

CALENDAR FOR THE BOARD OF SUPERVISORS
CONTRA COSTA COUNTY
AND FOR SPECIAL DISTRICTS, AGENCIES, AND AUTHORITIES GOVERNED BY THE BOARD
BOARD CHAMBERS, ADMINISTRATION BUILDING, 1025 ESCOBAR STREET
MARTINEZ, CALIFORNIA 94553-1229

KAREN MITCHFF, *CHAIR*, 4TH DISTRICT
FEDERAL D. GLOVER, *VICE CHAIR*, 5TH DISTRICT
JOHN GIOIA, 1ST DISTRICT
CANDACE ANDERSEN, 2ND DISTRICT
DIANE BURGIS, 3RD DISTRICT

MONICA NINO, CLERK OF THE BOARD AND COUNTY ADMINISTRATOR, (925) 335-1900

To slow the spread of COVID-19, in lieu of a public gathering, the Board meeting will be accessible via television and live-streaming to all members of the public as permitted by Government Code section 54953(e). Board meetings are televised live on Comcast Cable 27, ATT/U-Verse Channel 99, and WAVE Channel 32, and can be seen live online at www.contracosta.ca.gov.

PERSONS WHO WISH TO ADDRESS THE BOARD DURING PUBLIC COMMENT OR WITH RESPECT TO AN ITEM THAT IS ON THE AGENDA MAY CALL IN DURING THE MEETING BY DIALING **888-278-0254** FOLLOWED BY THE ACCESS CODE **843298#**. To indicate you wish to speak on an agenda item, please push "#2" on your phone. Access via Zoom is also available via the following link: <https://cccouny-us.zoom.us/j/87344719204>. To indicate you wish to speak on an agenda item, please "raise your hand" in the Zoom app.

Meetings of the Board are closed-captioned in real time. Public comment generally will be limited to two minutes. Your patience is appreciated. A Spanish language interpreter is available to assist Spanish-speaking callers.

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 online at www.contracosta.ca.gov.

SPECIAL MEETING
AGENDA
January 25, 2022

9:00 A.M. Convene, call to order, and opening ceremonies. (*Chair, Karen Mitchoff*)

- D.1** ACCEPT report "The Post-Covid New World Order: It's a seller's market for now" prepared by Beacon Economics. (*Dr. Christopher Thornberg, Beacon Economics*)

- D.2** ACCEPT report on budget and key issues; and CONSIDER introducing Ordinance repealing Ordinance Code section 62-10, Other Post-Employment Benefits Funding, waiving reading, and fixing February 1, 2021, for adoption. (*Monica Nino, County Administrator, Lisa Driscoll, County Finance Director and Timothy Ewell, Chief Assistant County Administrator*)
- D.3** ACCEPT report on Capital Projects, Facilities Master Plan and Facilities Condition Assessment. (*Eric Angstadt, Chief Assistant County Administrator*)

Closed Session

A. CONFERENCE WITH LABOR NEGOTIATORS (Gov. Code § 54957.6)

Agency Negotiators: Monica Nino.

Employee Organizations and Unrepresented Employees: 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; Teamsters Local 856; and all unrepresented employees.

12:00 P.M. BREAK FOR LUNCH

***** RESUME OPEN SESSION *****

- D.4** ACCEPT report on COVID-19 response. (*Anna Roth, Health Services Director*)
- D.5** PRESENTATION by the Contra Costa Budget Justice Coalition reflecting on 2021 and looking forward to 2022. (*Dan Geiger, Coordinator Contra Costa Budget Justice Coalition*)
- D.6** CONSIDER potential updates to Board Operating Procedures and Communications, including returning to in-person meetings of the Board of Supervisors, and provide direction to staff. (*Chair, Karen Mitchoff*)
- D.7** Public Comment

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

ADJOURN

GENERAL INFORMATION

The Board meets in all its capacities pursuant to Ordinance Code Section 24-2.402, including as the Housing Authority and the Successor Agency to the Redevelopment Agency. Persons who wish to address the Board should complete the form provided for that purpose and furnish a copy of any written statement to the Clerk.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Clerk of the Board to a majority of the members of the Board of Supervisors less than 96 hours prior to that meeting are available for public inspection at 1025 Escobar Street, First Floor, Martinez, CA 94553, during normal business hours.

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

Persons who wish to speak on matters set for PUBLIC HEARINGS will be heard when the Chair calls for comments from those persons who are in support thereof or in opposition thereto. After persons have spoken, the hearing is closed and the matter is subject to discussion and action by the Board. Comments on matters listed on the agenda or otherwise within the purview of the Board of Supervisors can be submitted to the office of the Clerk of the Board via mail: Board of Supervisors, 1025 Escobar Street, First Floor, Martinez, CA 94553 or to clerkoftheboard@cob.cccounty.us.

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) 655-2000. An assistive listening device is available from the Clerk, First Floor.

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) 655-2000, 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, 1025 Escobar Street, Martinez, California.

Subscribe to receive to the weekly Board Agenda by calling the Office of the Clerk of the Board, (925) 655-2000 or using the County's on line subscription feature at the County's Internet Web Page, where agendas and supporting information may also be viewed:

www.contracosta.ca.gov

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

Contra Costa County has a policy of making limited use of acronyms, abbreviations, and industry-specific language in its Board of Supervisors meetings and written materials. Following is

a list of commonly used language that may appear in oral presentations and written materials associated with Board meetings:

AB Assembly Bill
ABAG Association of Bay Area Governments
ACA Assembly Constitutional Amendment
ADA Americans with Disabilities Act of 1990
AFSCME American Federation of State County and Municipal Employees
AICP American Institute of Certified Planners
AIDS Acquired Immunodeficiency Syndrome
ALUC Airport Land Use Commission
AOD Alcohol and Other Drugs
ARRA American Recovery & Reinvestment Act of 2009
BAAQMD Bay Area Air Quality Management District
BART Bay Area Rapid Transit District
BayRICS Bay Area Regional Interoperable Communications System
BCDC Bay Conservation & Development Commission
BGO Better Government Ordinance
BOS Board of Supervisors
CALTRANS California Department of Transportation
CalWIN California Works Information Network
CalWORKS California Work Opportunity and Responsibility to Kids
CAER Community Awareness Emergency Response
CAO County Administrative Officer or Office
CCE Community Choice Energy
CCCFPD (ConFire) Contra Costa County Fire Protection District
CCHP Contra Costa Health Plan
CCTA Contra Costa Transportation Authority
CCRMC Contra Costa Regional Medical Center
CCWD Contra Costa Water District
CDBG Community Development Block Grant
CFDA Catalog of Federal Domestic Assistance
CEQA California Environmental Quality Act
CIO Chief Information Officer
COLA Cost of living adjustment
ConFire (CCCFPD) Contra Costa County Fire Protection District
CPA Certified Public Accountant
CPI Consumer Price Index
CSA County Service Area
CSAC California State Association of Counties
CTC California Transportation Commission
dba doing business as
DSRIP Delivery System Reform Incentive Program
EBMUD East Bay Municipal Utility District
ECCFPD East Contra Costa Fire Protection District
EIR Environmental Impact Report
EIS Environmental Impact Statement
EMCC Emergency Medical Care Committee

EMS Emergency Medical Services
EPSDT Early State Periodic Screening, Diagnosis and Treatment Program (Mental Health)
et al. et alii (and others)
FAA Federal Aviation Administration
FEMA Federal Emergency Management Agency
F&HS Family and Human Services Committee
First 5 First Five Children and Families Commission (Proposition 10)
FTE Full Time Equivalent
FY Fiscal Year
GHAD Geologic Hazard Abatement District
GIS Geographic Information System
HCD (State Dept of) Housing & Community Development
HHS (State Dept of) Health and Human Services
HIPAA Health Insurance Portability and Accountability Act
HIV Human Immunodeficiency Syndrome
HOME Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households
HOPWA Housing Opportunities for Persons with AIDS Program
HOV High Occupancy Vehicle
HR Human Resources
HUD United States Department of Housing and Urban Development
IHSS In-Home Supportive Services
Inc. Incorporated
IOC Internal Operations Committee
ISO Industrial Safety Ordinance
JPA Joint (exercise of) Powers Authority or Agreement
Lamorinda Lafayette-Moraga-Orinda Area
LAFCo Local Agency Formation Commission
LLC Limited Liability Company
LLP Limited Liability Partnership
Local 1 Public Employees Union Local 1
LVN Licensed Vocational Nurse
MAC Municipal Advisory Council
MBE Minority Business Enterprise
M.D. Medical Doctor
M.F.T. Marriage and Family Therapist
MIS Management Information System
MOE Maintenance of Effort
MOU Memorandum of Understanding
MTC Metropolitan Transportation Commission
NACo National Association of Counties
NEPA National Environmental Policy Act
OB-GYN Obstetrics and Gynecology
O.D. Doctor of Optometry
OES-EOC Office of Emergency Services-Emergency Operations Center
OPEB Other Post Employment Benefits
ORJ Office of Reentry and Justice
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: Monica Nino, County Administrator
Date: January 25, 2022

Subject: Annual Update on Economic Conditions in Contra Costa County

RECOMMENDATION(S):

ACCEPT report "The Post-Covid New World Order: It's a seller's market for now".

FISCAL IMPACT:

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

BACKGROUND:

Attached is Beacon Economics report entitled "The Post-Covid New World Order: It's a seller's market for now".



APPROVE



OTHER



RECOMMENDATION OF CNTY ADMINISTRATOR



RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **01/25/2022** ☐ 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 25, 2022

, County Administrator and Clerk of the Board of Supervisors

Contact: Lisa Driscoll, County Finance Director (925)
655-2047

By: , Deputy

cc: All County Departments (via CAO)

ATTACHMENTS

The Post-Covid New World Order: It's a seller's market for now.

Dr. Thornberg Bio



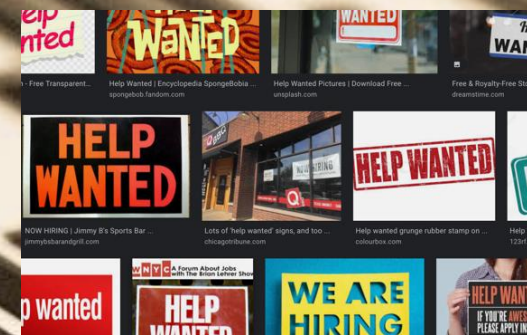
The Post-Covid New World Order It's a seller's market for now.

January 2022

Christopher Thornberg, PhD

Founding Partner, Beacon Economics

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



The Big Picture



- The Covid pandemic is a tragic natural disaster, yet history shows that natural disasters have little long-run economic impact. A quicker-than-normal recovery was certain.
- The narrative of miserabilism drove fiscal and monetary policy reactions to the crisis that have been excessive and are overheating the economy.
- The recovery is not even—in terms of the structure of output as well as the availability of inputs. The resultant supply chain issues are a drag on the rebound, not a threat to it.
- Low private sector debt levels reduces some of the short run risk to the economy. Cyclical risks now lie primarily in the public sector; the twin issues of inflation and an out-of-control budget deficit.
- Labor markets have flipped, and shortages are here to stay. This has important implications for economic development and social policy
- There are no economic “new-normals” from the pandemic, but it has accelerated underlying trends that were already in place, particularly WFH, retirements, and online shopping. For Contra Costa County these changes will increase demand for residential and an employment shifts towards local services

The Wall of Forecast Shame



Coronavirus to cause worst economic downturn since Great Depression, IMF forecasts

Economy

CBO: Coronavirus pandemic will scar U.S. labor market for the next decade

The agency is predicting that the unemployment rate in the fourth quarter of 2030 will be 4.4 percent, compared with 3.5 this year.

30-40 Million People in America Could Be Evicted from Their Homes by the End of 2020

Aug 07, 2020

As many as 30% of Americans with home loans — about **15 million** households — could stop paying if the U.S. economy remains closed through the summer or beyond, according to an estimate by Mark **Zandi**, chief economist for Moody's Analytics.

CNBC

JPMorgan now sees economy contracting by 40% in second quarter, and unemployment reaching 20%

Home prices rose in June, but they'll likely fall in 2021: CoreLogic

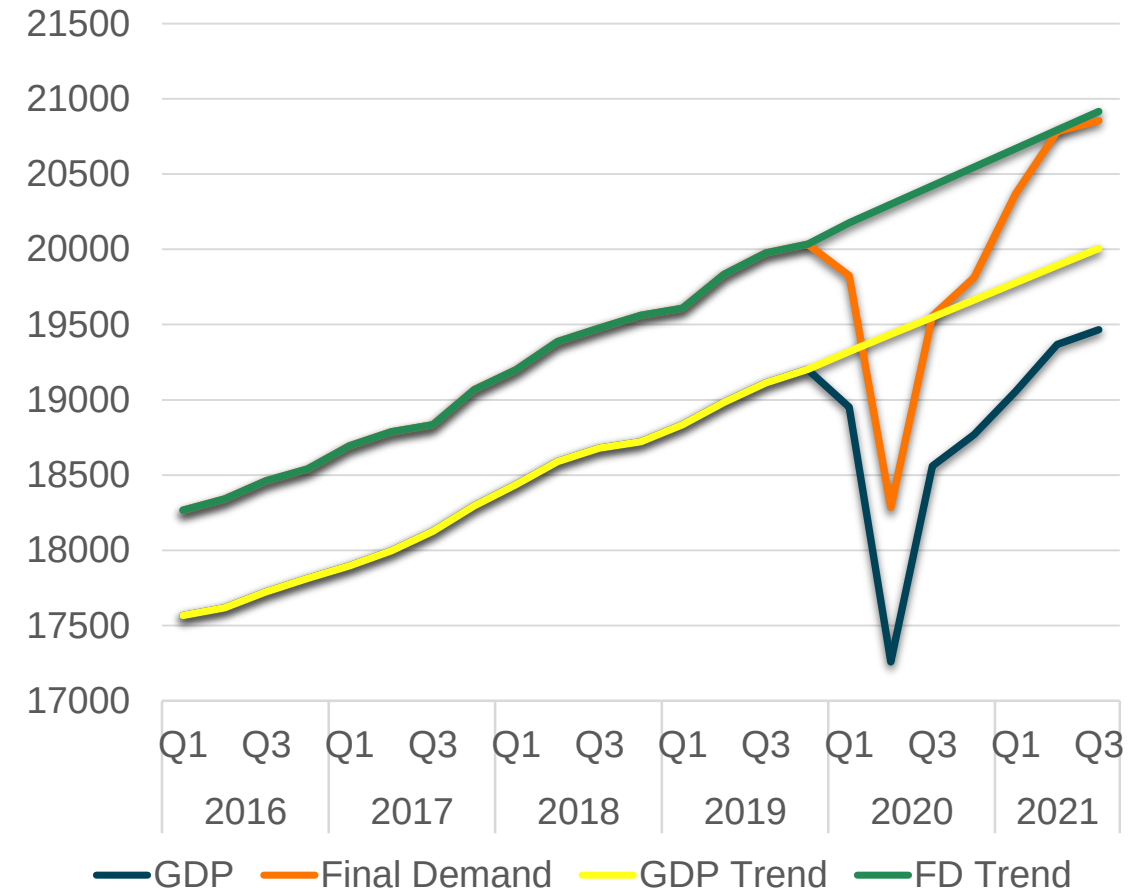
'Make no mistake...the pandemic morphed into a Depression-like crisis,' says UCLA economist, who predicts U.S. economy won't recover from coronavirus until 2023

Published: June 26, 2020 at 7:55 a.m. ET

The U or V Debate...

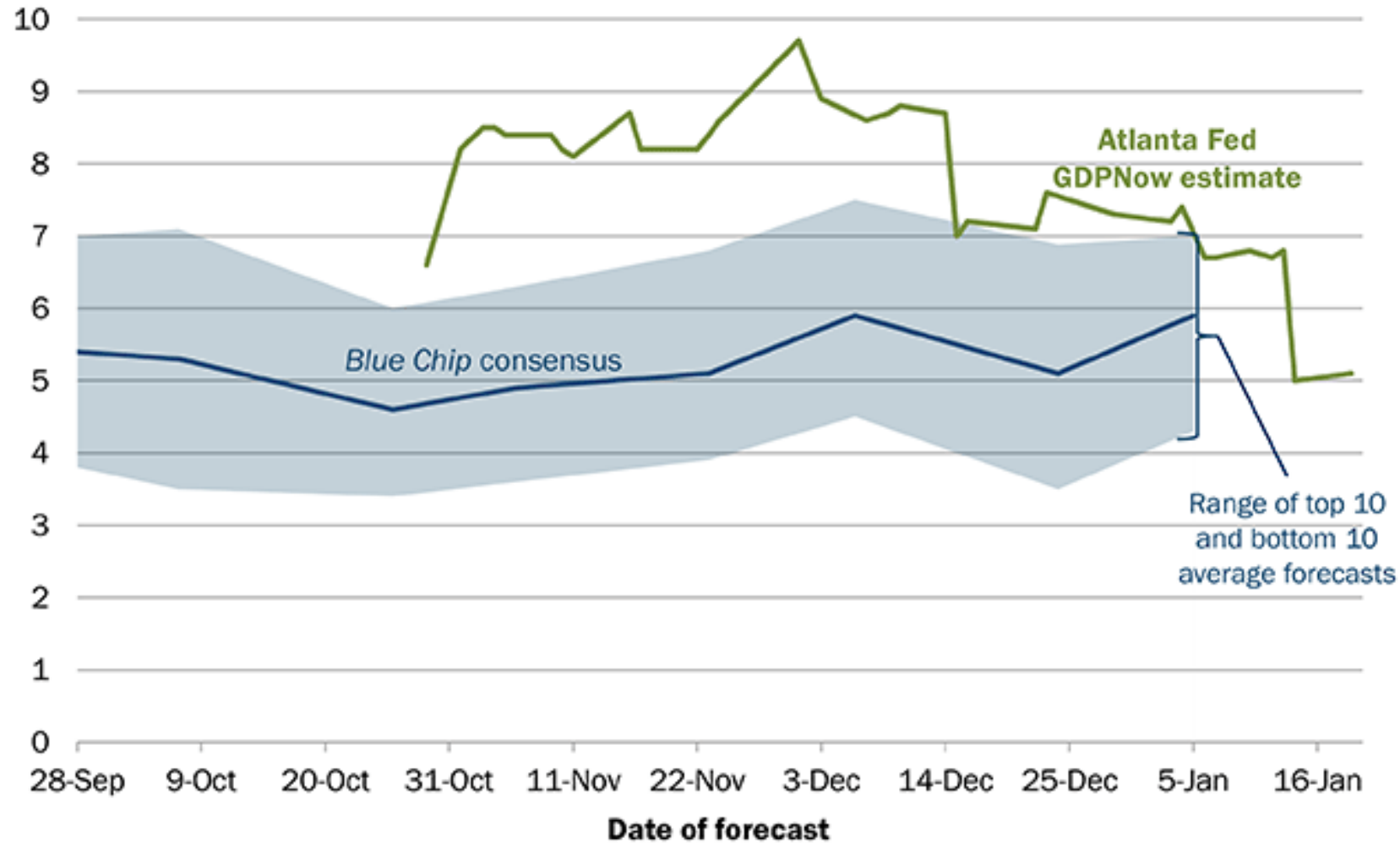
	2021		
	Q1	Q2	Q3
GDP	6.3	6.7	2.0
Final Demand	10.5	8.1	1.1
Consumption	7.4	7.9	1.1
Durables	3.5	1.0	-2.7
Nondurables	2.2	2.0	0.4
Services	1.8	4.9	3.4
Fixed investment	2.3	0.6	-0.1
Structures	0.1	-0.1	-0.2
Equipment	0.8	0.7	-0.2
IPP	0.8	0.6	0.6
Residential	0.6	-0.6	-0.4
Inventories	-2.6	-1.3	2.1
Net Exports	-1.6	-0.2	-1.1
Exports	-0.3	0.8	-0.3
Imports	-1.3	-1.0	-0.9
Government	0.8	-0.4	0.1
Federal	0.8	-0.4	-0.3
State and local	0.0	0.0	0.5

Real GDP and Final Demand



Evolution of Atlanta Fed GDPNow real GDP estimate for 2021: Q4

Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

The Great Recession vs Today



Then

The Pre-Recession
Economy

Over-heated by
sub-prime lending
bubble

Recession Driver

Demand shock caused by
collapse in wealth, flow-
stock issues

Government
Response

Inadequate

Now

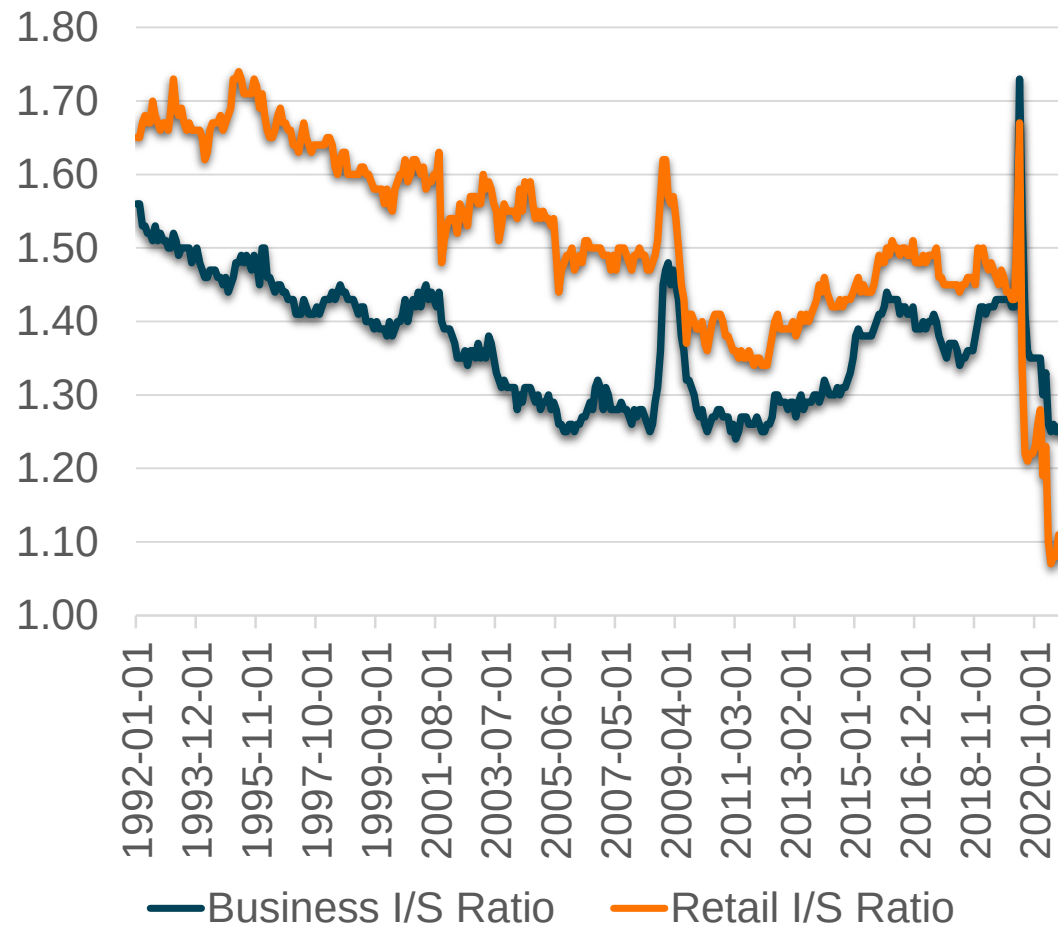
Slow but steady growth
due to labor shortages /
trade disruptions

Short run supply shock
driven by fear and health
mandates

Excessive

Filling the consumption gap

Inventory to Sales Ratio

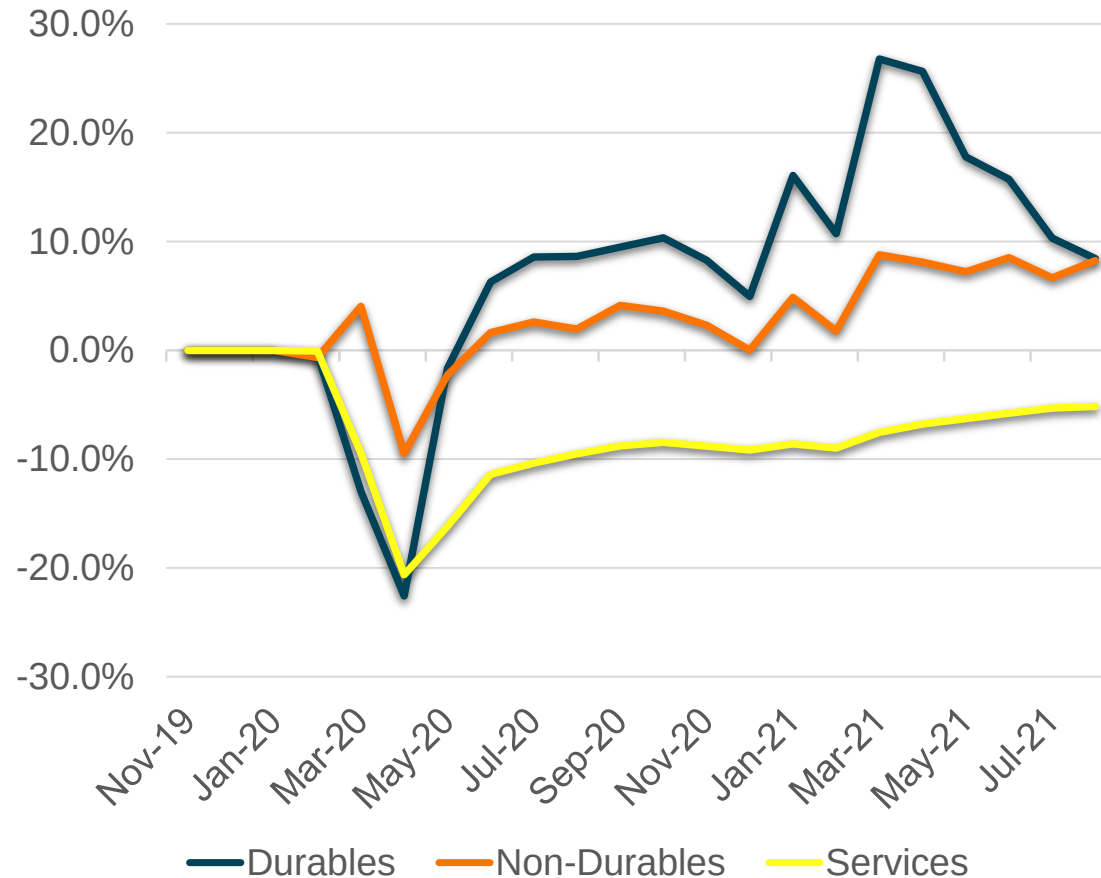


US Net Exports / GDP

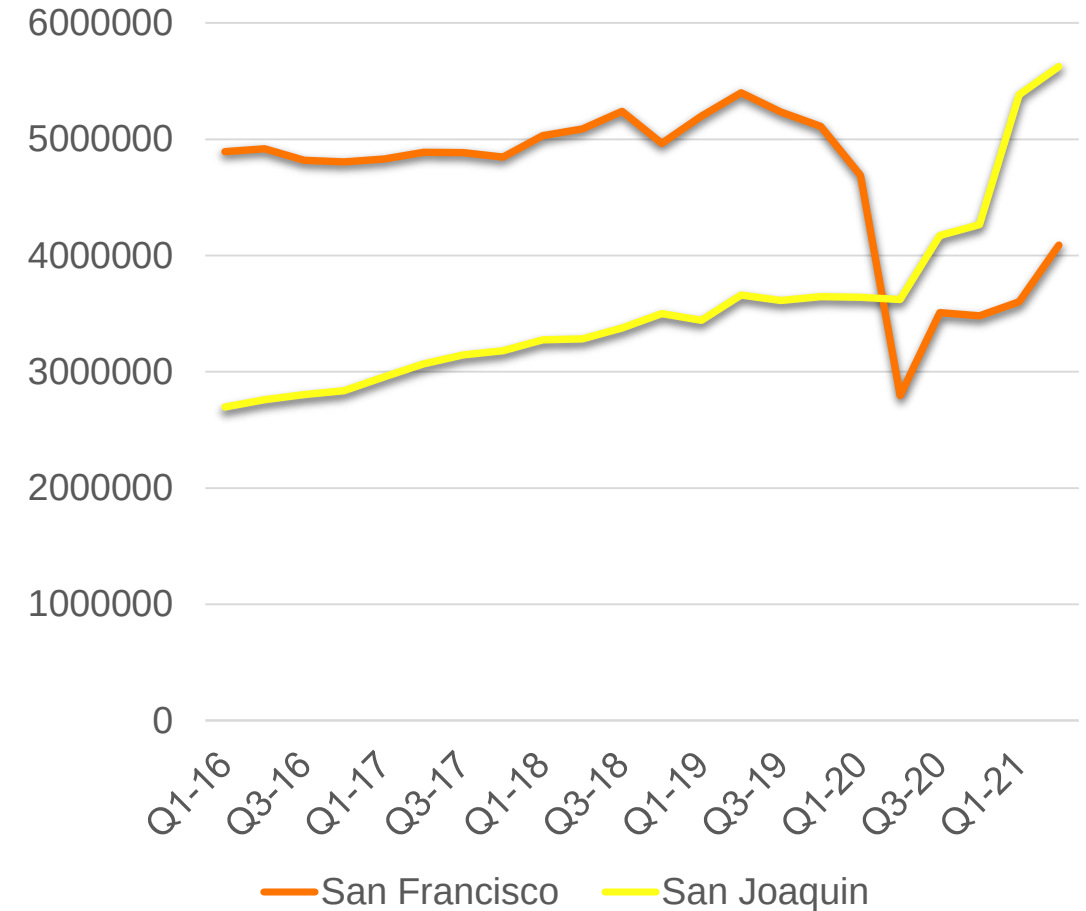


An Uneven Recovery

Real Consumer Spending Relative to Trend

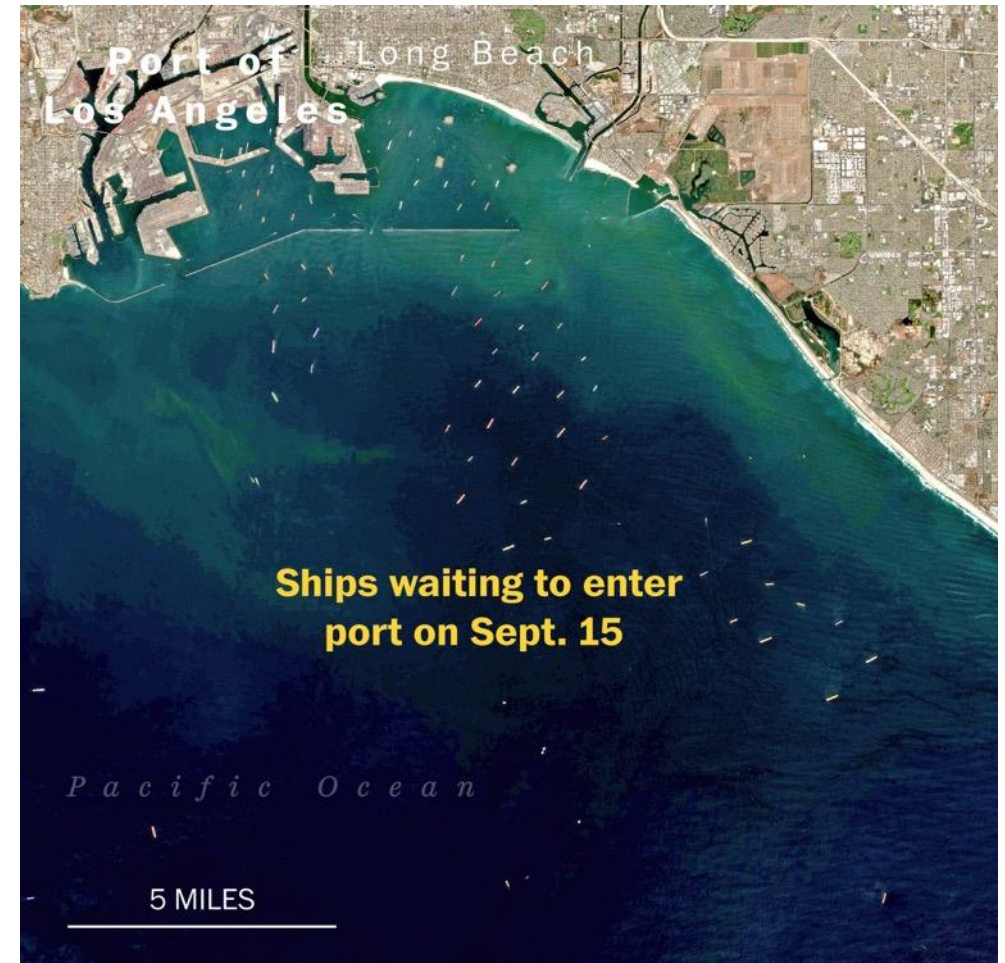


Taxable Sales



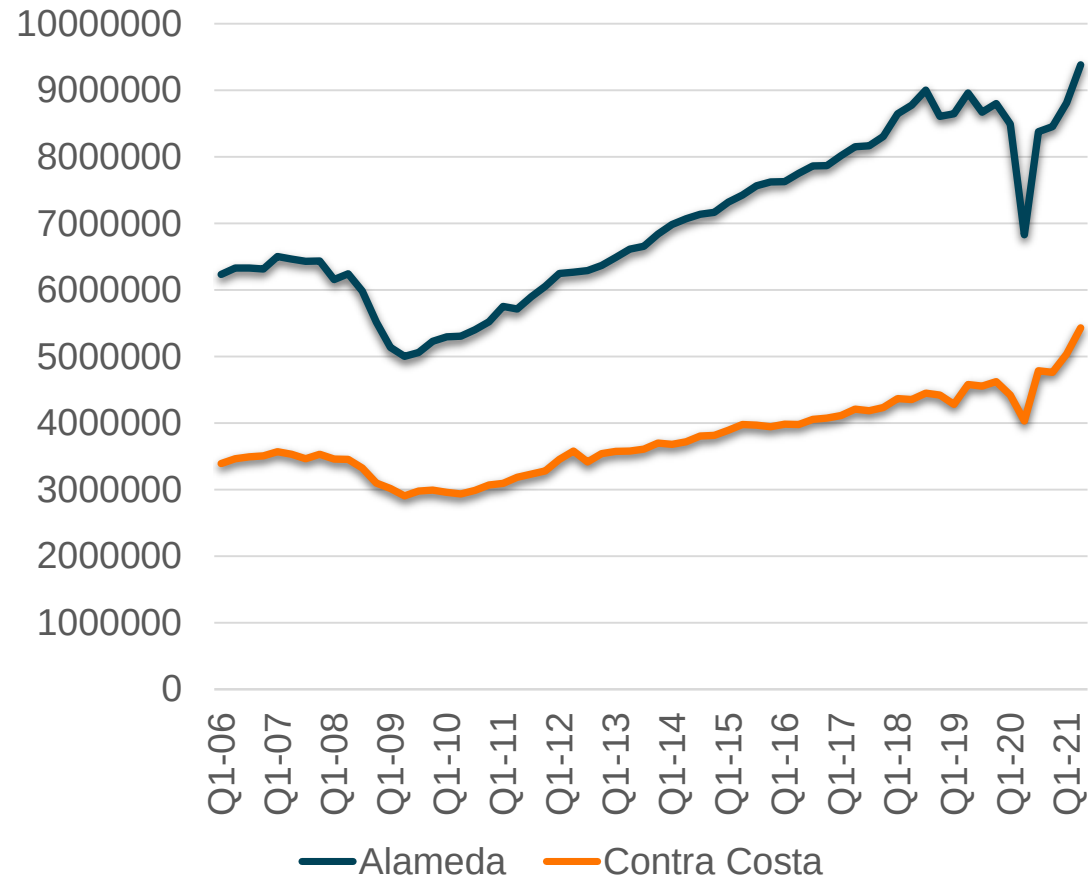
The Shipping Problems

- Domestic Industries
 - JIT Inventories
 - Bad forecasts in 2020
 - Excess demand by consumers
- Global production capacity
 - Slow shipping capacity growth in recent years
 - Small delays cascade where a lot of capacity is sitting idle waiting to get into port
- Foreign Suppliers
 - Worker outages
 - Rising input costs

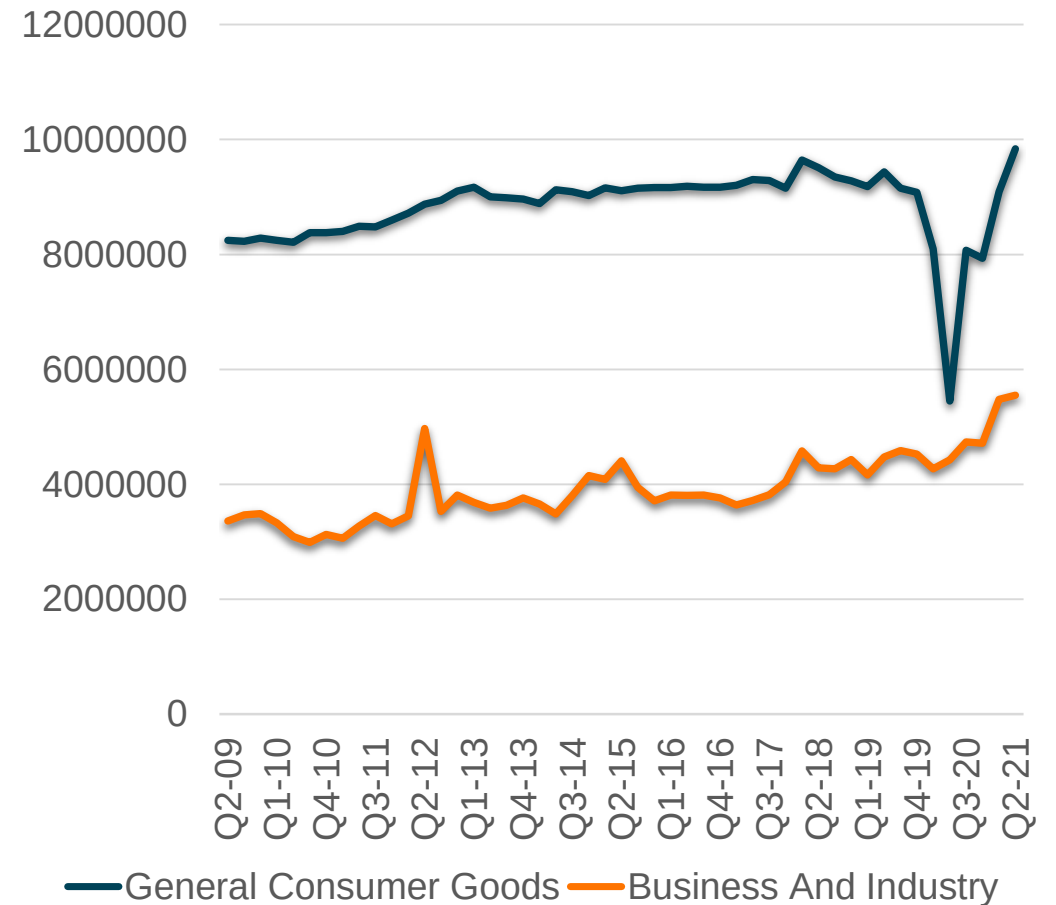


Local Sales

Taxable Sales



CCC Taxable Receipts (HdL)

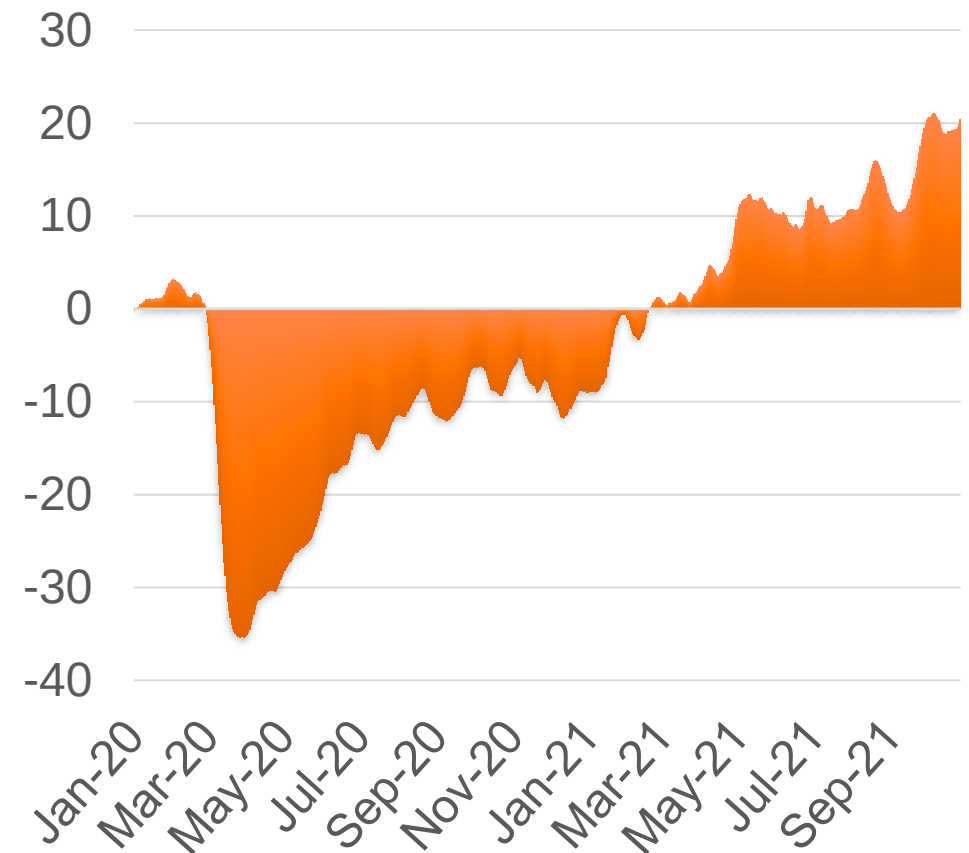


Business Activity



Category	CC 2021 to Q3 Sales Tax Receipts (\$, Mil)	2-Yr Growth (%)
Total	152.6	14.9
County & State Pool	33.1	49.9
Business and Industry	16.5	27.5
Building and Construction	14.8	22.8
Autos and Transportation	25.3	13.2
Food and Drugs	9.2	12.0
General Consumer Goods	26.4	2.7
Restaurants and Hotels	15.1	-5.0
Fuel and Service Stations	12.0	-8.9

CCC Consumer Spending Opportunity Insights

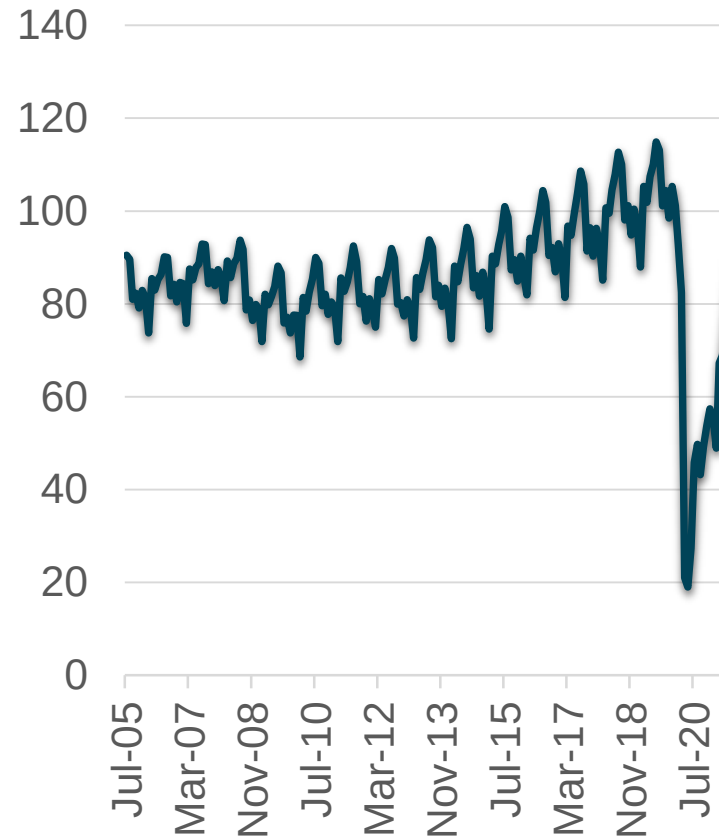


As for the service sector...

