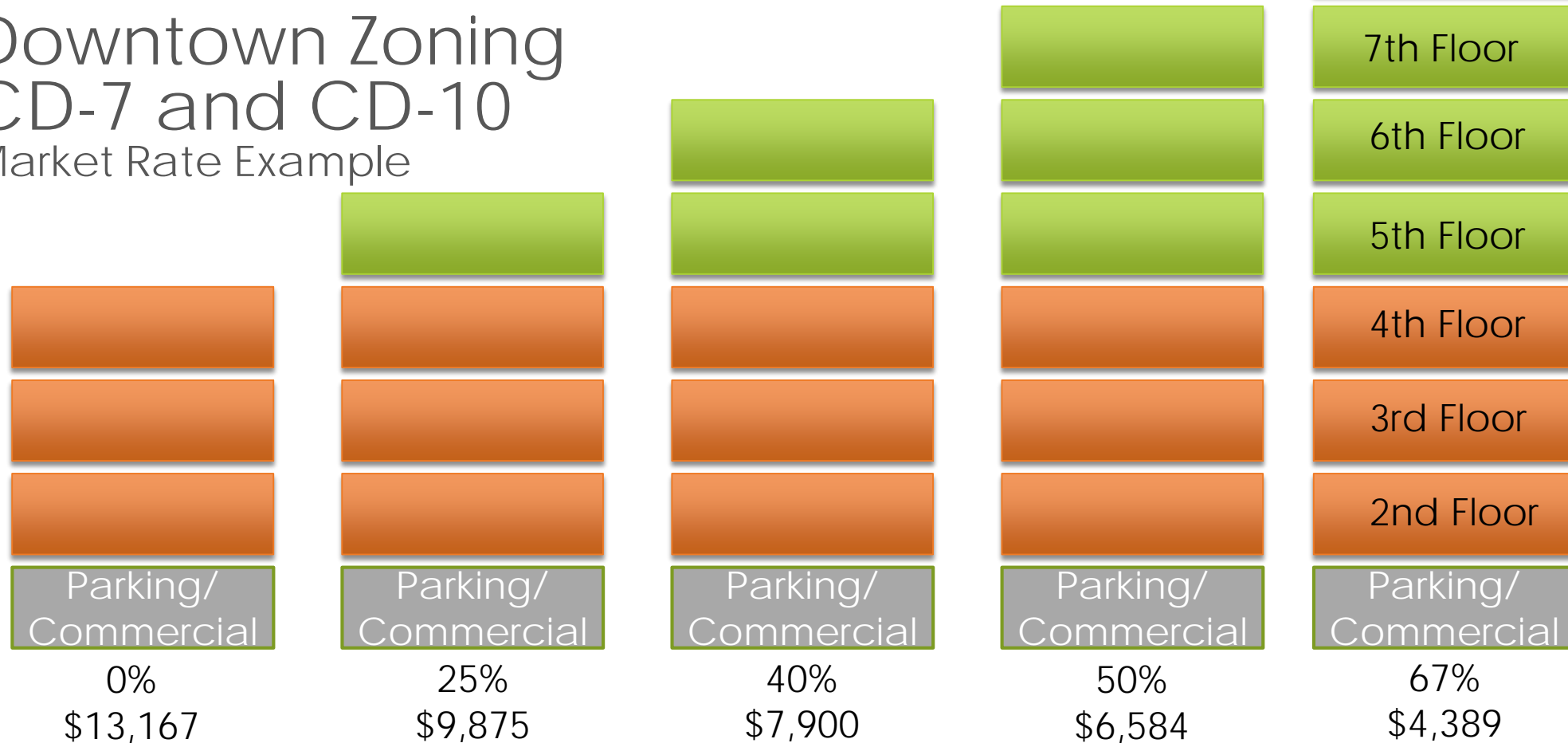


# High Density Residential Incentive Program (Market Rate)

74



## Downtown Zoning CD-7 and CD-10 Market Rate Example



10th Floor

9th Floor

8th Floor

7th Floor

6th Floor

5th Floor

4th Floor

3rd Floor

2nd Floor

Parking/  
Commercial

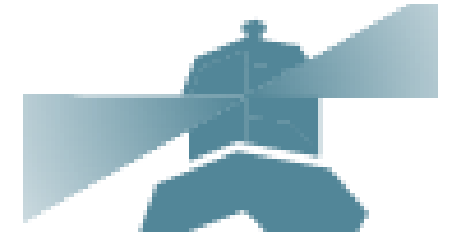
Per Door Park  
and CFF Fee

# Why the problem? Incentives



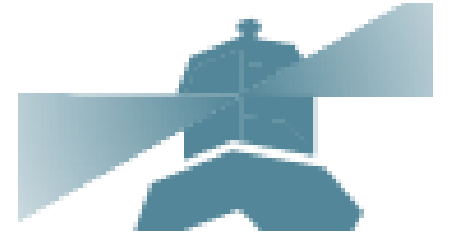
	Hypothetical City		Full Service - with 6% UUT	
	Single-family Residential	Multi-family Residential	Industrial	Retail
<b>CITY EXPENDITURES</b>				
Police Department	9,000	42,750	4,950	14,063
Fire Department	6,040	28,690	3,322	9,458
Public Works	1,200	5,700	1,320	3,750
Planning & Community Development	800	3,800	880	2,500
Parks & Community Services	2,600	12,350	429	1,219
Library	1,500	7,125	n/a	n/a
General Government	2,540	12,065	1,298	3,688
<b>TOTAL EXPENDITURES</b>	<b>\$ 23,680</b>	<b>\$ 112,480</b>	<b>\$ 12,199</b>	<b>\$ 34,656</b>
<b>NET</b>	<b>\$ 11,520</b>	<b>\$ (37,258)</b>	<b>\$ 12,704</b>	<b>\$ 81,465</b>

# The Big Picture



- Positives: It will be a good year
  - GDP Growth Outlook for 2019: 2%+
  - State revenues will look positive
  - Labor markets to remain tight
  - Rising wages to put pressure on profits
  - Exports, business investment continue to grow
  - Inflation to remain constrained
  - Interest Rates Still Low
  - Debt Levels still safe
  - California: Still a top performer
- Negatives: Problems Growing
  - Labor shortages will be an issue
  - Local housing supply tightening
  - Fed will continue to tighten, yield curve flattening
  - Markets behaving oddly
  - Federal deficit widening sharply
  - Current shutdown—how long?
  - Political uncertainty to dominate headlines
  - Critical Policy Issues Remain Undiscussed
  - Miserabilism warping our sense or reality

# The Great Disconnect



■ What we are worried

■ What we should be worried



**The Cost of CA Housing**

**The Supply of CA Housing**



# Thank You

Chris@BeaconEcon.com | [www.BeaconEcon.com](http://www.BeaconEcon.com)



# Contra Costa County

To: Board of Supervisors  
 From: David Twa, County Administrator  
 Date: January 29, 2019

Subject: Annual Report on Capital Projects

---

**RECOMMENDATION(S):**

Accept report on Capital Projects.

**FISCAL IMPACT:**

No fiscal impact. This is an informational report only.

**BACKGROUND:**

See attached report.

---

☐ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR ☐ RECOMMENDATION OF BOARD COMMITTEE

---

Action of Board On: **01/29/2019** ☐ 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 29, 2019

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

By: , Deputy

cc:

ATTACHMENTS

Capital Projects Supervisors  
Update





# BOARD OF SUPERVISORS UPDATE

## CONTRA COSTA COUNTY

New Administration Building and  
Emergency Operations Center / Public Safety Building  
January 29, 2019



Contra Costa County  
Public Works  
Department





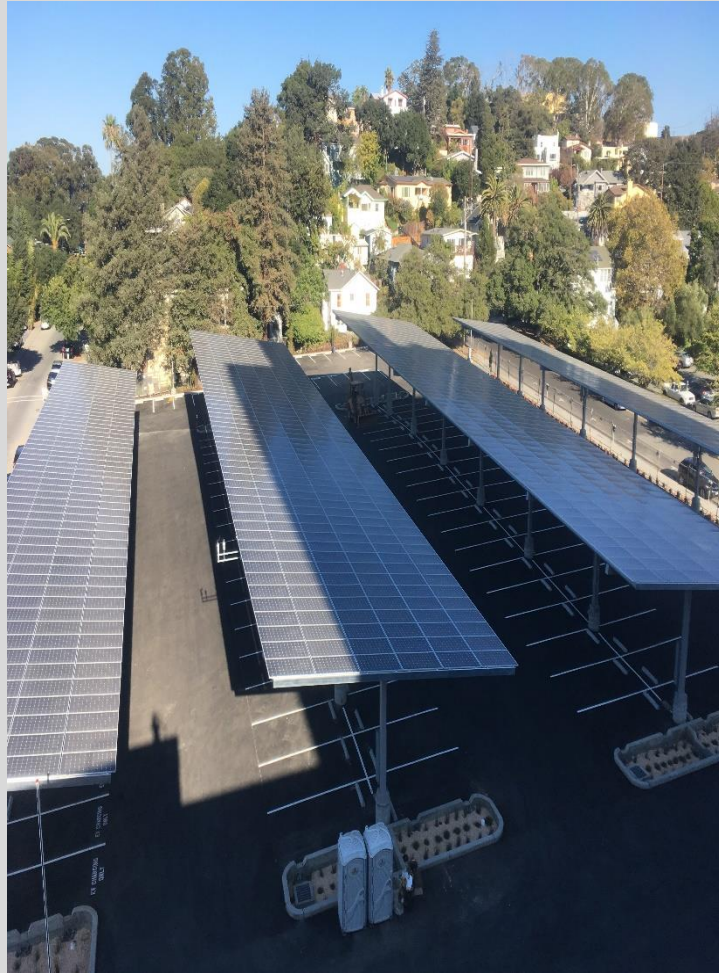


# Project Schedule

- RFQ Issued: \_\_\_\_\_ October 2, 2017
- Notice of Award: \_\_\_\_\_ February 16, 2018
  - Board Approval: \_\_\_\_\_ March 20, 2018
  - Contract and NTP: \_\_\_\_\_ March 21, 2018
  - Start steel at EOC: \_\_\_\_\_ November 19, 2018
    - Start steel at Admin: \_\_\_\_\_ February 11, 2019
    - Substantial Completion: \_\_\_\_\_ April 30, 2019
- Project Completion: \_\_\_\_\_ July, 2020