Real Consumer Spending Services Q4 19 to Q3 21

Financial insurance	878.6	3.3%
Housing utilities	2149.8	1.8%
Food accommodations	850.9	-0.4%
Other services	1120.6	-1.1%
Health care	2224.1	-1.7%
Transportation services	399.8	-13.4%
Recreation services	420.4	-17.6%

Available Passenger Seat Miles

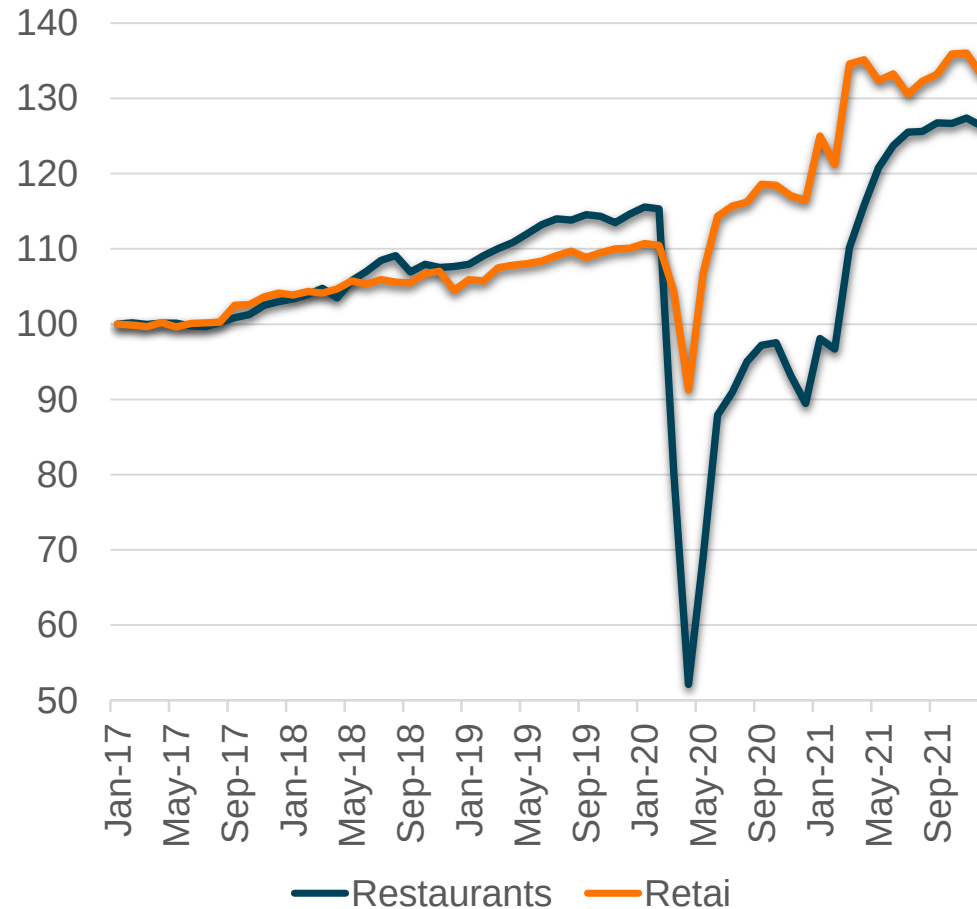


Hotel Statistics

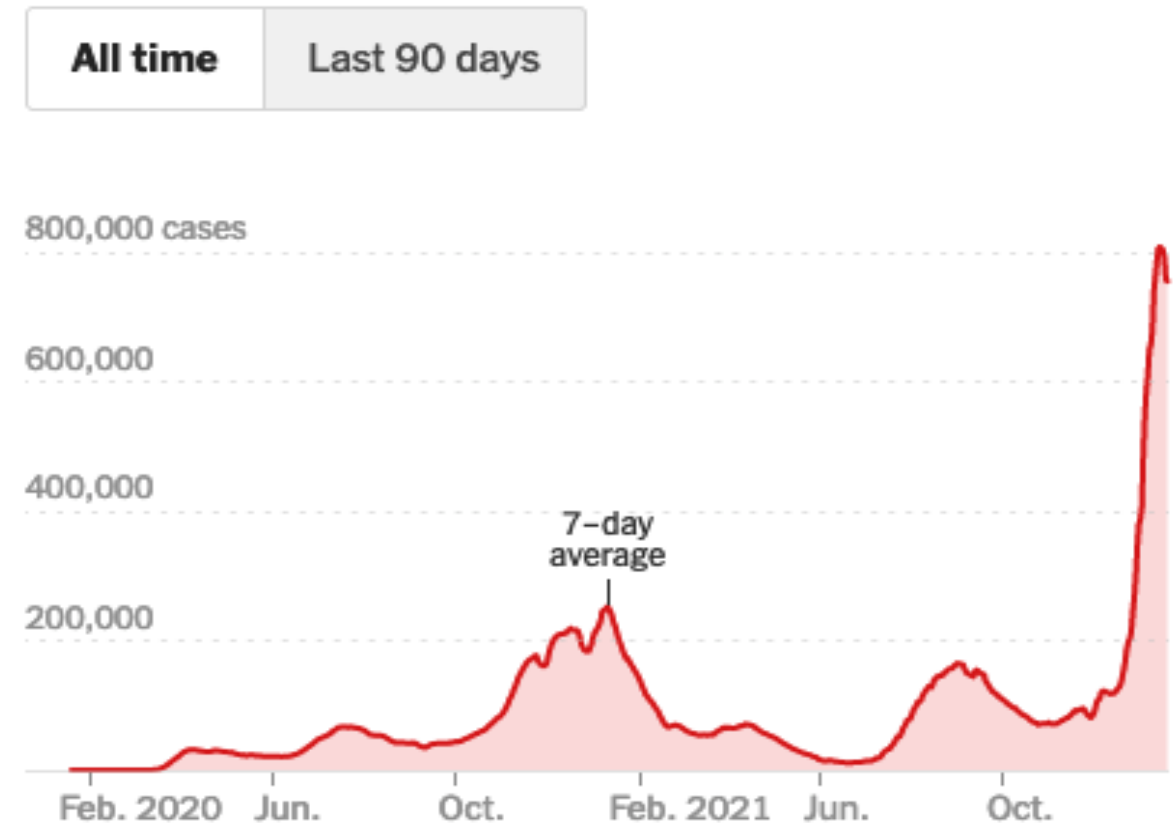
	2021 Rev	% Chg
California	16,796	49.2
Central Coast	2,017	72.7
Central Valley	1,012	38.5
Deserts	726	60.8
Los Angeles	3,670	53.6
Orange County	1,791	70.6
San Diego	2,162	68.8
SF Bay Area	2,724	19.0

Omicron?

Consumer Spending (Retail Sales)

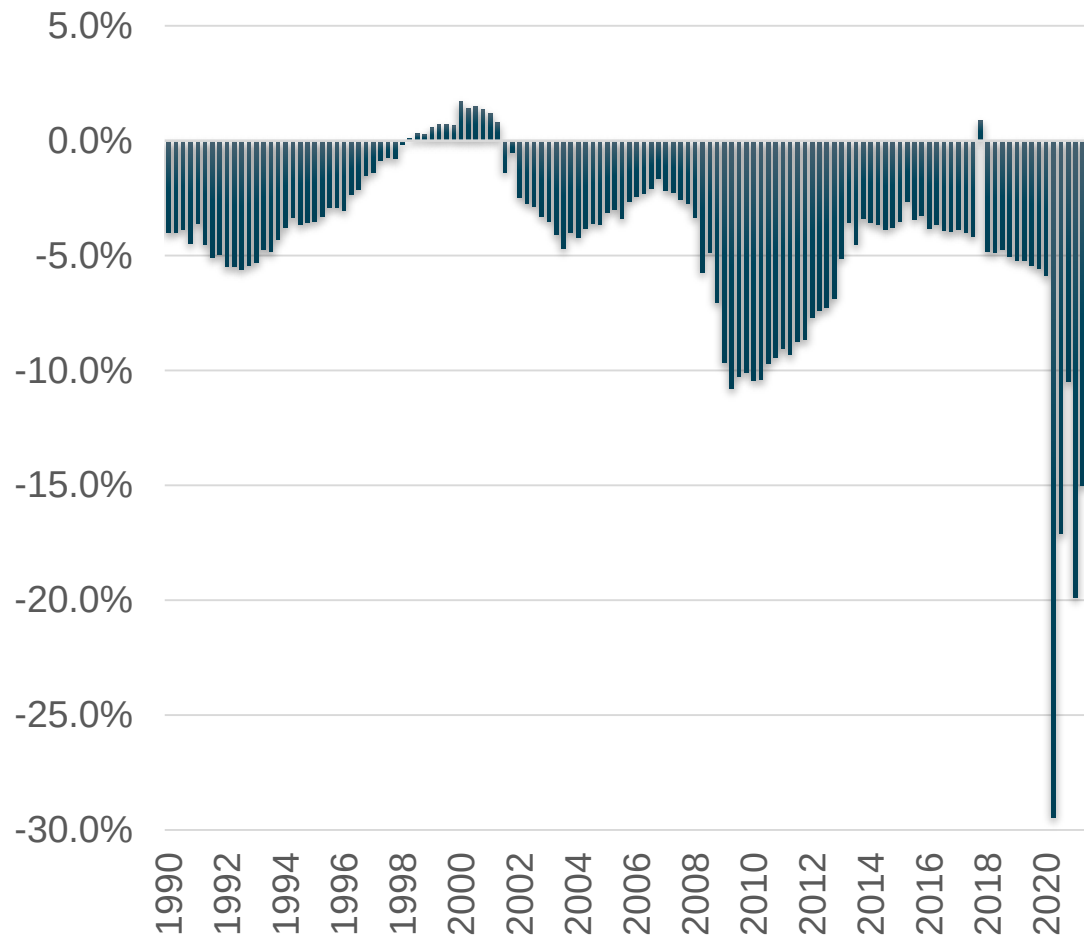


New reported cases

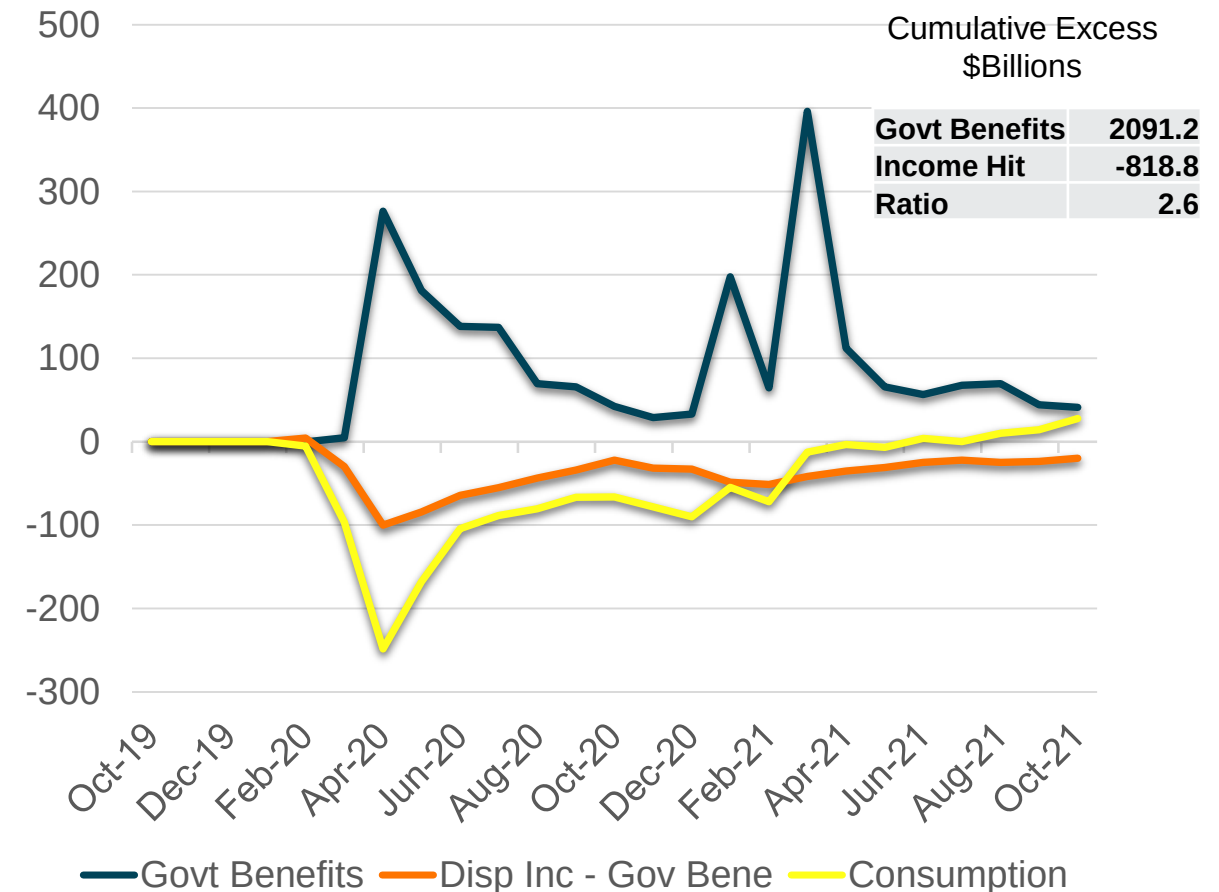


Federal Fiscal (Over)reaction

Net Federal Borrowing as % GDP

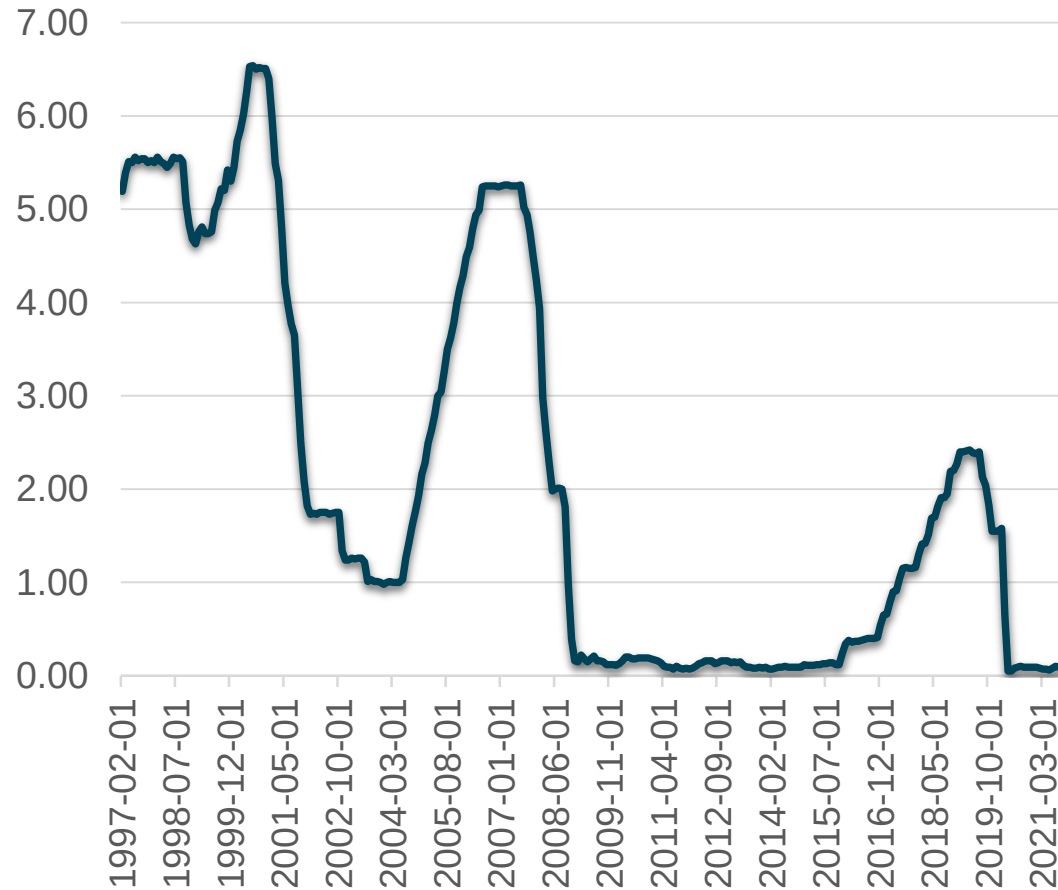


Levels of Personal Income Relative to Pre-Pandemic Trends

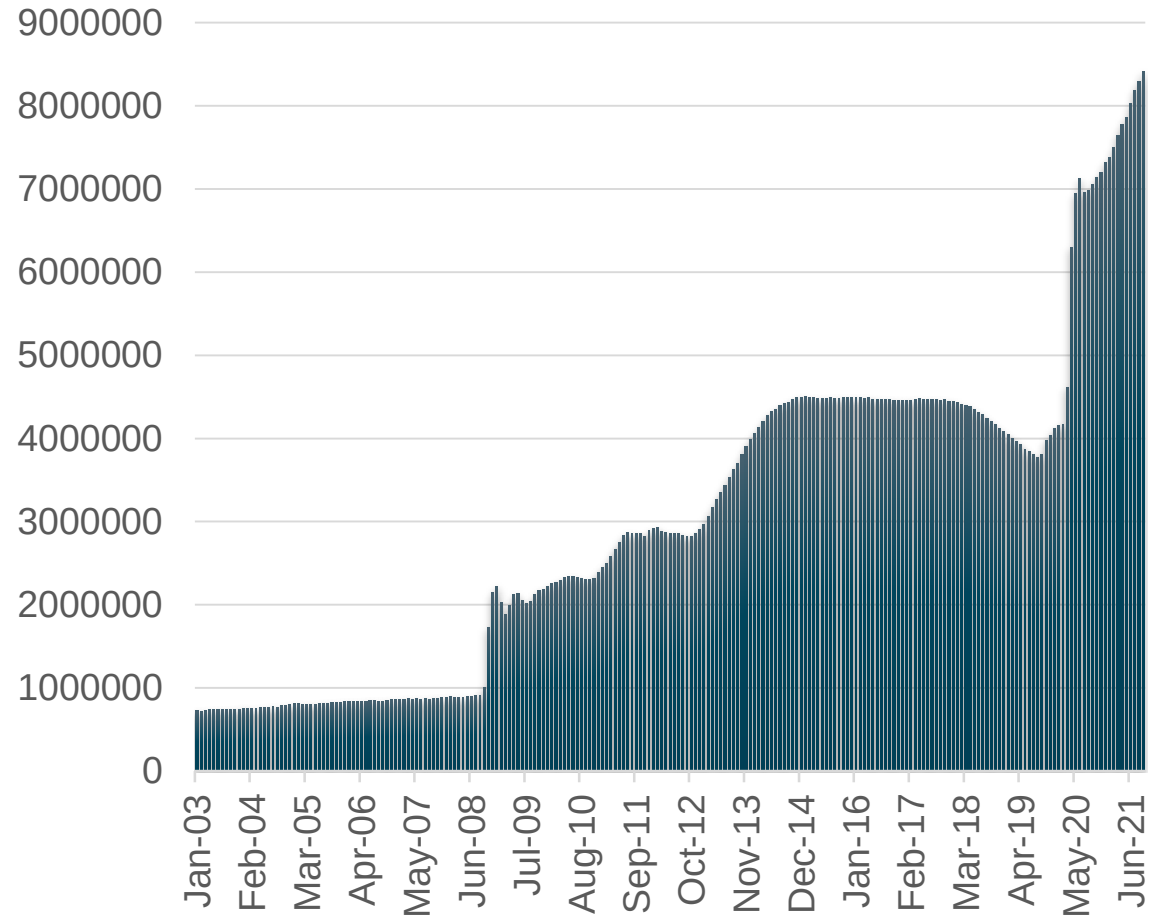


Fed Policy

Federal Funds Rate

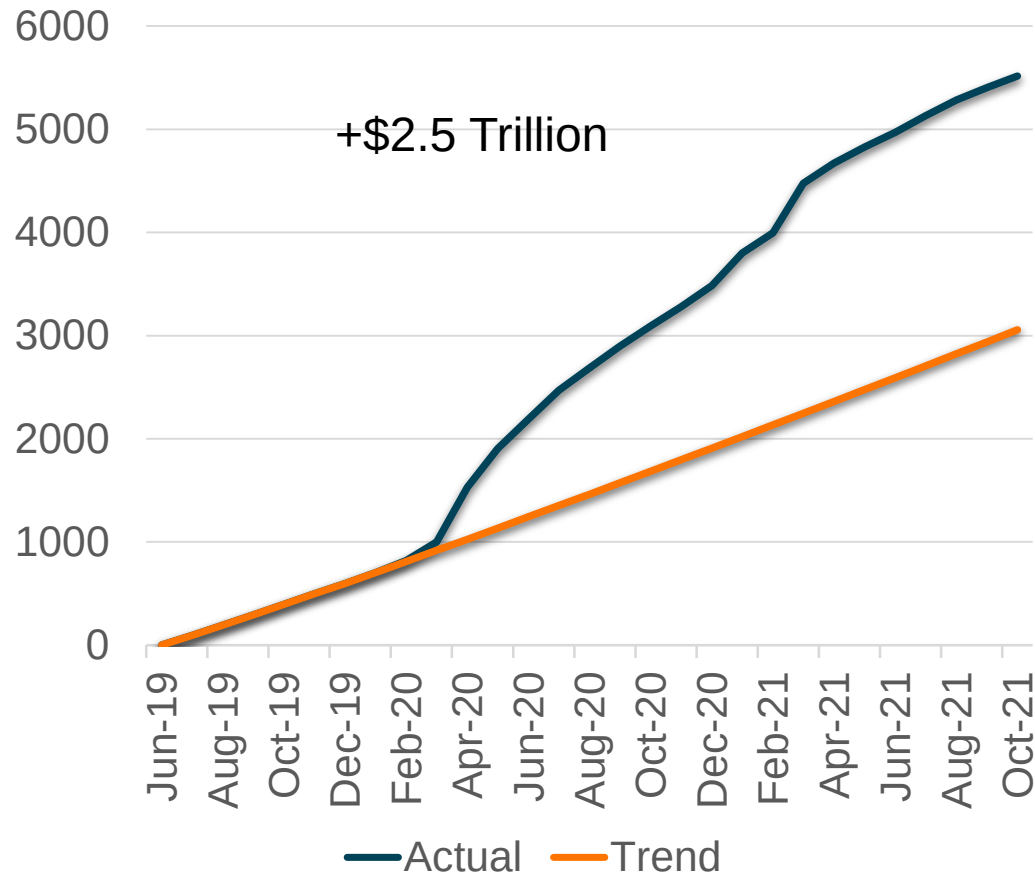


Federal Reserve Balance Sheet

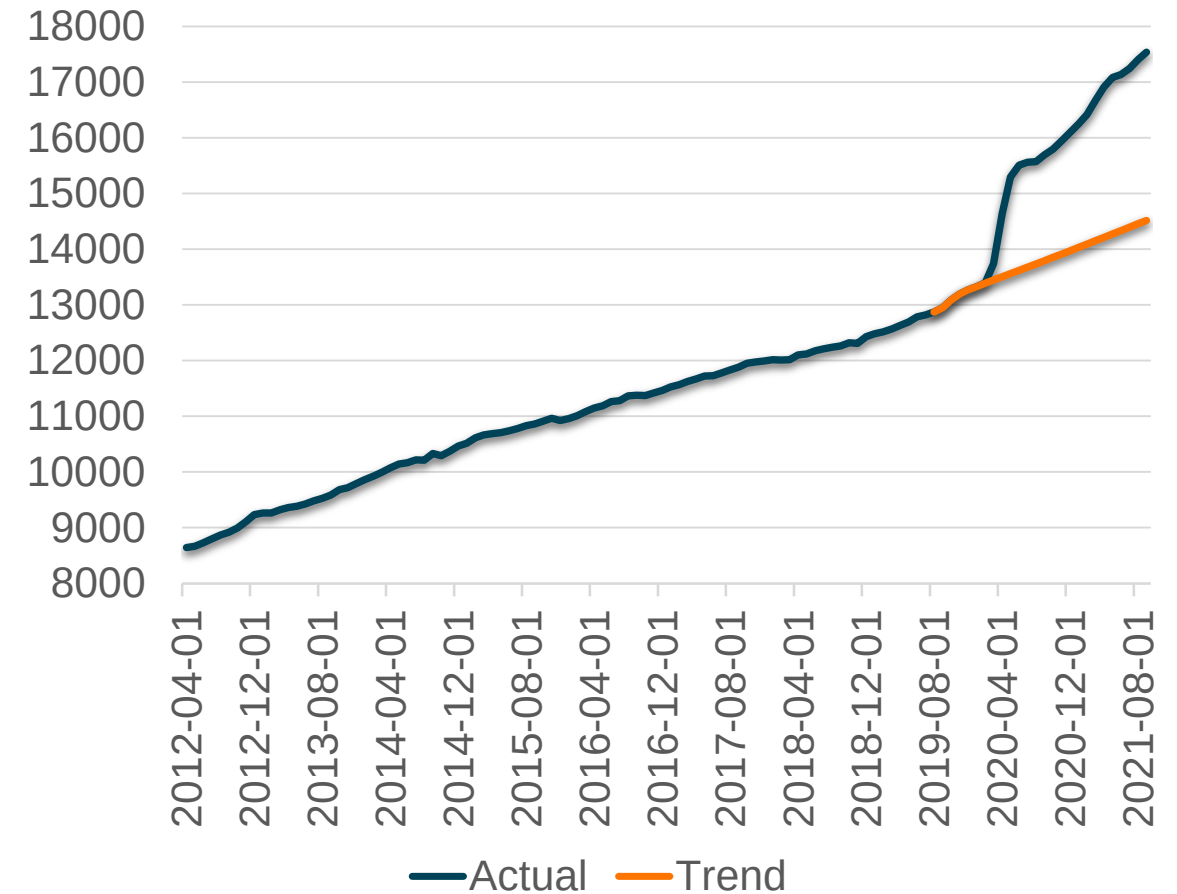


The Covid boondoggle

Cumulative Personal Savings



Commercial Bank Deposits 9\$Bil)



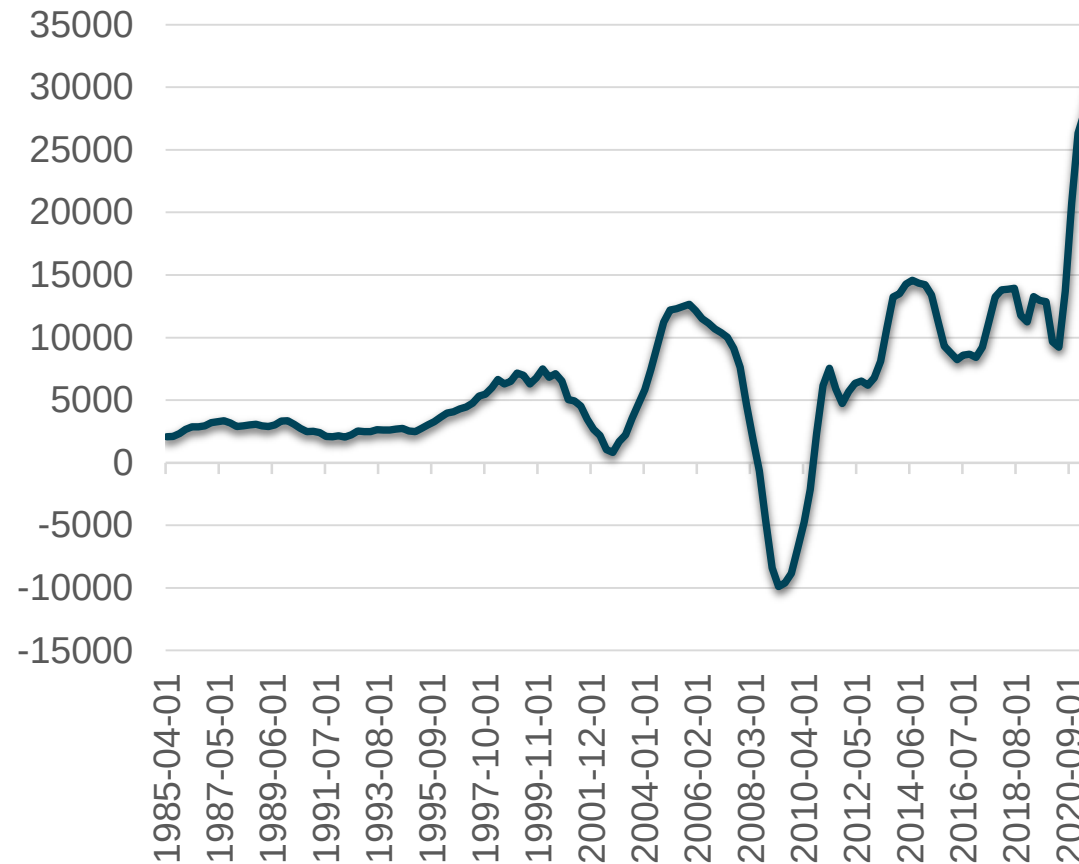
Speculation Planet



Credit and Wealth



2 Year Change Household Net Worth
(\$Bil)



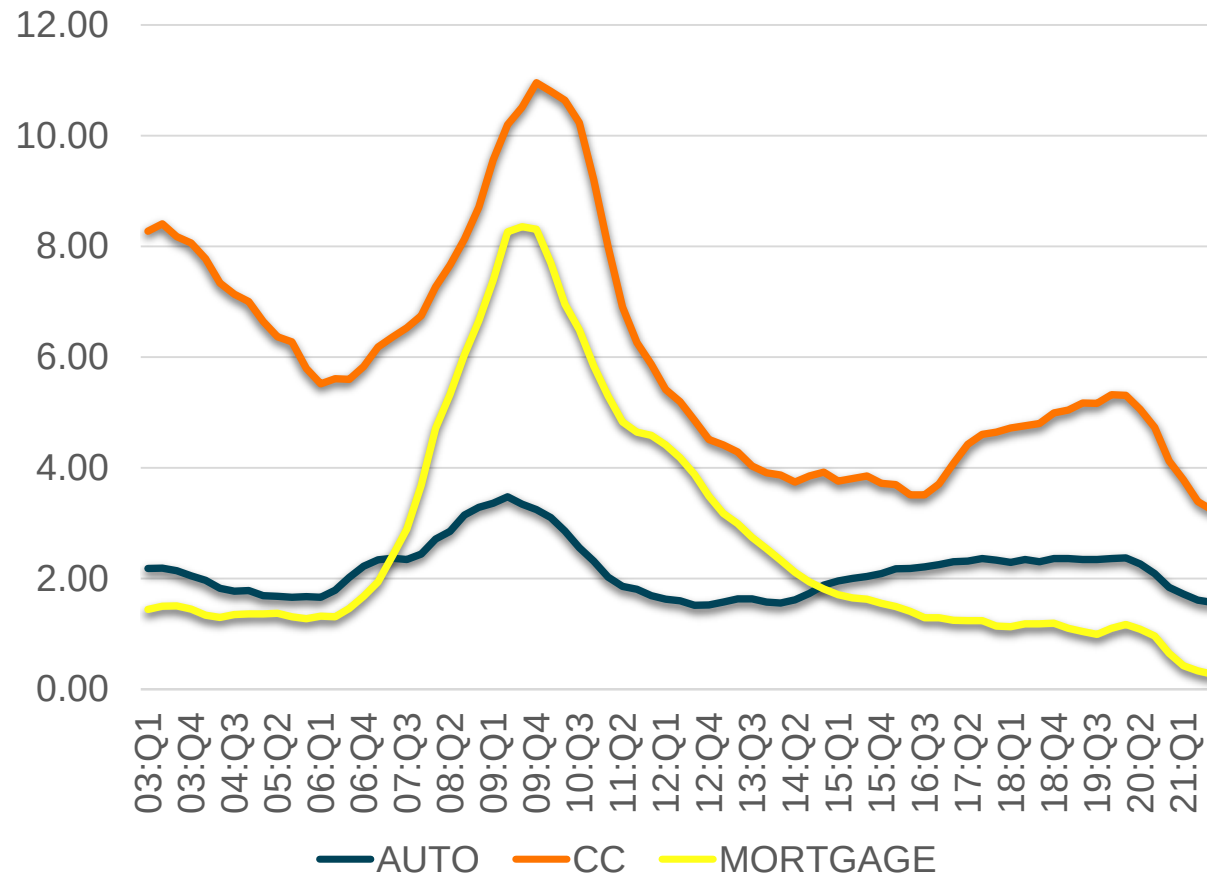
US Financial Obligations Ratio



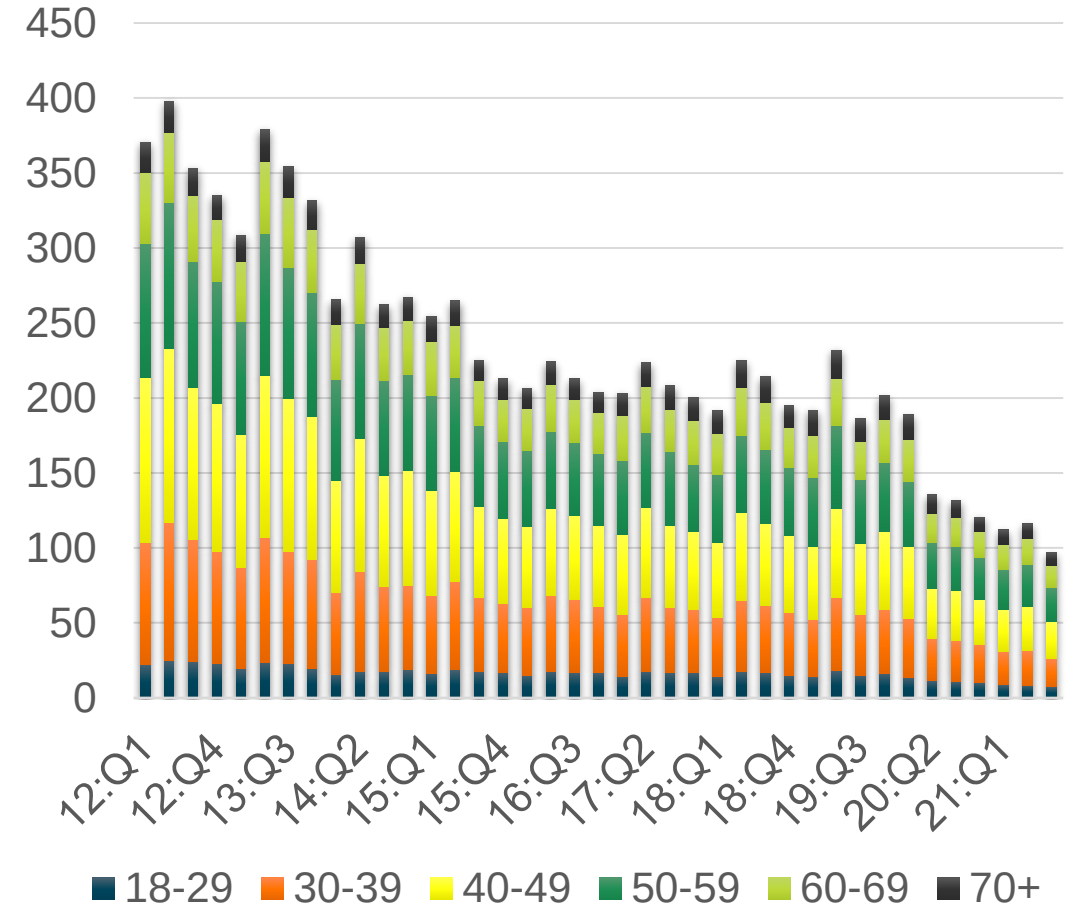
Hardly a surprise...



Share of Consumer Debt Serious Delinquency (90day+)



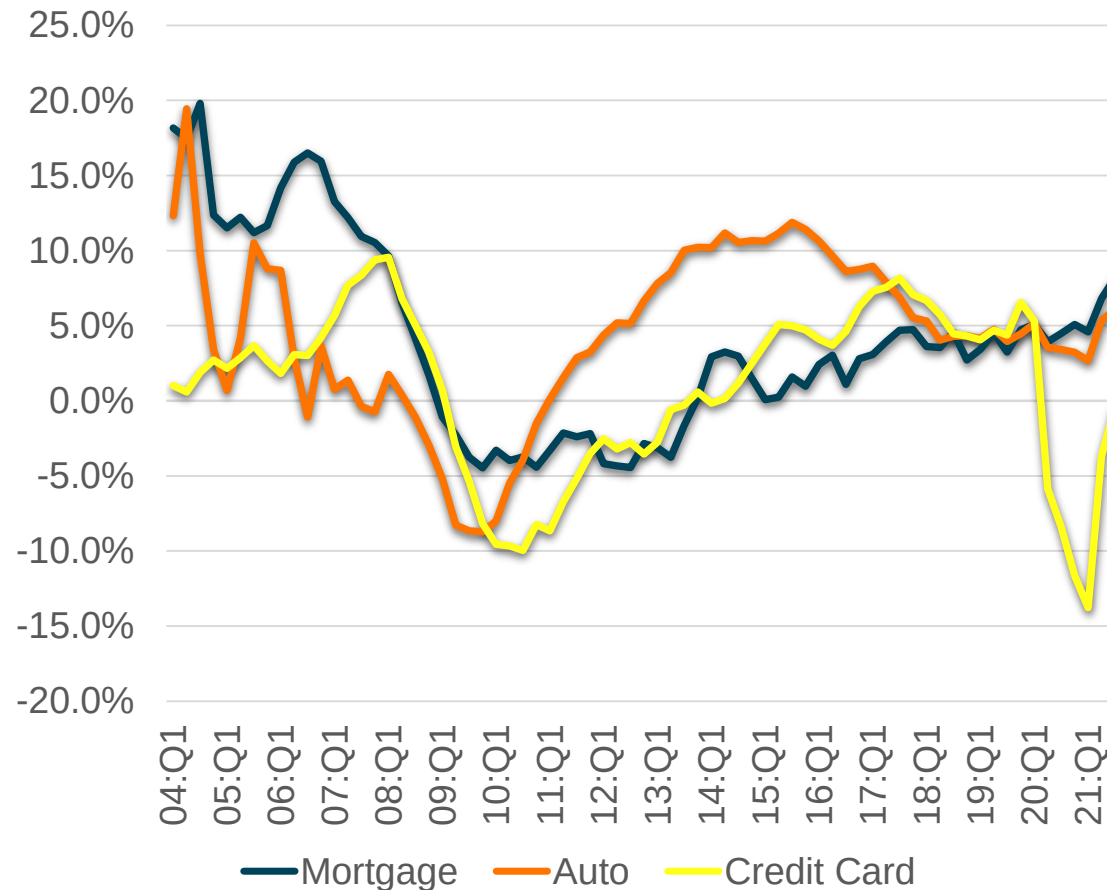
New Personal Bankruptcies



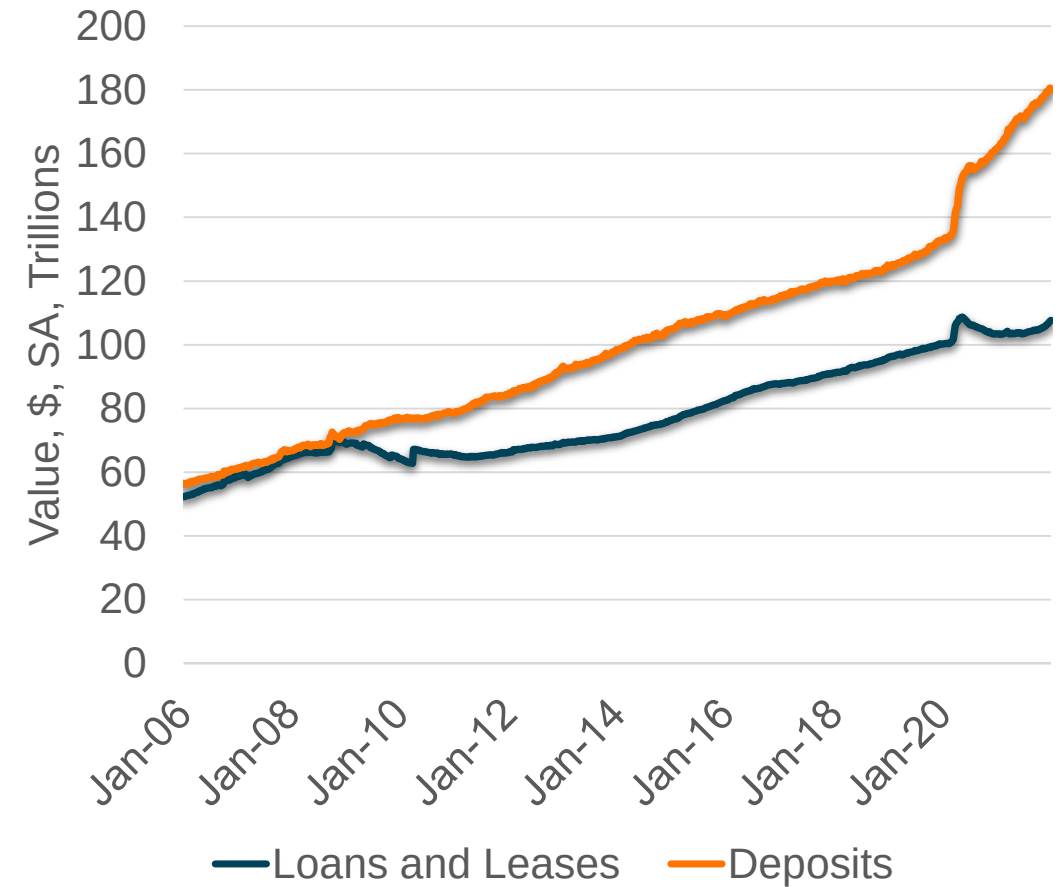
Credit Markets



Consumer Debt Growth
(NY Fed Consumer Credit Panel)

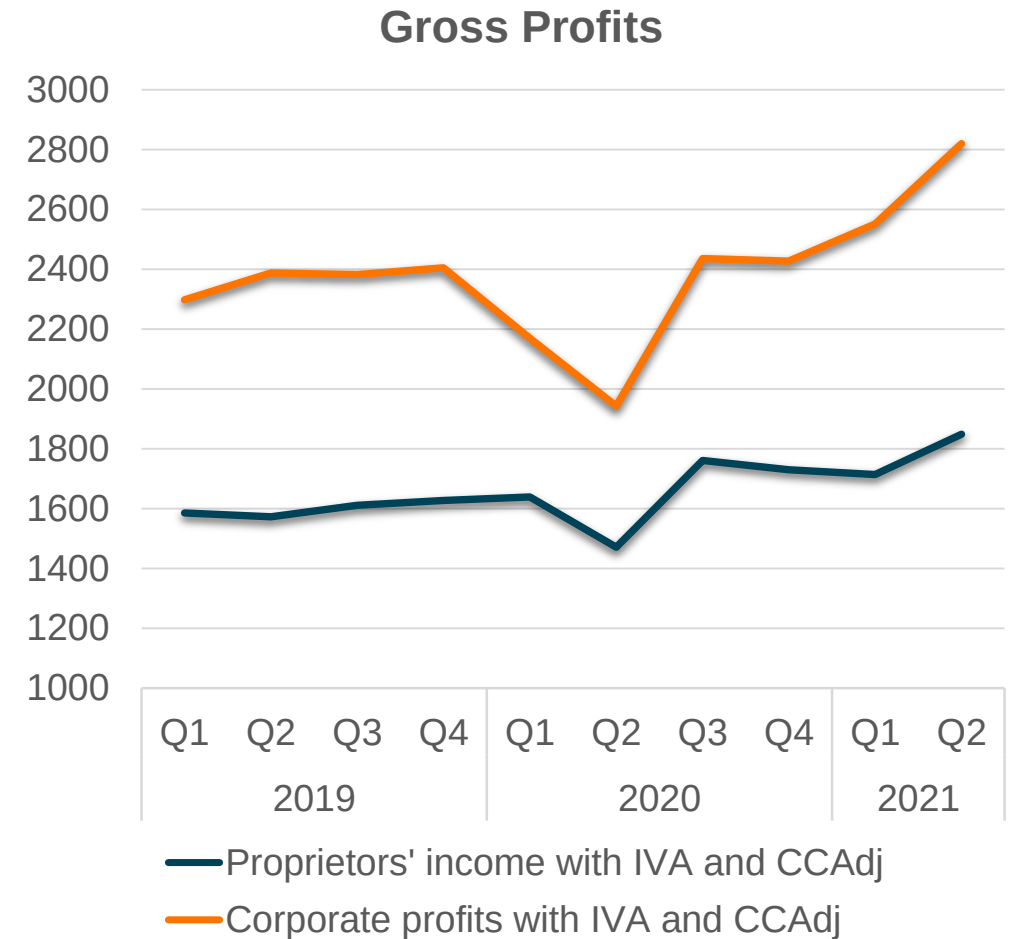


Bank Assets and Deposits

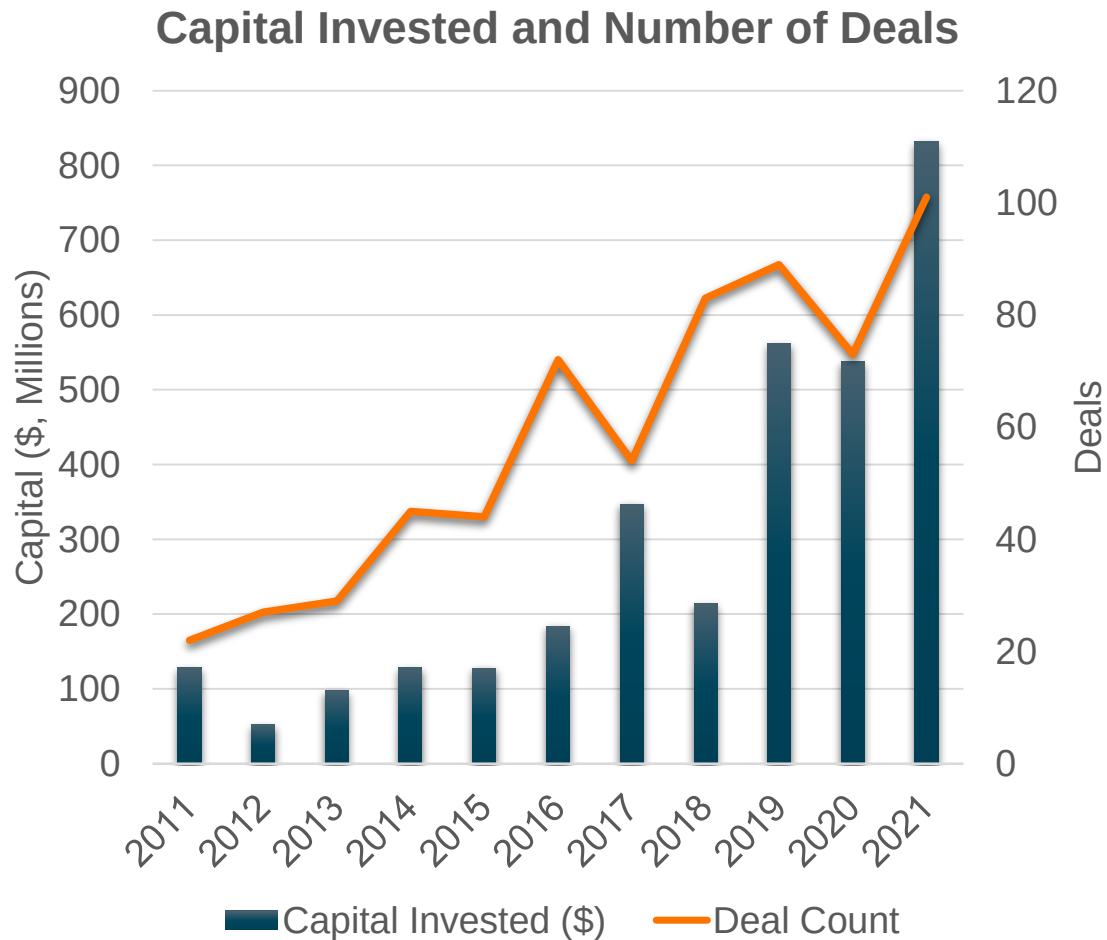


Profits and Investments

	2019	2021	
	Q4	Q3	
Private fixed investment	3439.9	3586.1	4.3%
Software	483.8	586.5	21.2%
Information processing eq	490.8	579.3	18.0%
Industrial equipment	235.8	268	13.7%
Residential	612.2	694.2	13.4%
Research and development	463.4	504.3	8.8%
Other equipment	243.1	263.3	8.3%
Entertainment, literary	86	82.4	-4.2%
Commercial and health care	173.8	151.9	-12.6%
Manufacturing	61.8	53.4	-13.6%
Mining exploration	110.4	87.9	-20.4%
Transportation equipment	282.7	224.3	-20.7%
Power and communication	126.8	92	-27.4%
Other structures	101.4	70	-31.0%