# The New Parking Lot





# Emergency Operations Center & Public Safety Building

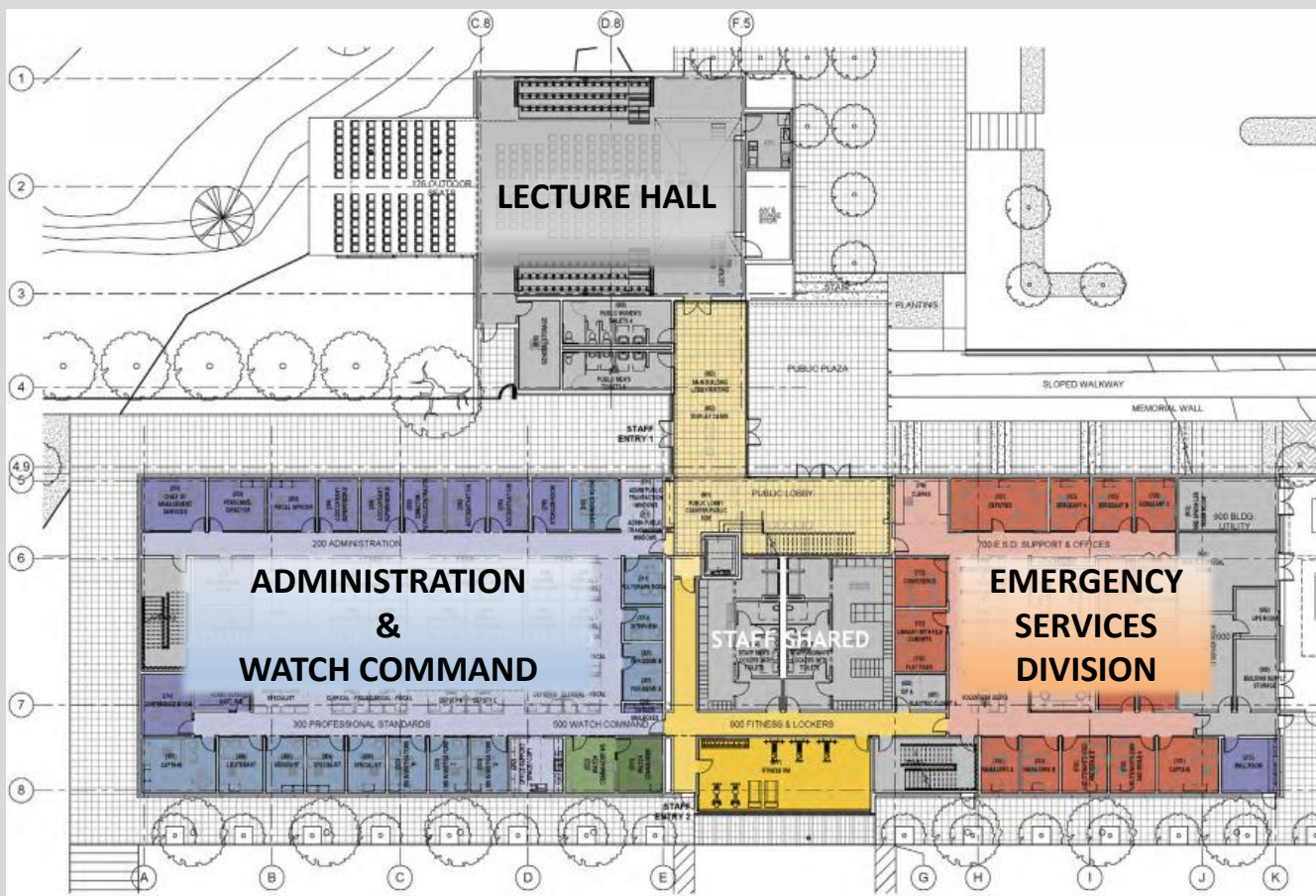








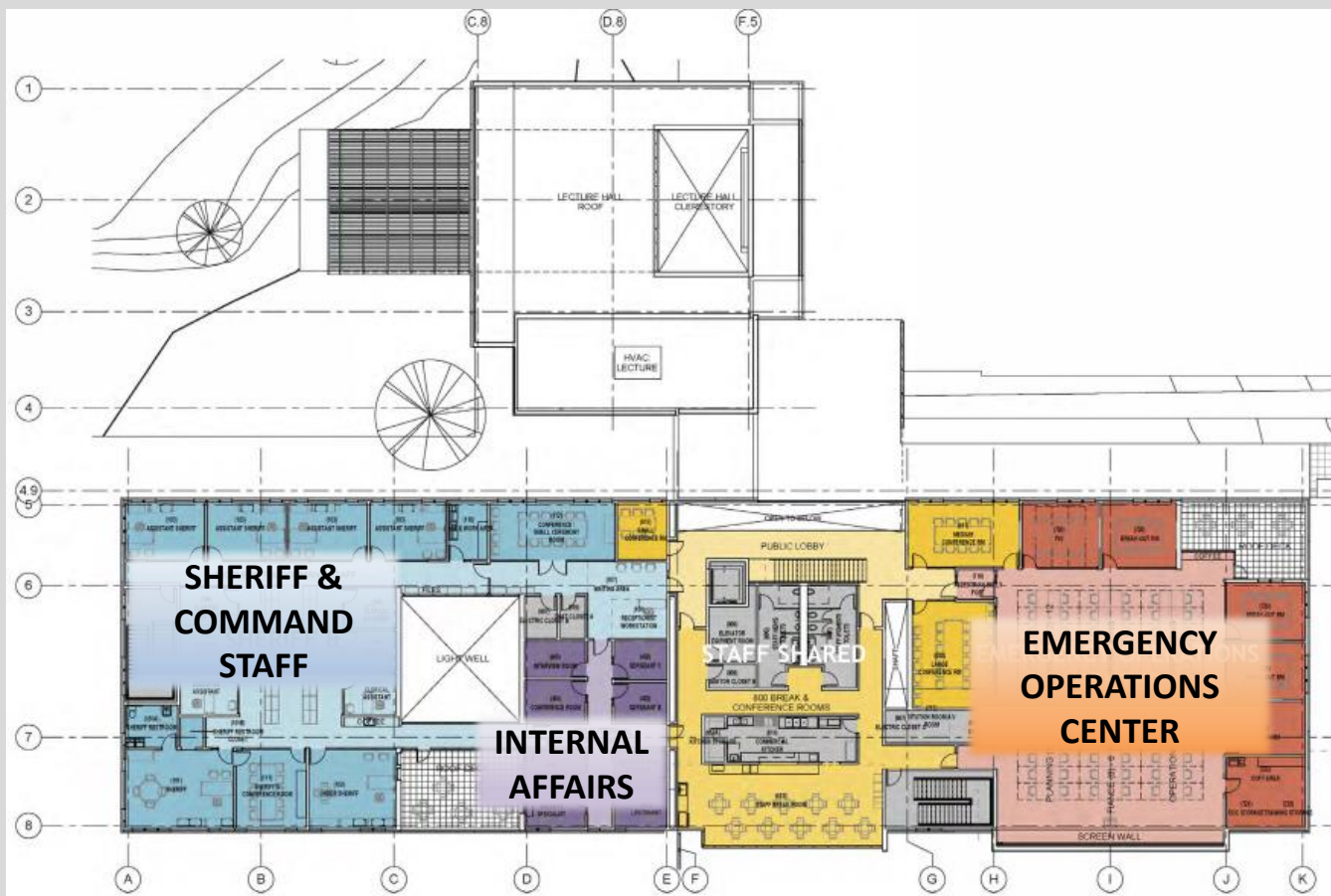
# Level 1







## Level 2









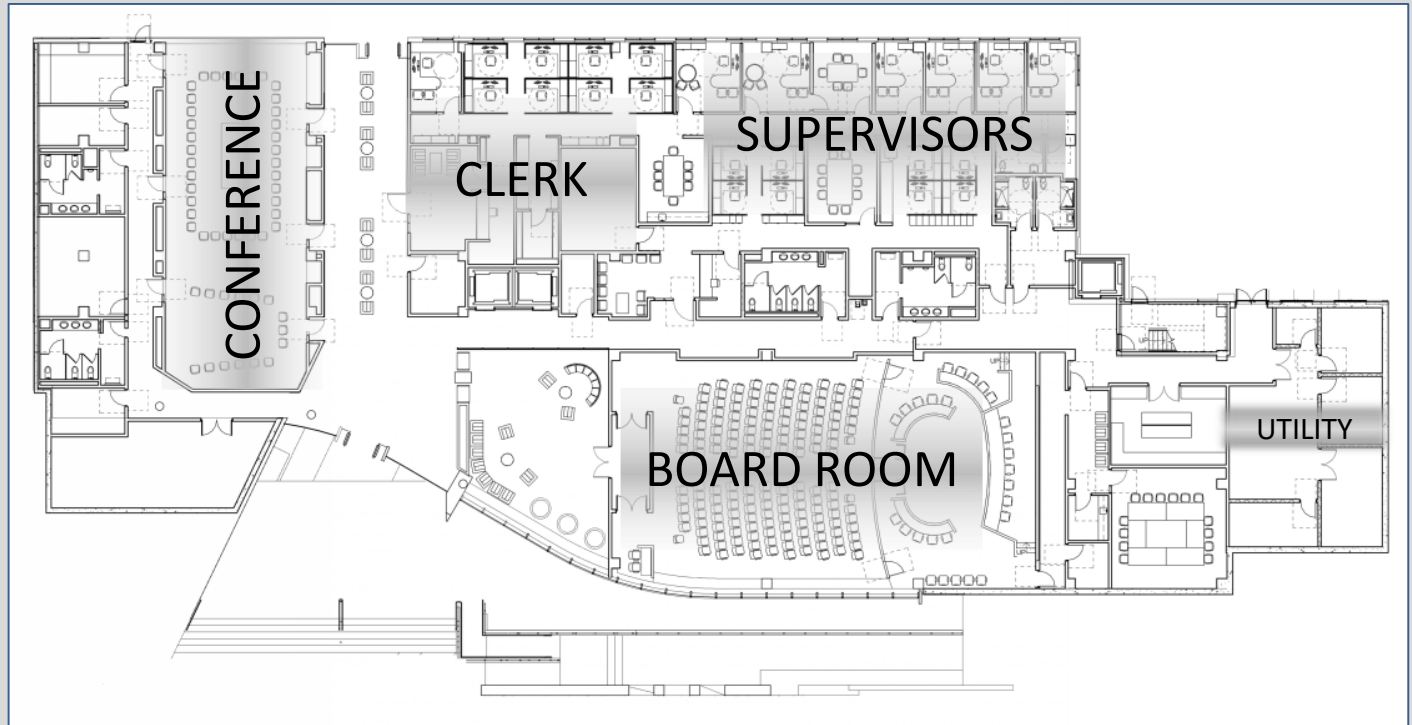
# New Administration Building





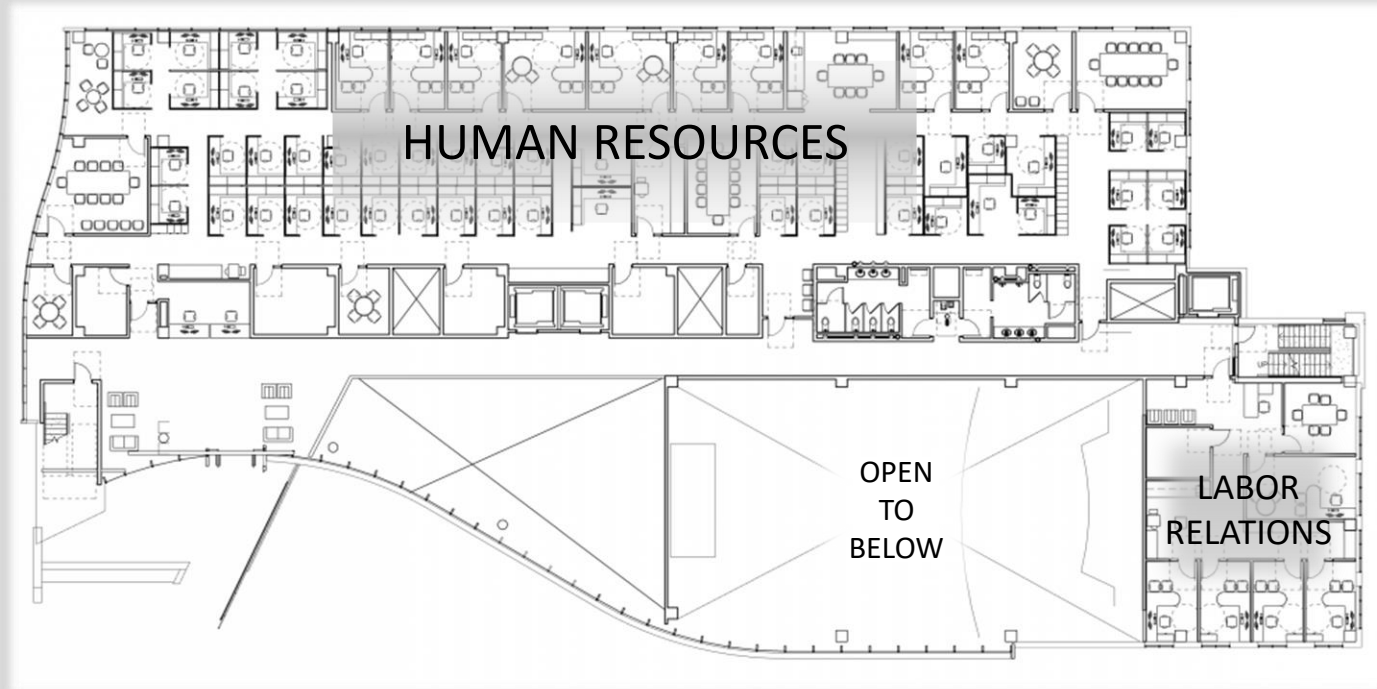


# First Floor Plan



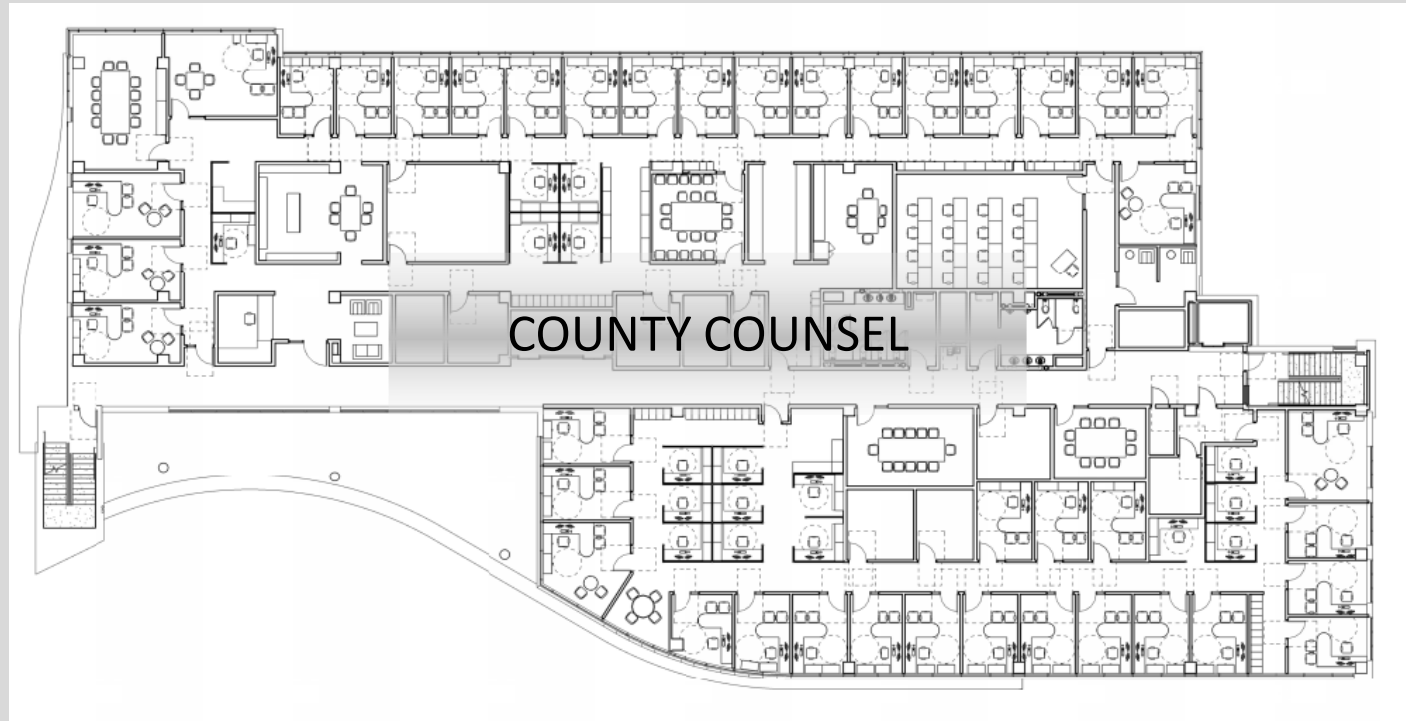


# Second Floor Plan



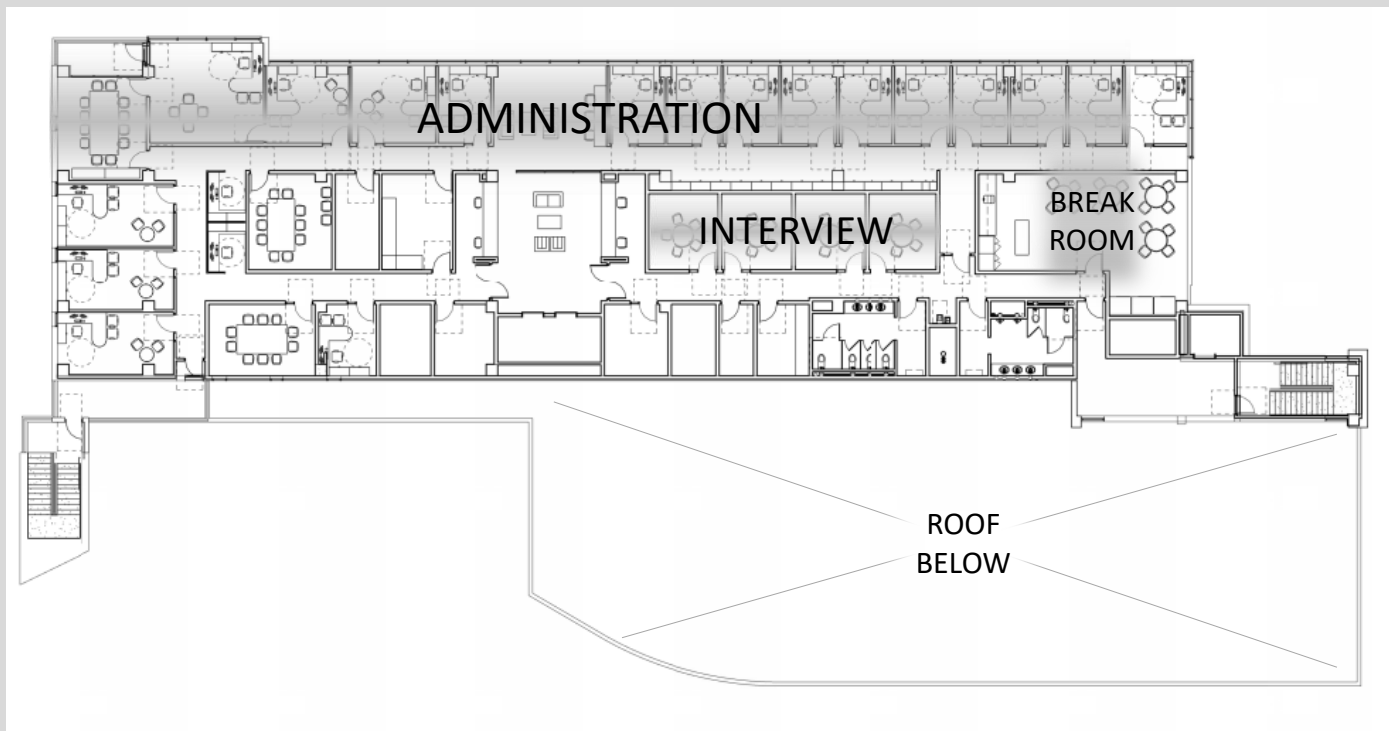


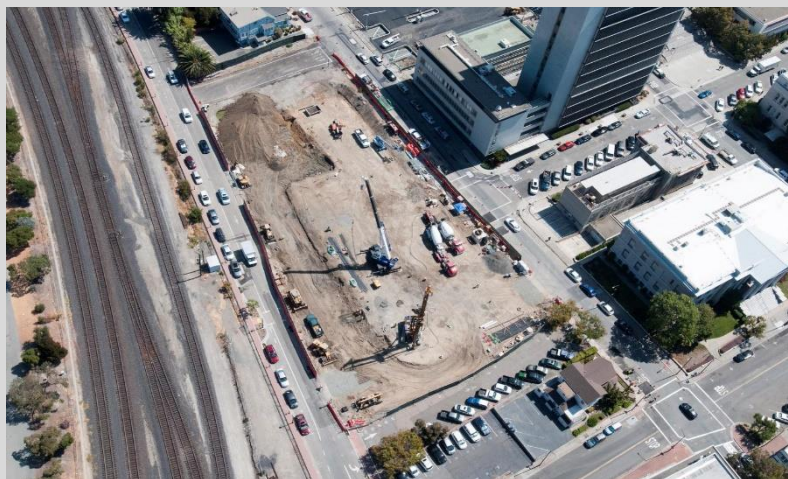
# Third Floor Plan





# Fourth Floor Plan









# Capital Facilities



## Policies for Next 5 Years

- Reduce owned inventory
- Prioritize leasing over owning/building
- Prioritize multi use space versus single owner space
- Retain a percentage of funds from property sales for capital projects



# QUESTIONS?





Contra  
Costa  
County

To: Board of Supervisors  
From: David Twa, County Administrator  
Date: January 29, 2019

Subject: Discussion on Importance of Investing in Children

---

**RECOMMENDATION(S):**

ACCEPT report on importance of investing in children.

**FISCAL IMPACT:**

No fiscal impact. This is an informational report only.

**BACKGROUND:**

Report on importance of investing in children.

---

☐ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR ☐ RECOMMENDATION OF BOARD COMMITTEE

---

Action of Board On: **01/29/2019** ☐ 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 29, 2019

Contact: Kathy Gallagher, EHSD  
Director (925) 608-4801

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

By: , Deputy

cc: All Departments (via County Administration)