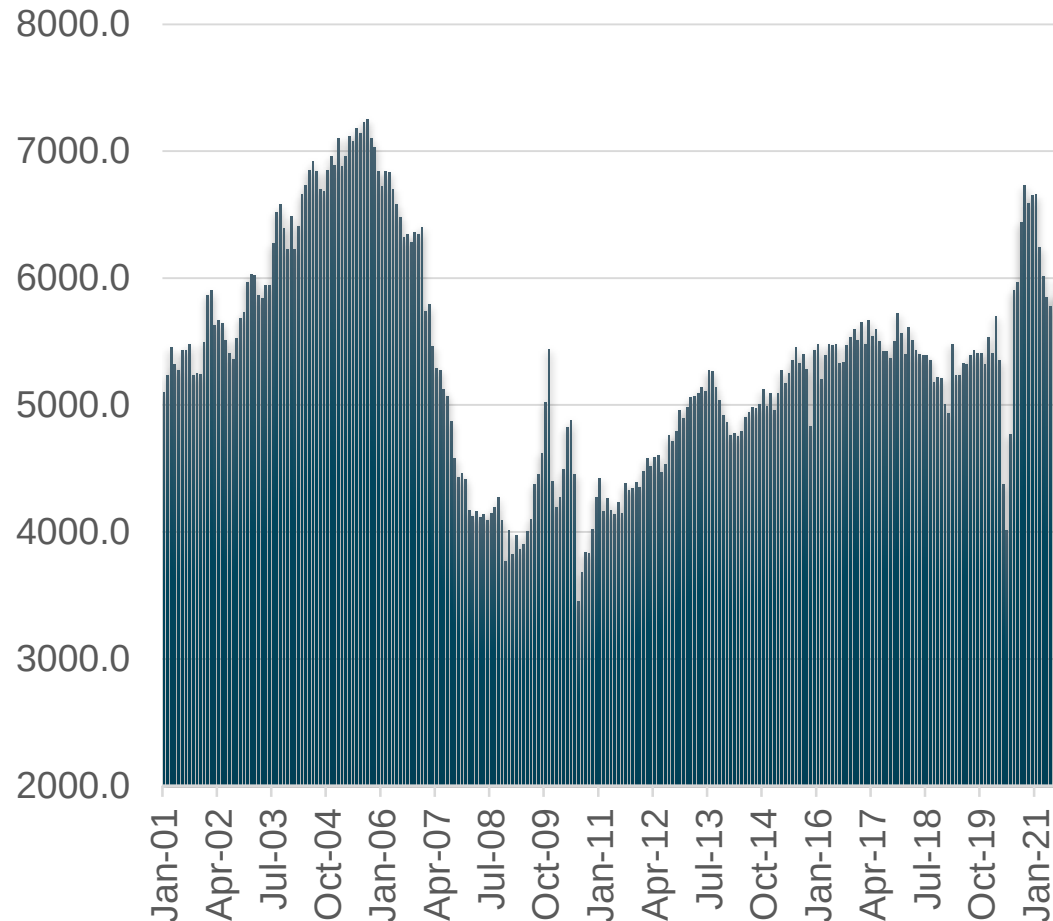
Venture Capital – Contra Costa County



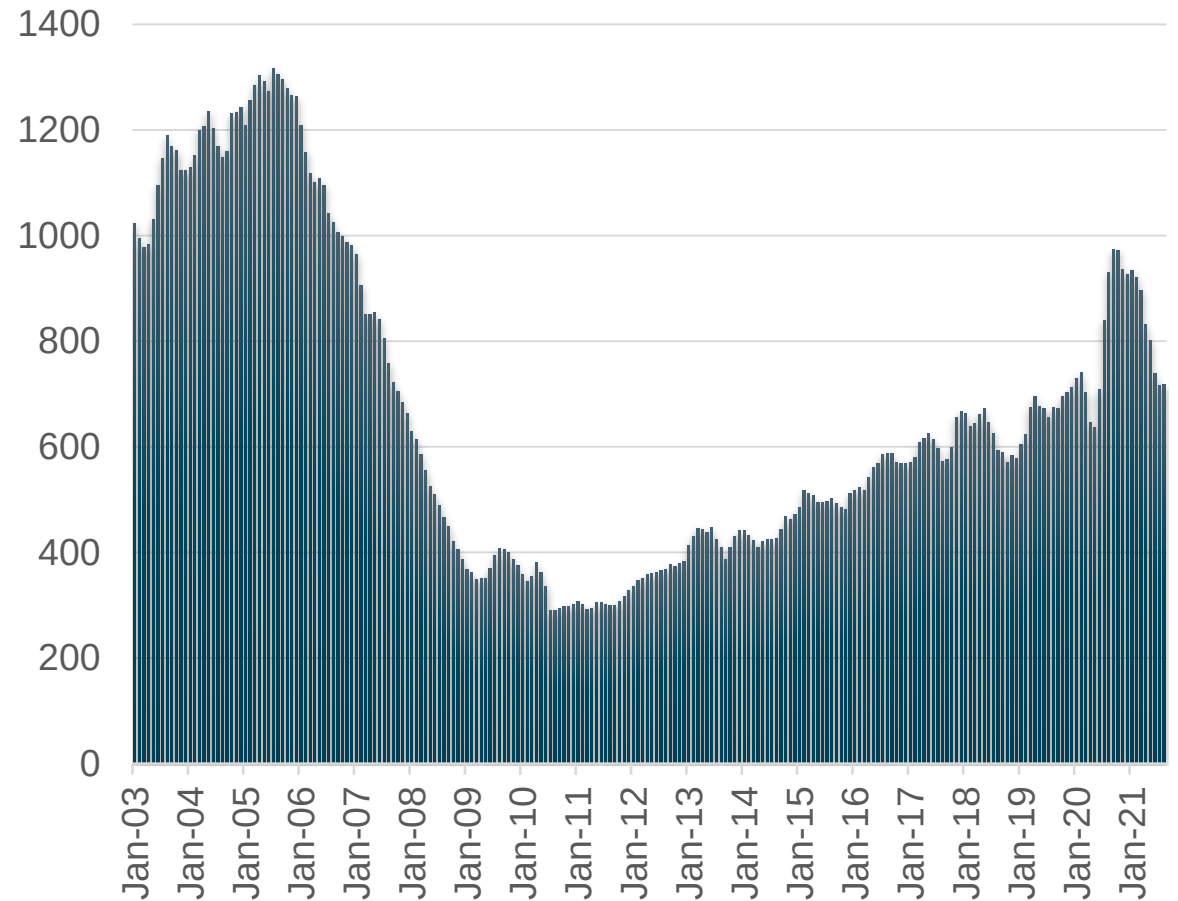
Company (Contra Costa HQ)	Deal Size (\$, Mil.)	Industry Code
Dialpad	170	Information Technology
Dialpad	125	Information Technology
BioAge	90	Healthcare
YapStone	71	Information Technology
TrustArc	70	Information Technology
Monarch Tractor	61	Business P&S (B2B)
Reputation	53	Information Technology
Dialpad	50	Information Technology
YapStone	50	Information Technology
Volansi	49	Business P&S (B2B)
DayTwo	48	Consumer P&S (B2C)

Housing – U.S.

Existing Home Sales



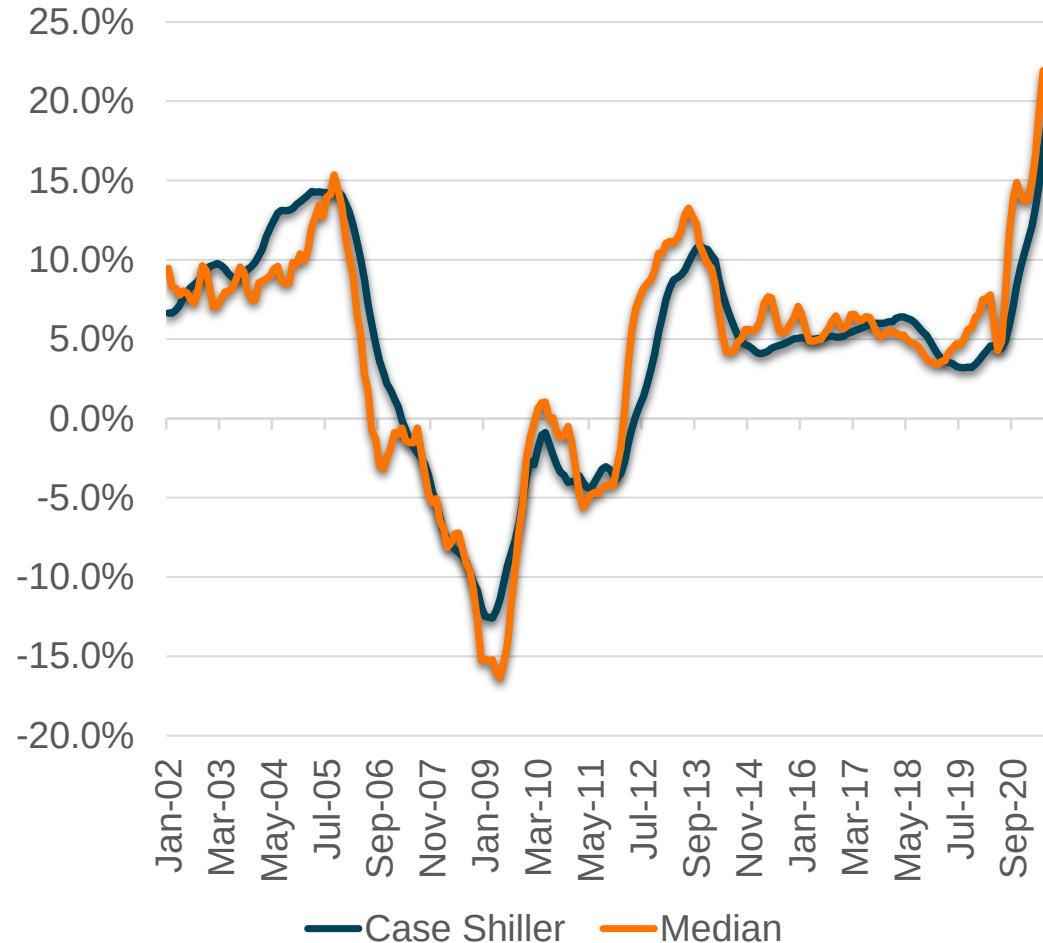
New Home Sales



Housing – U.S.



HPA: YoY Growth

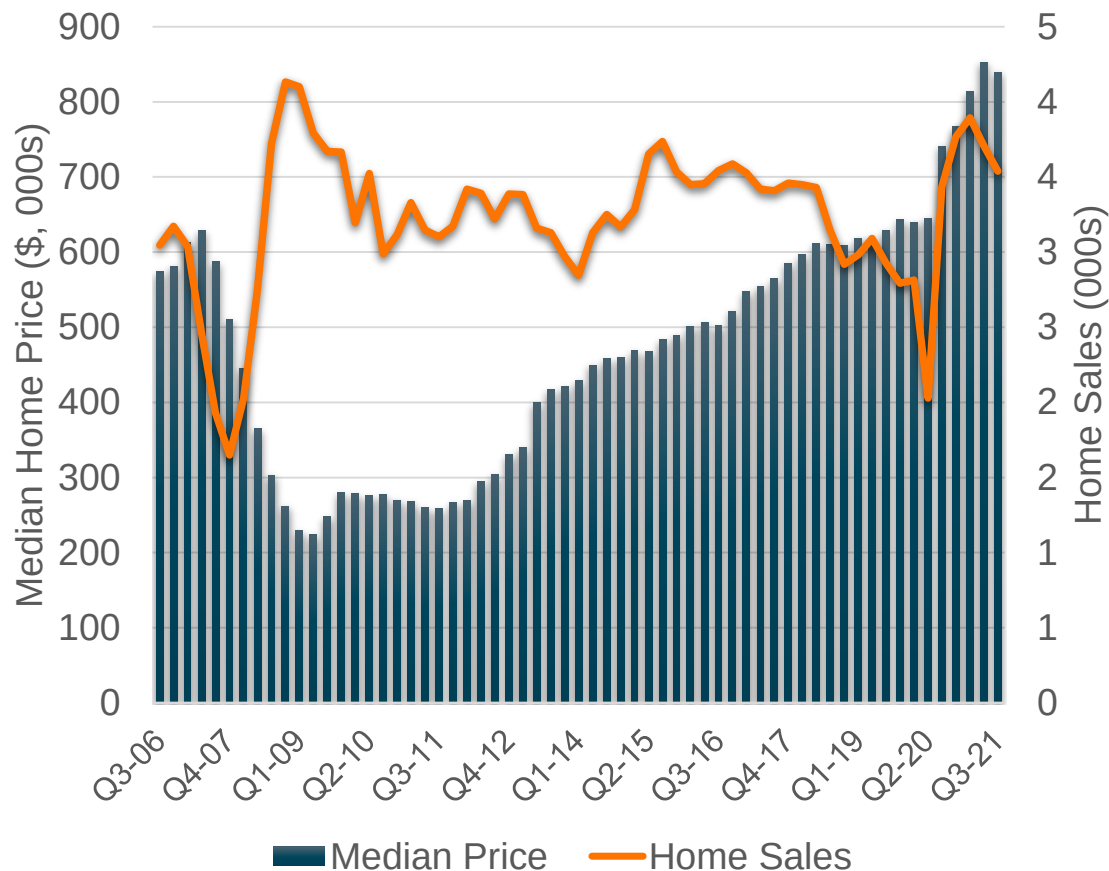


	18-19	19-20	20-21
Phoenix	5.8%	9.2%	28.3%
San Diego	2.0%	5.5%	26.0%
Seattle	-0.6%	7.0%	24.1%
Dallas	2.8%	3.3%	20.7%
Tampa	4.6%	5.9%	20.7%
San Francisco	0.2%	2.8%	20.4%
Miami	2.7%	4.1%	19.4%
Las Vegas	4.7%	3.4%	19.3%
Denver	3.1%	4.4%	18.9%
Charlotte	4.6%	6.0%	18.0%
Portland	2.5%	5.1%	18.0%
Los Angeles	1.2%	5.4%	17.2%
New York	1.2%	2.3%	16.7%
Atlanta	4.2%	4.9%	15.8%
Cleveland	3.2%	5.4%	15.1%
DC	2.7%	4.4%	15.0%
Chicago	1.8%	1.3%	12.5%

Housing Market



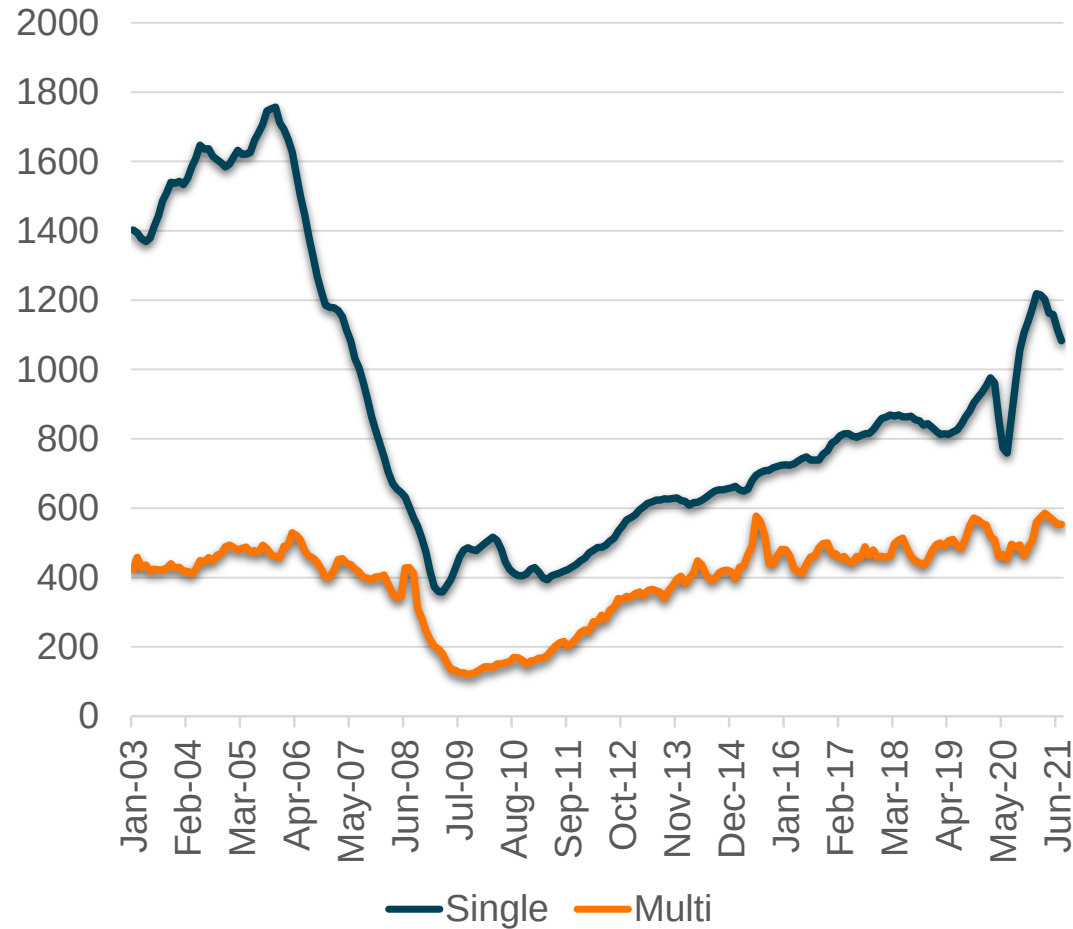
Contra Costa Home Prices and Sales



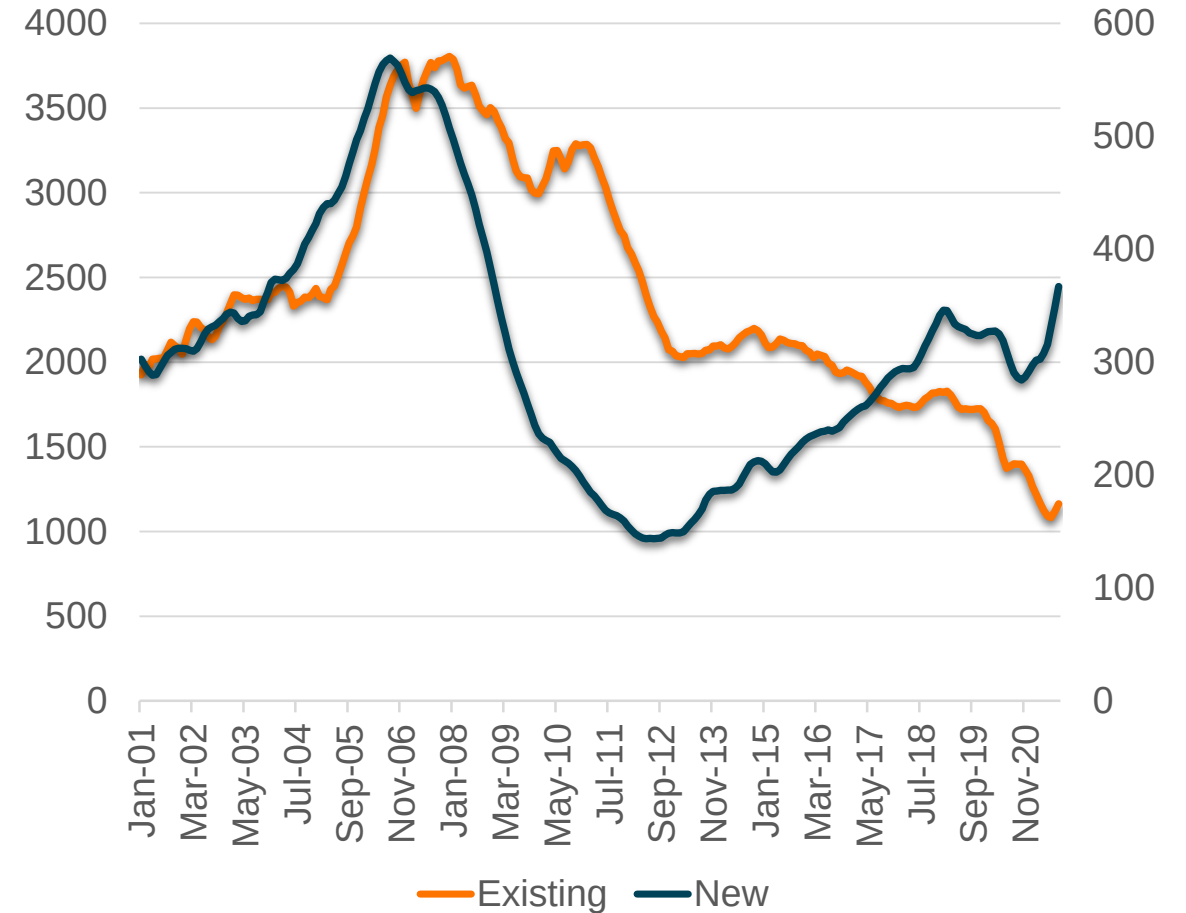
County	Median Prices		Home Sales	
	Q3-21 (\$)	2-Yr % Gr	Q3-21	2-Yr % Gr
Alameda	1,161,573	35.5	3,710	33.3
Contra Costa	839,606	33.4	3,538	20.9
Ventura	792,901	24.7	2,111	16.9
Monterey	773,374	23.6	838	22.6
San Francisco	1,723,741	14.3	868	39.2

Construction Activity

Residential Permits

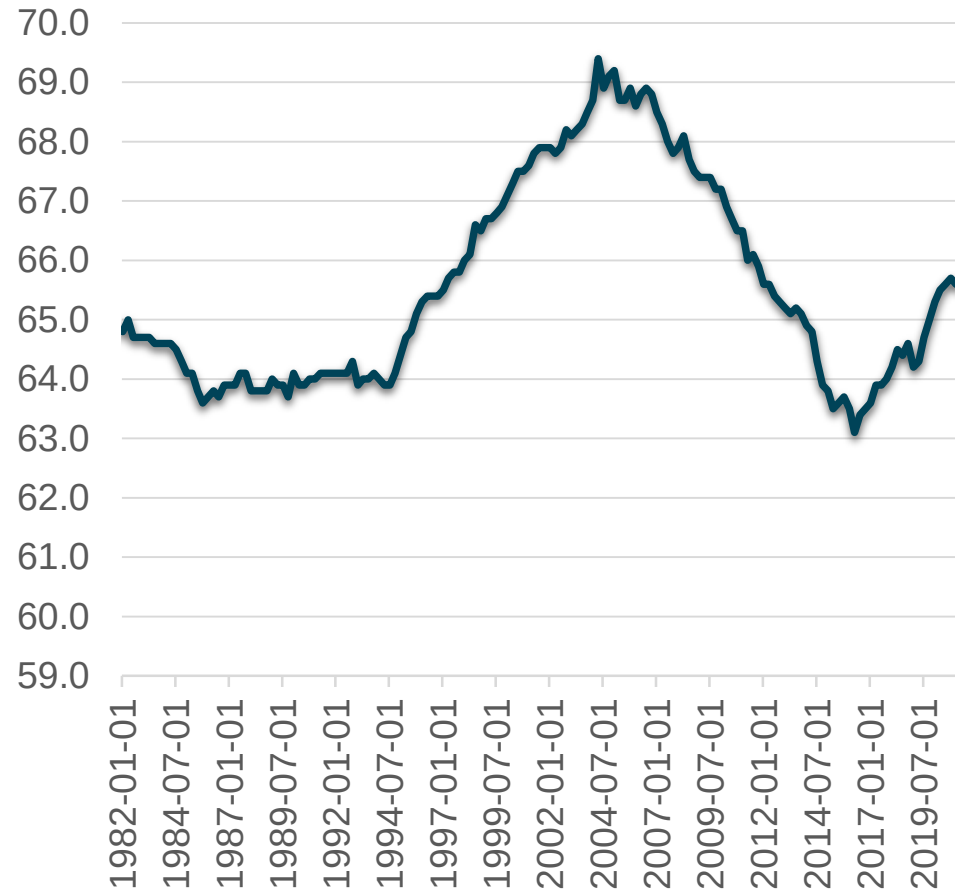


Inventory of Homes for Sale



Long Run Drivers

Homeownership Rate

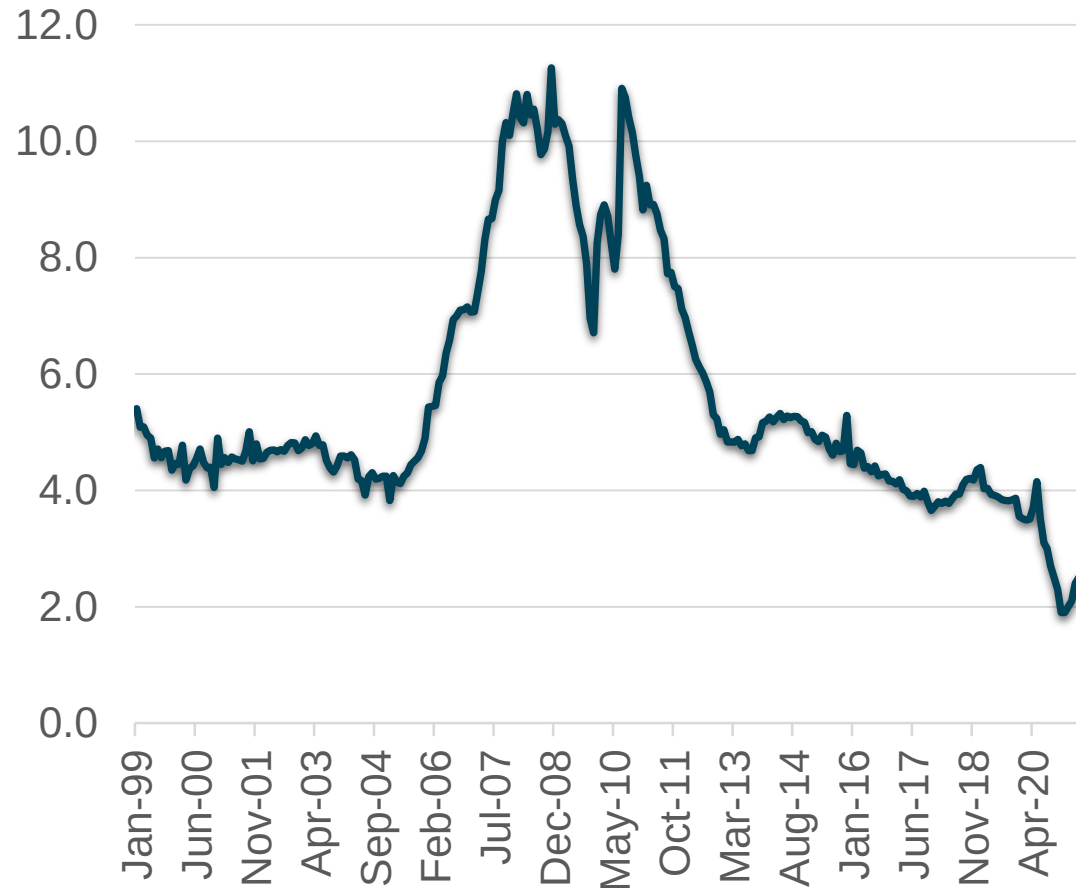


Tenure and SF Rentals
2013-2019

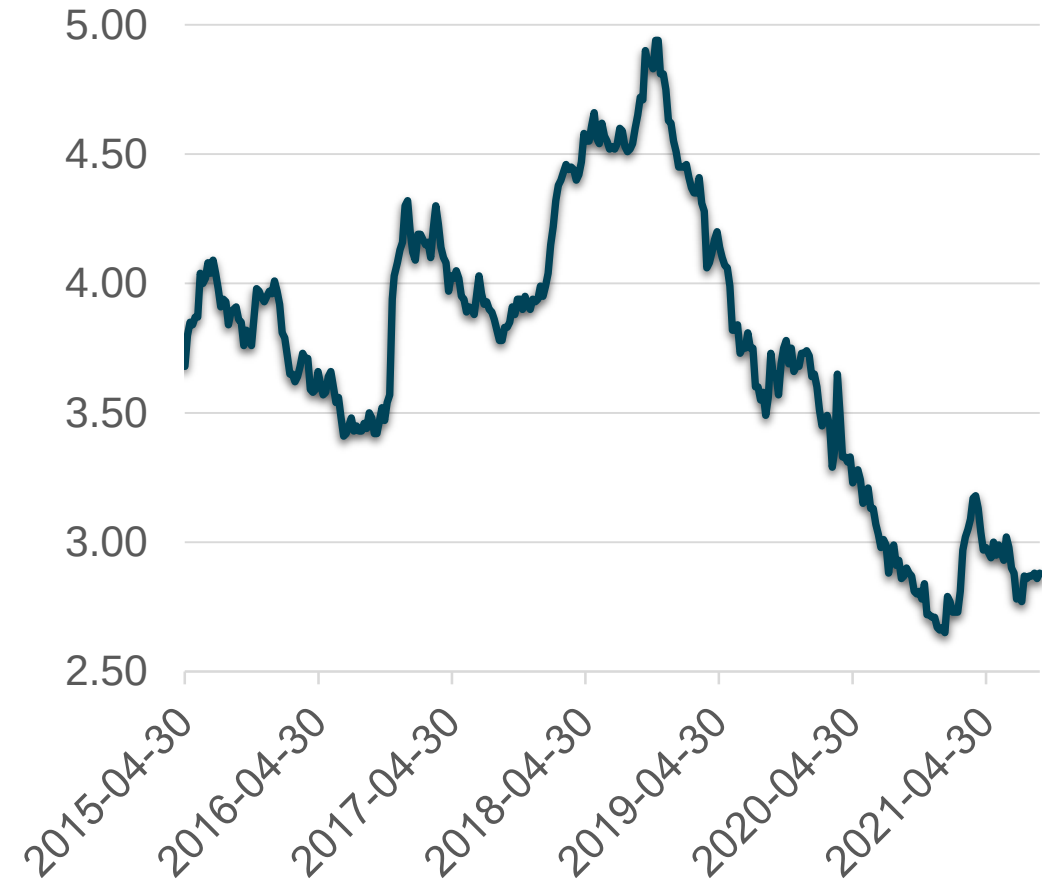
	Change SF Owner	Percent	Change SF Rental	Percent
United States	4,113,819	6.8%	-466,986	-3.8%
Arizona	203,875	16.7%	-48,619	-13.5%
California	303,949	5.4%	-120,034	-6.7%
Nevada	86,904	19.0%	-12,025	-7.0%
Washington	176,054	12.8%	-19,632	-6.5%

Drivers of the Boom

Months Supply of Existing Homes



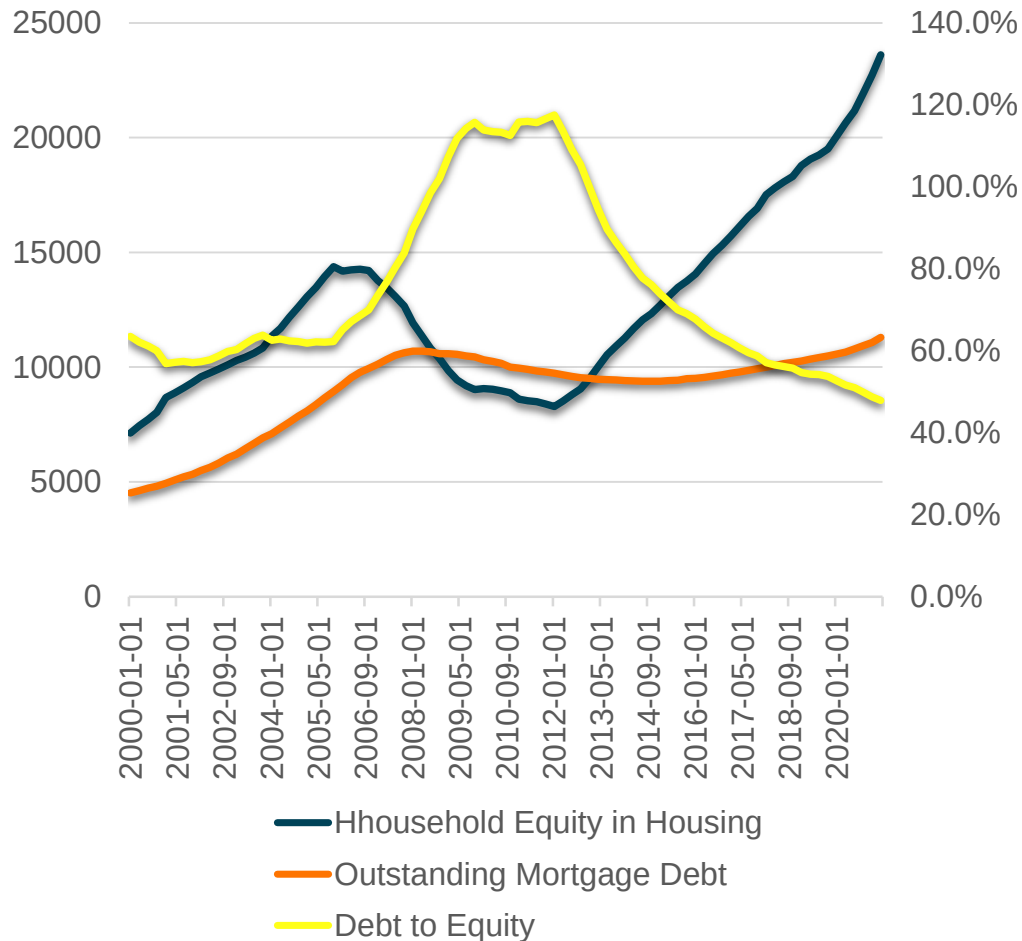
Mortgage Rates (30 Yr Fixed)



Bubble Alert? Not yet...



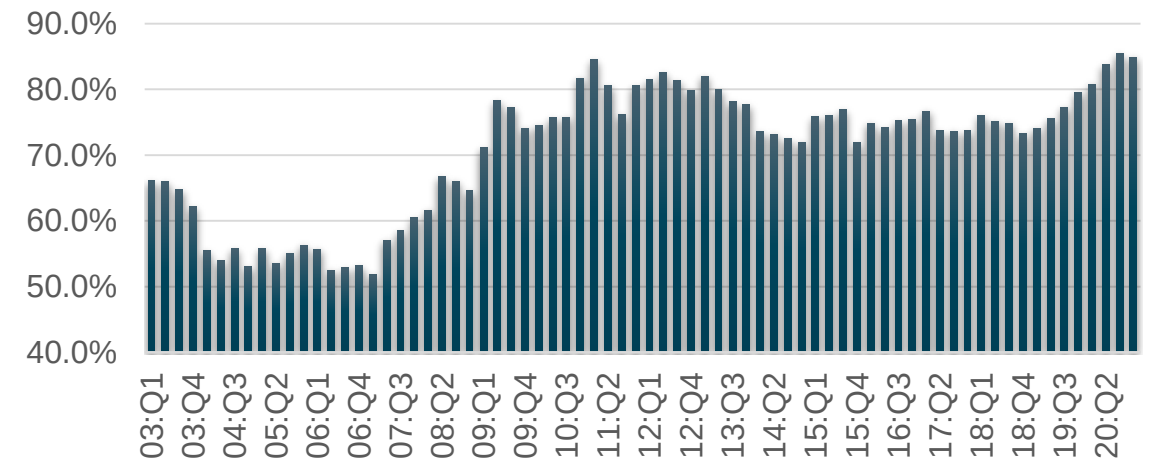
US Housing Markets



Share Owners Housing Cost Constrained

		2011	2019
		35.0 percent or more	
US	49,049,732	28.1%	19.9%
Arizona	1,023,943	30.5%	19.3%
California	5,064,795	38.6%	28.5%
Colorado	948,904	26.1%	20.7%
Nevada	403,792	33.4%	21.0%
Utah	446,690	24.9%	16.9%

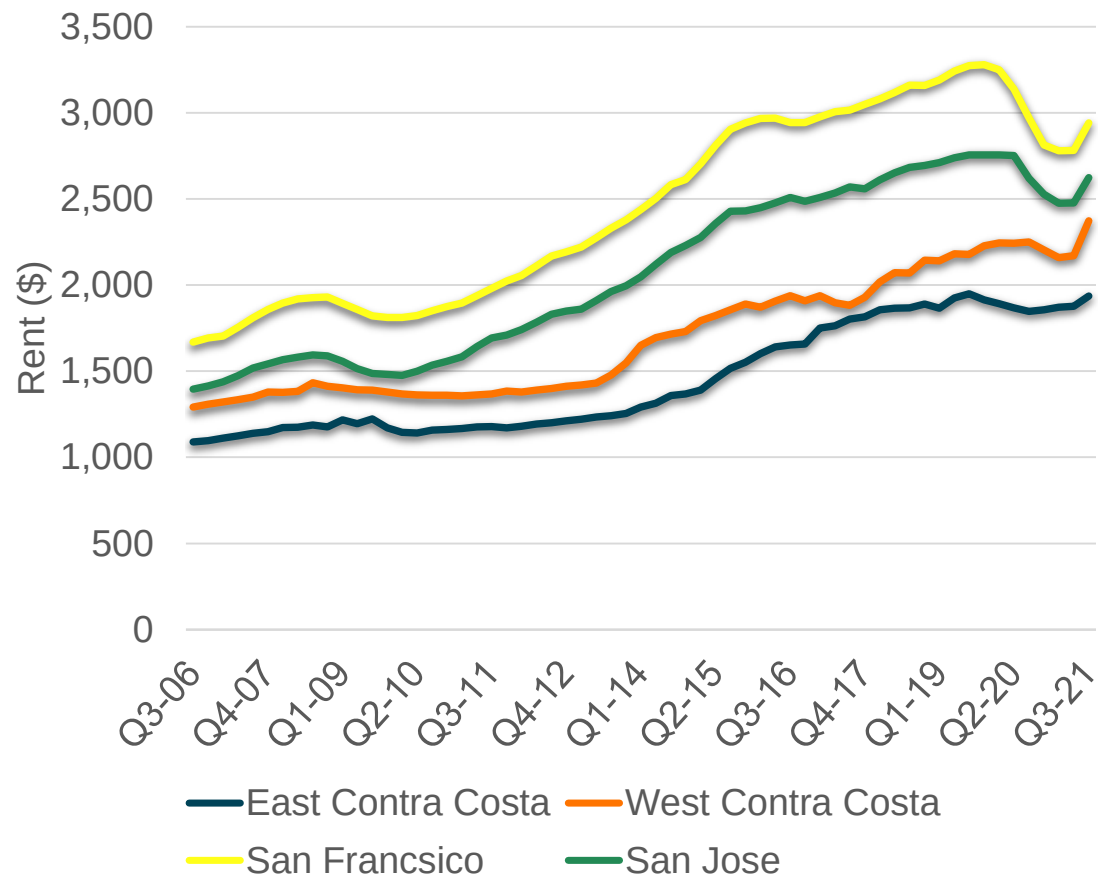
Share Mortgage Originations > 720 Fico



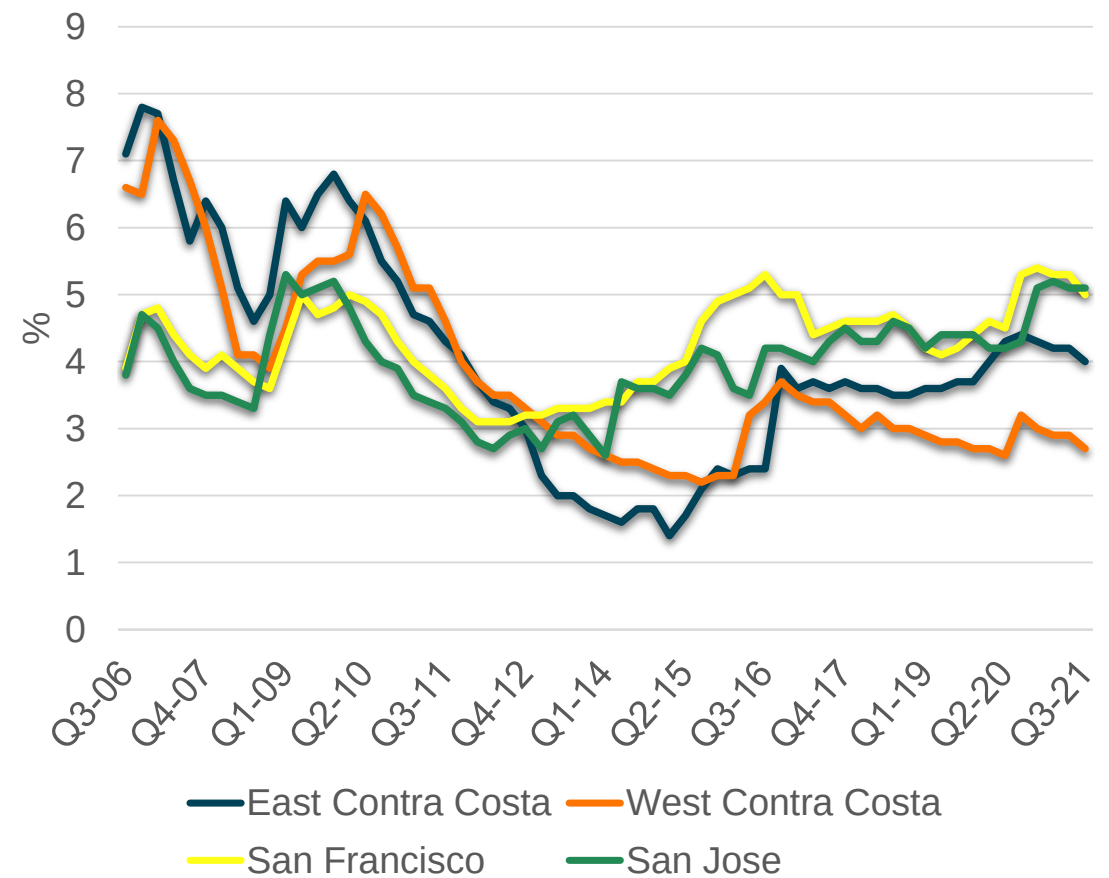
Apartments



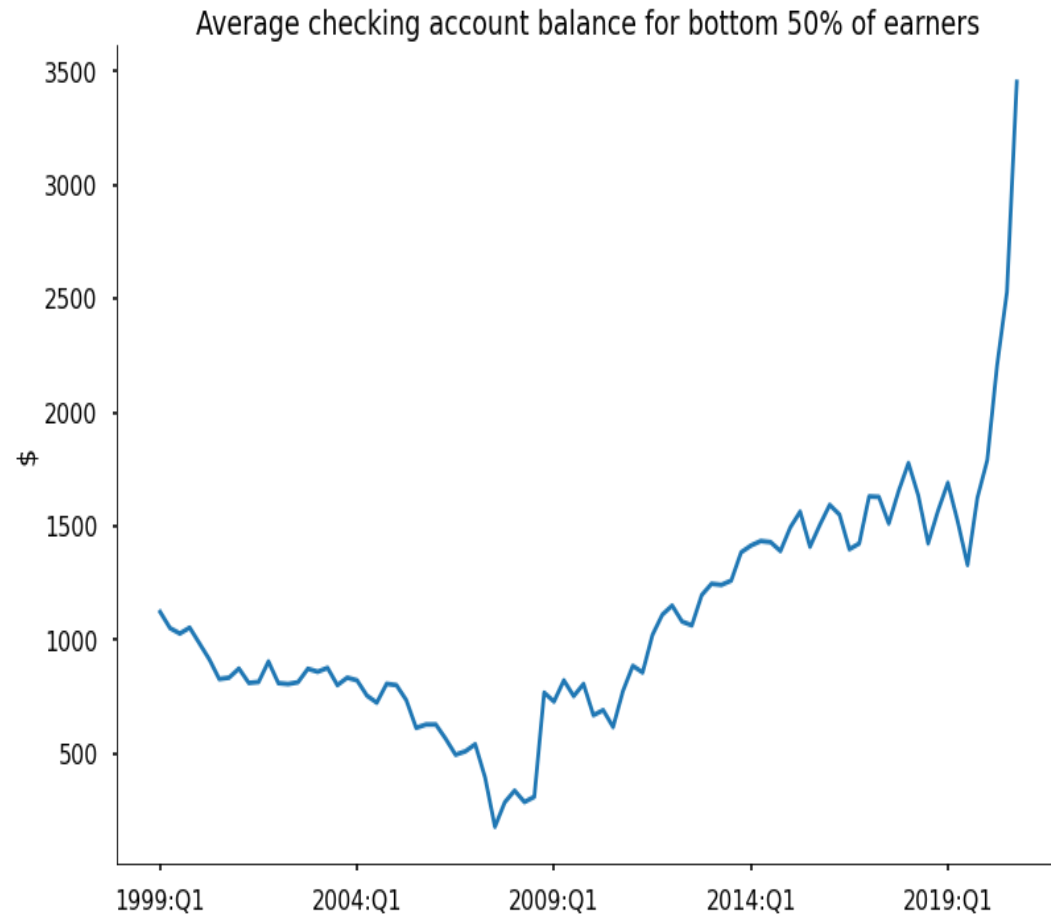
Cost of Rent



Vacancy Rates

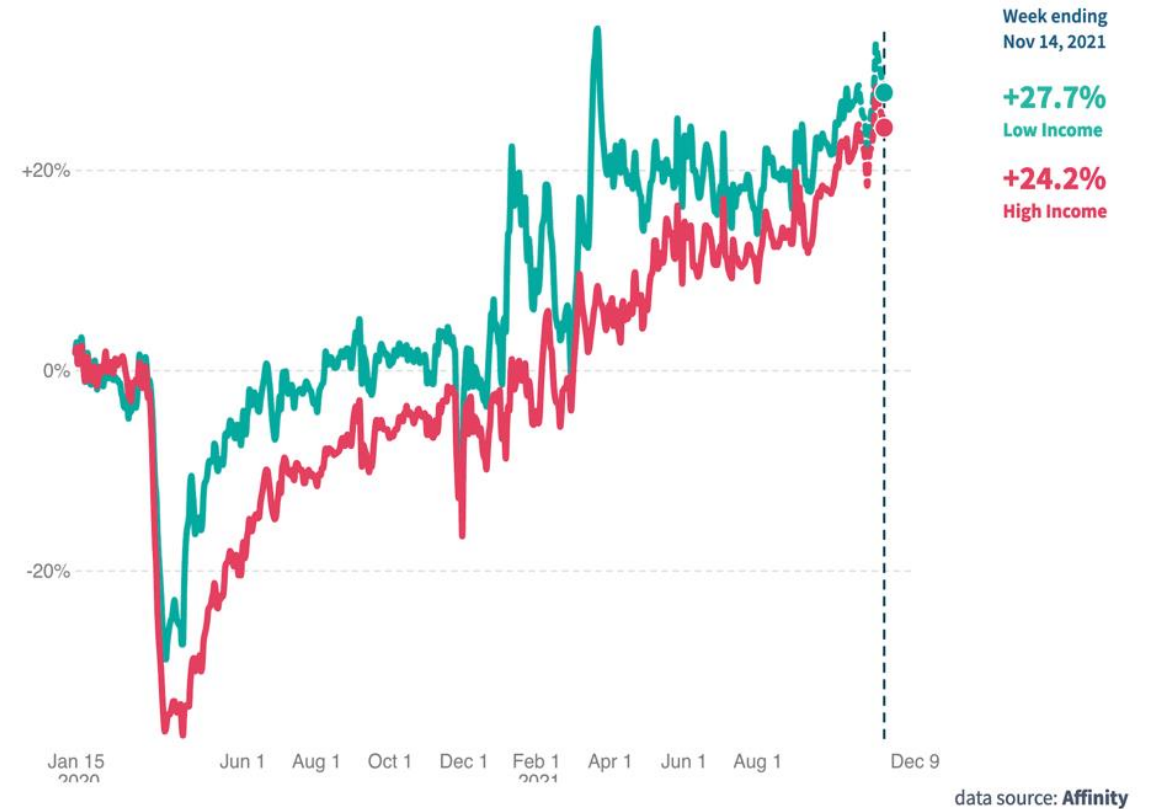


Apartments and Lower Income Families



Percent Change in All Consumer Spending*

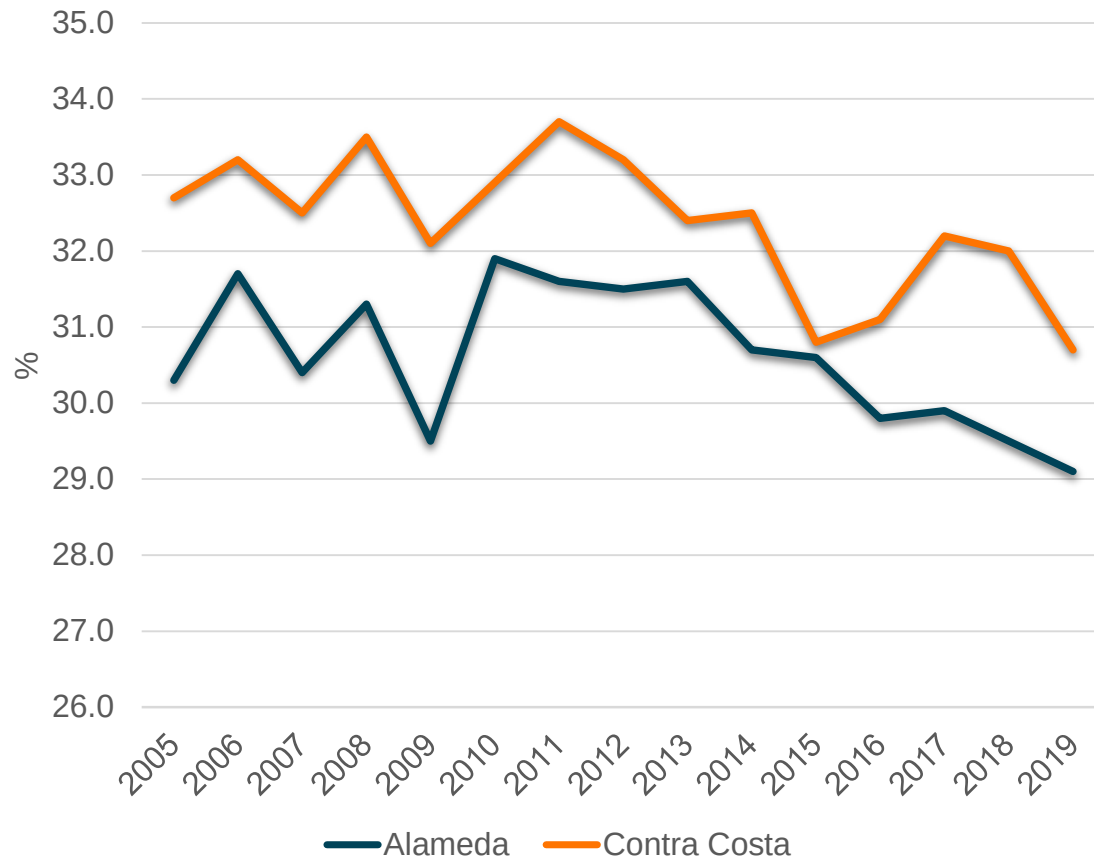
In the United States, as of November 14 2021, total spending by low-income consumers increased by 27.7% compared to January 2020.