## ATTACHMENTS

Opportunities to Improve Outcomes for Children and Families

PPT

# Opportunities to Improve Outcomes for Children and Families

Presentation for the Contra Costa County Board of Supervisors  
January 29, 2019



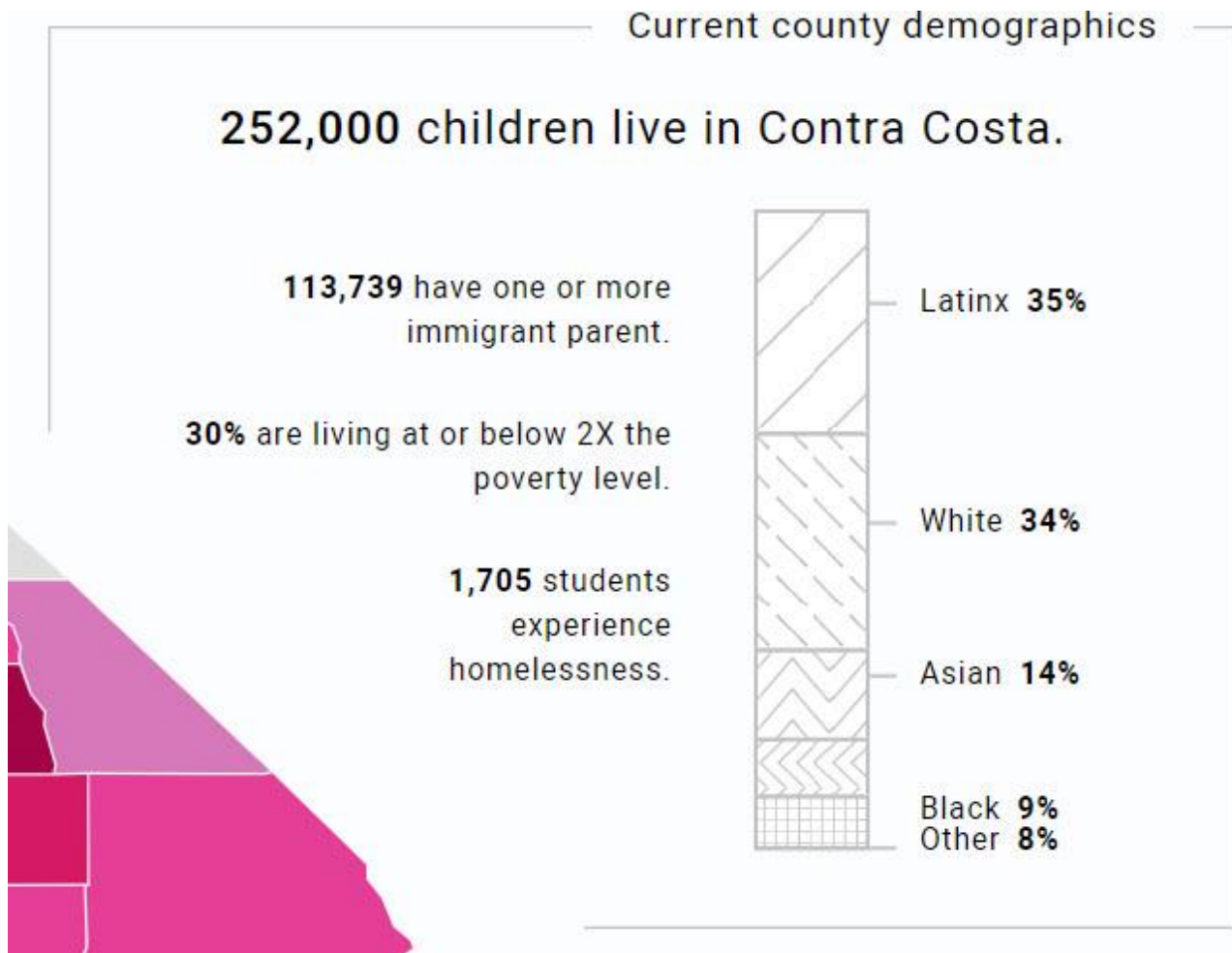
# The Time is Now

The time to focus on children and youth is **NOW**

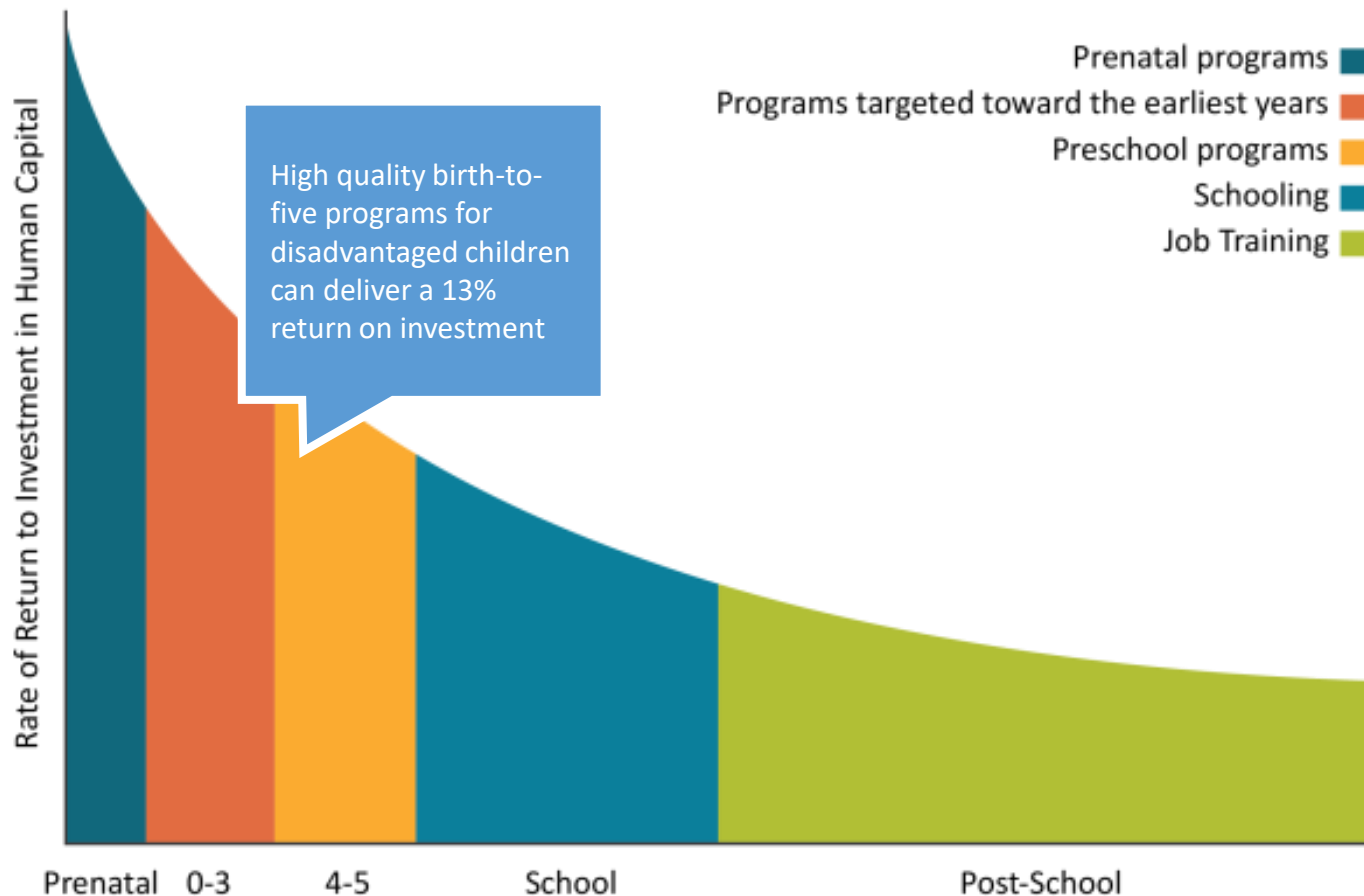
- Building on the County's previous efforts
- Leveraging current opportunities
  - Lifting Children and Families Out of Poverty Task Force
  - Governor Newsom's Focus on Child Health and Wellbeing



# Snapshot: Contra Costa County's Children

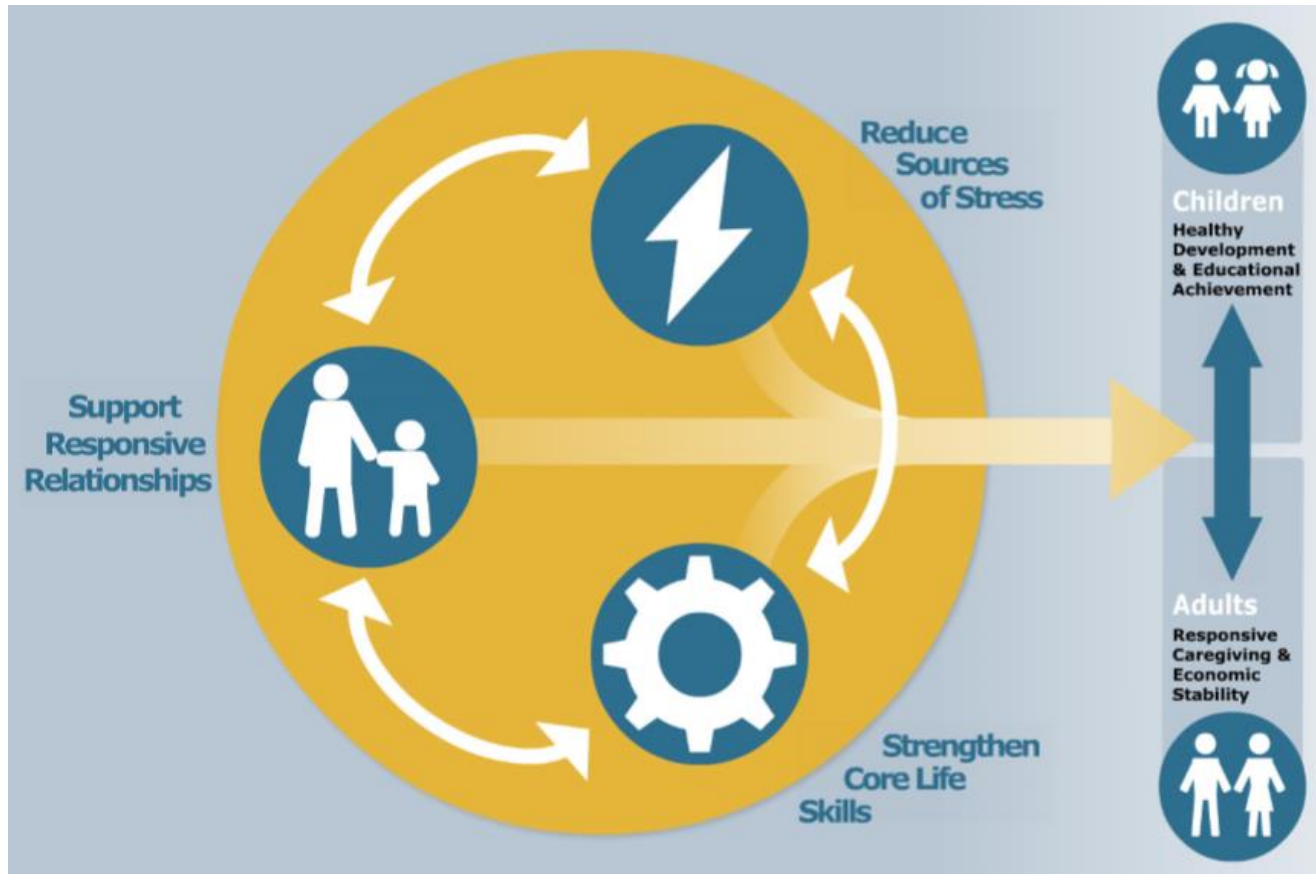


# Earlier Investment Leads to Greater Return



Source: James Heckman, Nobel Laureate in Economics

# Design Principles to Improve Outcomes for Children and Families



Source: Three Principles to Improve Outcomes for Children and Families; Harvard University Center on the Developing Child

# Building a Foundation



# Building a Foundation

The Children's Leadership Council

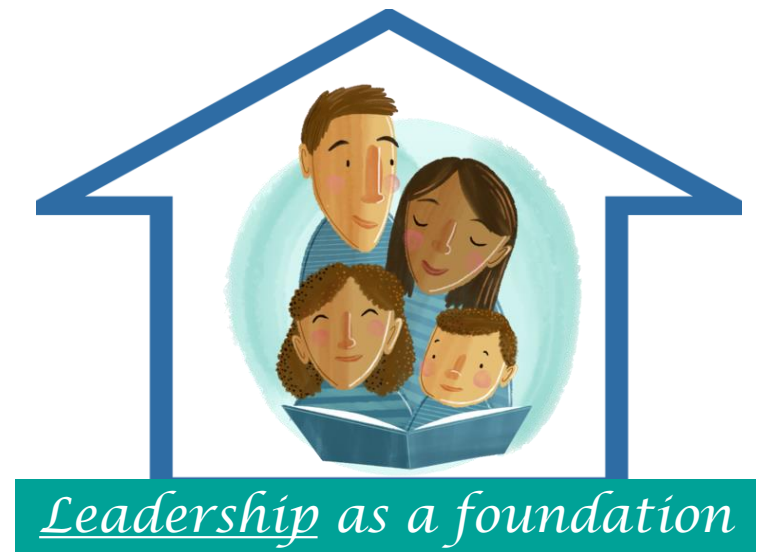
*All children in our county reach their full potential*

Goal: Strengthen partnerships, practices, policies, and investments that improve opportunities and outcomes for children and families.

# Building a Foundation

The Children's Leadership Council

- Catalyzing leadership by:
  - Engaging leaders, champions and people impacted by childhood adversity
  - Data-driven participatory process
  - Providing support for coordination
    - Leveraging existing efforts
    - Addressing gaps and inequities
    - Noticing intersections and synergies



# Building a Foundation

The Children's Leadership Council



## **Inquiring - Data Informed**

- Review and summarize communitywide data
- Key informant interviews
- Stakeholder meetings
- Community voice and experience

## **Developing a Framework**

- Identify trends, disparities, and gaps
- Map current reality
- Develop a shared vision, mission, values, and priorities
- Co-Create responses

## **Creating an Action Plan**

- Identify opportunities for collaboration
- Develop an action plan
- Prioritize key indicators and metrics
- Produce Children's Well-Being Index

# Building a Foundation

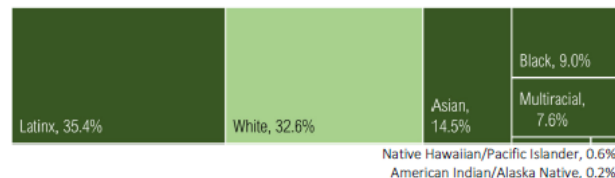
## Children's Well-Being Index

### A Snapshot of Child Well-being in Contra Costa County

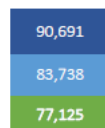
Children, ages birth – 17, make up approximately **one-fifth** of the county's total population.



Contra Costa's child population is **diverse**, with a majority being **children of color**.

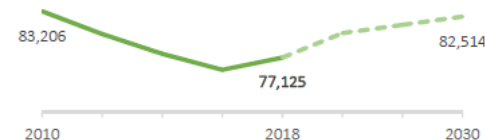


Nearly **one-third** of all children in the county are between **0 – 5 years**



■ 0-5 ■ 6-11 ■ 12-17

The **birth – 5 child population** had been declining for several years and **recently began rising**. This trend is projected to continue for several years.



<p><b>Health</b></p>	<ul style="list-style-type: none"> <li>88% of pregnant mothers began prenatal care in the first trimester.</li> <li>93% of all newborns were born a healthy birthweight.</li> <li>96% of children ages 0-17 have health insurance coverage.</li> </ul>	<ul style="list-style-type: none"> <li>17% of children in Contra Costa have been diagnosed with asthma – higher than Los Angeles (12.7%) and CA (15.2%).</li> <li>19% of low-income children, 0-5, visited a dentist in the past year.</li> </ul>
<p><b>Safety</b></p>	<ul style="list-style-type: none"> <li>Half of children ages 6-17 are resilient (calm and in control when facing a challenge), according to surveyed parents/caregivers.</li> <li>The rate of substantiated child abuse and neglect is 4.3 cases per 1,000 children, but longitudinal data suggests the actual rate may be higher.</li> </ul>	<ul style="list-style-type: none"> <li>The juvenile felony arrest rate <b>declined 56%</b> between 2010-15 but remains <b>10x higher</b> among Black youth than White youth.</li> <li>Nearly 15% of children are experiencing two or more adverse experiences – e.g. family poverty, violence, substance abuse, mental illness, or incarceration.</li> </ul>
<p><b>Education</b></p>	<ul style="list-style-type: none"> <li>There is a 75% shortfall in child care for infants/toddlers.</li> <li>58% of 3- and 4-year-olds attend PreK or Transitional Kindergarten.</li> <li>44% of kindergarteners were Fully Ready for school. The % was lower among Latinx (25%), low-income (26%), and Black (36%) students.</li> <li>49% of students reported feeling connected to their school. Only 31% of Black students and 42% of Latinx students felt connected.</li> </ul>	<ul style="list-style-type: none"> <li>66% of 3<sup>rd</sup> graders read at or above grade level. The % is lower among low-income (29%), Black (41%), and Latinx (51%) students.</li> <li>43% of 8<sup>th</sup> graders do math at or above grade level. The % is lower among Black (12%), low-income (17%), and Latinx (21%) students.</li> <li>88% of students graduated high school on time. 62% of youth in foster care graduated high school on time.</li> </ul>
<p><b>Economic Security</b></p>	<ul style="list-style-type: none"> <li>10.2% of children live in households with incomes below the federal poverty line. 4.1% live in deep poverty (50% below the FPL).</li> <li>When taking the cost of living, tax credits, and other assistance into account, 17.2% of children live below the California Poverty Measure threshold.</li> </ul>	<ul style="list-style-type: none"> <li>Fewer children experienced food insecurity in 2016 (15.6%) than in 2014 (18.7%).</li> <li>2,621 students experienced homelessness in the 2015-16 school year.</li> <li>In 2015, 43% of renters and 23% of homeowners spent at least 35% of their income on housing.</li> </ul>

# Building Block: A Focus on Asthma

# Inquiring

*“What is the current state of asthma in Contra Costa County?”*

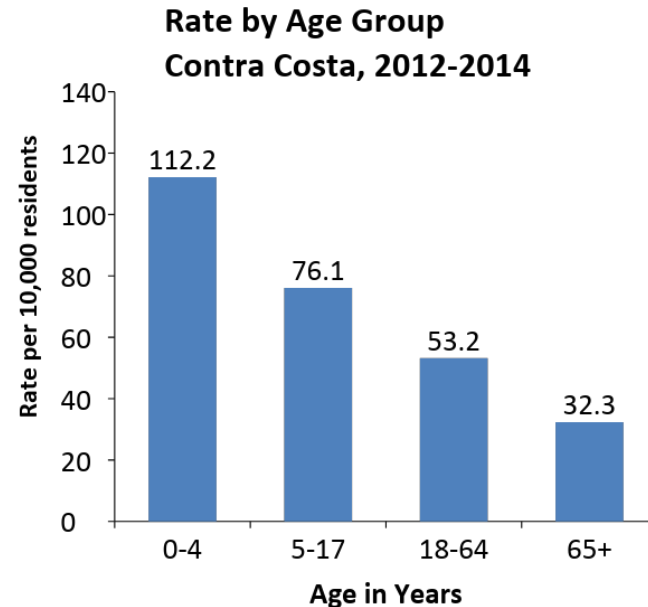
*- John Gioia, Joint Conference Committee, July 2018*

- Who does asthma affect the most?
- What have we done to reduce asthma rates and asthma severity?
- Are we making any progress?
- If not, what more can we do?