Household Income



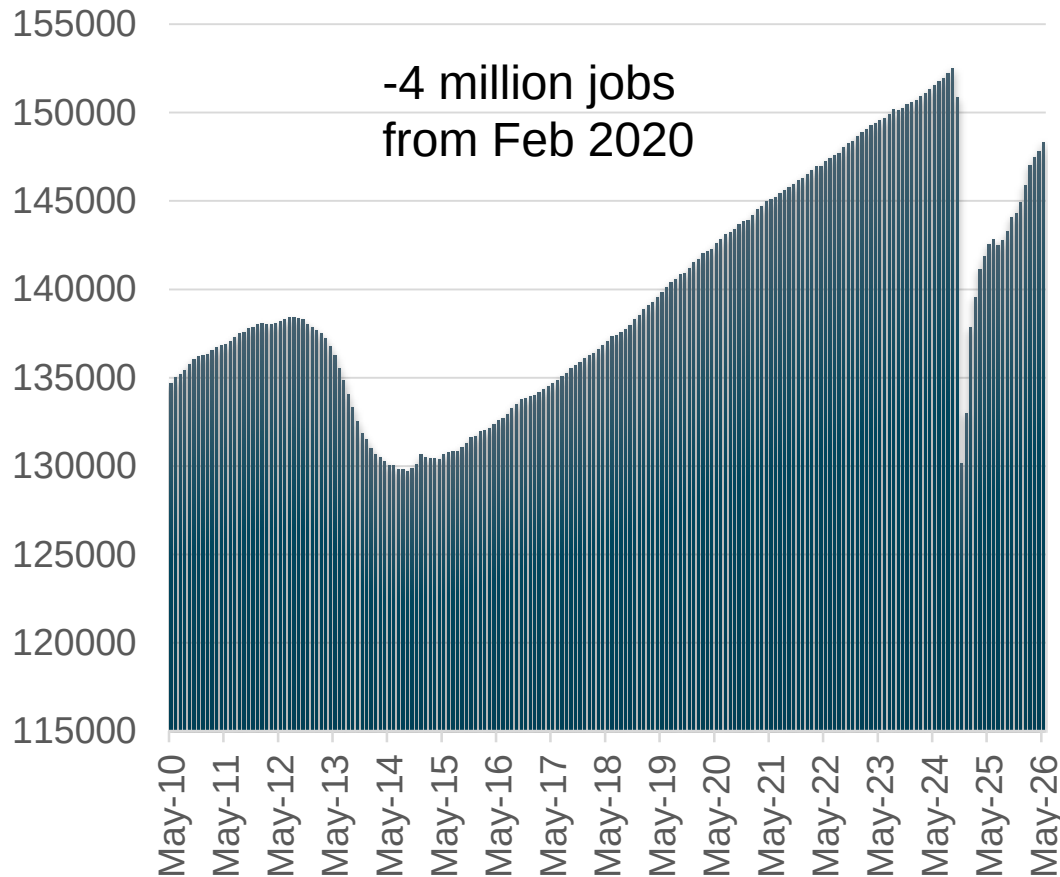
Median Rent as % of HH Income



Income	East Bay Home Ownership		CA Home Ownership	
	2019 (000s)	3-Yr % Growth	2019 (000s)	3-Yr % Growth
Less than \$75,000	131.2	-17.5	2,405.8	-11.7
\$75,000 to \$149,999	170.7	-2.0	2,386.6	4.7
\$150,000 and Up	264.0	26.4	2,314.1	27.3

A Labor Market Paradox?

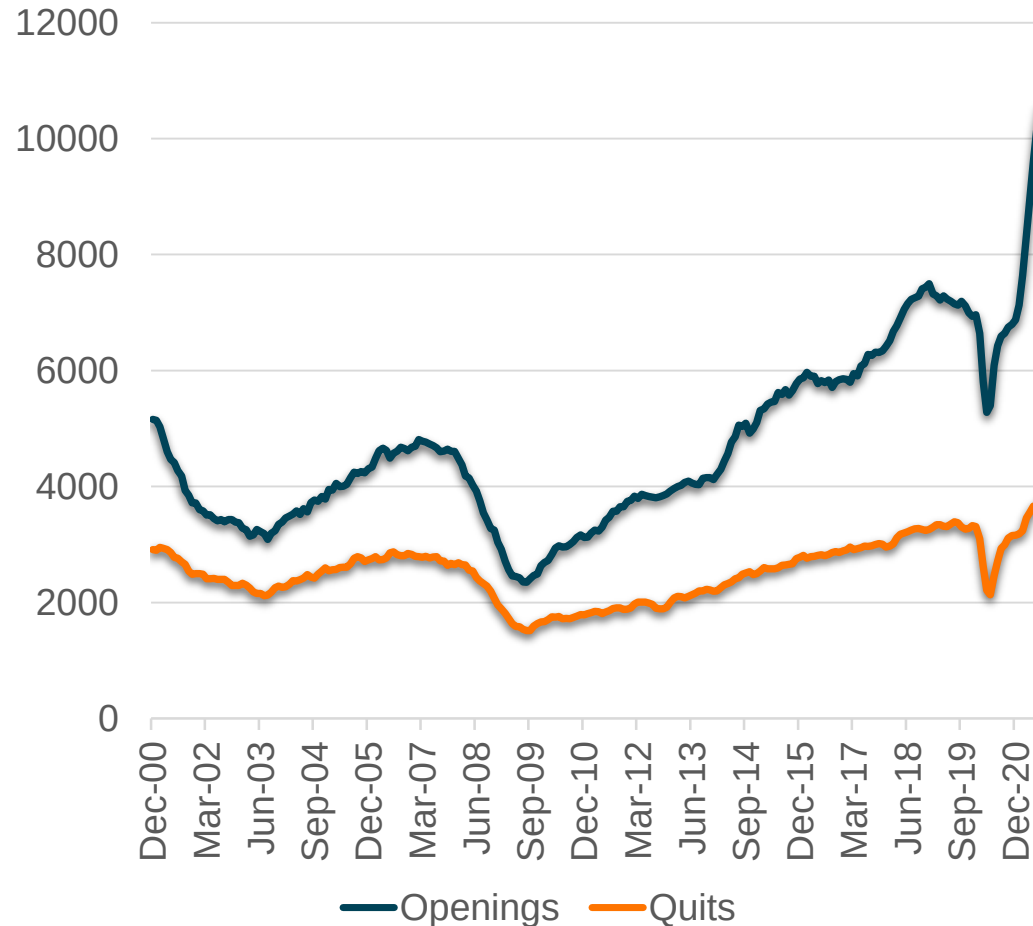
US Payroll Jobs



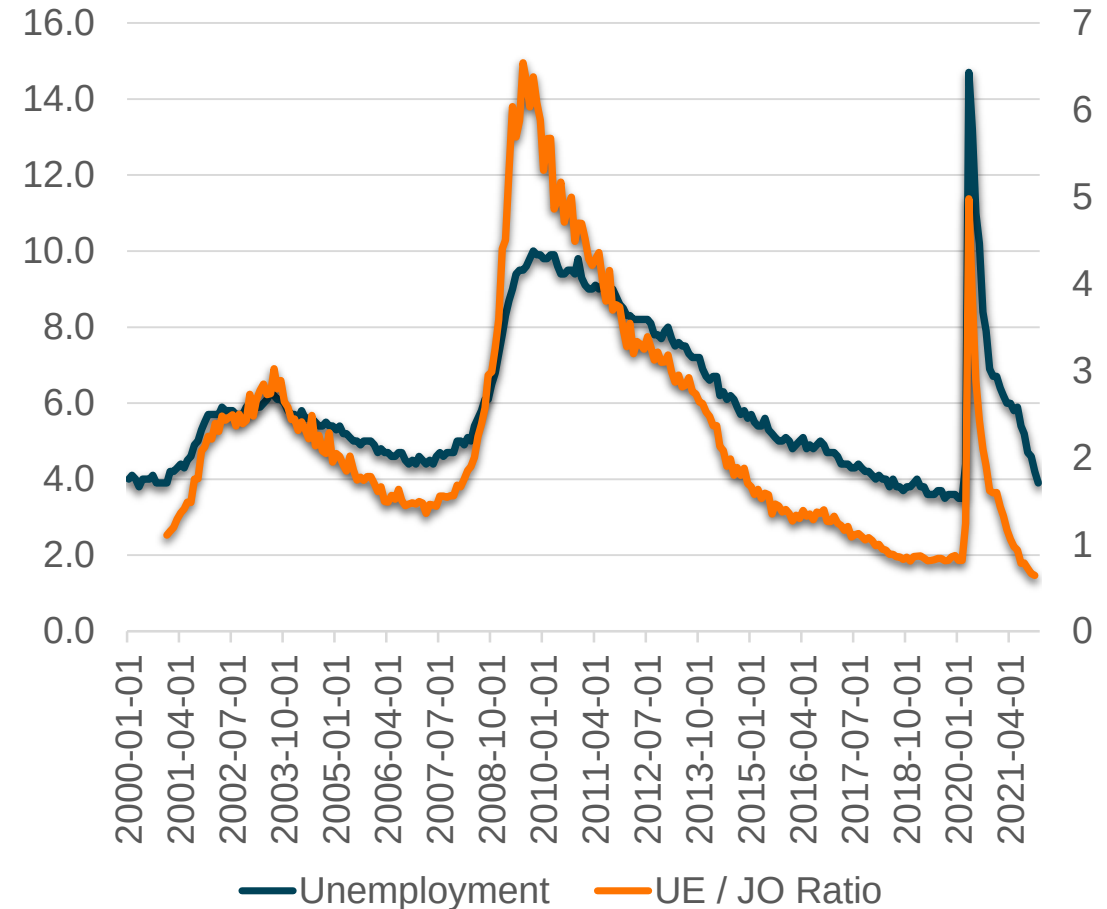
	Current	2 Yr Ch	2 Yr Ach
Financial activities	8887.7	0.9%	83.3
Construction	7498.0	-0.5%	-40.0
Professional business	21299.7	-0.3%	-73.3
Information	2788.7	-3.1%	-90.0
Other services	5768.3	-2.4%	-139.3
Retail trade	15435.0	-1.0%	-154.6
Manufacturing	12509.3	-2.3%	-291.0
Education and health	23749.7	-2.5%	-600.7
Government	21944.0	-3.3%	-755.3
Leisure and hospitality	15509.0	-7.2%	-1205.7
Hours	34.8	1.2%	
Hourly Pay	26.3	10.6%	

Labor supply, not labor demand

Job Openings and Quits

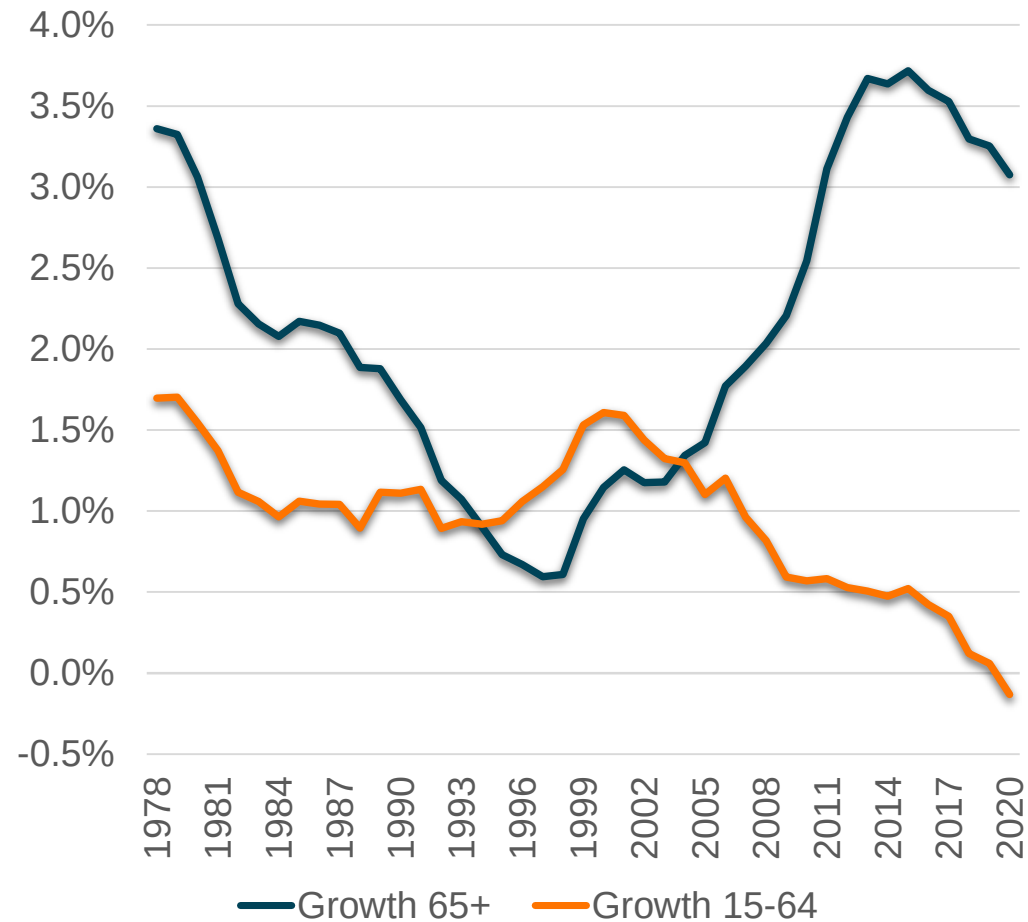


Unemployment and Openings

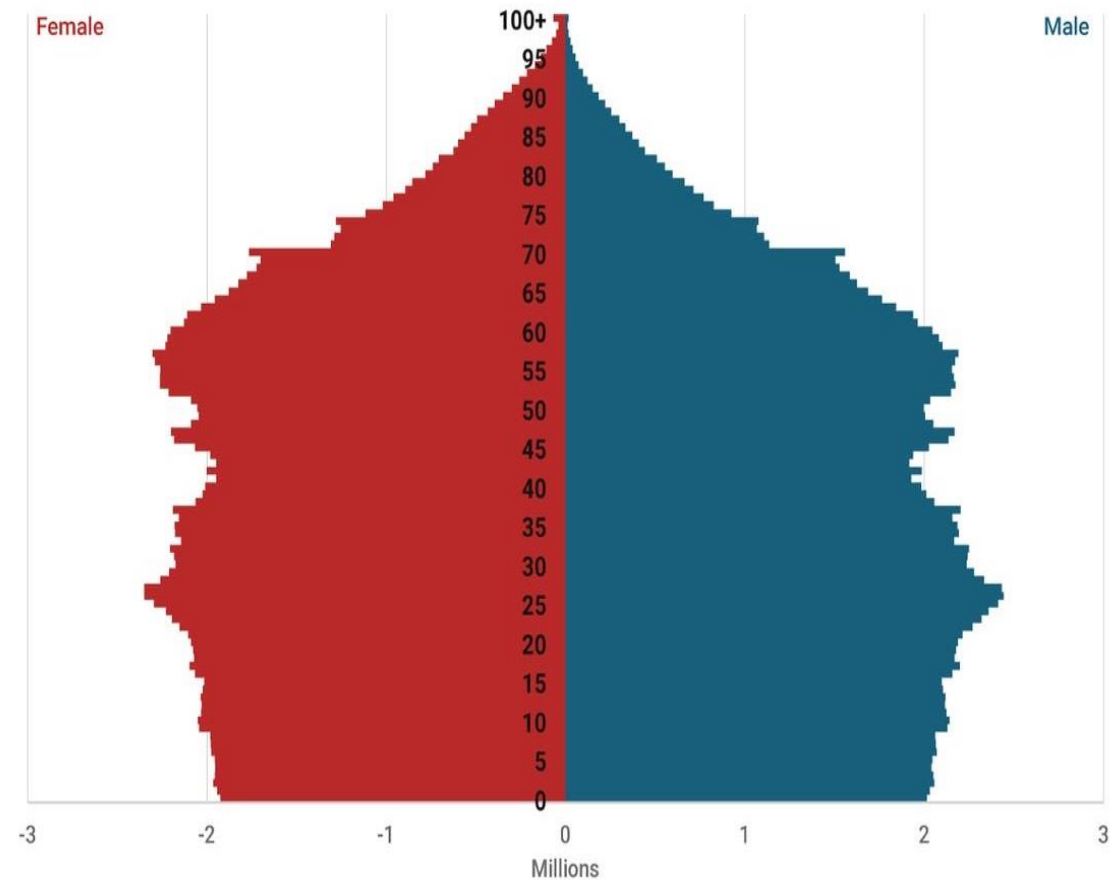


The Long Run Labor Force Issue

Population Trends

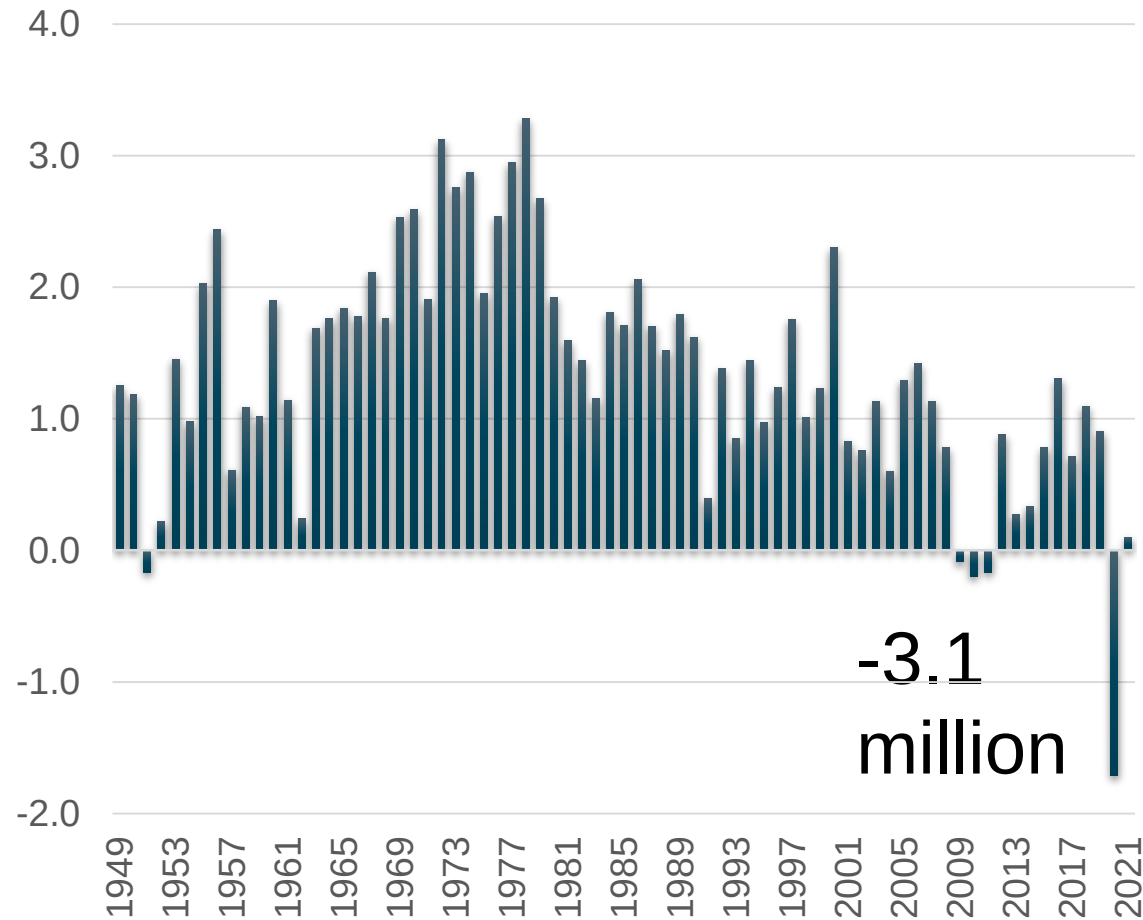


US population by age and sex, 2017

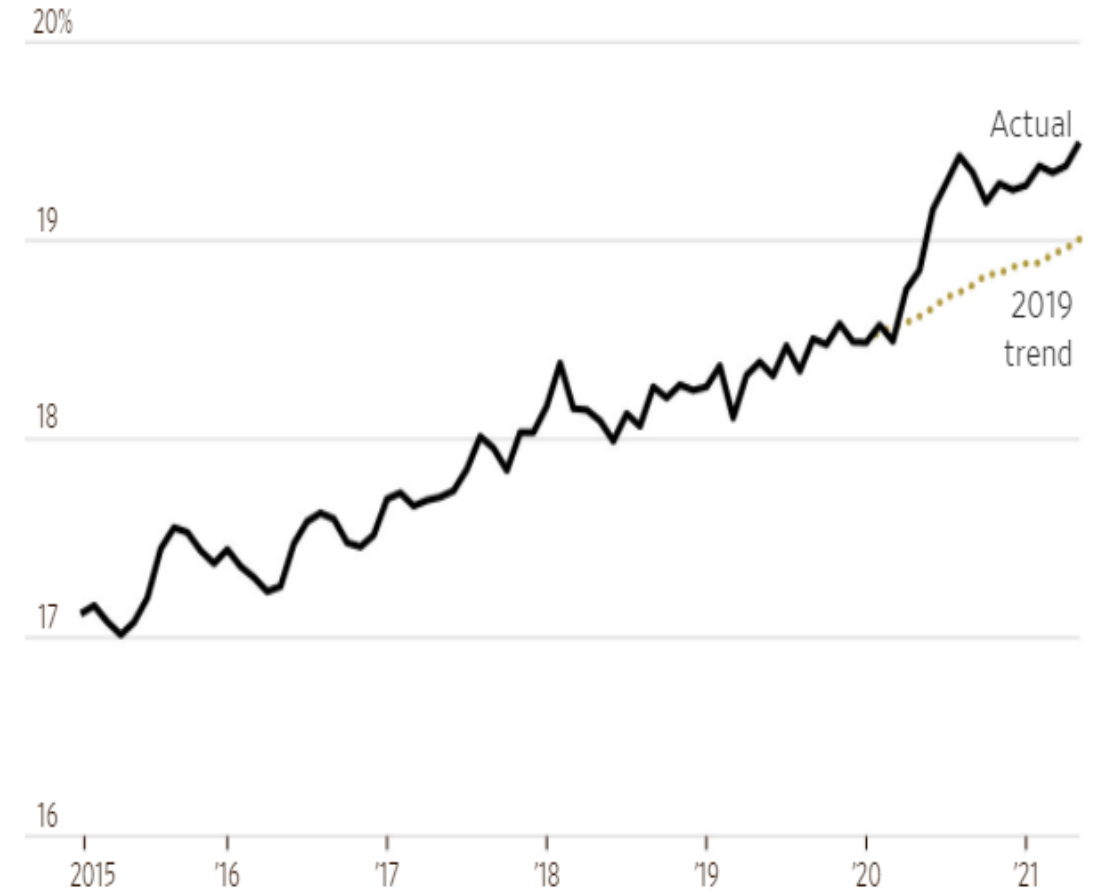


Labor supply, not labor demand

YoY Growth US Labor Force



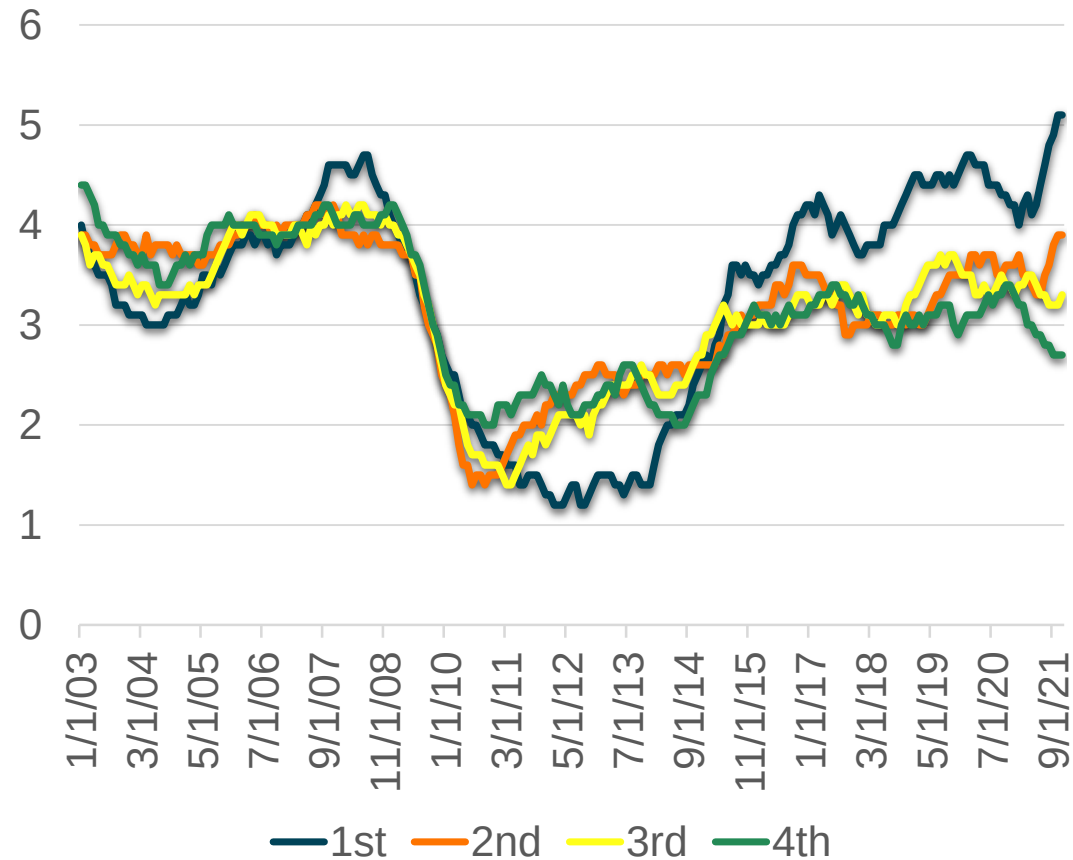
Share of U.S. population retired



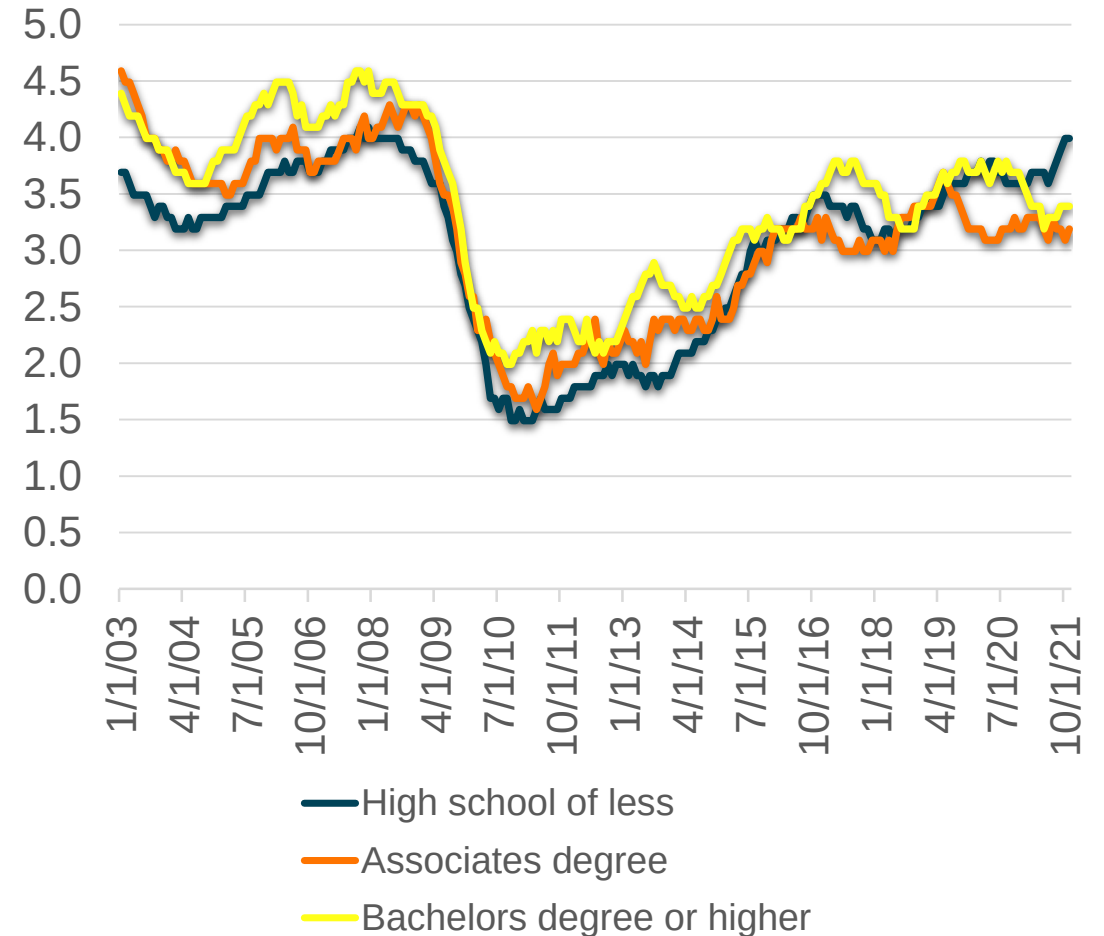
Source: IPUMS-CPS, University of Minnesota via Federal Reserve Bank of Dallas

A sellers' market in labor

Earnings Growth by Income Quartile



Earnings Growth by Education



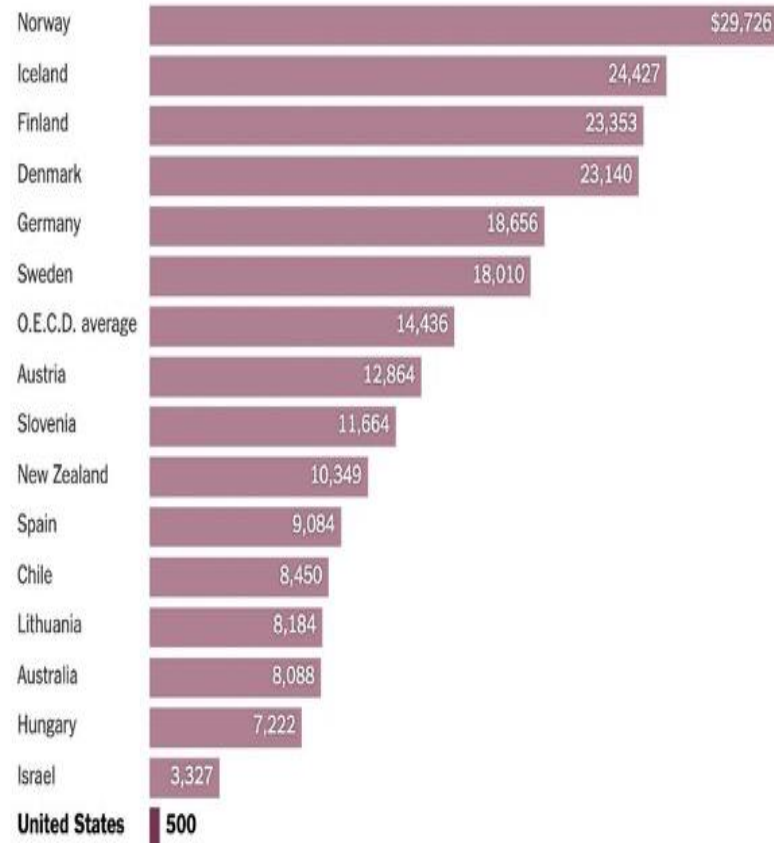
Labor Shortage Solutions



■ Solutions

- Extensive: Increasing labor force through immigration (SR) or birthrates (LR)
- Intensive: Raising participation rates among the existing population
- Productivity enhancements: capital investments / skill training

Annual public spending per child on early childhood care



Labor force participation rate
Females 25-54

Sweden	88.7
Austria	85.7
Finland	84.9
Canada	83.5
Netherlands	83.3
Germany	83.3
France	83.1
Denmark	82.8
Spain	82.3
United Kingdom	81.5
Belgium	80.3
Japan	80.0
Israel	79.9
Australia	79.3
Poland	79.0
Greece	77.6
United States	76.0
Korea	67.8

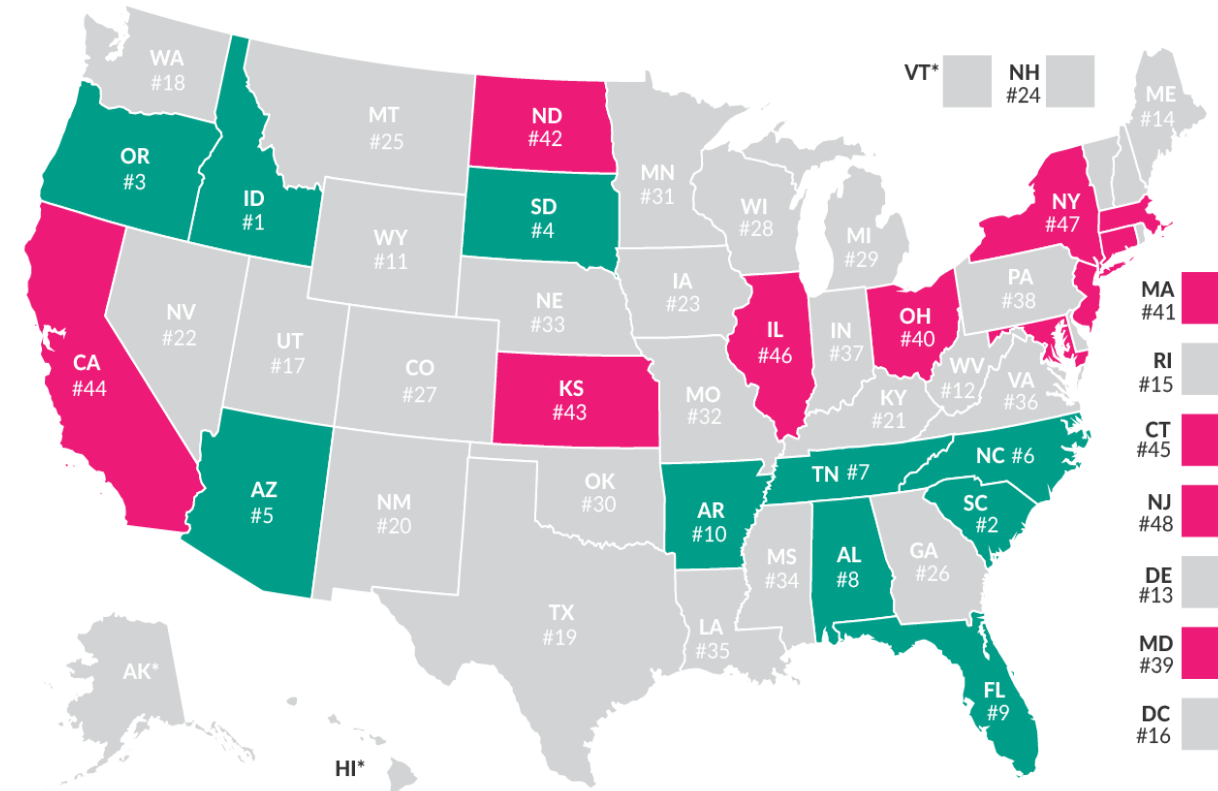
1 pp = 600,000 female workers in US

The Future of Economic Development



Where Did Americans Move in 2020?

State Migration Patterns, from Most Inbound to Most Outbound, 2020



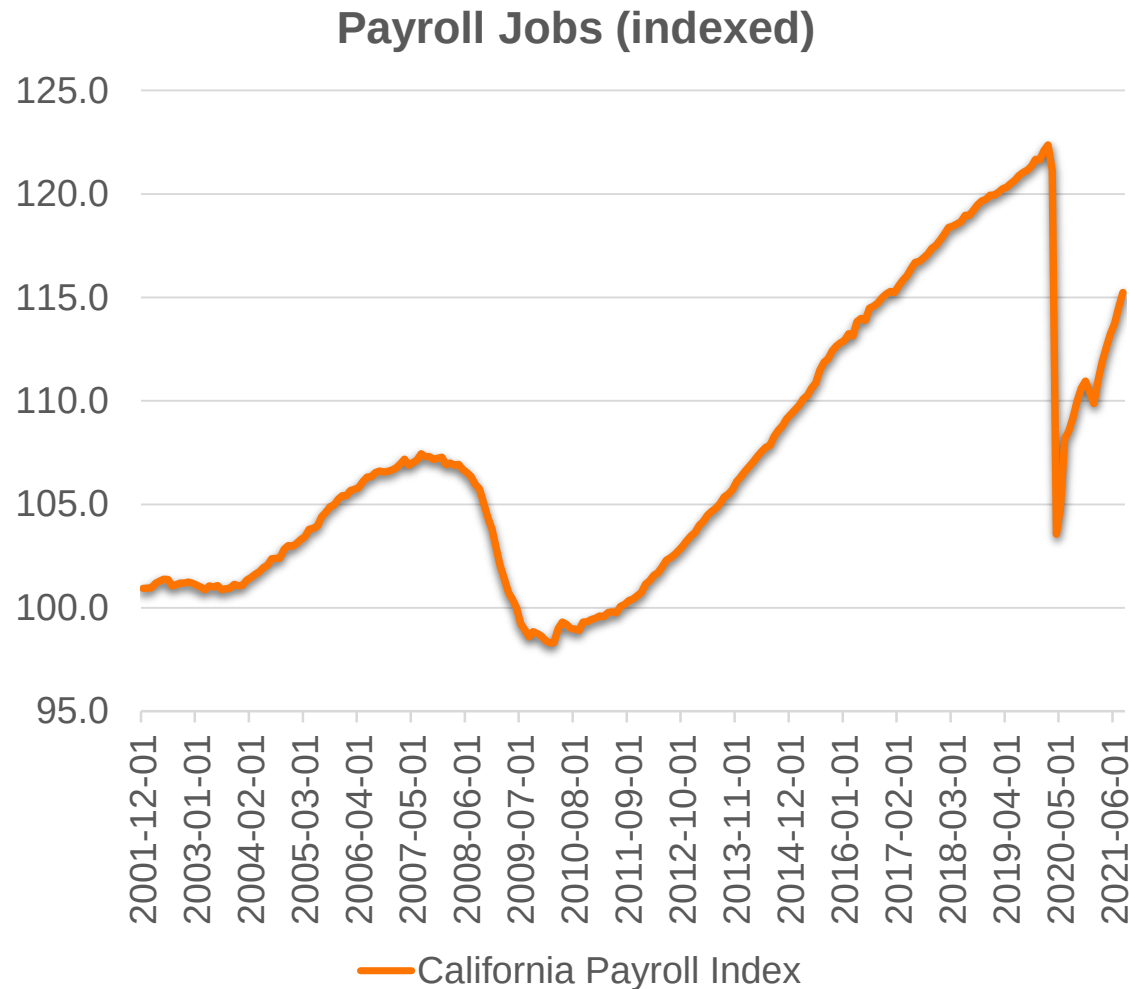
Note: Rankings are determined based on the number of inbound moves as a percentage of total moves in a state. DC is included in state rankings while Vermont is excluded because of its small sample size. Alaska and Hawaii are not included in the study.

Source: United Van Lines, 2020 National Movers Study.

Top 10 States for Inbound Migration

Top 10 States for Outbound Migration

The State Employment Situation



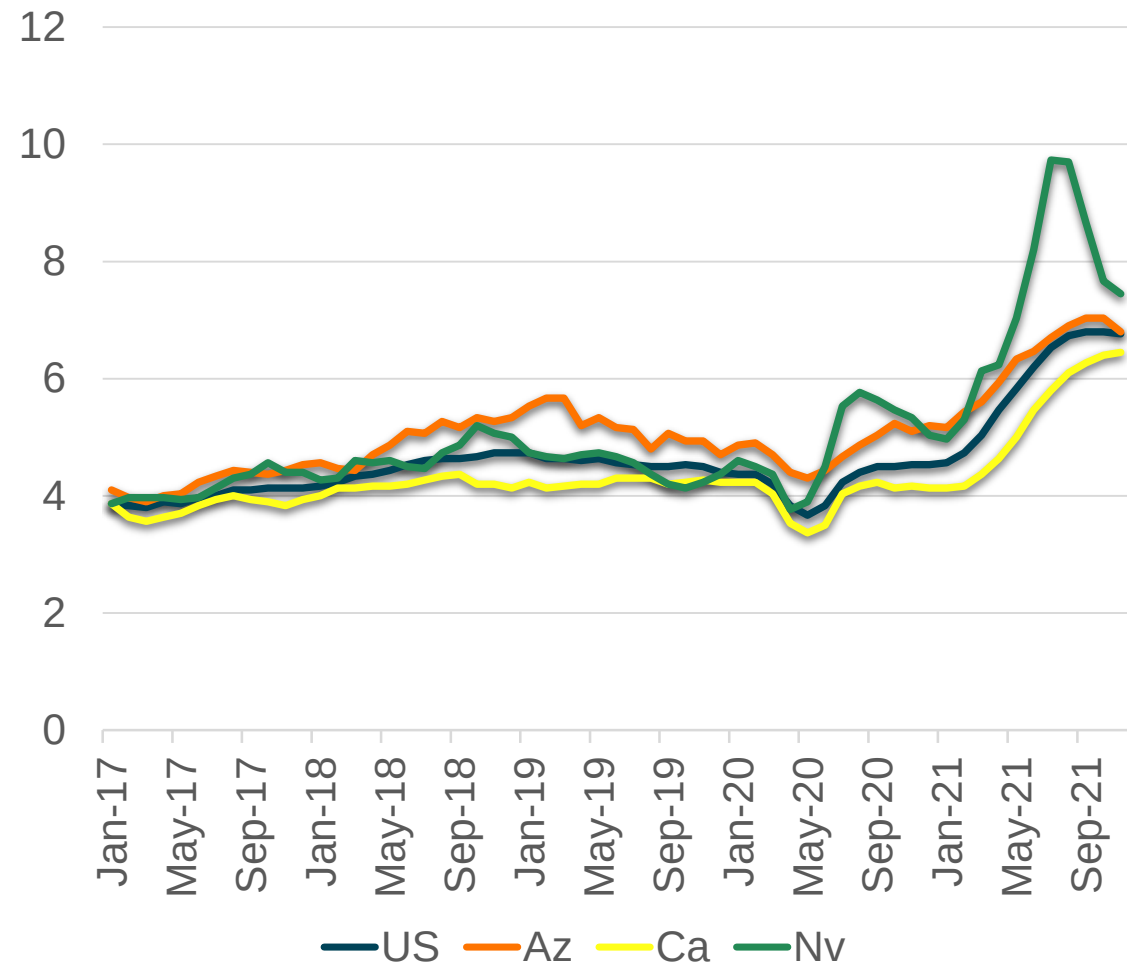
Industry	Nov-21 Emp (000s, SA)	2-Yr Chg (000s, SA)	2-Yr % Growth	
			East Bay	CA
Total Nonfarm	1,111	-84	-7.0	-4.1
Prof Sci and Tech	112	9	8.8	4.0
Education/Health	197	-4	-1.9	-1.2
Manufacturing	98	-4	-3.5	-4.3
Management	24	-1	-5.6	-4.6
Information	26	-2	-6.0	-2.5
Financial Activities	51	-4	-7.5	-3.9
Admin Support	63	-5	-7.9	-1.8
Construction	70	-6	-8.1	-1.1
Government	160	-15	-8.7	-5.7
Wholesale Trade	41	-4	-9.0	-5.5
Retail Trade	99	-12	-10.5	-4.3
Leisure and Hospitality	86	-33	-27.8	-16.1

Regional Changes

Unemployment Rate Nov 2021

Puerto Rico	7.8
California	6.9
Nevada	6.8
New Jersey	6.6
New York	6.6
New Mexico	6.2
Alaska	6
Connecticut	6
District of Columbia	6
Hawaii	6
Michigan	5.9
Illinois	5.7
Pennsylvania	5.7
Maryland	5.4
Massachusetts	5.4
Texas	5.2
Colorado	5.1

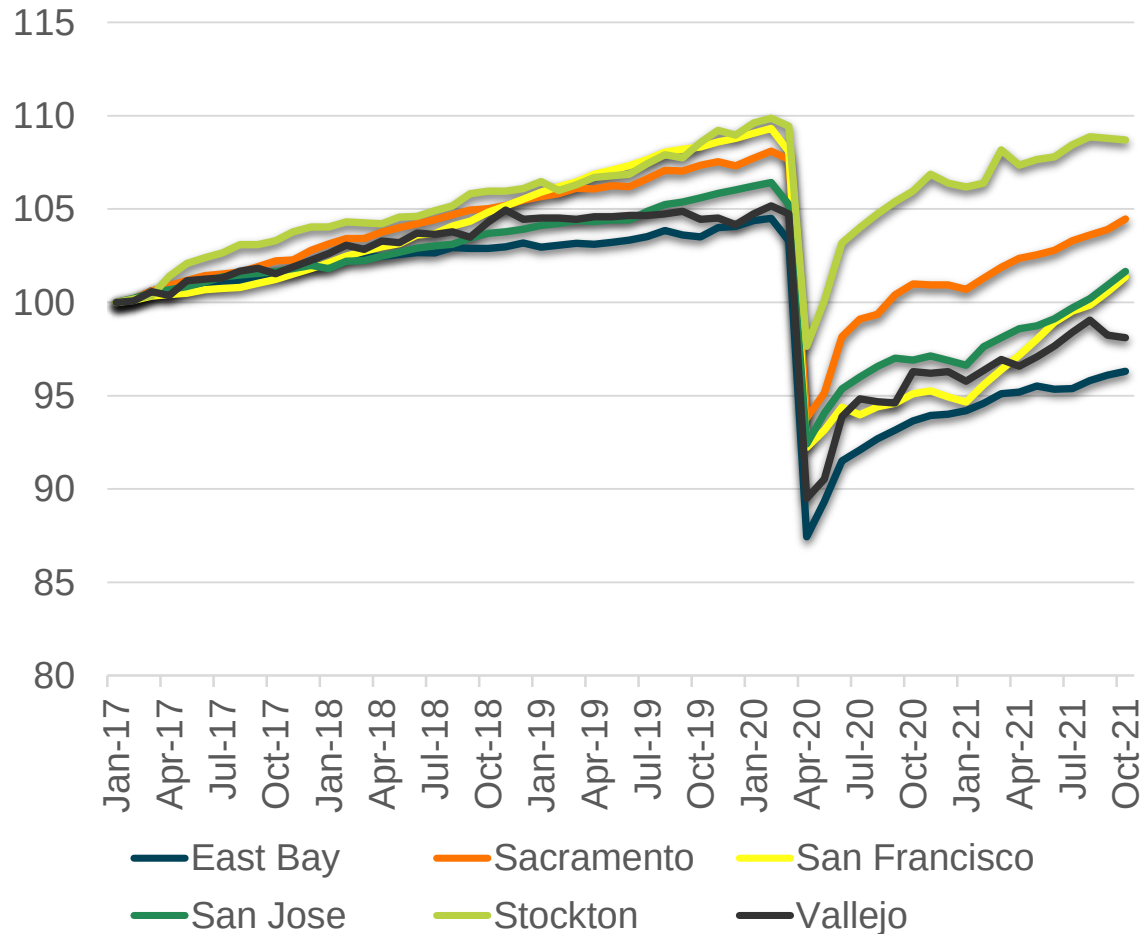
Job Openings Rate



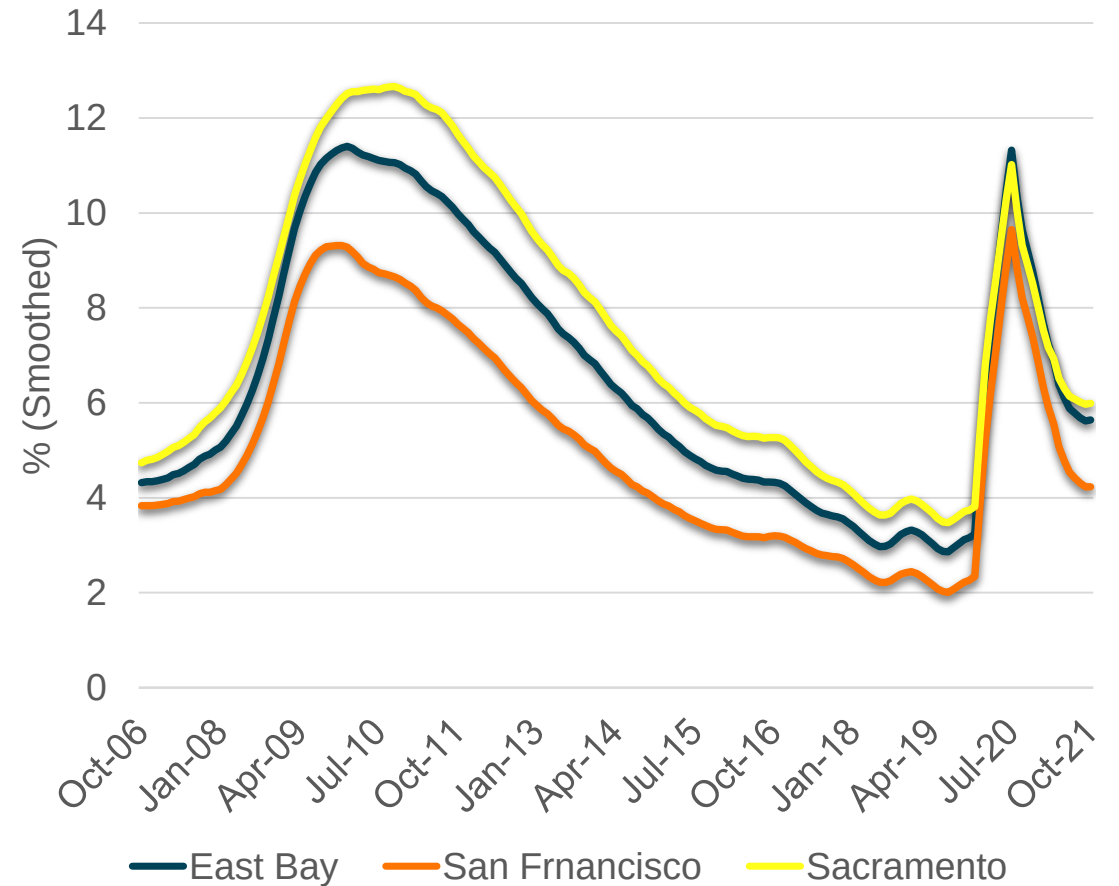
Labor Market



Index of Payroll Jobs



Unemployment Rate



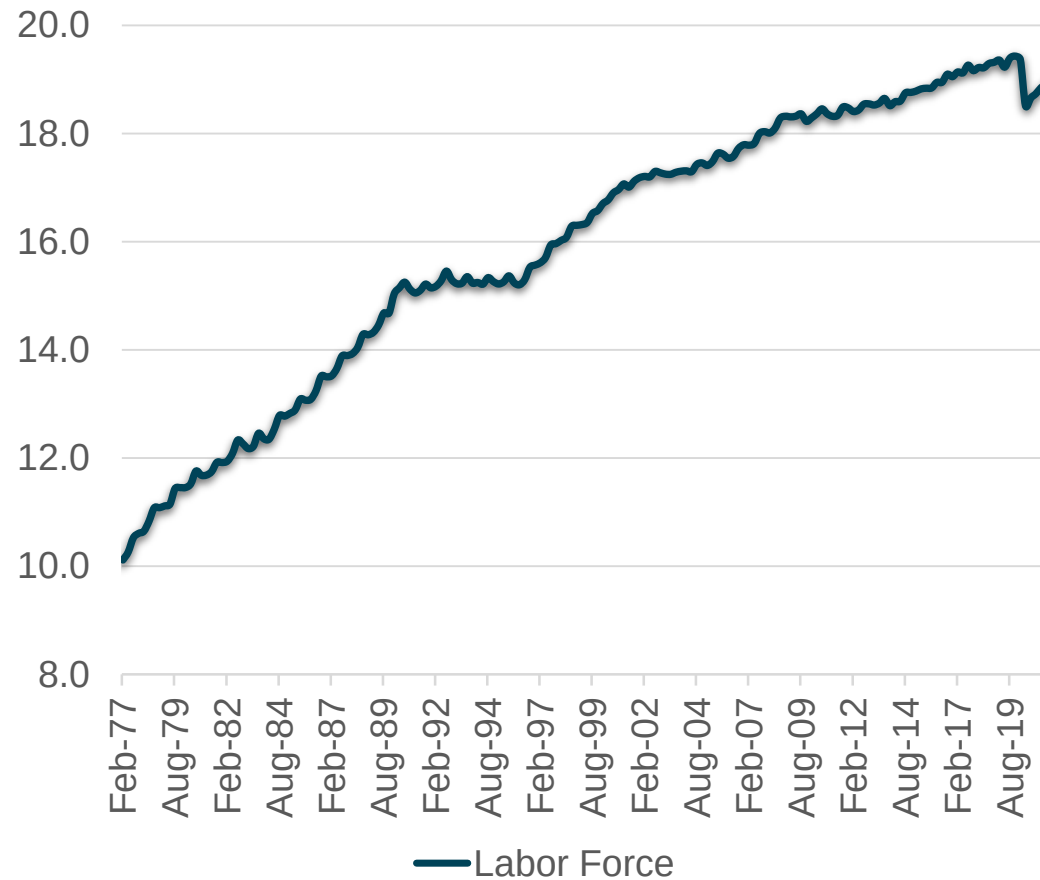
Regional Differences



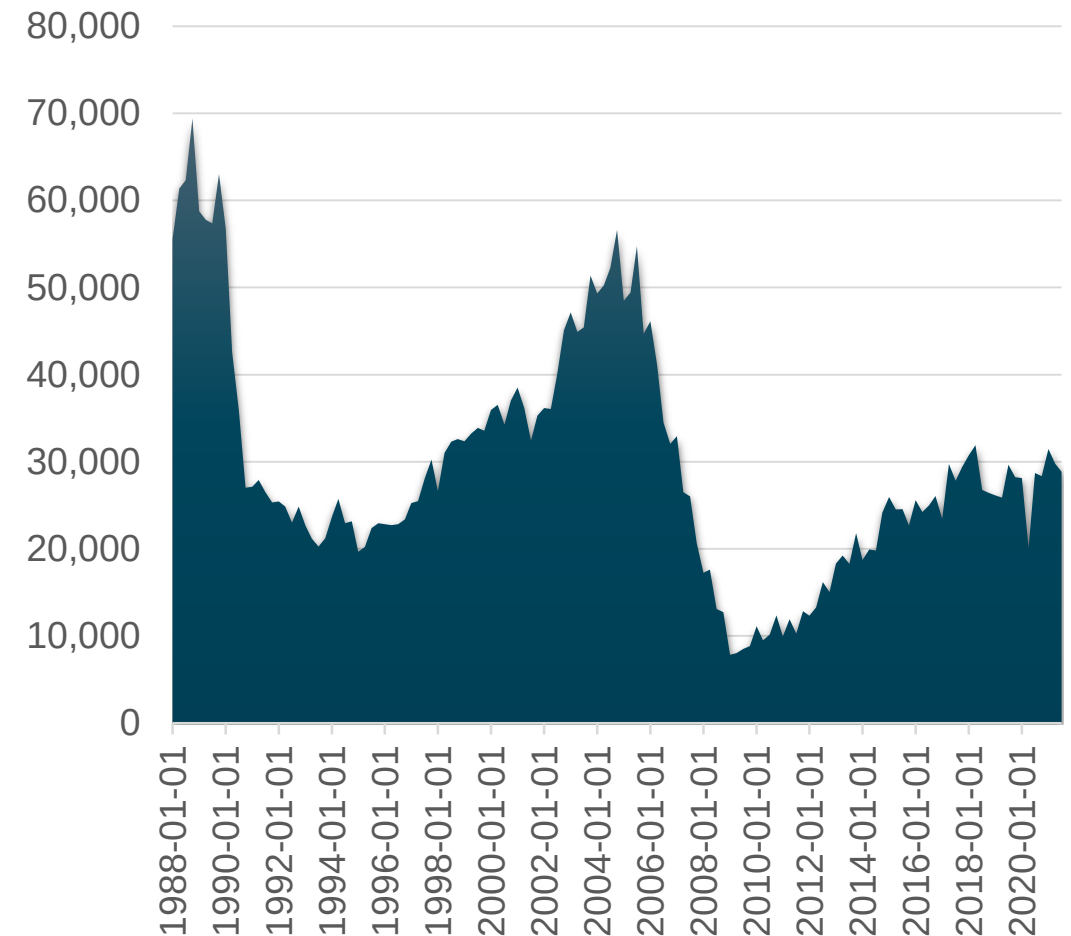
	Nov-21	2 Yr Ch		Ch Unemp	UE / Job Loss
California	16835.1	-725.3	-4.3%	517.3	0.71
Stockton	248.6	-2.5	-1.0%	4.1	1.64
Inland Empire	1550.1	-27.1	-1.7%	40.7	1.50
Fresno	358.7	-9.5	-2.6%	0.2	0.02
Sacramento	1000.5	-31.4	-3.1%	16.6	0.53
Modesto	177.4	-6	-3.4%	1.8	0.30
San Jose	1113.1	-47.2	-4.2%	10.2	0.22
Santa Barbara	187.9	-8.5	-4.5%	1.6	0.19
Orange County (MD)	1606.6	-74.2	-4.6%	27.9	0.38
Bakersfield	264.1	-12.6	-4.8%	3.1	0.25
San Diego	1441	-73.4	-5.1%	25.6	0.35
Ventura	298.9	-15.8	-5.3%	3.3	0.21
Salinas	138.1	-7.4	-5.4%	2.0	0.27
Los Angeles (MD)	4317.2	-274.4	-6.4%	209.6	0.76
Vallejo	134.8	-8.6	-6.4%	4.3	0.50
San Francisco (MD)	1116.4	-73.8	-6.6%	16.3	0.22
Santa Rosa	197	-13.2	-6.7%	3.2	0.24
East Bay (MD)	1111.1	-84.2	-7.6%	25.6	0.30

State Labor Shortage Issues

California Labor Force Growth

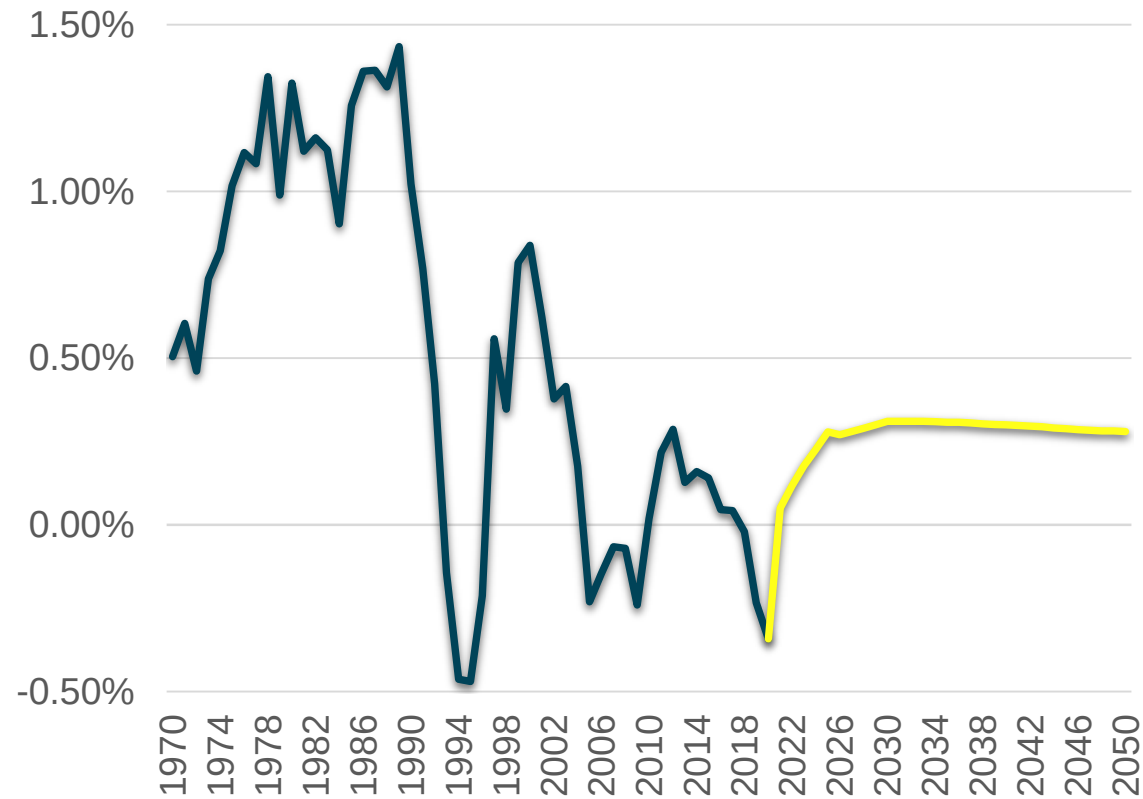


California Residential Unit Permits

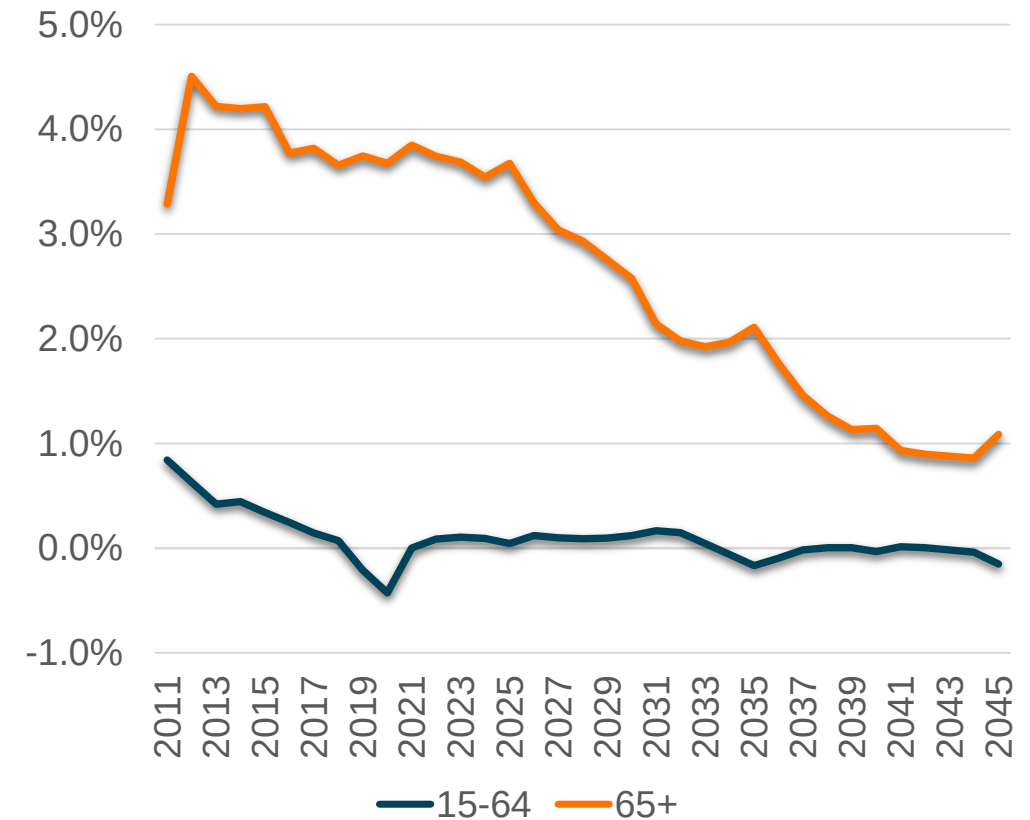


Wishful Thinking?

State Net Migration with Forecast (CA DoF Est.)



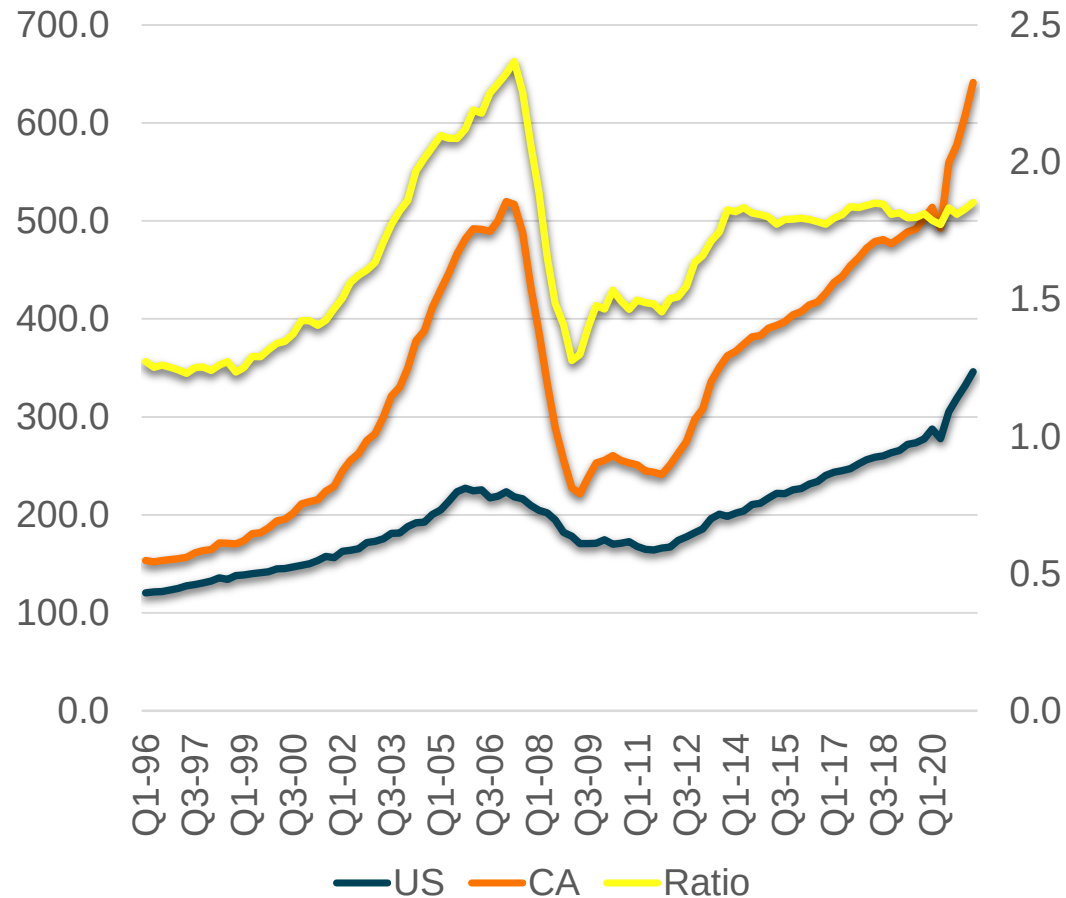
California Population Forecasts by Age (CA DoF est.)



Affordability or Supply



State vs National Prices



Worst States for Housing Affordability (>35% Cost to Income)

Share Owned			Share Rented		
Hawaii	31.1%	-9.3%	Florida	46.4%	-4.3%
California	28.5%	-12.4%	Hawaii	45.0%	-2.3%
Florida	25.0%	-14.3%	Louisiana	43.7%	0.0%
New Jersey	24.6%	-11.9%	California	43.6%	-4.2%
New York	24.4%	-8.2%	Vermont	43.3%	1.1%
Connecticut	22.9%	-8.5%	New York	41.2%	-2.7%
New Mexico	21.7%	-5.8%	Nevada	41.1%	-2.4%
Massachusetts	21.5%	-8.4%	Connecticut	40.6%	-4.2%
Montana	21.5%	-6.7%	Maryland	40.6%	-0.6%

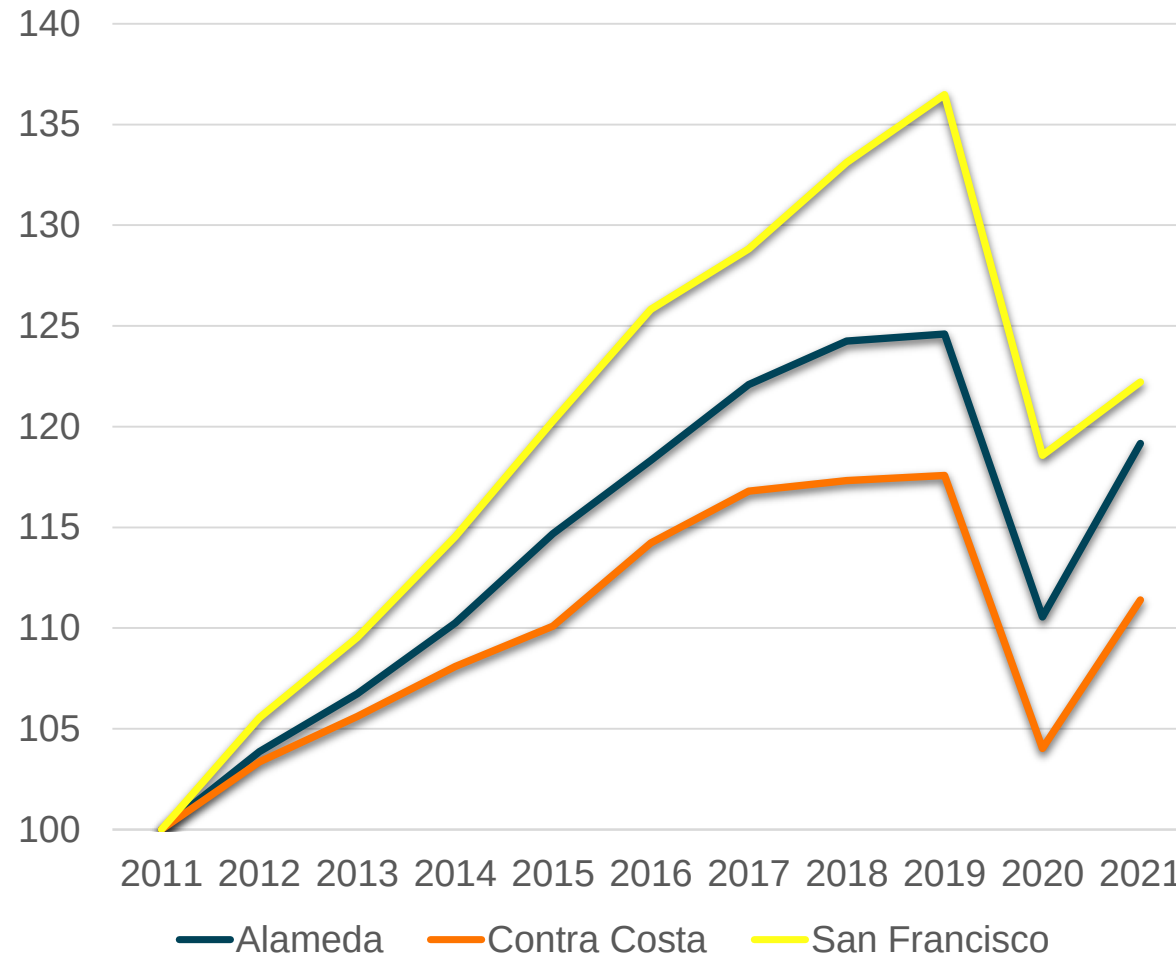
Housing Stock Age

	Share Built After 2010	Share Built After 2000	Share SF
Texas	14.1%	32.4%	66.1%
California	4.6%	15.4%	57.7%

County Dynamics



Index of Payroll Jobs (QCEW, June figures)



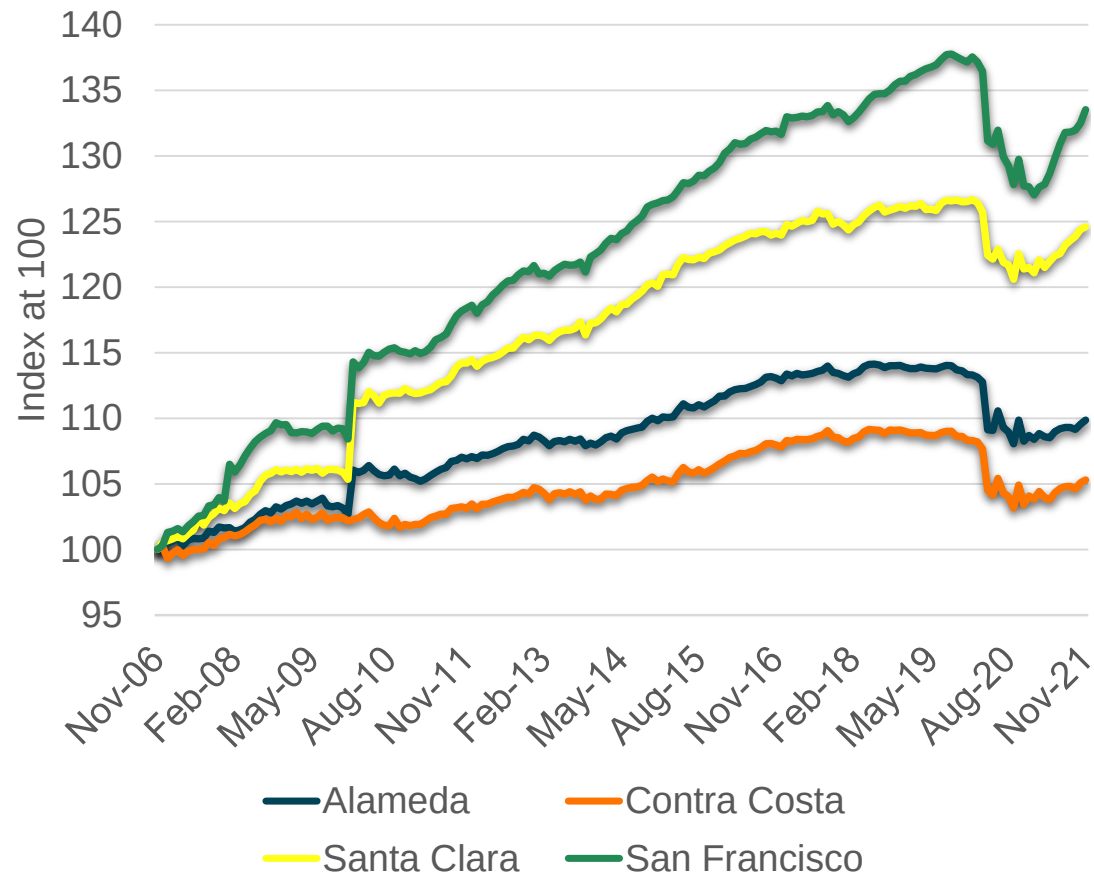
Contra Costa Payrolls (QCEW)

	June 2021	17-19	19-21
Total, all industries	352256	0.7%	-5.3%
Professional and business	56396.5	3.3%	0.3%
Education and health	71005	3.5%	0.3%
Trade, transportation	60630	-5.0%	-0.6%
Construction	25969.5	3.5%	-1.0%
Financial activities	25024	-1.5%	-7.4%
Manufacturing	13936.5	3.8%	-13.8%
Other services	11405	6.0%	-13.8%
Information	5984	-11.7%	-15.6%
Leisure and hospitality	35836	5.5%	-18.7%

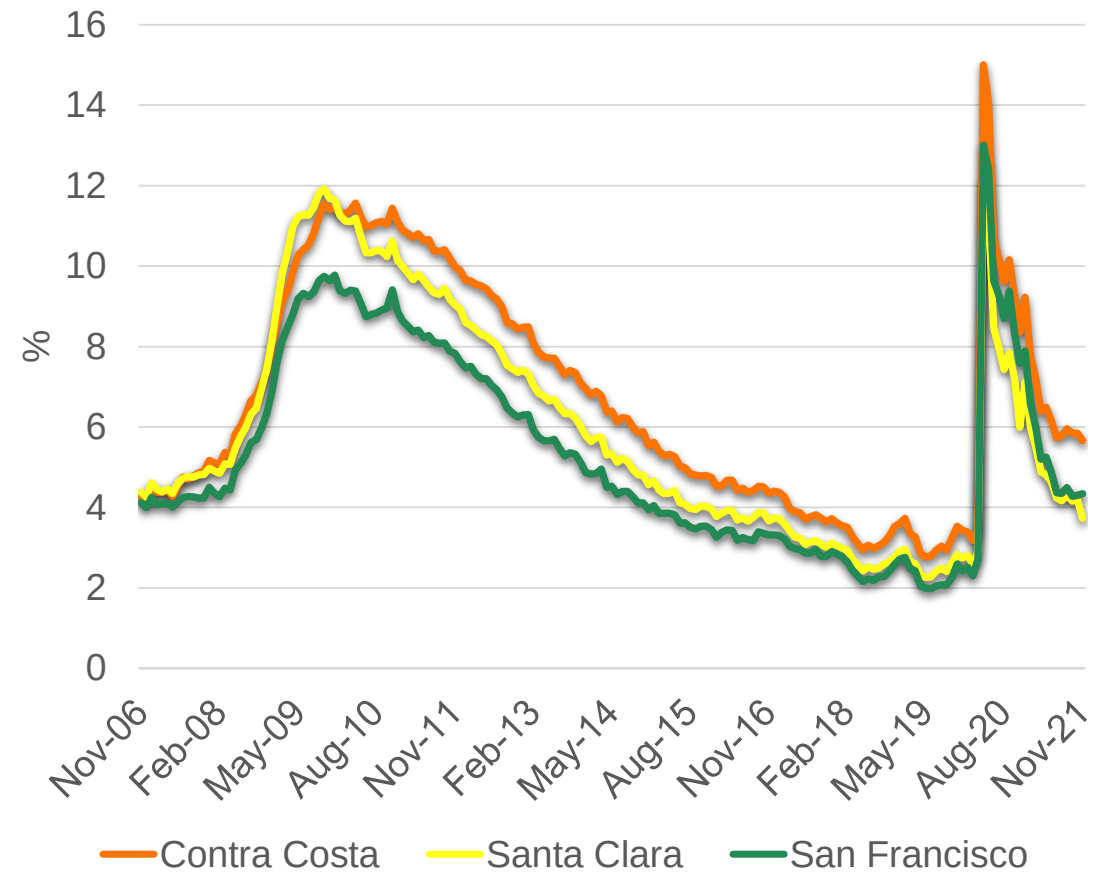
Labor Market - Bay Area



Labor Force Growth



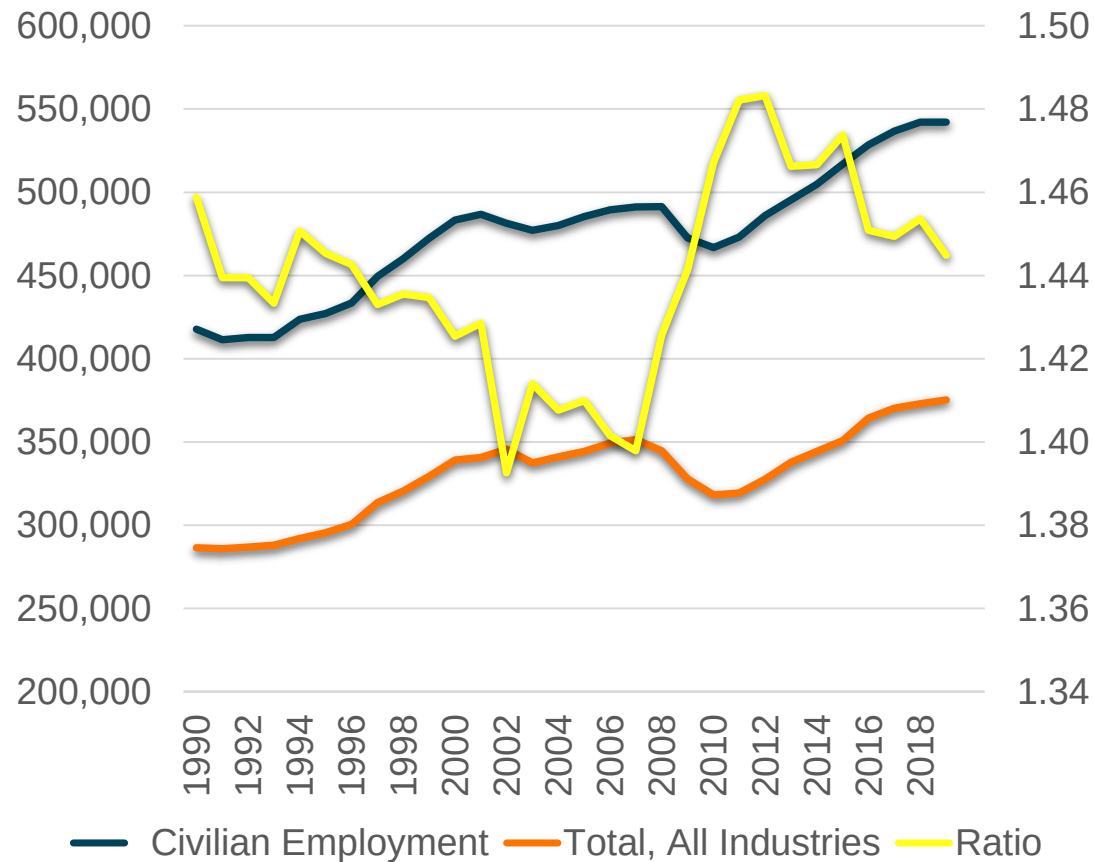
Unemployment Rate



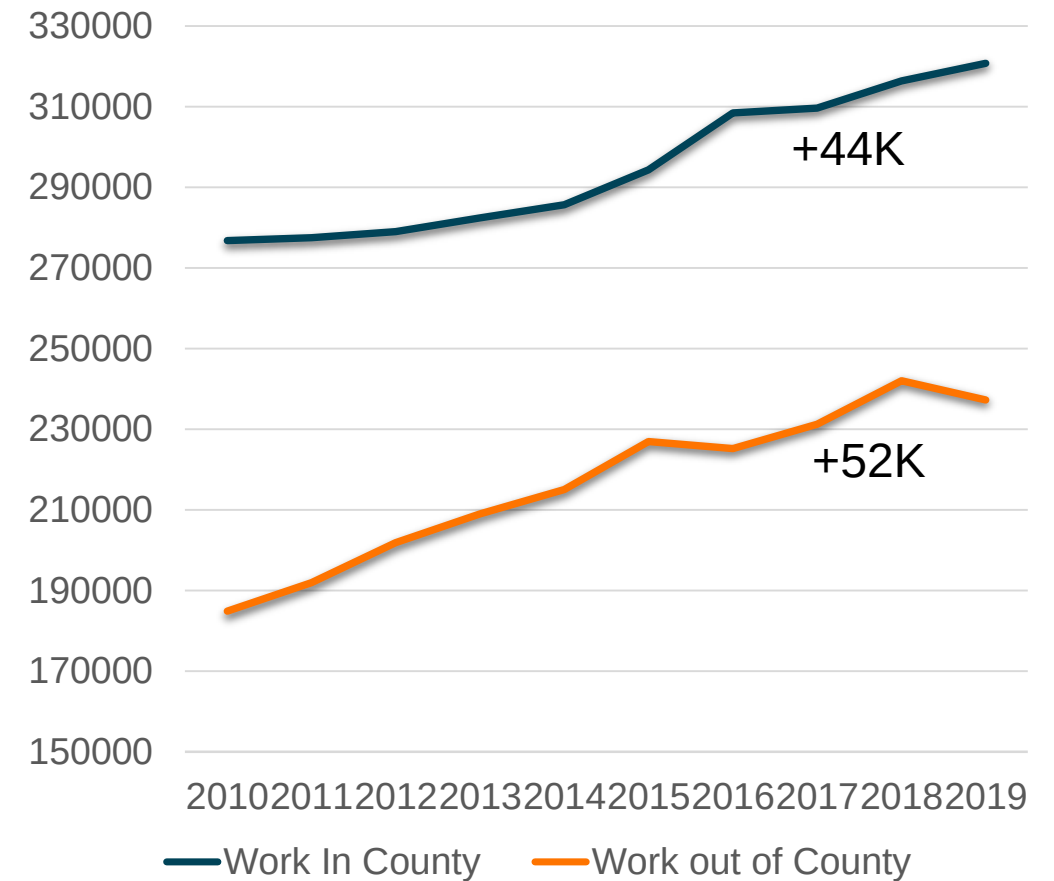
Contra Costa: A Commuter Community



Payroll vs Household Employment



Employed Residents by Place of Work



Local Payroll Shifts



Contra Costa Share of Bay

	2010	2010 Bay Share	2019	2019 Bay Share	Change Share
Civilian Labor Force	525,700	16.7%	559,700	15.9%	-0.8%
Total, All Industries	318,100	11.8%	375,200	10.6%	-1.1%
Management of Companies	5,600	6.6%	8,900	8.8%	2.2%
Administrative & Support	15,500	12.9%	23,300	14.4%	1.4%
Wholesale Trade	7,600	5.1%	9,000	5.8%	0.7%
Health Care	47,500	13.9%	64,700	14.3%	0.4%
Other Services	11,800	6.5%	13,700	6.8%	0.3%
Educational Services	6,300	4.2%	7,700	4.1%	-0.1%
Leisure & Hospitality	31,300	16.2%	43,000	15.9%	-0.2%
Durable Goods	6,900	3.3%	6,500	2.6%	-0.7%
Construction	18,300	17.0%	26,100	15.1%	-1.9%
Government	49,200	11.3%	50,700	9.0%	-2.2%
Retail Trade	40,400	19.3%	41,500	16.9%	-2.4%
Professional, Scientific	22,600	11.0%	24,400	8.3%	-2.7%
Logistics	8,000	10.0%	11,500	7.3%	-2.7%
Information	9,600	6.9%	7,100	3.3%	-3.6%
Financial Activities	25,300	13.3%	27,000	9.2%	-4.2%
Nondurable Goods	11,600	18.3%	9,500	13.2%	-5.1%

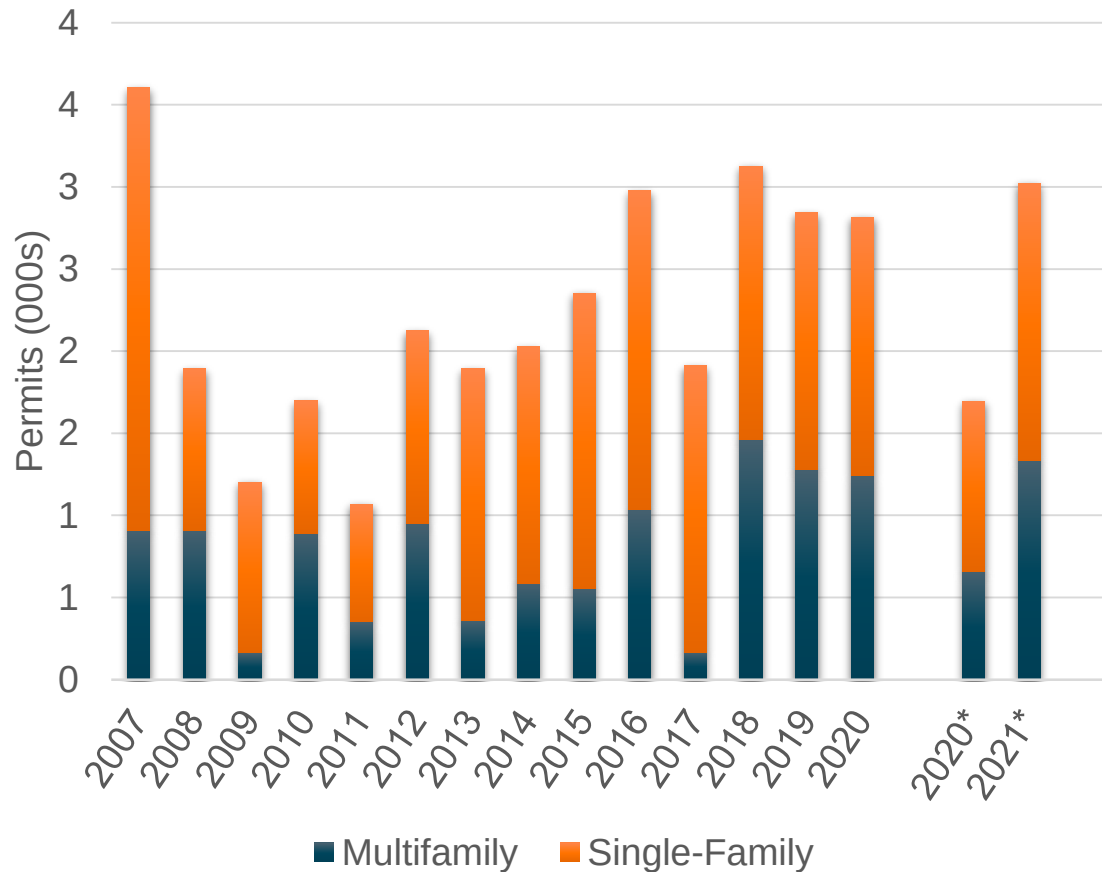
Contra Costa Share and Share Changes

	Relative Share 19	Share Change 10-19
<i>Running Ahead</i>		
Administrative & Support	1.35	0.25
Health Care	1.34	0.16
Leisure & Hospitality	1.50	0.12
<i>Catching Up</i>		
Management of Companies	0.83	0.27
Wholesale Trade	0.54	0.11
Other Services	0.64	0.08
Educational Services	0.39	0.03
<i>Shrinking Lead</i>		
Construction	1.41	-0.03
Retail Trade	1.59	-0.05
Nondurable Goods	1.24	-0.32
<i>Falling Behind</i>		
Durable Goods	0.25	-0.04
Government	0.85	-0.11
Professional, Scientific	0.78	-0.15
Logistics	0.69	-0.16
Financial Activities	0.86	-0.28
Information	0.31	-0.28

Residential Permits



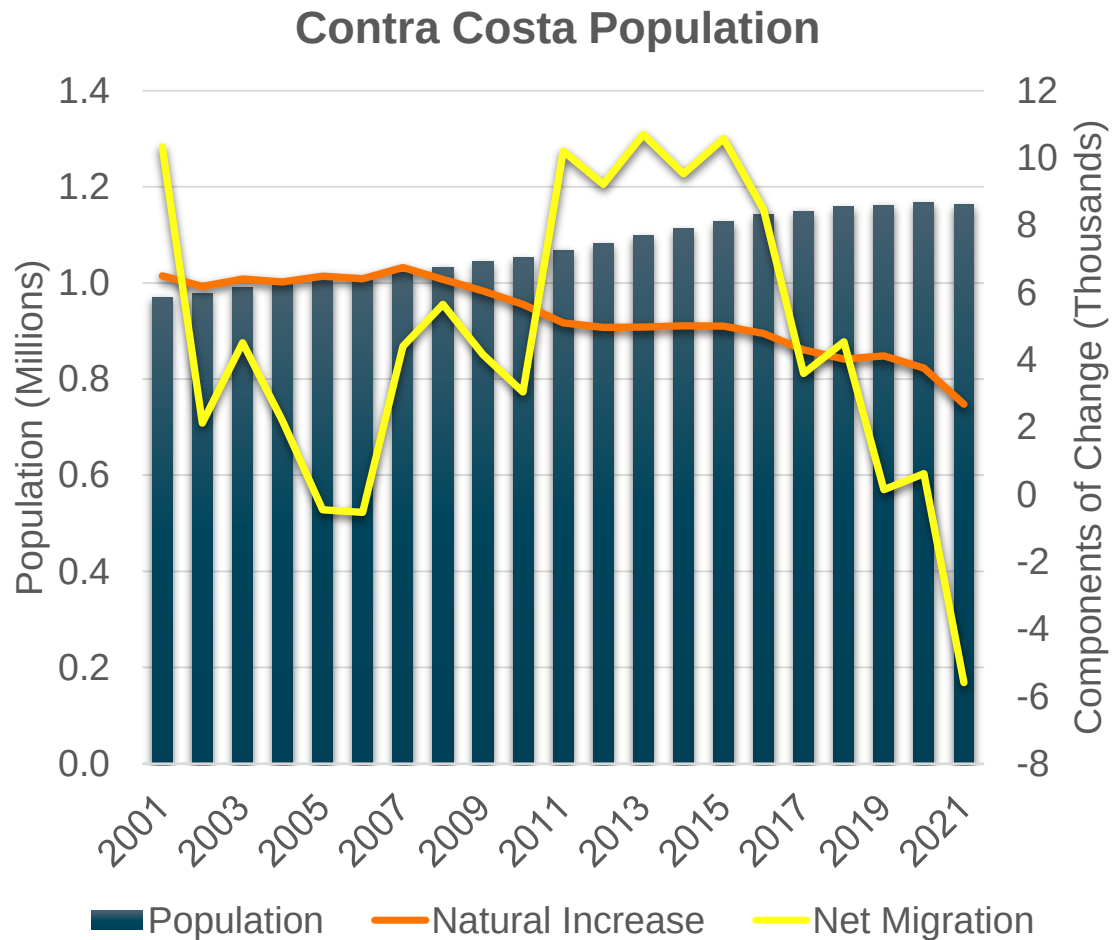
Contra Costa Permits



*YTD through Q3

County	Single-family Permits		Multifamily Permits	
	2021*	Abs. Chg, 2019*	2021*	Abs. Chg, 2019*
Contra Costa	1,687	466	1,336	580
San Francisco	86	9	2,075	-552
Alameda	1,241	-41	2,953	-126
Monterey	345	-53	277	221
Ventura	330	-198	450	-136

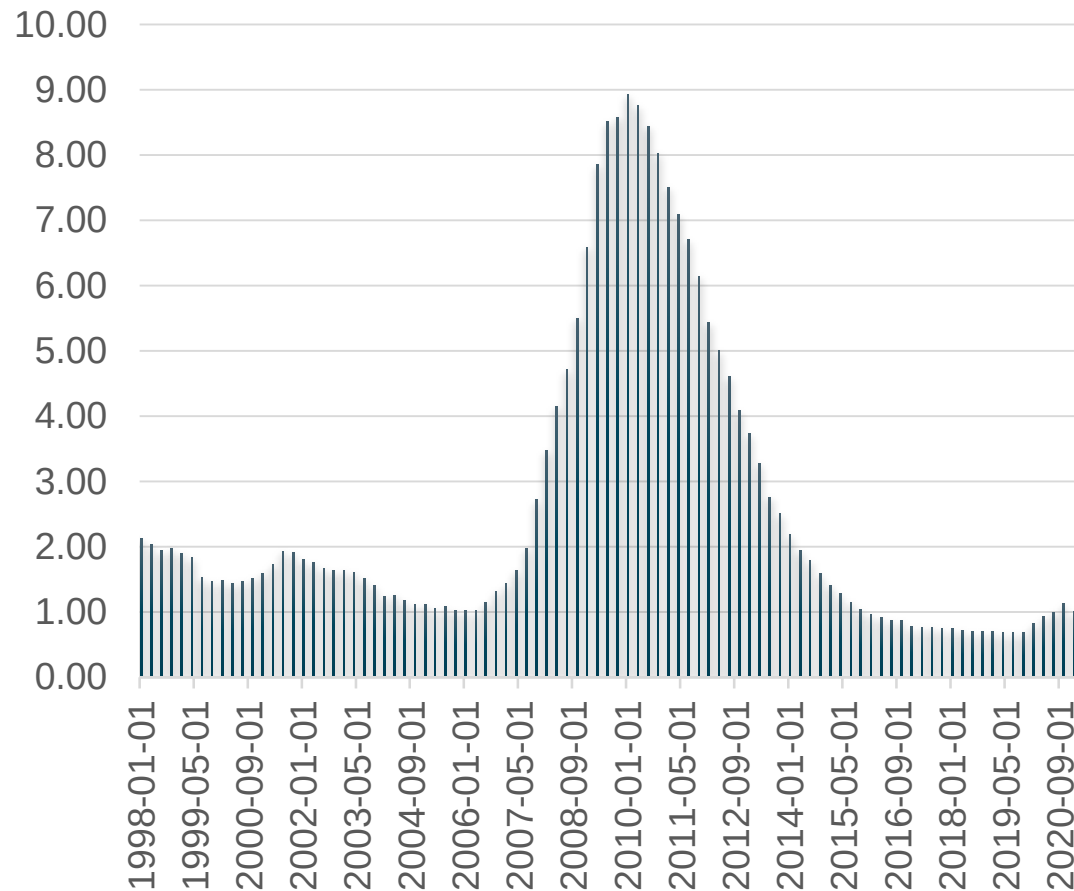
Population



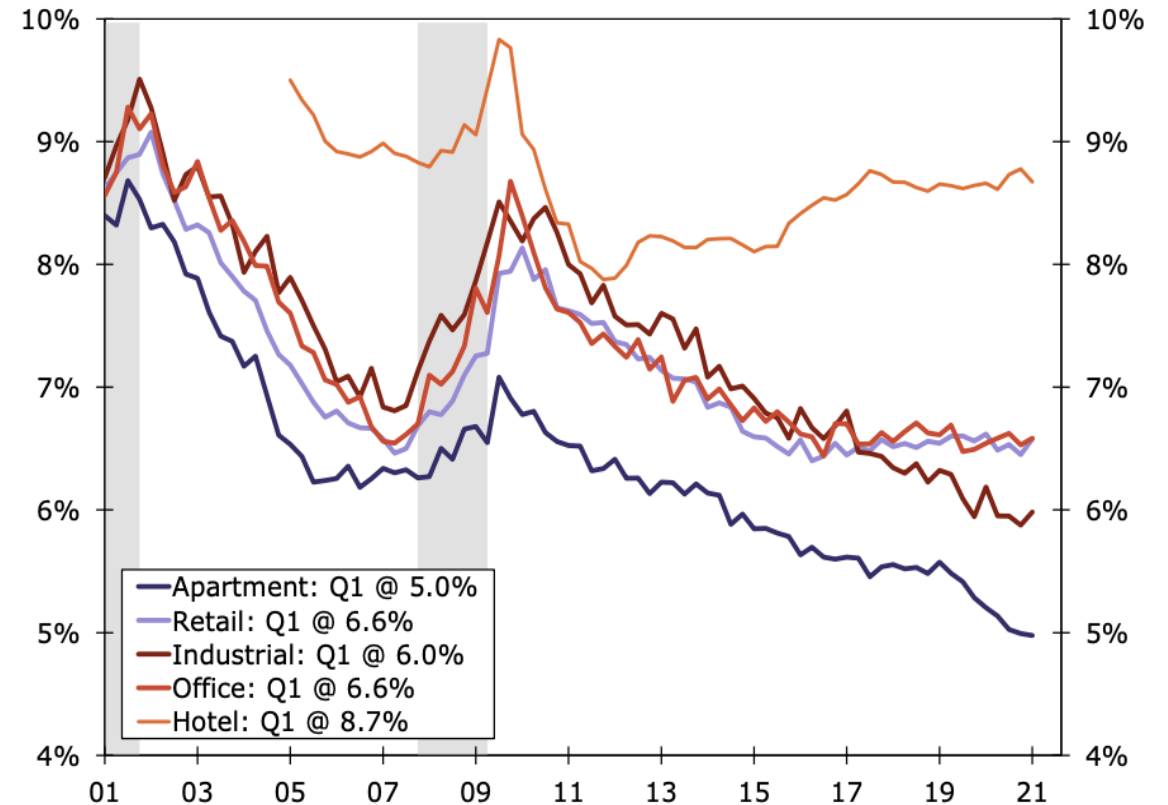
City	2021 Population	2-Yr % Growth
County Total	1,153,854	0.5
Brentwood	66,097	2.5
San Ramon	83,863	2.1
Pittsburg	74,498	1.2
Walnut Creek	71,317	0.8
Antioch	112,848	0.6
Incorporated	979,431	0.6
Unincorporated	174,423	0.4
Richmond	110,130	0.1

Commercial Markets: Financials

Commercial RE Loan Dqs



CRE Cap Rates by Property Type

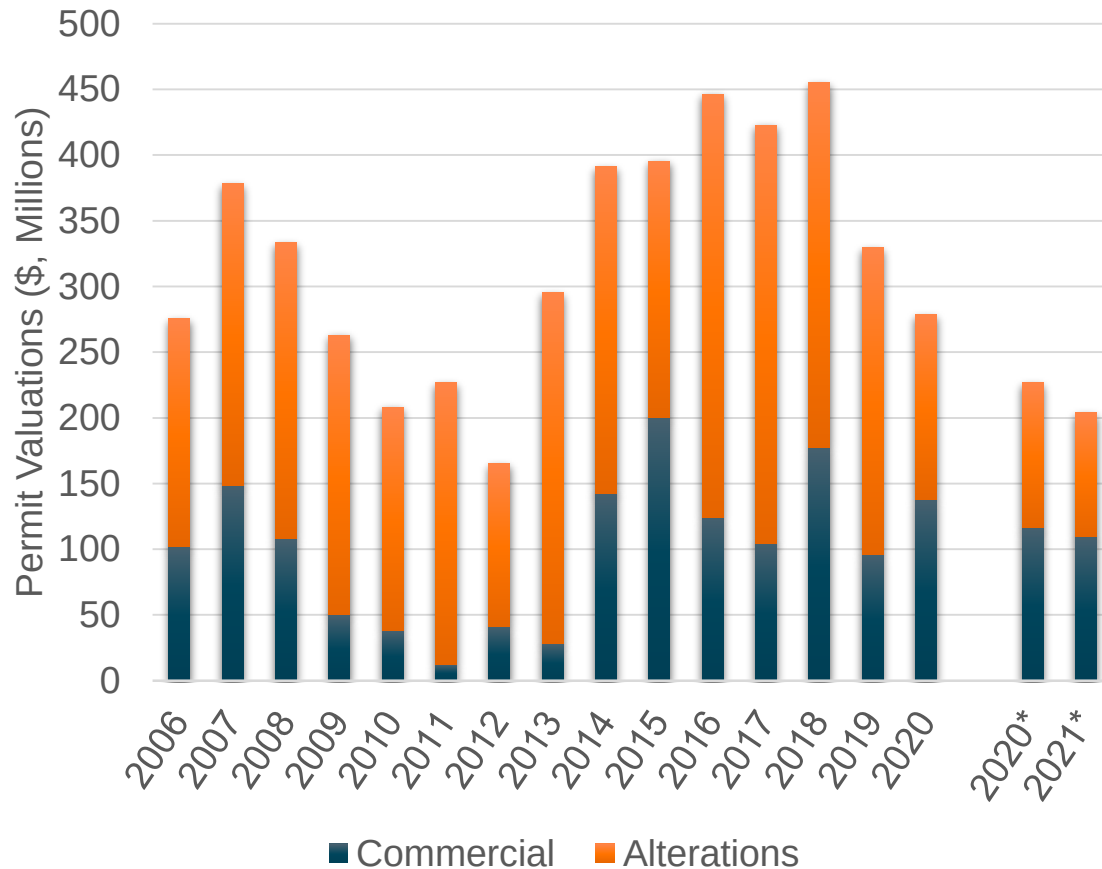


Source: Real Capital Analytics and Wells Fargo Securities

Nonresidential Real Estate



Contra Costa NonRes Permit Values



*YTD through Q3

Permit Type	2021* Permit Value (\$ Mil)	Abs. Change vs. 2020* (\$ Mil)
Commercial	109.6	15.0
Alterations	94.3	-18.7
Store	64.5	-35.2
Office	26.3	19.5
Hotel	0	0

Nonresidential Rents and Vacancies



Office	Cost of Rent		Vacancy Rates	
	Q3-21 (\$/sf)	2-Yr % Gr	Q3-21 (%)	2-Yr Abs. Chg
San Jose	48.0	3.1	19.7	1.5
Oakland (MD)	35.2	1.2	17.0	1.7
San Francisco (MD)	64.6	0.2	12.5	3.8

Retail				
San Jose	37.8	0.2	5.7	0.3
Oakland (MD)	31.9	-0.7	8.9	0.9
San Francisco (MD)	40.8	-0.8	4.8	0.6

Warehousing/Distribution				
Oakland (MD)	7.1	4.6	6.9	-2.1
San Jose	8.8	4.3	7.3	-0.5
San Francisco (MD)	10.6	2.5	4.9	-0.7

Nonresidential Rents and Vacancies



Office	Cost of Rent		Vacancy Rates	
	Q3-21 (\$/sf)	2-Yr % Gr	Q3-21 (%)	2-Yr Abs. Chg
North I-680	30.1	0.9	12.7	-1.2
West Contra Costa	31.8	0.1	20.5	4.1
North Contra Costa	33.4	-0.3	17.8	2.1

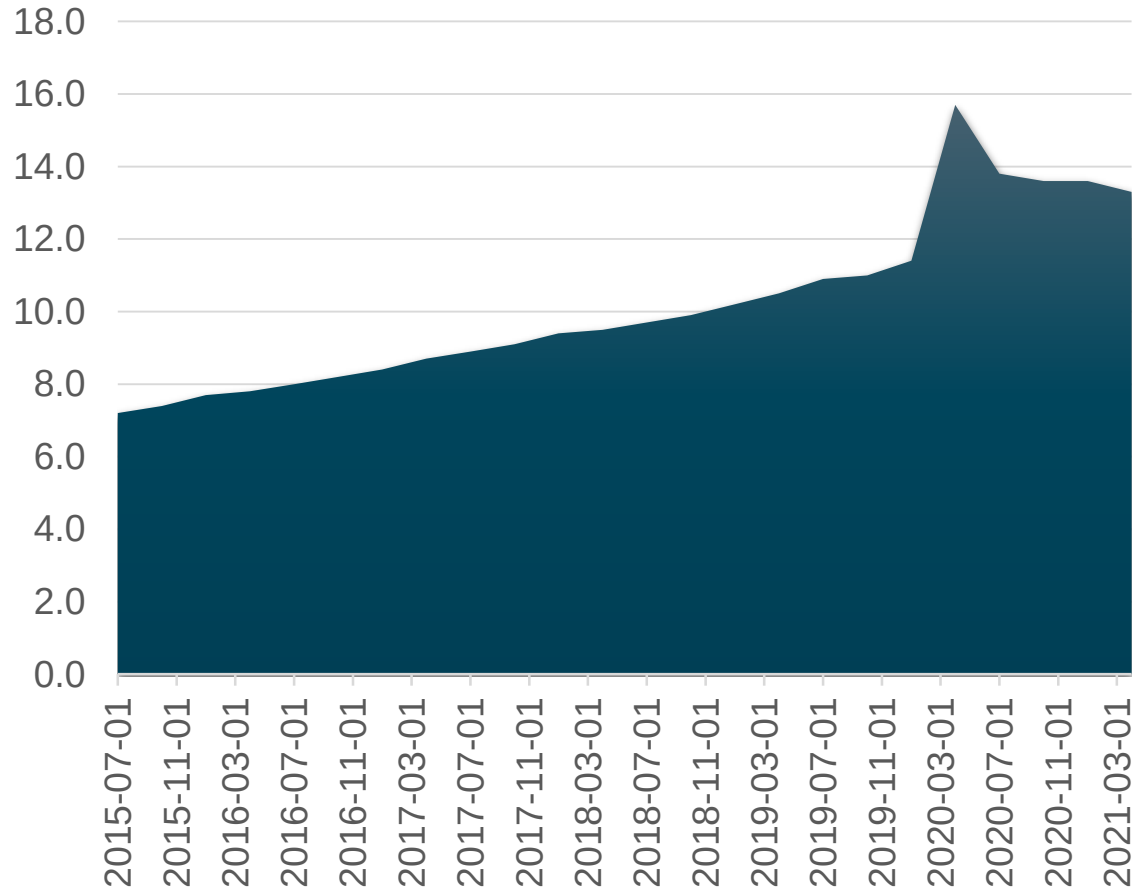
Retail				
Central Contra Costa	35.5	-0.4	8.2	1.3
East Contra Costa	24.8	-1.2	9.6	0.2
West Contra Costa	35.1	-1.5	9.7	0.9

Warehousing/Distribution				
Berkeley, Richmond, and Martinez	7.4	4.1	6.0	-5.8
Concord/Pittsburg	5.8	3.9	6.7	-1.5

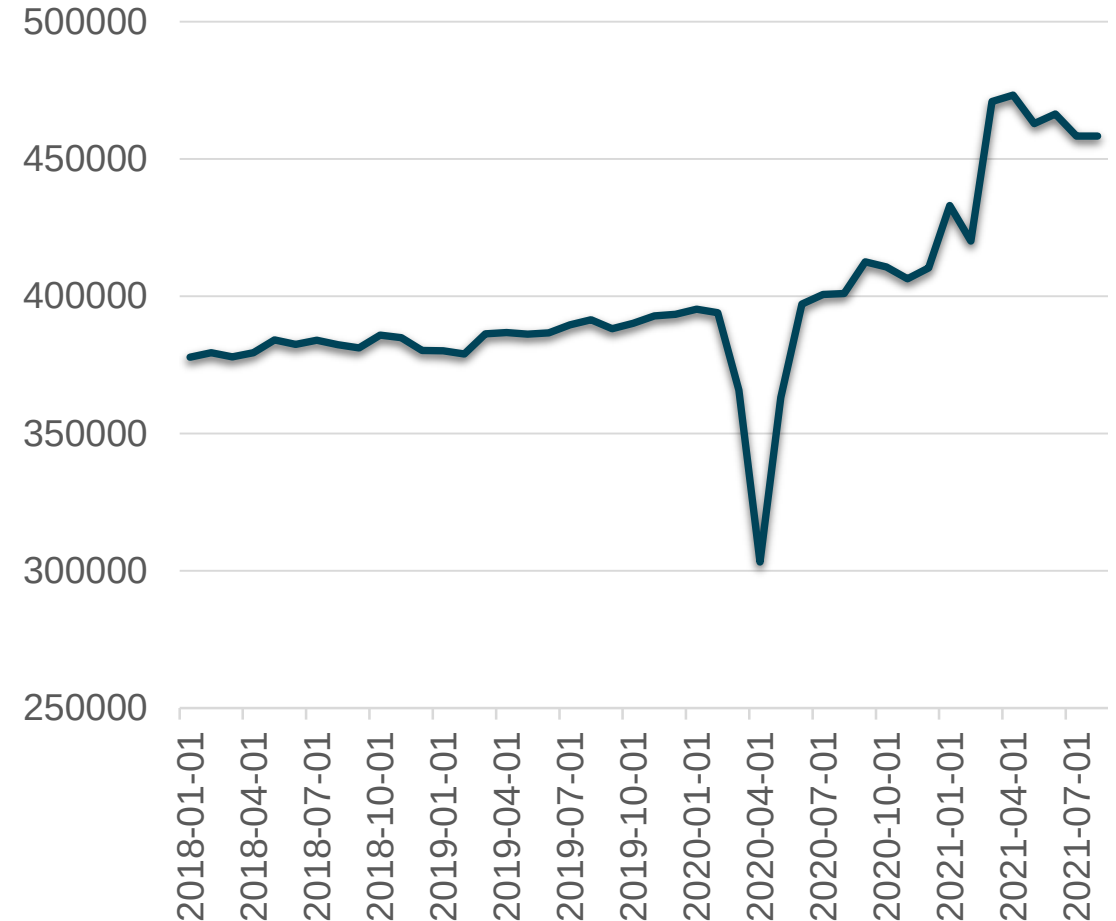
Retail / Industrial: The mix



E-Commerce Share of Retail



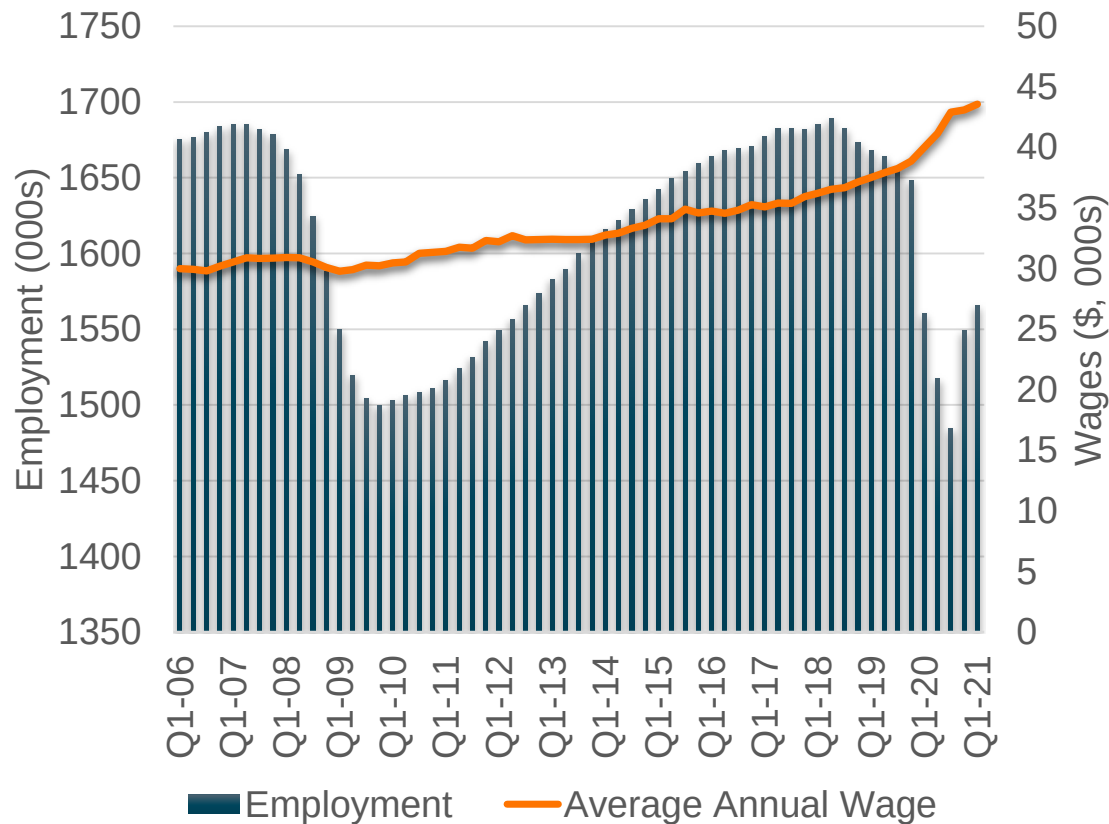
Retail Sales Minus Non-Store Retailers



California Retail Employment



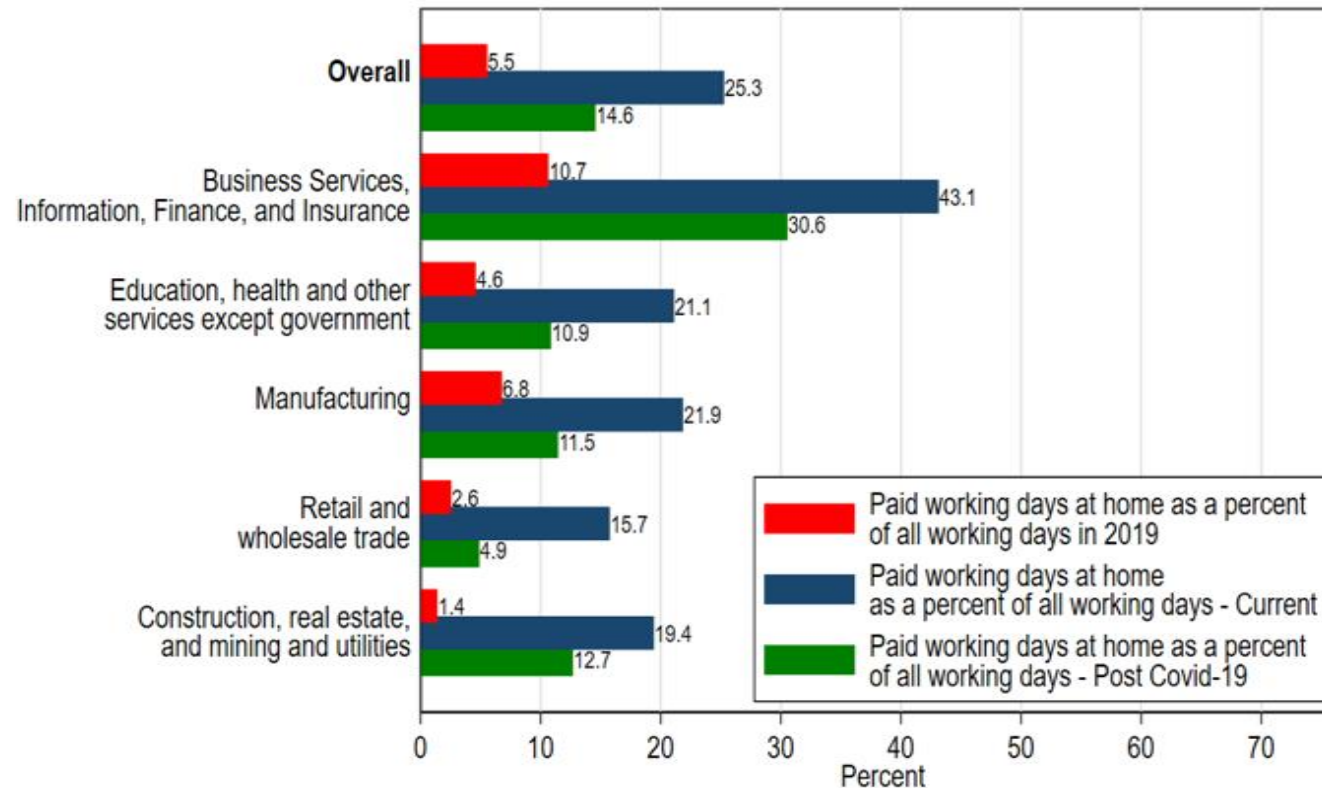
Retail Employment and Wages
California



Industry	Employment		Wages	
	Q1-21	1-Yr % Gr	Q1-21 (\$)	1-Yr % Gr
Building material	134,533	9.8	43,309	6.4
Food and beverage	367,845	3.7	33,130	0.6
General merchandise	288,785	2.6	30,597	3.0
Nonstore retailers	62,846	1.4	108,117	17.8
Gasoline stations	61,238	-3.7	30,856	5.6
Health/personal care	108,223	-5.1	49,179	3.9
Sports, hobby, etc.	55,521	-6.4	27,871	11.9
Motor vehicle	178,097	-8.2	66,928	11.6
Furniture	47,293	-9.0	43,867	6.5
Miscellaneous	82,067	-9.5	36,120	6.6
Electronics	52,218	-11.1	54,535	7.2
Clothing	132,579	-25.8	30,416	5.6

WFH Before, During, and After COVID

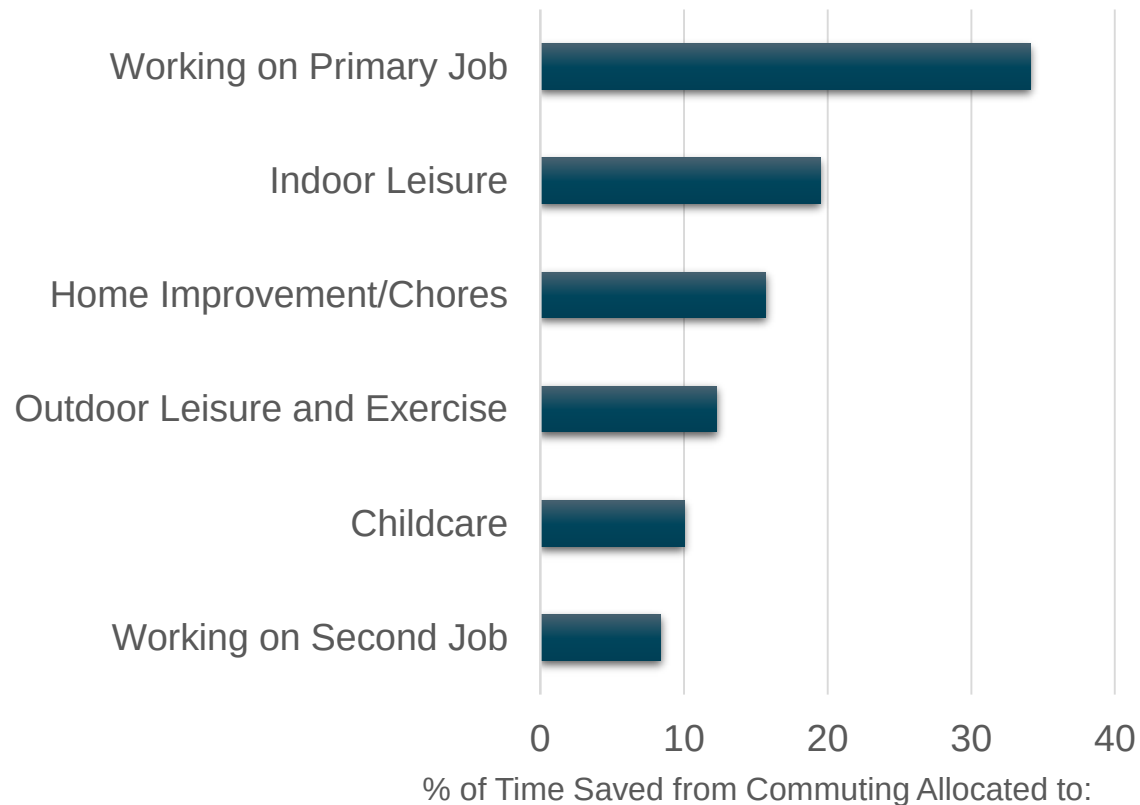
Chart 2: Paid WFH Days as a Share of All Working Days before, during, and after the Pandemic



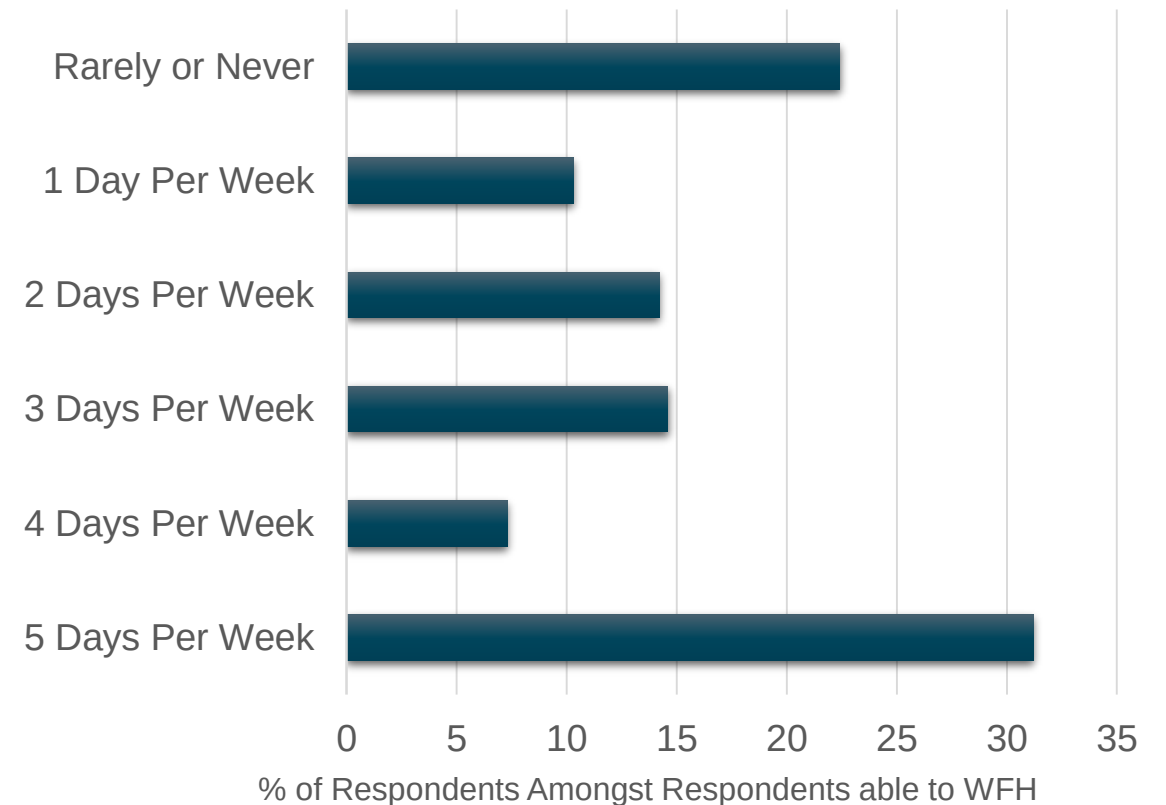
WFH – Time and Preferences



How are you now spending time you saved by not commuting?

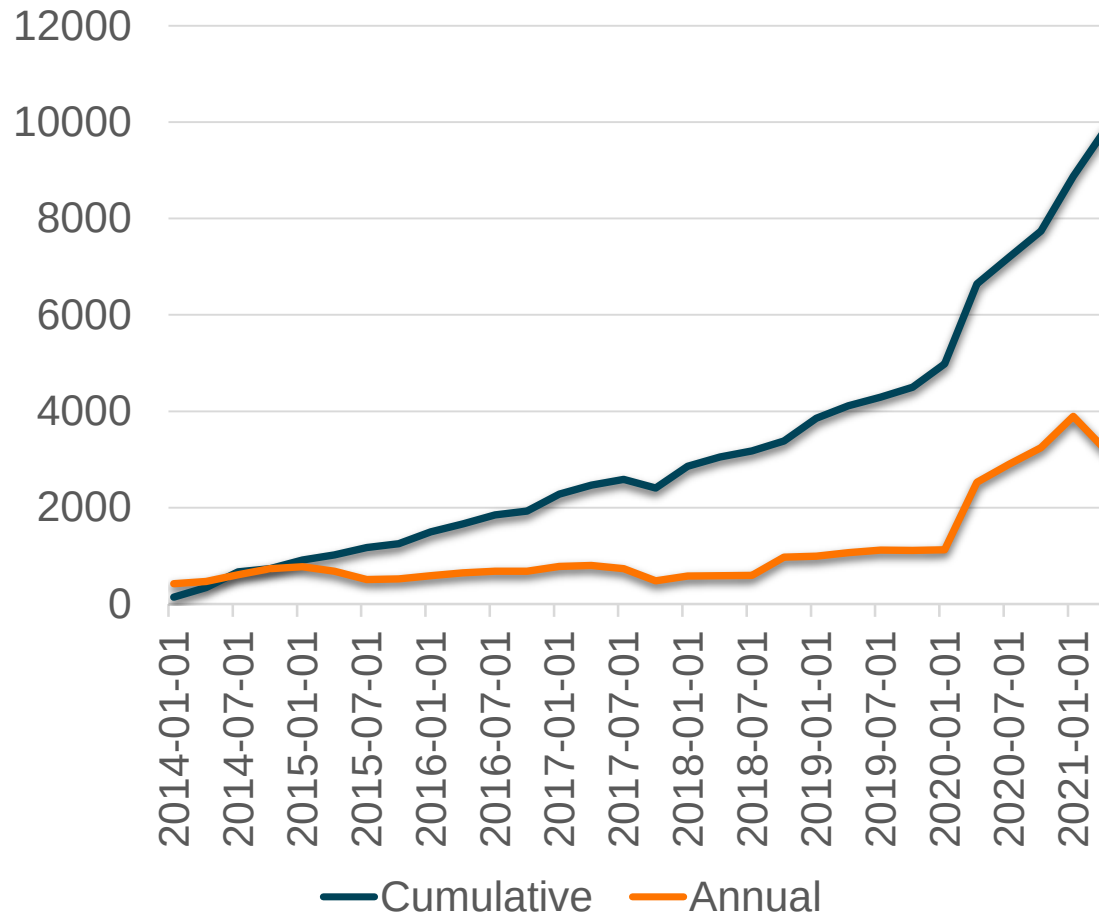


Workers' desired amount of post-COVID WFH days

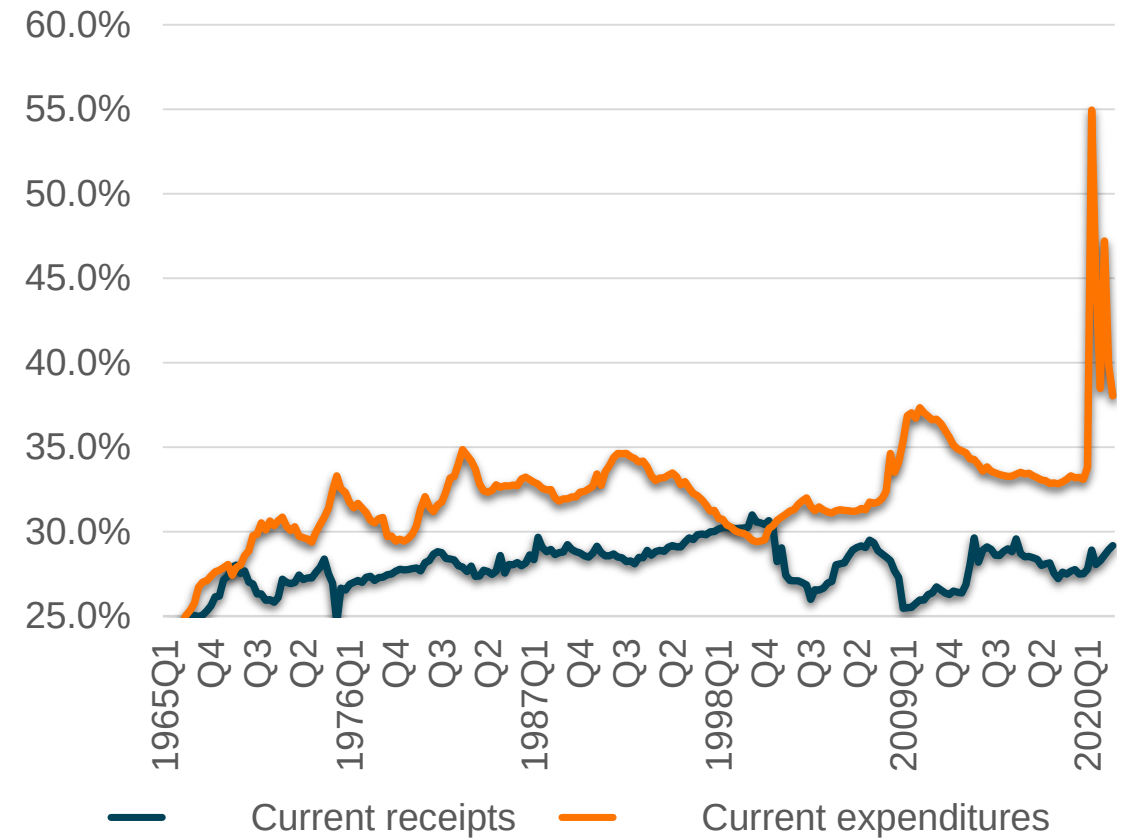


No such thing as a free lunch...

Federal Debt Accumulation



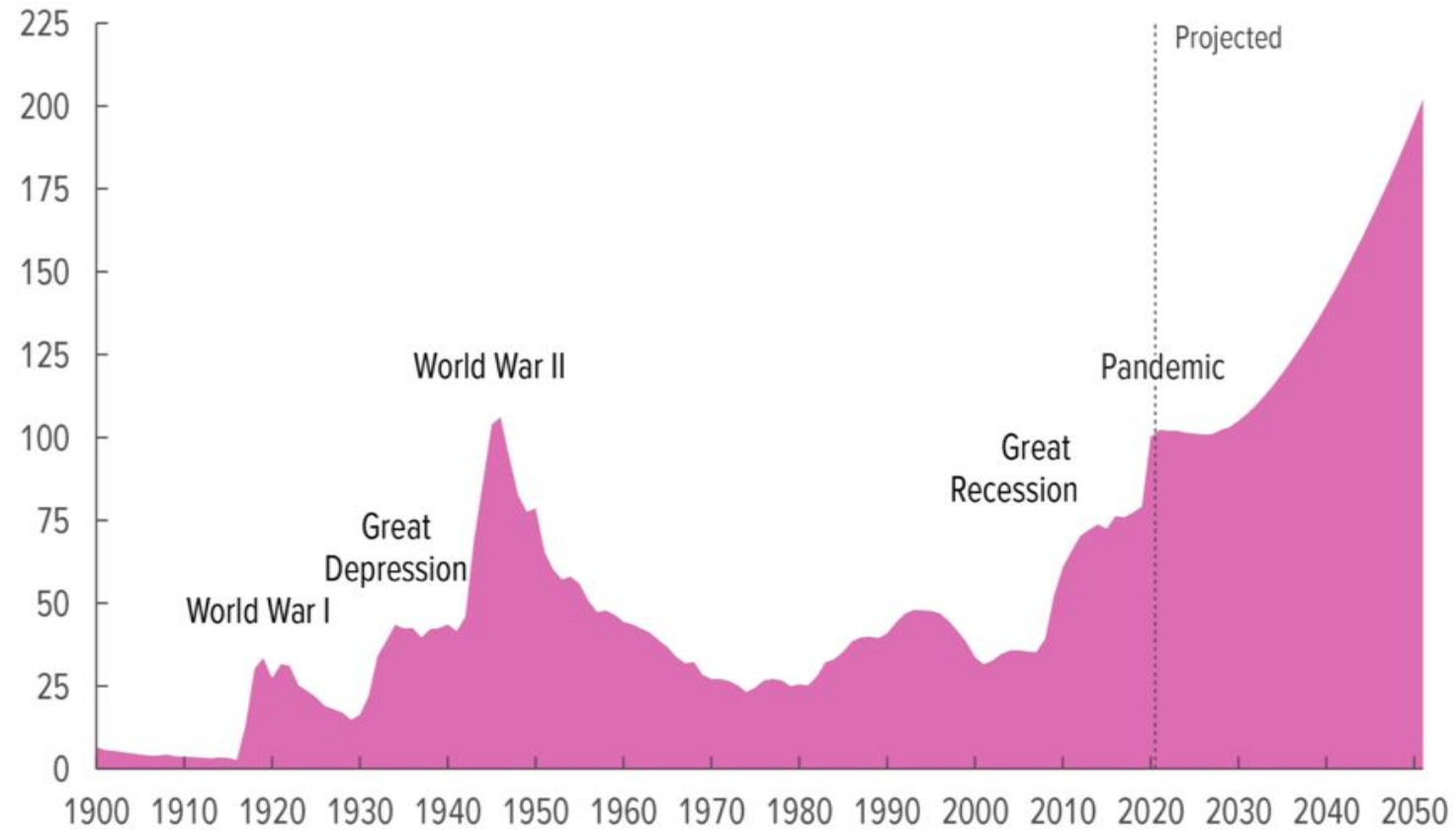
US Government Expenses and Revenues (All levels)



The golden age of debt

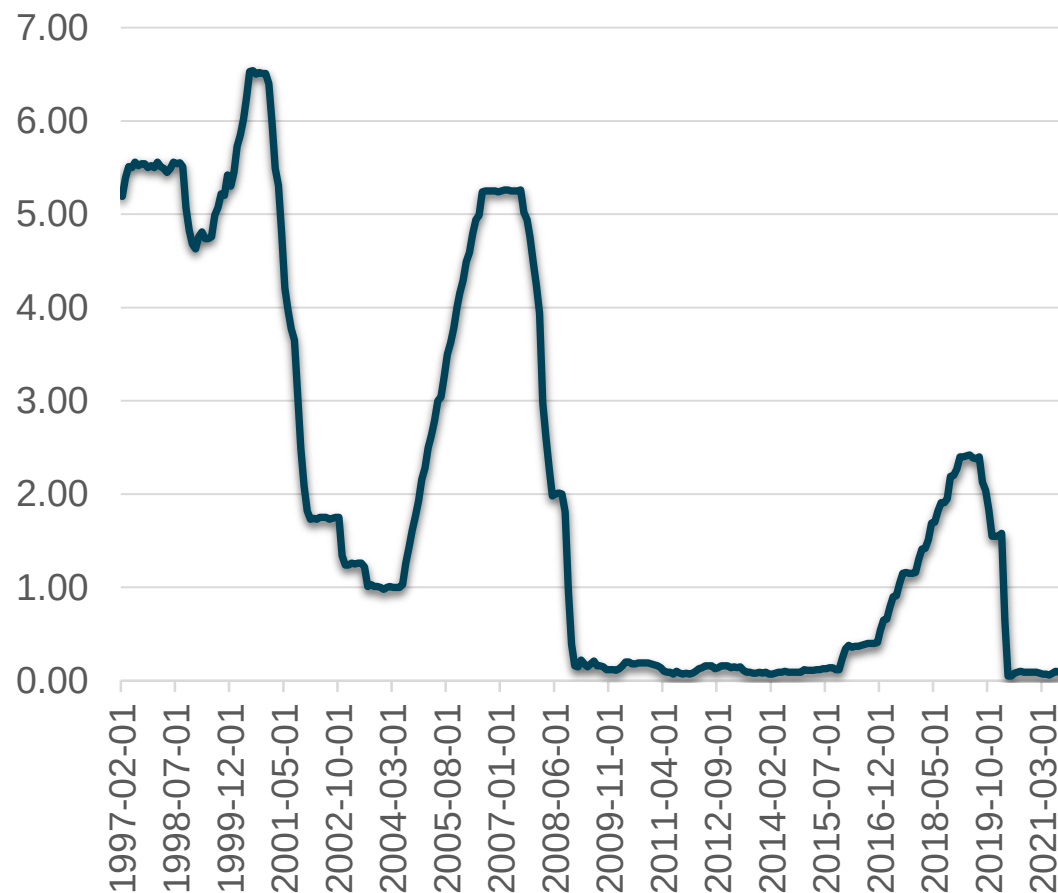


Percentage of Gross Domestic Product

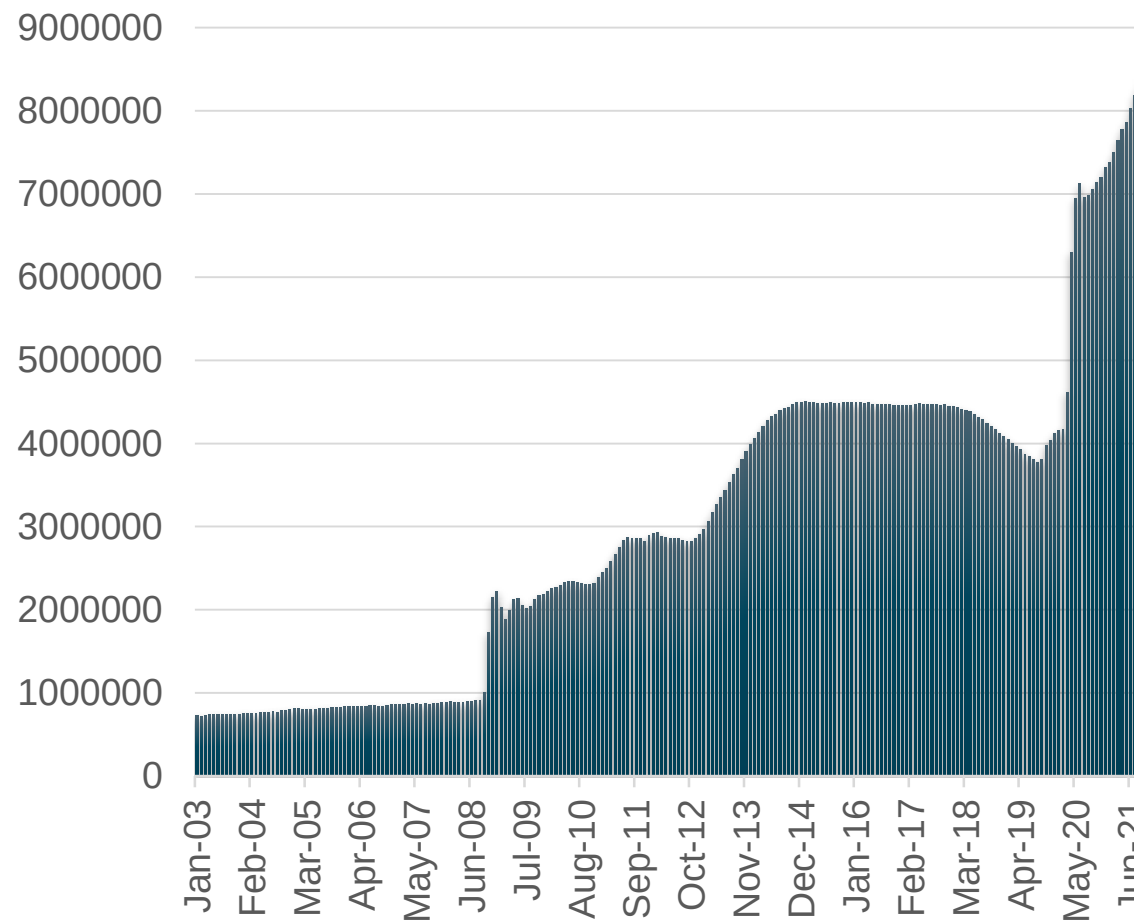


Mr. Powell's War

Federal Funds Rate



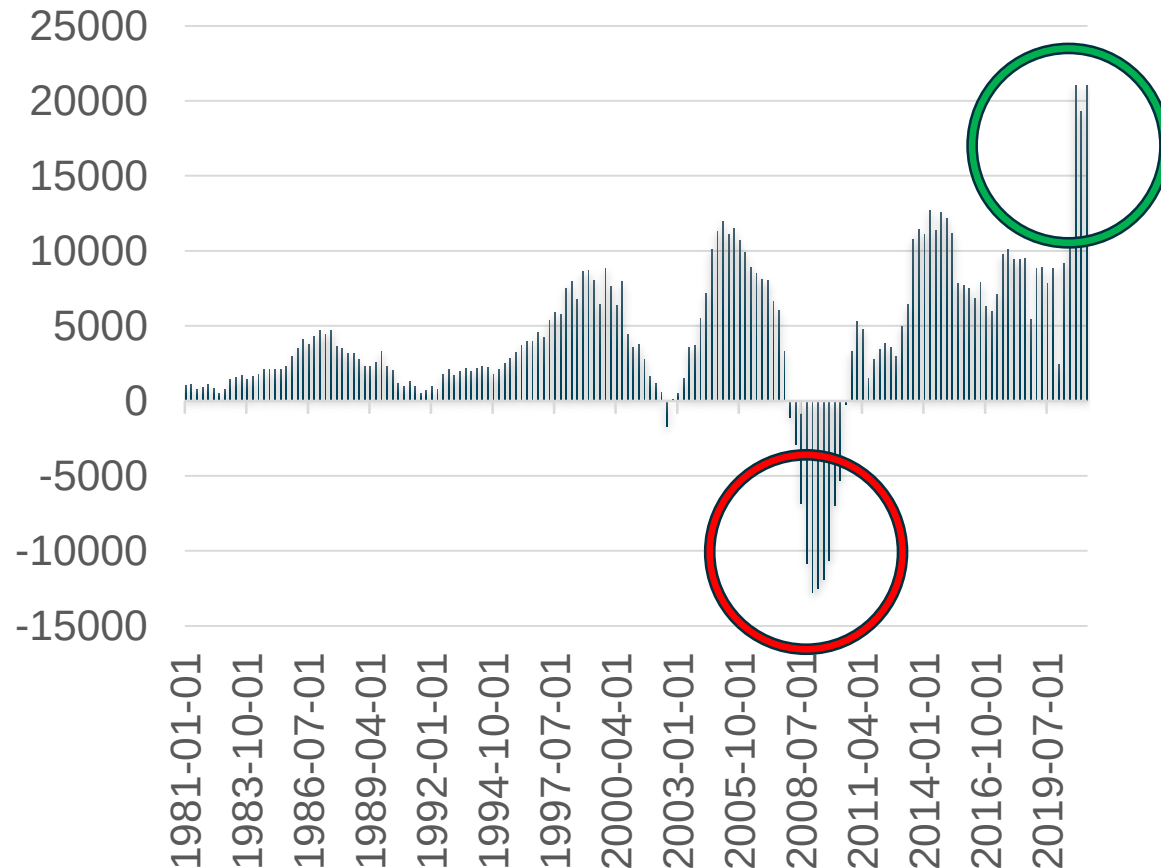
Federal Reserve Balance Sheet



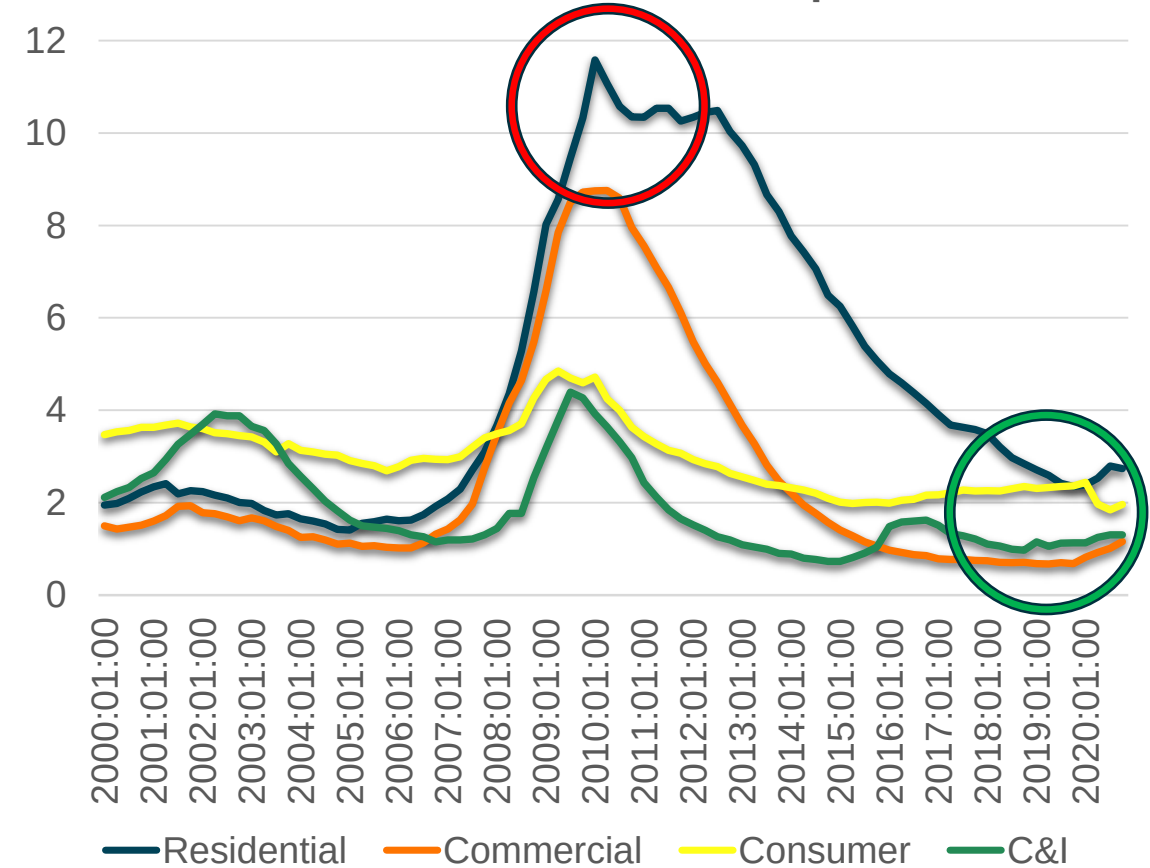
Expansion HH Net Worth



2 Year Change Real Household Net Worth \$Billions

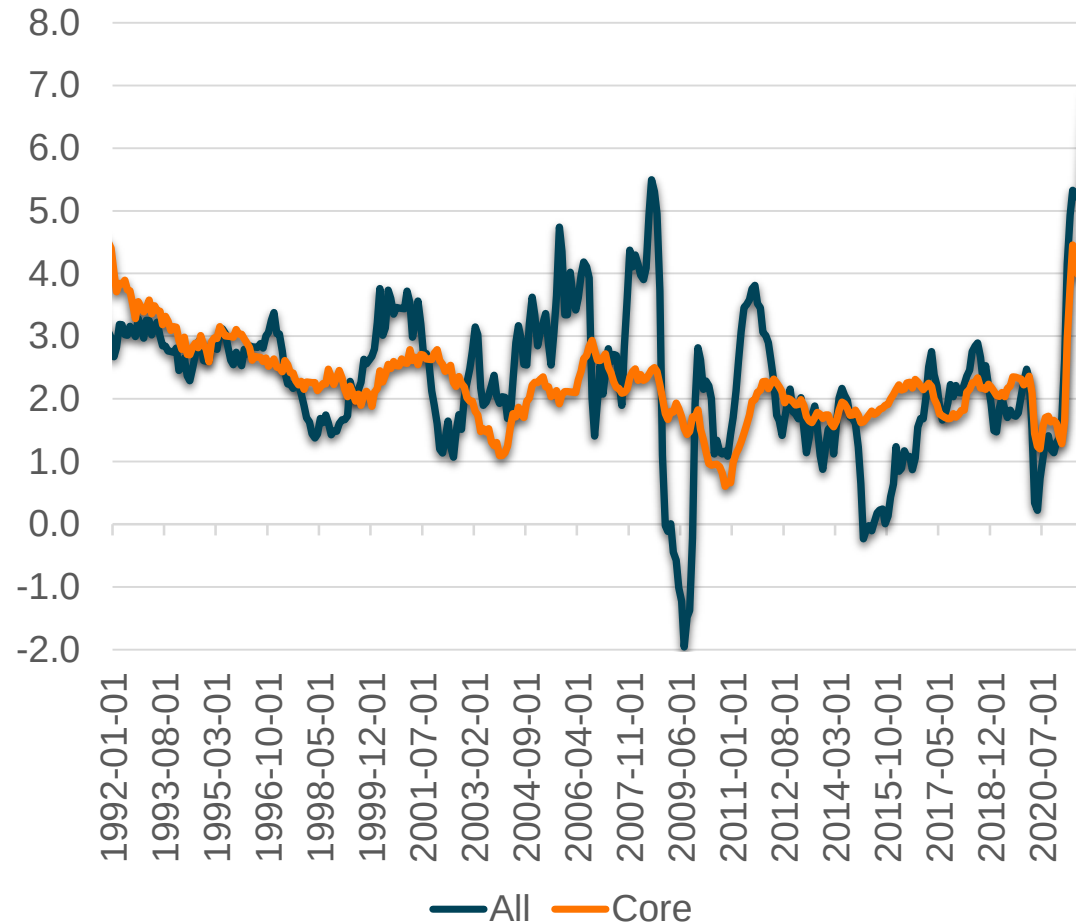


Commercial Bank Loan Delinquencies

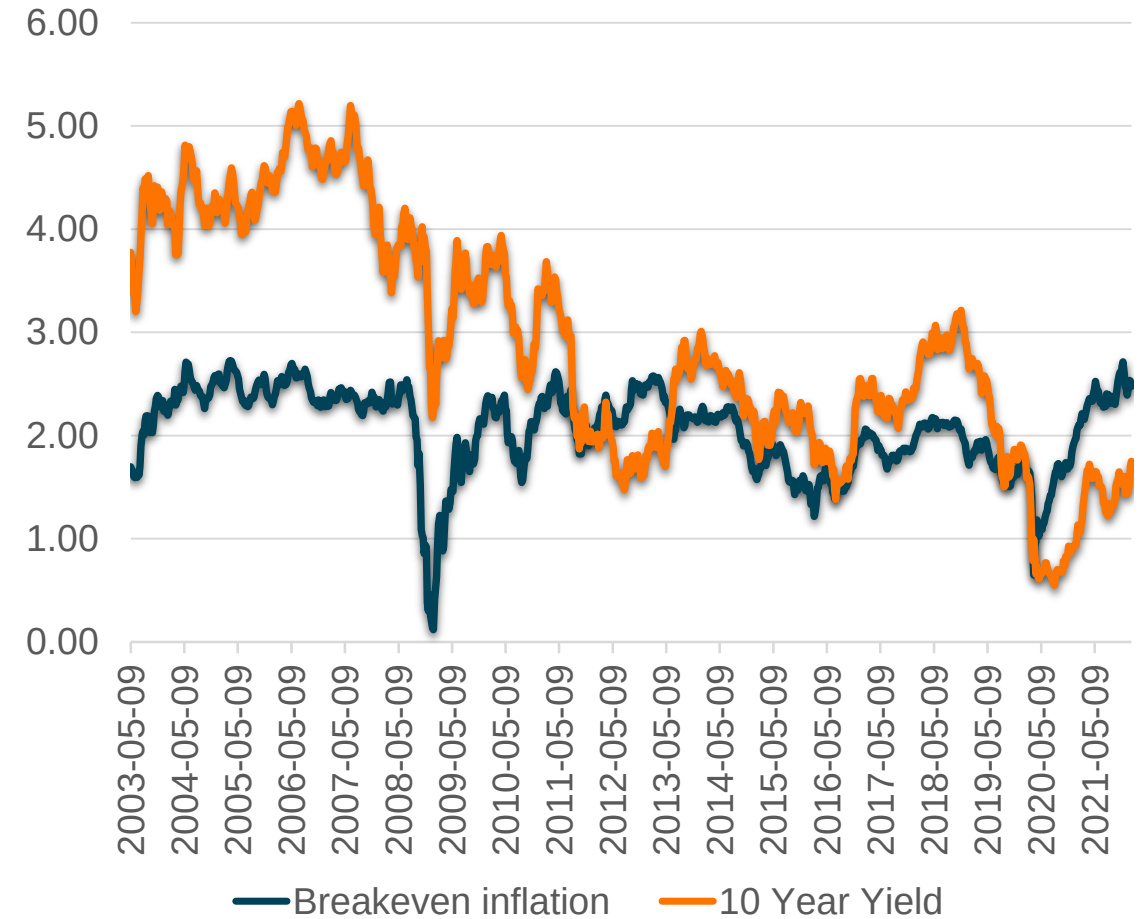


Inflation nation...

YoY Change Consumer Prices

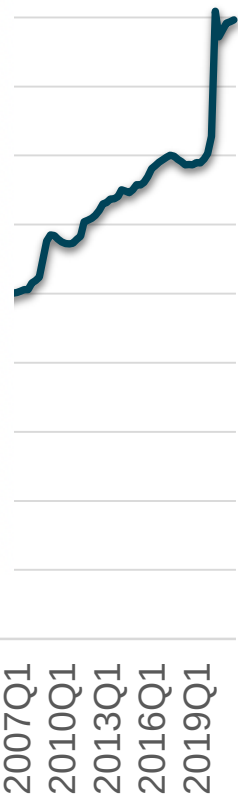


Inflation? What inflation?



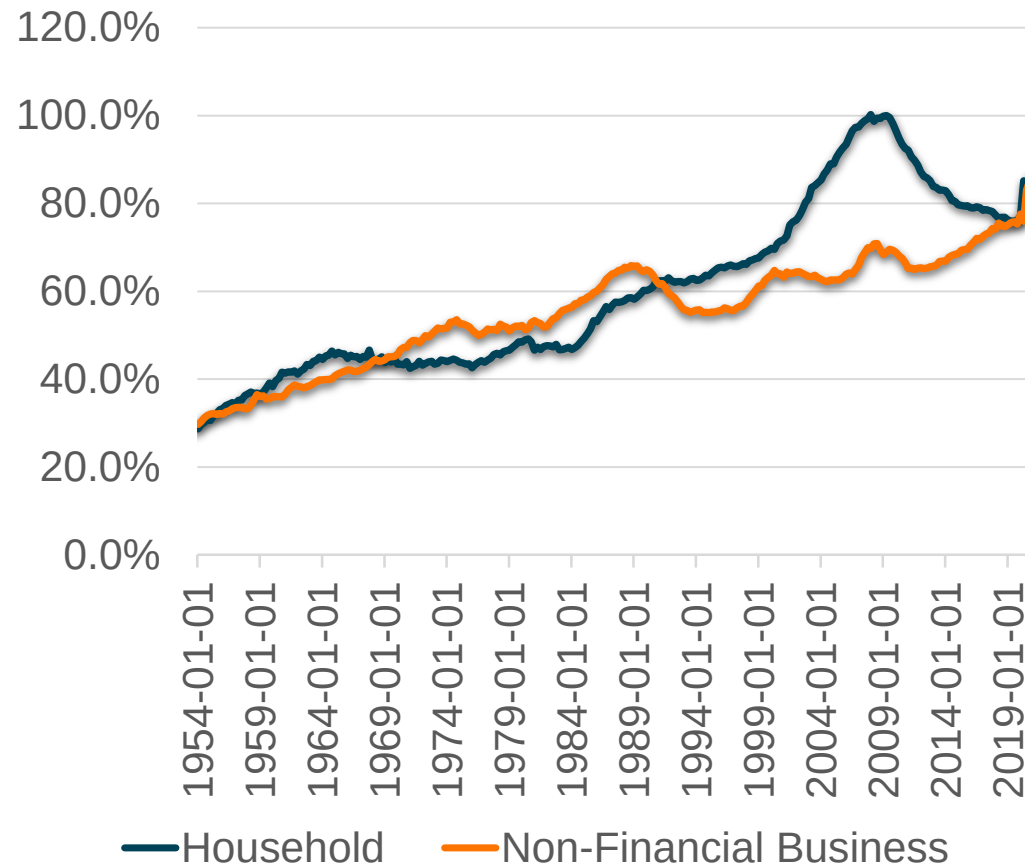
What drives...

- Drivers
 - Federal Reserve
 - Commercial banks
 - Federal Reserve
 - Wage
 - Money
 - Demand

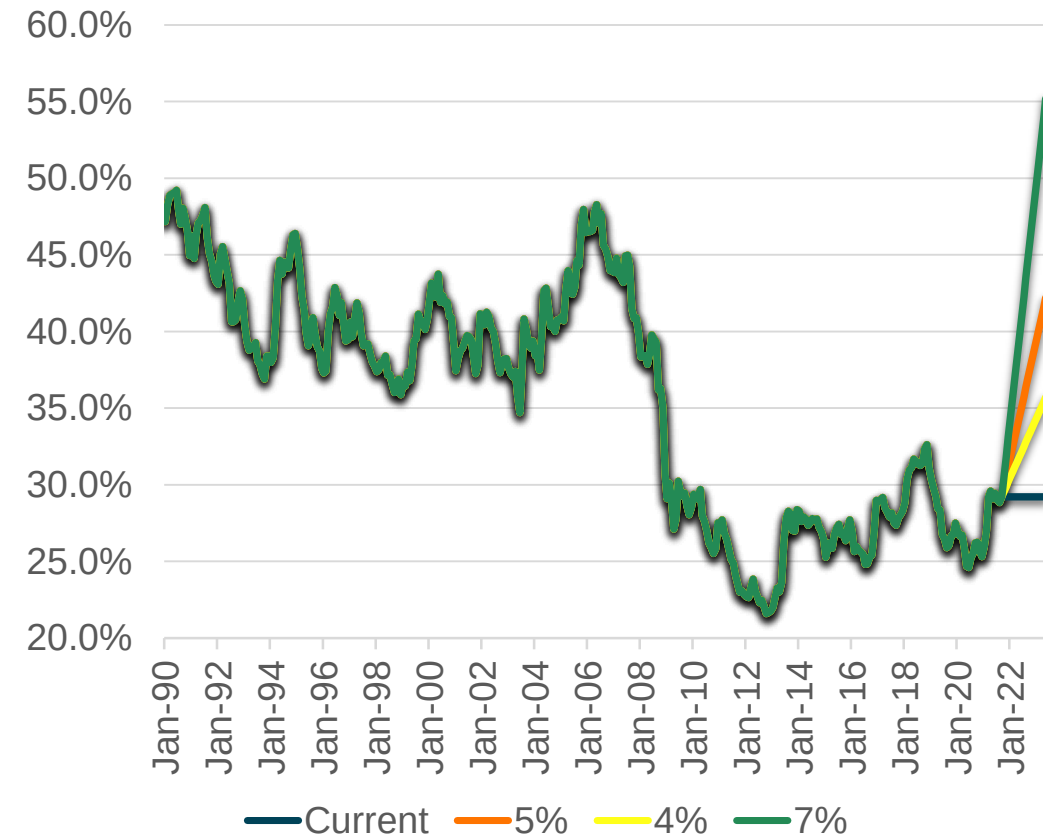


Impact of an Interest Rate Shock

Private Sector Debt to GDP

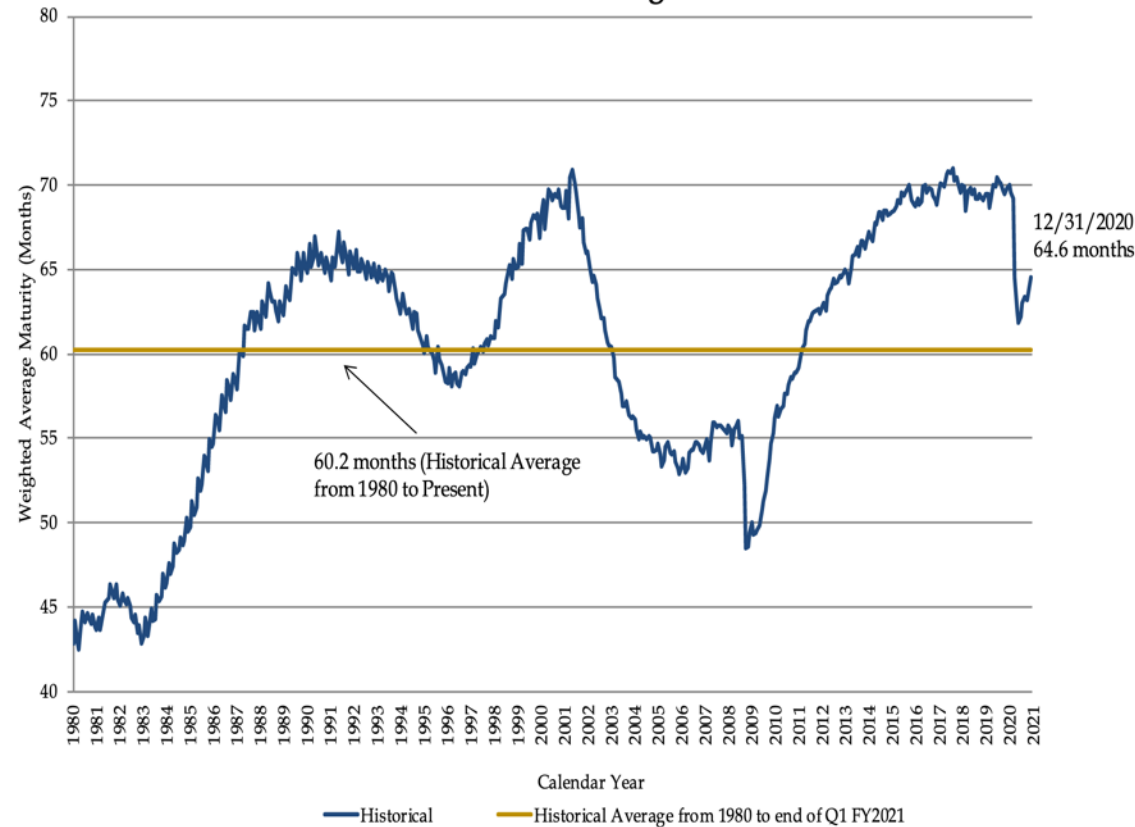


% Annual Income to Support Mortgage and Taxes

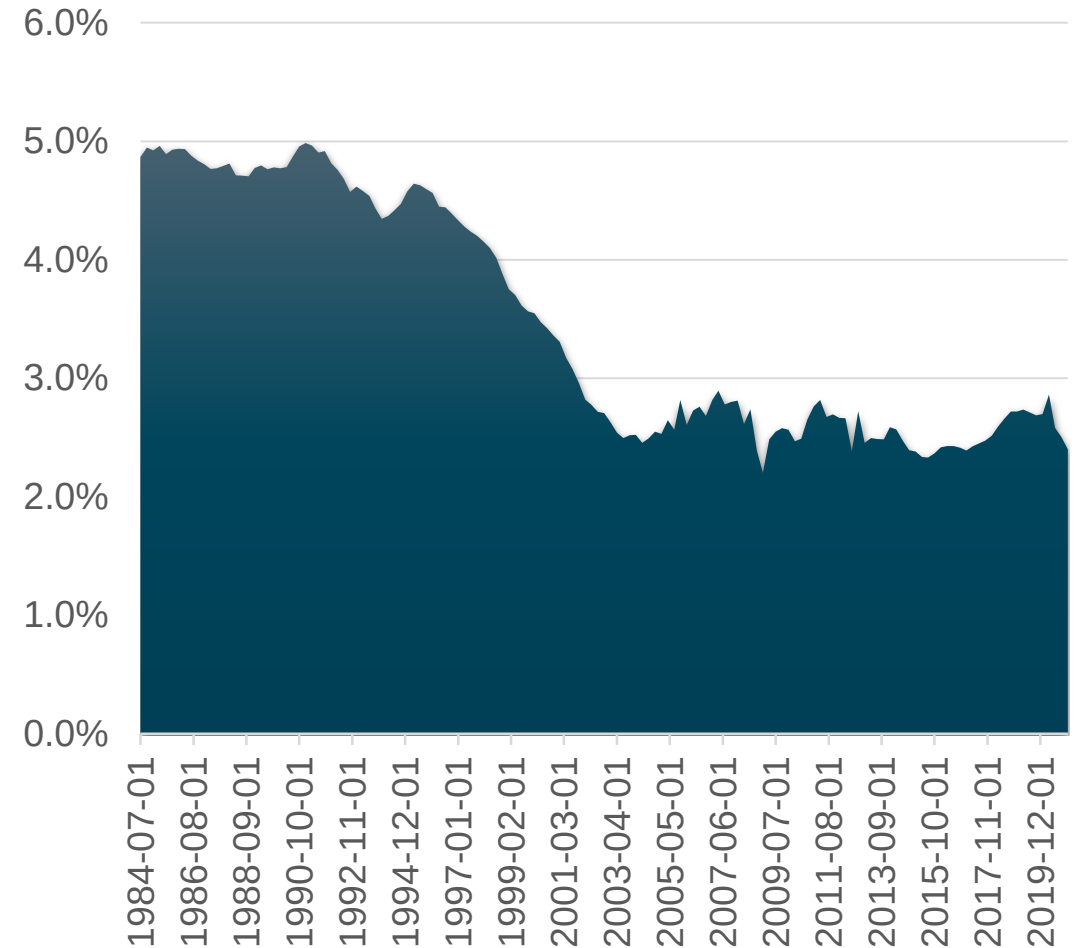


Interaction of Monetary and Fiscal Problems

Historical Weighted Average Maturity of Marketable Debt Outstanding



Federal Interest Payments as % of GDP



The Long Run Still Matters



- The Economy is back..
 - The “V” was the only logical outcome
 - Recovery hampered not by lack of demand but by lack of supply
 - Economy has plenty of pent up demand to drive it forward for the near future
- Labor market slow recovery is a function of labor supply
 - Good for workers at all skill levels, reduces inequality issues
 - Bad for businesses, consumers in short run
 - Immigration policy, Programs to encourage senior and female employment
 - Local Development = Workforce Attraction
- The Outlook
 - 6.5% Q4 US economy will remain heated for the next few years: a new roaring 20's
 - Unemployment to 3.4% by year end, labor market tightness sets off an investment boom
 - Expect a sugar crash to come, combination of tight federal budget and inflation.
- Scenarios
 - 1: Dramatic Fed action / bond market turns the tide before things get out of control
 - 2: Consumer Spending drives the economy until a moderately painful crash
 - 3: Investment / debt fueled boom drives the economy even farther with a more painful crash



Thank You

Chris@BeaconEcon.com | beaconecon.com

Christopher Thornberg



Christopher Thornberg founded Beacon Economics LLC in 2006. Under his leadership the firm has become one of the most respected research organizations in California serving public and private sector clients across the United States. In 2015, Dr. Thornberg also became Director of the UC Riverside School of Business Center for Economic Forecasting and Development and an Adjunct Professor at the School.

An expert in economic and revenue forecasting, regional economics, economic policy, and labor and real estate markets, Dr. Thornberg has consulted for private industry, cities, counties, and public agencies. He became nationally known for forecasting the subprime mortgage market crash that began in 2007, and was one of the few economists on record to predict the global economic recession that followed. Dr. Thornberg holds a Ph.D in Business Economics from The Anderson School at UCLA, and a B.S. degree in Business Administration from the State University of New York at Buffalo.



**Contra
Costa
County**

To: Board of Supervisors
From: Monica Nino, County Administrator
Date: January 25, 2022

Subject: Budget and Key Issues - Repeal of Ordinance 62-10.002 Allocation of funds for OPEB

RECOMMENDATION(S):

1. ACCEPT report on Budget and Key Issues for FY 2022/23 and beyond;
2. ACKNOWLEDGE that at the American Rescue Plan Act Workshop on August 3, 2021, the Board postponed decisions related to the allocation of Year 2 American Rescue Plan - CSLFRF funds in the amount of \$112 million until more information was known about other American Rescue Plan revenue sources and the status of the COVID-19 pandemic response and related impacts on Contra Costa County;
3. ACKNOWLEDGE that the County Administrator will be recommending approximately \$53 million in Year 2 allocation of American Rescue Plan – CSLFRF funds for continued Health Services Department response to the COVID-19 pandemic in the FY 2022/23 Recommended Budget;
4. POSTPONE decisions related to the remaining \$59 million of Year 2 allocation of American Rescue Plan - CSLFRF funds until the status of the COVID-19 pandemic response and related impacts on Contra Costa County is better understood in January 2023; and
5. INTRODUCE Ordinance No. 2022-## repealing Ordinance Code chapter 62-10, Allocation of Funds for Other Post-Employment Benefits, WAIVE reading, and FIX February 1, 2022, for adoption.

FISCAL IMPACT:

The financial impact of repealing Ordinance Code section 62-10, Other Post-Employment Benefits (OPEB) Funding, is approximately \$67.0 million which will be redirected to employee wages.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **01/25/2022** ☐ 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 25, 2022

, County Administrator and Clerk of the Board of Supervisors

Contact: Lisa Driscoll, County Finance Director (925)
655-2047

By: , Deputy

cc: All County Departments (via CAO)

BACKGROUND:

Attached is the report on Budget and Key Issues.

On May 16, 2006, the Board of Supervisors received an actuarial analysis of the County's liability for retiree healthcare and other post-employment benefits (OPEB), which identified a total (and growing) liability of \$2.6 billion. On June 26, 2007, as part of a strategic funding strategy, the Board of Supervisors adopted an OPEB funding target of 100% of the potential liability for the retiree population. The volatility of the health benefit environment ruled out targeting 100% of the entire potential future liability. Additionally, the Board's goal to ensure our service delivery balance also made funding 100% of the liability impossible. Conversely, long-term impact to the County and General Fund balance sheets ruled out continuing to pay only current costs (pay-go). After discussion, the Board adopted an OPEB pre-funding policy targeting the entire amount associated with the retiree population, which equated to approximately 40% of the total liability at that time (\$1.029 billion).

The Board also adopted an allocation of specific future eligible resources to meet the requirements for OPEB funding. The following table lists those annual resources identified at that time (in millions):

Resource	Beginning FY	Amount
Redirect Workers Compensation	2008/09	\$10
Redirect UAAL Rate Adjustment	2009/10	\$10
Redirect POB Bond payments	2014/15	\$33
Redirect POB Bond payments	2022/23	<u>\$47</u>
Total Annual Future Resource Redirection	2024 - onward	\$100

On September 25, 2007 the Board of Supervisors approved the selection of an irrevocable trust structure (Internal Revenue Code Section 115) for OPEB funding for Contra Costa County. The purpose of the Trust is to hold assets to pay post employment health benefits and the purpose of the Plan is to provide post employment health benefits for certain retired employees and their spouses and dependents. The County began pre-funding benefits in the 2008/09 fiscal year. Due to budget constraint, in 2014, the allocation target was revised (by Ordinance) to (in millions):

Resource	Beginning FY	Amount
Redirect Workers Compensation	2008/09	\$10
Redirect UAAL Rate Adjustment	2009/10	\$10
Redirect POB Bond payments	2022/23	<u>\$47</u>
Total Annual Future Resource Redirection	2024 - onward	\$67

The most recent actuarial report (attached), as of June 30, 2021, identified the fiduciary net position as \$444.728 million, the current net position of the total OPEB liability as 50.6%, and the current percentage of retirees to actuals in the liability as 43.57%. The assets held in the OPEB Trust exceed the targeted funding level; therefore, the County is recommending that the on-going funding Ordinance be repealed.

CONSEQUENCE OF NEGATIVE ACTION:

Delay in repealing Ordinance on Other Post-Employment Benefits Funding, which impacts the allocation of resources in the annual budget.

ATTACHMENTS

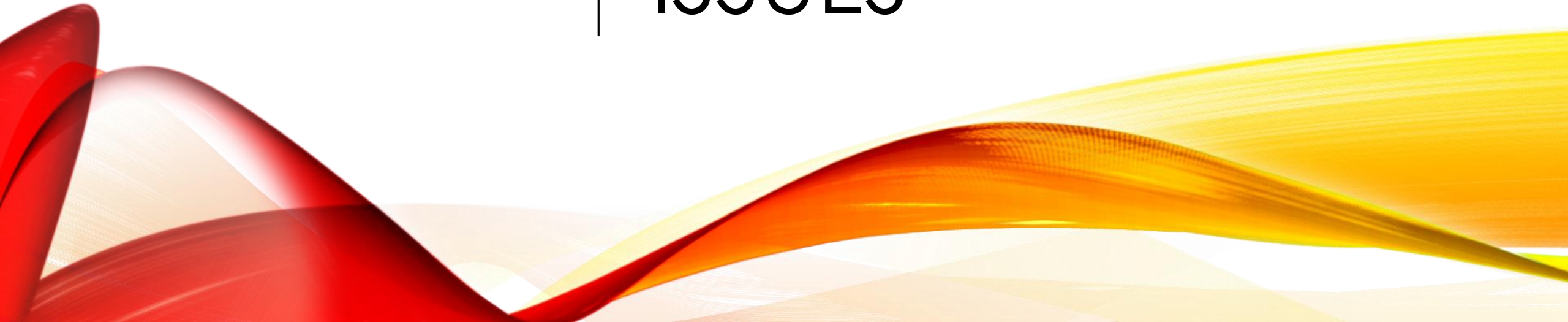
Contra Costa County Update - Budget & Key Issues

Ordinance No. 2022-

OPEB Actuarial Report of October 6, 2021

Presentation to
Board of Supervisors
January 25, 2022

CONTRA COSTA COUNTY UPDATE BUDGET & KEY ISSUES



CONTRA COSTA COUNTY FAMILIAR BUDGET DRIVERS AND CHALLENGES

Measure X &
Freed-Up
POB/OPEB
Resources

Economic
Forecast

Labor
Negotiations

COVID Cost
Recovery

ARPA Funds

Fund
Infrastructure
Needs (Repair &
Maintenance)

Adequately
Fund Health
Department &
Public Safety

2022/23 Assumptions

- Assuming continuation of the Pandemic and associated expenses and offsetting revenues.
- Will recommend structurally balanced budget including \$107 in Measure X sales tax revenues.
- OPEB managed (unfunded liability reduced from \$2.6 B in 2006 to current \$433.3 million as of 6/30/2021). Will discontinue OPEB pre-pay of \$20 million in FY 2022/23 as target funding level has been achieved.
- Assessed Value, on which general purpose revenue is based, was up 6.34% in 2018/19; 5.3% in 2019/20; 4.87% in 2020/21; 3.44% in 2021/22. The budget will be built on assumption of 6.0% increase in assessed valuations. FY 2022/23 is projected to be significantly higher than 'normal'.
- The final County pension obligation bond (POB) payment will be made in June, freeing up \$47.4 million in annual resources for employee wages.
- We have labor contracts expiring 6/30/2022 for most of our bargaining groups including In-Home Supportive Services and are in bargaining with the California Nurses Association. Only 15% of employees have contracts expiring after 6/30/2022.
- Assuming completion of the Facilities Master Plan and Assessment in FY 2022/23.

SOLID PENSION FUNDING STATUS

- CCCERA lowered its investment earnings assumption from 7.25% to 7.00%, beginning in calendar year 2014
- County UAAL as of 12/31/2020 was \$557.373 million
- Final POB payment scheduled for June, 2022

Contra Costa County Employees Retirement Association Pension Funding Status (\$000s)					
Actuarial Valuation Date	Total CCCERA Unfunded Accrued Liabilities	Actuarial Funded Ratio	County UAAL	CCC Fire Protection District UAAL	
2009	\$1,024,673	83.80%	\$727,578	\$68,294	
2010	1,312,215	80.30%	918,919	104,750	
2011	1,488,593	78.50%	1,037,535	130,737	
2012	2,279,059	70.60%	1,591,610	228,950	
2013	1,823,681	76.40%	1,260,363	180,209	
2014	1,469,942	81.70%	1,003,749	151,686	
2015	1,311,823	84.50%	879,610	154,708	
2016	1,187,437	86.50%	776,396	143,193	
2017	1,059,356	88.50%	689,426	131,765	
2018	1,031,966	89.30%	677,735	123,353	
2019	947,054	90.60%	607,938	132,554	
2020	859,345	91.80%	557,373	121,270	

OPEB TRUST PREFUNDING STATUS

- The County establishing an OPEB Trust in 2008 and began pre-funding benefits that same year
- Pre-funding has been \$20 million per year
- The funded ratio is at 50.60% as of the most recent valuation date (6/30/2021) and exceeds the minimum goal of 44%
- We are recommending that the \$20 million pre-funding be discontinued beginning July 1, 2022

Other Post Employment Benefit Funding Status (\$000s)				
Actuarial Valuation				
Date	Total Liability	Net Liability	Funded Ratio	
2008	\$2,367,023	\$2,367,023	0.00%	
2009	1,879,242	1,859,204	1.10%	
2010	1,046,113	1,021,065	2.40%	
2011	1,078,665	1,016,945	5.70%	
2012	1,033,801	948,310	8.30%	
2013	1,033,776	968,285	6.30%	
2014	923,848	794,422	14.00%	
2015	939,053	764,329	18.60%	
2016	902,011	706,035	21.70%	
2017	928,782	693,566	25.30%	
2018	932,187	662,517	28.90%	
2019	958,588	650,074	32.20%	
2020	865,62	523,933	39.50%	
2021	878,049	433,321	50.60%	

Bay Area Unemployment Rate November 2021 (Unadjusted)

- The County's unemployment levels rebounded strongly from the highs experienced during the Financial Crisis in 2008-2010, reaching peak employment in 2019. Subsequent to COVID-19 the county has increased in line with State (5.4%) and national trends.

• Marin	2.9%
• San Mateo	3.1%
• Santa Clara	3.2%
• San Francisco	3.3%
• Sonoma	3.7%
• Napa	4.2%
• Alameda	4.3%
• Contra Costa	4.6%
• Solano	5.4%

- 9 County Average 3.9% (5.9% Last Year)

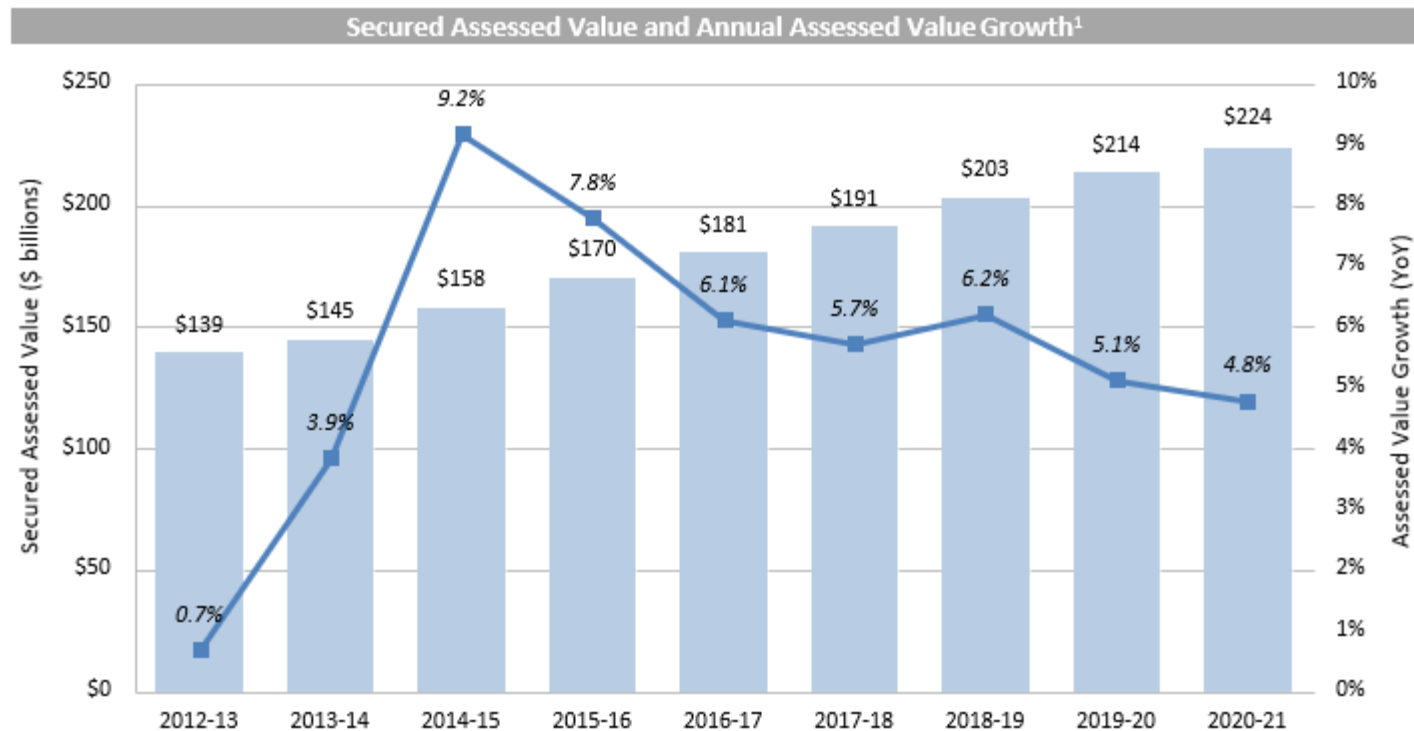
County property taxes declined by over 11% between 2009 and 2012 and then grew significantly between 2014 and 2019. Projecting an increase of 6% for fiscal year 2022/23. Actual County and Contra Costa County Fire Protection District experience below:

PROPERTY TAX

Fiscal Year	County	CCC Fire Protection
2009-10	(7.19%)	(7.8%)
2010-11	(3.38%)	(2.4%)
2011-12	(0.49%)	(1.9%)
2012-13	0.86%	(1.2%)
2013-14	3.45%	5.9%
2014-15	9.09%	9.3%
2015-16	7.53%	6.9%
2016-17	6.01%	6.32%
2017-18	5.78 %	5.53%
2018-19	6.34%	6.44%
2019-20	5.30%	5.50%
2020-21	4.87%	5.22%
2021-22	3.44%	3.82%

Assessed Valuation and Assessment Roll Growth

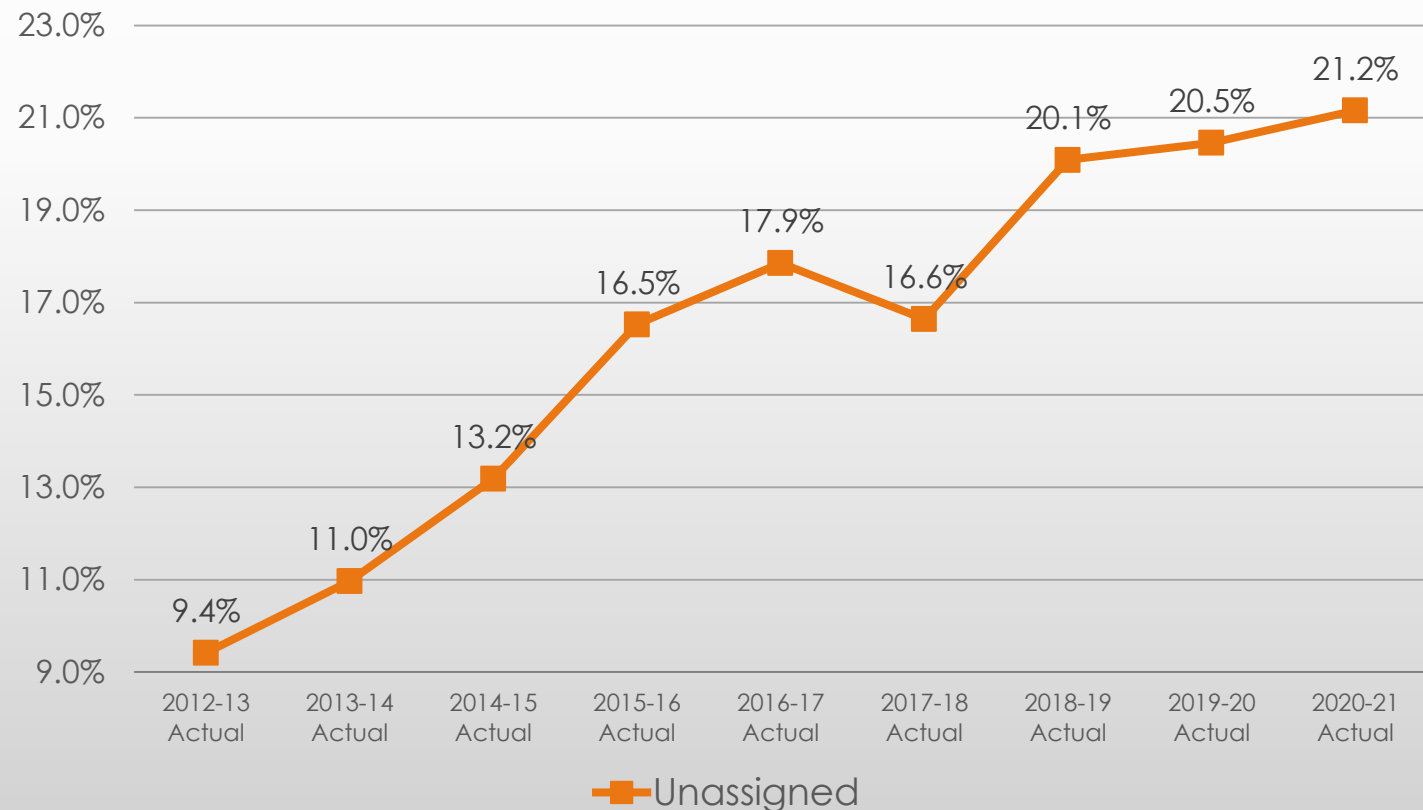
- The County's assessed valuation has rebounded from the recession with nine consecutive years of growth
- For FY 2021-22, the County's assessed valuation increased 3.4% to \$233.5 billion
- The County projects FY 2022-23 assessed valuation will grow 6.0%
- The delinquency rate on tax collections was less than 1% (.83%) in FY 2020-21
- Secured AV represents 97.4% of total AV in the County



GENERAL FUND RESERVES PERFORMANCE IN SYNC WITH POLICY

9

- For FY 2020-21, total General Fund revenues were \$1.905 billion, and the total fund balance was \$720.966 million, or 37.83% of total General Fund revenue
- Of the \$720.966 million:
 - \$403.304 million was unassigned – 21.16% of total General Fund Revenues
 - \$317.662 million was assigned, committed, restricted or nonspendable



FY 2021/22 MID-YEAR PRELIMINARY STATS

BUDGET PERFORMING AS EXPECTED

			Mid-Year 21-22 Percent	Mid-Year 20-21 Percent	Mid-Year 19-20 Percent	Mid-Year 18-19 Percent	Mid-Year 17-18 Percent
ALL FUNDS	Budget	Actual					
Expenditures	\$4,748,058,636	\$1,811,140,499	38.14%	43.6%	40.7%	41.0%	41.6%
Revenues	\$4,355,929,320	\$1,870,266,215	42.94%	44.5%	39.2%	44.3%	43.6%
GENERAL FUND	Budget	Actual		Percent	Percent	Percent	Percent
Expenditures	\$2,266,831,891	\$838,350,038	36.98%	42.7%	40.5%	41.2%	37.5%
Revenues	\$2,057,672,840	\$931,095,521	45.25%	46.4%	37.1%	40.5%	40.4%
Wages & Benefits	\$1,048,798,080	\$473,505,268	45.15%	45.11%	45.7%	45.9%	46.0%
Services & Supplies	\$763,831,335	\$269,829,193	35.33%	42.88%	37.4%	38.6%	38.3%
Other Charges	\$424,951,200	\$140,087,703	32.97%	45.59%	40.4%	43.9%	40.4%
Fixed Assets	\$171,633,592	\$17,491,193	10.19%	24.84%	23.5%	23.1%	14.4%
Inter-departmental Charges	(\$150,502,916)	(\$62,563,318)	41.57%	43.78%	41.0%	45.8%	46.5%
Contingencies	\$8,120,600						
Total Expenses	\$2,266,831,891	\$838,350,038	36.98%	40.5%	40.5%	41.2%	40.4%
Taxes	\$674,641,200	\$413,528,837	61.30%	62.45%	64.0%	63.8%	59.7%
License, Permits, Franchises	\$12,602,000	\$3,499,925	27.77%	23.17%	29.5%	31.7%	31.2%
Fines, Forfeitures, Penalties	\$24,461,000	\$2,134,126	8.72%	4.52%	8.1%	11.0%	7.6%
Use of Money & Property	\$5,471,000	\$1,689,786	30.89%	42.16%	28.5%	82.9%	48.8%
Federal/State Assistance	\$784,380,606	\$346,395,821	44.16%	50.17%	28.2%	37.3%	33.0%
Charges for Current Services	\$195,378,923	\$93,087,102	47.64%	43.75%	31.8%	37.9%	38.8%
Other Revenue	\$360,738,111	\$70,759,924	19.62%	23.28%	27.4%	23.4%	22.4%
Total Revenues	\$2,057,672,840	\$931,095,521	45.25%	46.39%	37.1%	40.5%	38.0%

Figures are shown in whole numbers; therefore, due to independent rounding, figures shown may not sum to subtotals and totals.

CONTRACT STATUS

11

	<u>Total Number of Permanent Employees</u> ¹	<u>Contract Expiration Date</u>
AFSCME Local 512, Professional and Technical Employees	233	6/30/2022
AFSCME Local 2700, United Clerical, Technical and Specialized Employ	1,454	6/30/2022
California Nurses Association	817 ²	9/30/2021
CCC Defenders Association	92	6/30/2022
CCC Deputy District Attorneys' Association	88	6/30/2022
Deputy Sheriffs Association, Mgmt Unit and Rank and File Unit	808	6/30/2023
Deputy Sheriffs Association, Probation Peace Officers Association	215	6/30/2023
District Attorney Investigator's Association	14	6/30/2023
IAFF Local 1230	355	6/30/2023
IHSS SEIU - 2015		6/30/2022
Physicians and Dentists of Contra Costa	243	10/31/2022
Professional & Technical Engineers – Local 21, AFL-CIO	1,167	6/30/2022
Public Employees Union, Local One & FACS Site Supervisor Unit	512	6/30/2022
SEIU Local 1021, Rank and File and Service Line Supervisors Units	858	6/30/2022
Teamsters, Local 856	1,806	6/30/2022
United Chief Officers' Association	13	6/30/2023
Western Council of Engineers	22	6/30/2022
Management Classified & Exempt & Management Project	433	n/a
	Total	9,130

¹ Permanent number of filled Positions as of January 5, 2022 (not FTE)

² Currently in Negotiations

COVID COST RECOVERY



APPROACH TO COST RECOVERY

➤ **Primary Financial Goals During Pandemic**

- Keeping County financial position stable (avoid layoffs, keep CBO contracts funded)
- Maximizing cost recovery from all eligible revenue sources (CARES Act, FEMA , American Rescue Plan Act, etc.)

➤ **Contract with Cost Recovery Consultant**

- Board approved contract with Ernst & Young LLP on June 2, 2020
- Cost Recovery Working Group has been meeting bi-weekly
- Primarily concentrating on FEMA claims, but also assists with overall cost recovery strategy
- Consultant costs covered by FEMA Public Assistance reimbursement

➤ **Achievements During Emergency Response**

- County finances have remained stable (specifically social safety net functions)
- Minimal layoffs of County employees (all impacted employees offered employment in other areas of the County)
- CBOs remained fully funded during 2020 shelter in place
- County upgraded by Moody's during pandemic, in part, due to strong financial position

COVID-19 FUNDING LANDSCAPE

➤ **Comparison of Congressional Spending Packages**

- \$2.2 Trillion - CARES Act (March 2020)
- \$1.9 Trillion - American Rescue Plan Act (ARPA) (March 2021)
- \$0.9 Trillion - Consolidated Appropriations Act, 2021 (December 2020 Stimulus)
- \$0.8 Trillion - American Recovery and Reinvestment Act (2009)
- \$0.7 Trillion - Emergency Economic Stabilization Act (aka TARP, 2008)

➤ **Challenge is lining up funding to maximize cost recovery**

- Requires constant coordination between departments
- Will continue for at least the next 3-5 years as funds from above legislation is spent down (e.g., certain ARPA revenue must be obligated by 2024 & spent by 2026)
- CAO will continue to provide quarterly ARPA spending reports to the Board with the next report at the March 1, 2022 meeting

FUNDING LANDSCAPE

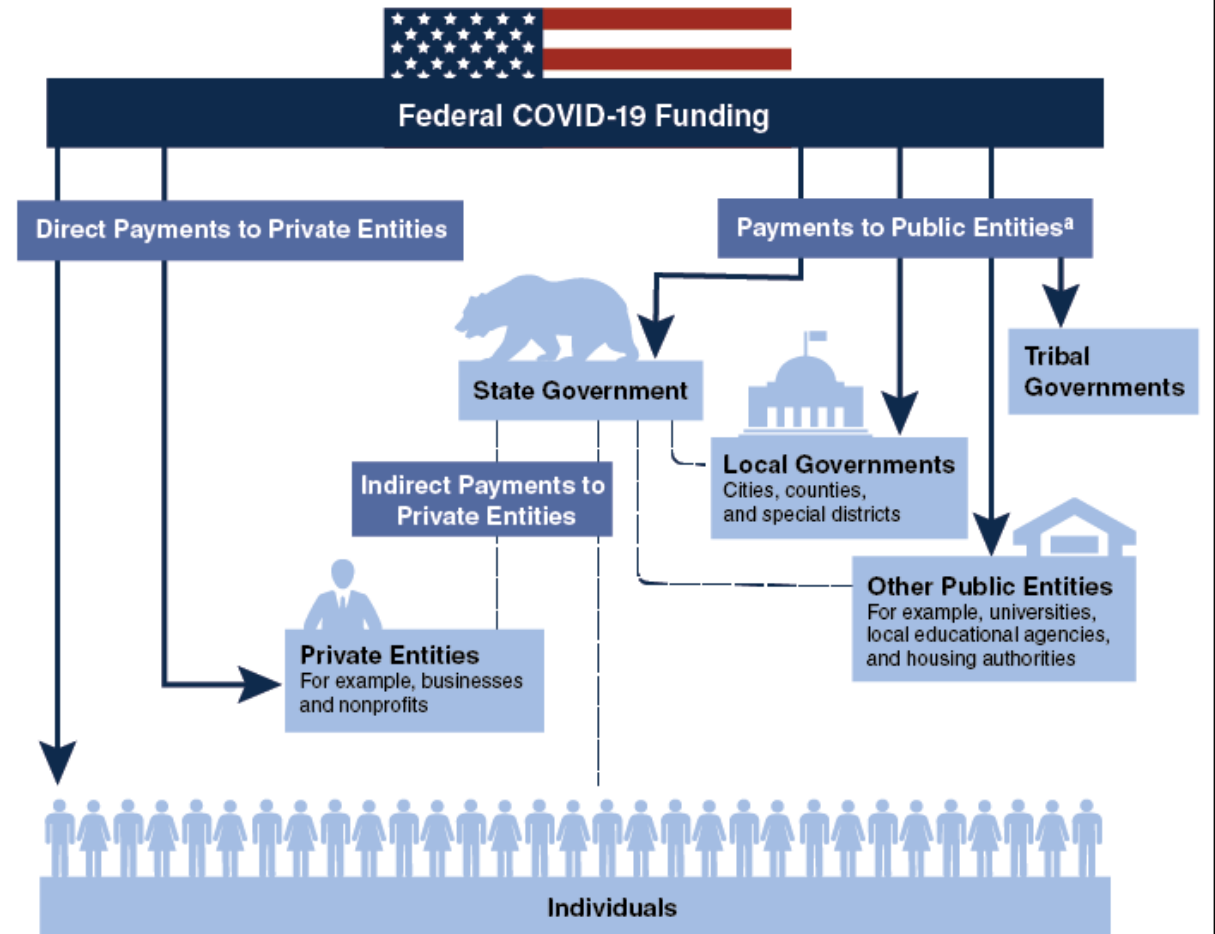
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➤ Major Takeaways

- Unprecedented levels of funding over the last 22 months
- Federal agencies slow to put out guidance regarding funding streams
- Most of the revenue sources flow through the States causing further bottlenecks in getting resources to local government

Figure 1

How Federal COVID-Related Funding Will Flow to Californians



^a In many cases, funds to public entities (for example, local governments or others, like universities) flow to individuals.

COVID-19 = coronavirus disease 2019.

COVID-19 COST RECOVERY FUNDING SOURCES

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Program	Allocation
Coronavirus Relief Fund	\$227,827,652
ARPA Fiscal Recovery Fund	224,058,903
Emergency Rental Assistance Program	147,427,324
FEMA Public Assistance Program (Est.)	67,743,013
Total	\$667,056,892

➤ Key Takeaways:

- Four revenue drivers impact vast majority the County's cost recovery
- Contra Costa receiving significant Federal assistance, including the cities!
- County responsible for pandemic response, including associated costs
- All COVID-19 revenue sources are one-time only funds!

CSLFRF Allocations Contra Costa County, By City		
	Population*	Allocation
Antioch	112,236	\$ 21,550,900
Brentwood	66,097	\$ 6,923,339
Clayton	11,268	\$ 2,934,049
Concord	129,273	\$ 27,040,883
Danville	43,906	\$ 10,647,738
El Cerrito	24,846	\$ 6,102,056
Hercules	25,864	\$ 6,285,778
Lafayette	25,358	\$ 6,372,376
Martinez	36,827	\$ 9,161,456
Moraga	16,820	\$ 4,254,072
Oakley	42,895	\$ 10,177,190
Orinda	19,078	\$ 4,766,723
Pinole	19,369	\$ 4,605,009
Pittsburg	74,498	\$ 16,290,477
Pleasant Hill	34,133	\$ 8,334,229
Richmond	110,130	\$ 27,740,723
San Pablo	31,041	\$ 7,416,467
San Ramon	83,863	\$ 8,115,425
Walnut Creek	71,317	\$ 8,327,653
Total		\$ 197,046,543
* Population figures based on 2021 Estimates from the CA Department of Finance.		

AMERICAN RESCUE PLAN

➤ Departments have identified...

- \$324,714,012 in known ARPA allocations coming into the County
 - \$190,628,841 has been received
 - \$92,553,836 has been spent
 - Includes \$20,816,824 of CSLFRF allocated to the Health Services Department
- \$16,882,139 in previously unfunded COVID-19 costs or underrealized revenues
- \$71,655,531 in one-time needs



**AMERICAN RESCUE PLAN
ACT OF 2021**

AMERICAN RESCUE PLAN

18

AMERICAN RESCUE PLAN

FY 2021/22 - 1st Quarter Financial Report

PROGRAM INFORMATION	FINANCIAL INFORMATION		
Program Title	Est. Federal Grant Allocation to County	Federal Grant Allocation Received	Federal Grant Allocation Expended
Coronavirus State and Local Fiscal Relief Fund (CSLFRF)	\$224,058,903	\$112,029,452	\$20,816,824
Emergency Rental Assistance Program (ERAP) 2 - Federal Direct Allocation	\$38,941,950	\$38,941,950	\$38,941,950
Emergency Rental Assistance Program (ERAP) 2 - State Subrecipient Allocation	\$32,663,062	\$32,663,062	\$32,663,062
Head Start	\$ 2,300,000	\$2,302,066	\$0
Low Income Home Energy Assistance Program (LIHEAP)	\$ 4,692,311	\$4,692,311	\$0
American Rescue Plan Act Funding for Health Centers	\$ 3,355,250	\$0	\$132,000
Community Mental Health Services Block Grant (MHBG)	\$2,604,182	\$0	\$0
Substance Abuse Prevention and Treatment Block Grant (SABG)	\$ 2,508,139	\$0	\$0
Public Health Workforce	\$ 1,500,000	\$0	\$0
HOME-ARP: HOME Investment Partnerships American Rescue Plan Program	\$ 12,090,215	\$0	\$0
Total	\$324,714,012	\$190,628,841	\$92,553,836

STATE AND LOCAL FISCAL RECOVERY FUND

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➤ Eligible Use Guiding Principles

- Unless otherwise noted, covered period is March 3, 2021-December 31, 2024 ([IFR p. 88](#))
- Costs can be incurred by December 31, 2024 but must be expended by December 31, 2026 ([IFR p. 122](#))
- Cannot spend funds on pension deposits ([IFR p. 71](#))
- States cannot spend the funds to reduce taxes or delay a tax increase ([IFR p. 69](#))
- May not be used as non-Federal Match for other Federal Programs ([IFR p. 86](#))

➤ Four Eligible Use categories

- COVID-19 or a negative economic impact
- Premium pay for eligible workers
- For government services to the extent of the loss of revenue
 - Based on Treasury provided calculation; or
 - \$10 million allowance in lieu of calculation (New provision in final rule)
- Investments in water, sewer and broadband infrastructure

**Coronavirus
State and Local
Fiscal Recovery Funds**



U.S. DEPARTMENT OF THE TREASURY

RENTAL ASSISTANCE UPDATE

➤ **\$147,427,324 for Contra Costa**

- ERAP 1: \$75,822,311
- ERAP 2: \$71,605,012

➤ **as of January 18, 2022**

- 23,795 active cases
- \$407,841,468 in relief requested
- \$183,754,816 in relief approved
- \$112,763,999 in relief paid
- 9,231 cases paid

➤ **Gap of \$36.3 million and growing**

- County continuing to advocate in lockstep with the State for reallocation of Federal dollars

RACE	ETHNICITY	AGE GROUP	GENDER	INCOME*
Not Reported 11.96%	Hispanic or Latino 21.53%	21-30 16.93%	Female 58.65%	30% AMI 61.03%
Native Hawaiian or Other Pacific Islander 1.55%	Non-Hispanic or Latino 66.98%	31-40 30.66%	Male 41.35%	50% AMI 24.81%
Other Multi-Racial 14.50%	Not Reported 11.49%	41-50 21.74%		60% AMI 6.65%
Asian 5.80%		51-60 16.49%		80% AMI 7.51%
American Indian or Alaska Native 1.20%		61-70 8.21%		
Black or African American 34.14%		71-80 2.46%		
White 30.85%		Not Reported 3.50%		

Are you at risk of eviction?

Eligible applicants who have applied to the program cannot be evicted.

Apply Now: HousingIsKey.com or call 833-430-2122

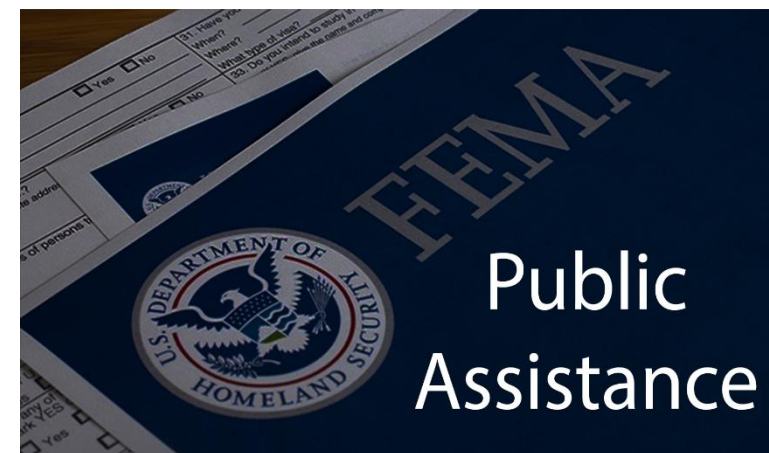
 **CA COVID-19 RENT RELIEF**



You have 15 days to tell your landlord you are applying for rent relief.

FEMA COST RECOVERY UPDATE

Claim Category	Estimate	Claimed	Obligated	Received
Non-Congregate Shelter	29,966,832	17,425,870	-	-
COVID Testing Costs	17,958,576			
Incremental Cleaning Costs	9,546,103	-	-	-
Great Plates	6,415,043	6,415,043	3,609,873	3,464,038
Cleaning, Materials, PPE	2,000,000			
Consultant Costs (Ernst & Young)	1,000,000			
Vaccination (Fire Mutual Aid)	820,000	-	-	-
General Costs - Rental Equipment, Other Costs	36,459			
Total	67,743,013	23,840,913	3,609,873	3,464,038



as of January 18, 2022

➤ Reminders:

- FEMA reimburses 100% of eligible costs, which does not mean 100% of actual costs (Salary and Benefit costs of permanent staff not eligible!)
- FEMA is the reimbursement source of last resort (after applying cascading funding) and sometimes disallows a portion of requested reimbursement

➤ What's it mean?:

- FEMA reimbursement process cumbersome and could take years before reimbursement is received (typically 24-36 months)
- The County General Fund is fronting \$66.9 million (does not include Fire Mutual Aid figure above) in FEMA eligible costs and has only received \$3.5 million to date in reimbursement - this figure will continue to grow

HEALTH SERVICES AMERICAN RESCUE PLAN ACT & CORONAVIRU S STATE AND LOCAL FISCAL RECOVERY FUNDS

July 2021 through June 2022	PROJECTED EXPENDITURES *
PAYROLL COSTS FOR PUBLIC HEALTH EMPLOYEES*	
PERMANENT SALARIES AND BENEFITS	\$ 42,439,500
TEMPORARY SALARIES (include Emergency Service Workers)	7,418,874
OVERTIME PAY	1,278,100
TOTAL PAYROLL COSTS FOR PUBLIC HEALTH EMPLOYEES	\$ 51,136,474
SERVICES AND SUPPLIES	
REGISTRY/MEDICAL PERSONNEL	\$ 7,510,800
TESTING MACHINES AND OTHER TESTING COSTS	6,741,306
MEDICAL AND OTHER RELATED EXPENSES	5,526,139
MATERIALS & SUPPLIES	3,947,899
IT SYSTEMS SUPPORT SERVICES	1,992,168
CLEANING AND DISINFECTING	1,342,997
LAB SPECIMEN TESTING	896,683
TRAINING AND MISC. COST	875,942
SECURITY & SAFETY	716,249
REPAIRS AND MAINTENANCE	661,157
EQUIPMENT RENTAL, EQUIPMENT REPAIR/MAINTENANCE	584,266
TELEWORK	465,264
EQUIPMENT ACQUISITION	360,384
COVID-19 TRANSLATION SERVICES	171,439
COMPUTER AND OTHER MINOR EQUIPMENT	53,832
COMPUTER SOFTWARE	10,886
PERSONAL PROTECTIVE EQUIPMENT	6,115
TOTAL SERVICES AND SUPPLIES	\$ 31,863,526
TOTAL COVID RELATED EXPENSES	\$ 83,000,000

*Projection based on five months of actual experience.

*Costs are for services substantially dedicated to mitigating or responding to the COVID-19 health emergency.

CONTRA COSTA REGIONAL MEDICAL CENTER

- Contra Costa Regional Medical Center (CCRMC) is a 164-bed acute care public hospital owned and operated by the County. It is inclusive of ten ambulatory health care centers, which are licensed as outpatient departments of the hospital.
- Operation of the CCRMC is financially administered primarily with Hospital/Health Plan revenues, with the County General Fund subsidizing approximately 11% of CCRMC's budget
 - The County General Fund allocation had been significantly reduced over the last five years following the implementation of the Affordable Care Act (ACA)
 - The subsidy will continue at \$73.2 million in FY 2022/23
 - ACA membership and related revenue declined in FY 2018-19; the ACA impact coupled with new labor agreement costs created a need for additional subsidy in FY 2019-20
 - Measure X general purpose revenue will support \$40 million beginning in FY 2022/23
 - No other changes in general fund subsidy are anticipated over the next few years
- Significantly increased costs, due to the Pandemic, have been offset with CARES, ARPA, and FEMA funding

CONTRA COSTA FIRE PROTECTION DISTRICT

- **East Contra Costa Fire Protection District Annexation**
 - The annexation of East Contra Costa Fire continues to move through the LAFCO process and is anticipated to be finalized before July 1, 2022.
 - Measure X funding will support service expansion through the construction of Fire Station 51 (Brentwood) and construction/staffing of Fire Station 54 (Brentwood).
- **Pinole Fire Contract for Service**
 - Initial discussions have been held between the City of Pinole and CCCFPD
 - Measure X is also supporting this initiative through funding to reopen Fire Station 74.
- **Fire Station Construction**
 - Fire Station 86 (Bay Point) on track for December 2022 opening.
 - Fire Station 9 (Pacheco) is in the planning/pre-construction phase.
- **CCCFPD Measure X Funding**
 - \$1.6 million (one-time) and \$3.5 million (ongoing) to acquire apparatus and staff a second unit at Fire Station 81 (downtown Antioch).
 - Wildland Fire Mitigation and Fuel Reduction – \$2.5 million annually for a year-round hand crew program; \$2.0 million annually for Fuels Reduction Projects throughout high fire hazard zones countywide.



REASONS FOR CONTINUED CONCERN

- Cost and impact of the Pandemic will exceed one-time funding
- Rental Assistance – there is a greater need for rental assistance than resources support
- Aging Facilities – there is a need to identify funding for the next three years (minimally)
- Aging Technology – countywide needs including hardware and security are significant - Finance & Tax systems replacement in process
- Unknown to what level the Federal government will continue to respond to counties needs
- Inflation is here
- Real long-term issues coming due to excessive stimulus funds
- Unincorporated Patrol – funding of \$10 million must be identified
- Ongoing funding for County Hospital, Clinics, and Health Plan - it continues to be difficult to support the hospital with increased costs. We continue to dedicate new revenue to support Hospital needs. We must continue to consider alternative revenue streams and right size services to resources available.

FY 2022-23 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
 - Animal Services Director
 - **Suggested changes for this year?**
 - Deliberation
- Budget Hearing on April 12th (hearing can be continued if needed)
- Budget Adoption on May 10th
 - The Fire Board will receive a budget presentation on the District's budget on April 26. Per the norm the Fire Budget Hearing and Adoption will occur along with the Countywide Budget on May 10th.

RECOMMENDATIONS

- ACCEPT report on Budget and Key Issues for FY 2022/23 and beyond;
- ACKNOWLEDGE that at the American Rescue Plan Act Workshop on August 3, 2021, the Board postponed decisions related to the allocation of Year 2 American Rescue Plan - CSLFRF funds in the amount of \$112 million until more information was known about other American Rescue Plan revenue sources and the status of the COVID-19 pandemic response and related impacts on Contra Costa County.
- ACKNOWLEDGE that the County Administrator will be recommending approximately \$53 million in Year 2 allocation of American Rescue Plan – CSLFRF funds for continued Health Services Department response to the COVID-19 pandemic in the FY 2022/23 Recommended Budget.
- POSTPONE decisions related to the remaining \$59 million of Year 2 allocation of American Rescue Plan - CSLFRF funds until the status of the COVID-19 pandemic response and related impacts on Contra Costa County is better understood in January 2023 and
- REPEAL Ordinance Code section 62-10.002, Other Post-Employment Benefits Funding, waiving reading, and fixing February 1, 2021, for adoption

ORDINANCE NO. 2022-__

(Repeal of Ordinance Allocating Funds for Other Post-Employment Benefits.)

The Board of Supervisors of the County of Contra Costa ordains as follows:

SECTION I. Summary. This ordinance repeals Chapter 62-10 of the County Ordinance Code, which allocates specific future resources for funding Other Post-Employment Benefits.

SECTION II. Repeal. Chapter 62-10, which contains only Section 62-10.002 (Allocation of Funds for Other Post-Employment Benefits), is hereby repealed and of no further force or effect.

SECTION III. Effective Date. This ordinance becomes effective 30 days after passage, and within 15 days of passage shall be published once with the names of the supervisors voting for or against it, in the East Bay Times, a newspaper published in this County.

PASSED ON _____, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: MONICA NINO,
Clerk of the Board of Supervisors
and County Administrator

Board Chair Karen Mitchoff

By:

Deputy Clerk []

[SEAL]

RJH:lg

H:\2022\Board of Supervisors\OBEB allocation ordinance repeal.doc



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USA

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milliman.com

October 6, 2021

Ms. Lisa Driscoll
County Finance Director
County Administrator's Office
651 Pine Street, 10th Floor
Martinez, CA 94553

***Contra Costa County Other Post Employment Benefits Plan –
GASB 74 / 75 Disclosures as of June 30, 2021***

Dear Ms. Driscoll:

I am pleased to enclose above titled report for the Contra Costa County ("County"). In this report, we have prepared certain disclosures required by GASB Statements No. 74 and 75 for the Contra Costa County's OPEB Plan for the fiscal year ending June 30, 2021.

If you have any questions or would like to review the report, please call me at (415) 394-3740.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Botsford".

John R. Botsford, FSA, MAAA

enc.

Contra Costa County Other Post Employment Benefits Plan

GASB 74 and 75 Disclosures as of June 30, 2021

Prepared by:

John R. Botsford
FSA, MAAA

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October 6, 2021



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October 6, 2021

Contra Costa County
651 Pine Street
Martinez, CA 94553

**Contra Costa County Other Post Employment Benefits Plan
GASB 74 and 75 Disclosures as of June 30, 2021**

At the request of the Contra Costa County, we have prepared GASB 74 / 75 disclosures for the fiscal year ending June 30, 2021, to comply with Statements No. 74 and 75 of the Governmental Accounting Standards Board (GASB).

In preparing this report, we relied, without audit, on information supplied by the Contra Costa County's staff. This information includes but is not limited to employee census data, financial information and plan provisions. While Milliman has not audited the financial and census data, they have been reviewed for reasonableness and are, in our opinion, sufficient and reliable for the purposes of our calculations. If any of this information as summarized in this report is inaccurate or incomplete, the results shown could be materially affected and this report may need to be revised.

All costs, liabilities, rates of interest, and other factors for the County have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the County and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the County. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the Plan and to reasonable expectations which, in combination, represent our best estimate of anticipated experience for the County.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of County's contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

The results were developed using models that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in the compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or

applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The County has the final decision regarding the appropriateness of the assumptions and actuarial cost methods.

Actuarial computations presented in this report under GASB Statements No. 74 and 75 are for purposes of assisting the County in fulfilling its financial accounting requirements. The computations prepared for this purpose may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the County's funding policy and goals. The calculations in this report have been made on a basis consistent with our understanding of the OPEB plan provisions described in Appendix A of this report, and of GASB Statements No. 74 and 75. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

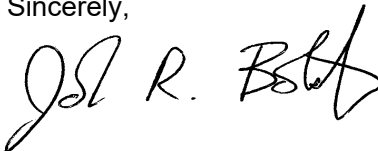
Milliman's work is prepared solely for the internal business use of the Contra Costa County. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

- a) Contra Costa County may provide a copy of Milliman's work, in its entirety, to County's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Contra Costa County.
- b) Contra Costa County may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs. The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The signing actuary is independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, the report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice of the American Academy of Actuaries. The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

A handwritten signature in black ink, appearing to read 'John R. Botsford', written in a cursive style.

John R. Botsford, FSA, MAAA
Principal and Consulting Actuary

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Introduction

Milliman, Inc. (Milliman) has been retained by Contra Costa County (the "County") to provide disclosures required by GASB Statements No. 74 and 75 for the Contra Costa County OPEB Plan for the fiscal year ending June 30, 2021.

GASB 74 applies to financial reporting for public OPEB plans. Even if the plan does not issue standalone financial statements, but rather is considered a trust fund of a government, it is subject to GASB 74.

GASB 75 governs the specifics of accounting for public OPEB plan obligations for employers. GASB 75 requires a liability for OPEB obligations, known as the Net OPEB Liability, to be recognized on the balance sheets of employers. Changes in the Net OPEB Liability will be immediately recognized as OPEB Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

The results contained in this report represent our best estimates based on the assumptions used in the valuation. However, variation from these or any other estimates of future benefits is not only possible but probable. To the extent that actual experience differs from the anticipated experience, actual plan costs will vary as well.

Background

Currently, employees who retire directly from the County may receive certain retiree health benefits if they meet certain eligibility requirements. The County may contribute an amount toward the cost of retiree health benefits for some retirees consistent with the bargaining agreement between the County and various bargaining units. Appendix A provides a detailed summary of benefits.

Key Results

The following table summarizes key results. Exhibits 1 – 7 contain the information needed for the preparation of accounting disclosures under GASB 74 and 75.

Fiscal Year Ending	June 30, 2021	June 30, 2020
Net OPEB Liability		
Total OPEB Liability	\$ 878,049,000	\$ 865,362,000
Fiduciary Net Position	<u>444,728,000</u>	<u>341,429,000</u>
Net OPEB Liability	\$ 433,321,000	\$ 523,933,000
Fiduciary Net Position as % of Total OPEB Liability	50.6%	39.5%
Annual OPEB Expense	\$ 13,604,000	\$ 39,666,000
Deferred (Inflows)/Outflows of Resources	(132,330,000)	(106,586,000)

Plan Changes since the Last Fiscal Year Ending June 30, 2020

There were no plan changes since the last fiscal year ending June 30, 2020.

Assumption Changes since the Fiscal Year Ending June 30, 2020

As this is a “roll-forward” valuation, the same investment rate of return, discount rate, health costs trends, demographic and coverage election assumptions used in the last full valuation report (valuation date of January 1, 2020) apply to this roll-forward valuation. The following are the rationales from the last full valuation report (valuation date of January 1, 2020).

Rationale for Significant Assumptions

With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. A complete list of actuarial assumptions is presented in Appendix B.

Investment Rate of Return. We have assumed an investment rate of return of 5.85%, net of investment expenses. This is based on the investment policy set by the County for its OPEB trust where the County invests its assets in the Public Agency Retirement Services (PARS) Trust to fund its OPEB liabilities.

Discount Rate. Under GASB 74 & 75, the discount rate should be the single rate that reflects the long-term rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits. To the extent that OPEB plan assets are insufficient to finance all OPEB benefits, the discount rate should be based on 20-year tax-exempt AA or higher Municipal Bonds as of the Measurement Date. County’s OPEB Irrevocable Trust assets are invested in the Public Agency Retirement Services’ Highmark Diversified Portfolio. Based on the Trust’s asset allocation, we have assumed an expected average annual rate of return of 5.85%. See Appendix B for additional detail.

The County’s current funding policy is to fund the pay-as-you-go costs for retirees, plus \$20 million into the OPEB Trust each year until year 2022. Beginning in 2022 the County will continue to fund the pay-as-you-go costs for retirees, plus \$73 million until the OPEB fund’s Fiduciary Net Position as a percentage of Total OPEB Liability reaches 60%. Thereafter, the County will contribute an amount each year to maintain the 60% funded status.

GASB 74 and 75 require that a projection regarding future solvency of the OPEB plan be run each year. The projections assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions. We have run a solvency projection as prescribed in GASB 74 and 75 based on the County’s current funding policy, and the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses. Therefore, we have used 5.85% as the discount rate.

Health Cost Trend. We have assumed overall health costs of the medical benefits will increase according to the health cost inflation trend derived by using the “Getzen” model developed by the Society of Actuaries. The H.R. 1865 Further Consolidated Appropriations Act 2020 became law on December 20, 2019. This law repeals the Cadillac tax completely and removes the Health Insurer Fee permanently beginning in 2021. The assumed health cost trends reflect this law change and the latest economic factors. We also gave consideration to the potential impact of COVID-19 on plan costs. Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs during the term of our projections, we have chosen not to make an adjustment to health cost trends for COVID-19.

Demographic Rates. The assumptions for turnover, retirement, disability, and mortality used in this valuation are the same as the assumptions used in the December 31, 2018, pension actuarial report from the Contra Costa County Employees’ Retirement Association (CCCERA).

Retiree Coverage Upon Retirement We have assumed 85% of new retirees hired before the exclusion dates stated in Appendix A will elect medical and dental coverage at retirement. This assumption is based on recent observed experience of the plan.

A complete summary of the actuarial assumptions is presented in Appendix B.

Exhibit 1. Net OPEB Liabilities

The Valuation Date is January 1, 2020. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2021, which is also the GASB 74 and 75 Reporting Date, for the fiscal year ending June 30, 2021. The Total OPEB Liability is projected to June 30, 2021, using standard actuarial techniques as permitted by GASB 74 and 75. The Fiduciary Net Position is the market value of assets as of the fiscal year ending June 30, 2021.

	For the Fiscal Year Ending	
	June 30, 2021	June 30, 2020
Total OPEB Liability	\$ 878,049,000	\$ 865,362,000
Fiduciary Net Position	<u>444,728,000</u>	<u>341,429,000</u>
Net OPEB Liability	\$ 433,321,000	\$ 523,933,000
Fiduciary Net Position as a % of Total OPEB Liability	50.6%	39.5%
Valuation Date	01/01/2020	01/01/2020
Measurement date	06/30/2021	06/30/2020
GASB 74/75 Reporting date	06/30/2021	06/30/2020
Discount Rate	5.85%	5.85%
Money Weighted Rate of Return	24.14%	3.89%

Exhibit 2. Sensitivity of Net OPEB Liabilities

GASB 74 and 75 requires disclosure of the sensitivity of the Net OPEB Liability (NOL) to changes in the discount rate and health care cost trend rates. The liabilities shown below are based on a measurement date of June 30, 2021, and are applicable for the fiscal year ending June 30, 2021.

Sensitivity of the Net OPEB Liability to changes in the discount rate

The following table shows what the County's Net OPEB Liability (NOL) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate.

Sensitivity Analysis	1% Decrease in Discount Rate 4.85%	Current Discount Rate 5.85%	1% Increase in Discount Rate 6.85%
Net OPEB Liability as of June 30, 2021	\$ 526,244,000	\$ 433,321,000	\$ 354,838,000

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates

The following table shows what the County's Net OPEB Liability (NOL) would be if it were calculated using a Healthcare cost trend that is 1 percentage point lower or 1 percentage point higher than the current Healthcare cost trend rates.

Sensitivity Analysis	1% Decrease in Healthcare Costs Trend Rate	Current Healthcare Costs Trend Rate	1% Increase in Healthcare Costs Trend Rate
Net OPEB Liability as of June 30, 20201	\$ 379,490,000	\$