# The Burden of Asthma Falls Heaviest on Children

## Asthma Emergency Department Visits

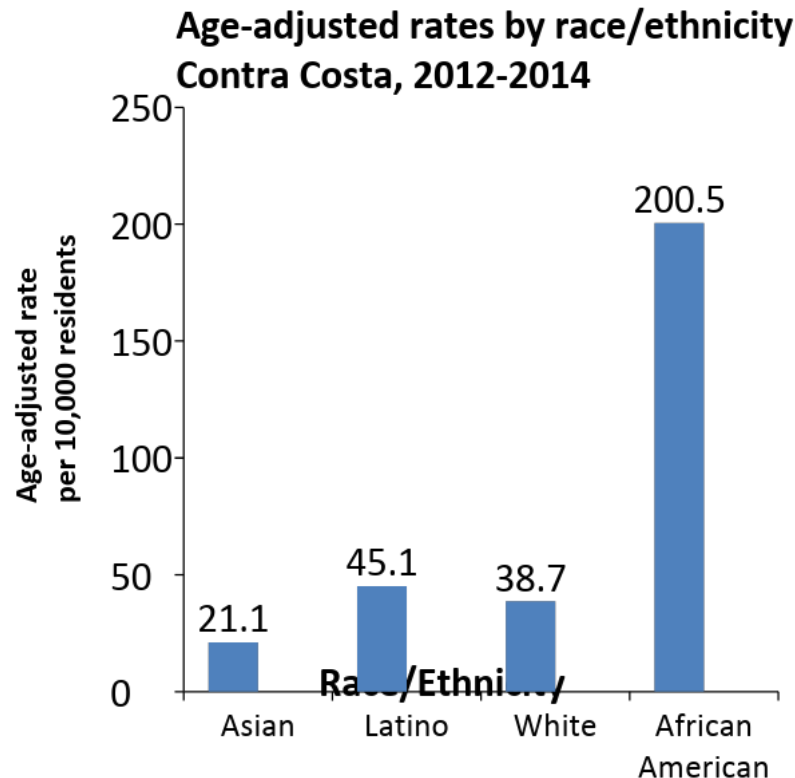
2014 Age-adjusted rate per 10,000 residents	
California	49.5
Contra Costa	64.6



Sources: California Breathing, Contra Costa County Asthma Profile, September 2016; California Office of Statewide Health Planning and Development

# Asthma ER visits are more frequent among African-Americans

## Asthma Emergency Department Visits



Sources: California Office of Statewide Health Planning and Development; California Breathing, Contra Costa County Asthma Profile, September 2016



# Contributing Factors

## **Outdoor Air Pollution – Particulate matter**

- Smoking
- Wild fires
- Point source
- Motor vehicle exhaust

## **Indoor Air Quality - Housing conditions**

- Inadequate ventilation increases exposure to indoor and outdoor air pollution and increases moisture and mold
- Pests, such as cockroaches, and allergens such as pet dander
- Improper heating and cooling combine with temperature extremes from climate change

# Mapping Past Efforts

- Smoking & Tobacco Laws and Taxes
- Air Quality Regulations
- Refinery Flare Monitoring Rule
- Changes to the North Richmond Truck Route
- Asthma Coalition and Program



# Mapping Current Reality

## Outdoor Air Quality

- Point source pollution
- Mobile source pollution (roads)
- Smoke from wildfires

## Indoor Air Quality

- Weatherization Services

## Children and Family

- CCHP Pediatric Home Visiting Program
- CCHP Pharmacy Medication Intervention
- Breathmobile



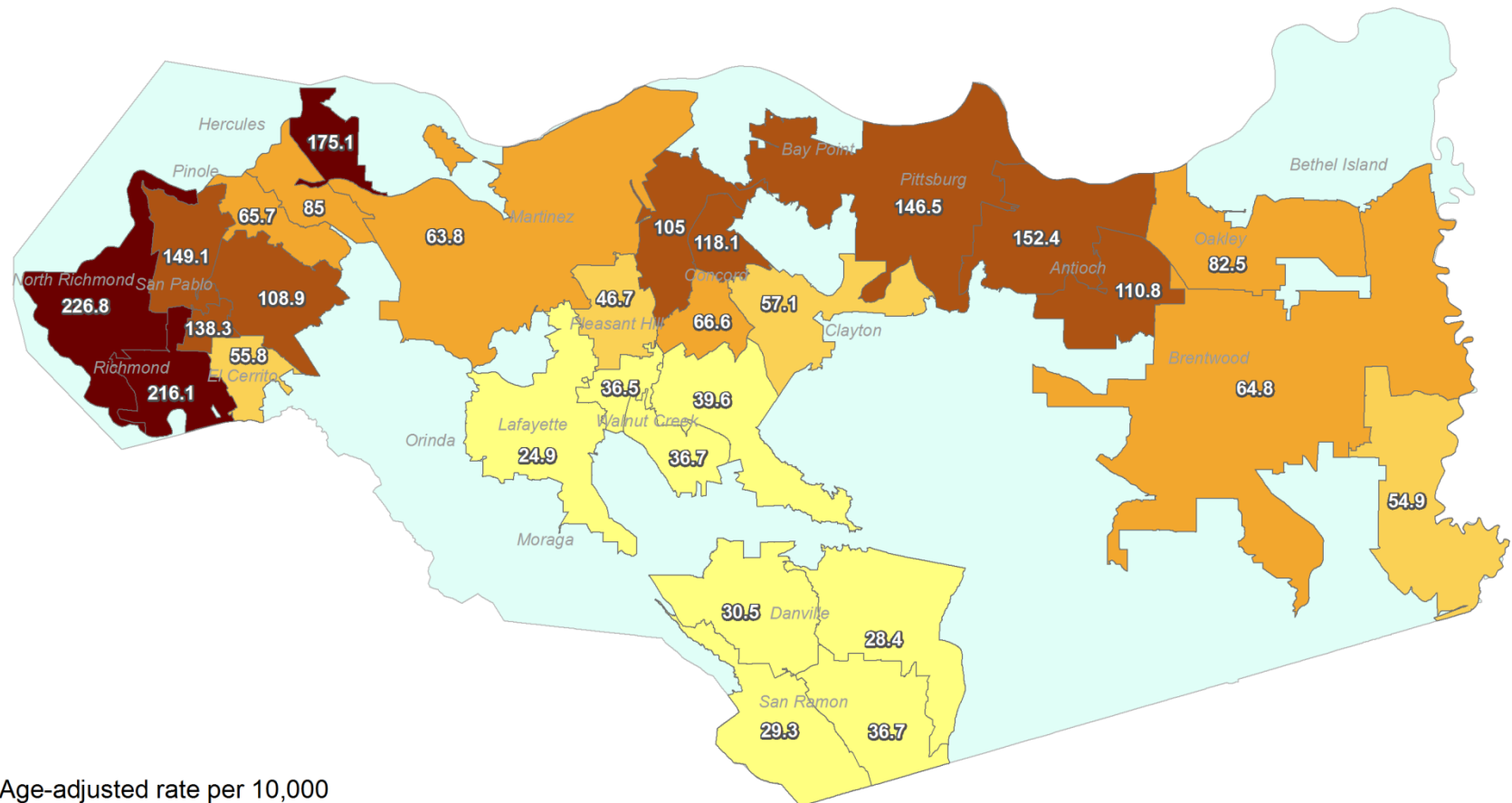
# Asthma ER Visits in Contra Costa County Have Not Significantly Improved in Recent Years

## Asthma Emergency Department Visits – All Ages, Contra Costa County

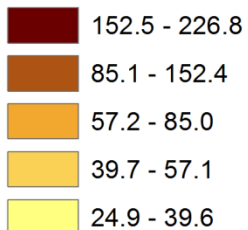
Year	Age-adjusted rates per 10,000	Total number of ED visits
2005	61.3	6,132
2006	67.5	6,749
2007	59.2	6,006
2008	64.6	6,635
2009	70.4	7,253
2010	73.0	7,517
2011	74.0	7,728
2012	75.8	7,917
2013	66.1	6,940
2014	64.4	6,784

Source: California Environmental Health Tracking Program <http://www.cehtp.org/page/asthma/query>

## Age-adjusted Asthma Emergency Department Visit Rates Among **Children** by Zip Code, 2014



Age-adjusted rate per 10,000



Source: California Health and Human Services, Open Data Portal.

# Creating an Action Plan

## Making an Impact

- Engage leaders, champions, families, youth-serving agencies, community groups, and schools
- Data-driven participatory process
- Prioritize future action areas including education, interventions, policy
- Focus on the upstream social determinants
- Use proven, evidence-based interventions
- Track measurable outcomes
- Develop a sustainable financing model

# Thank you

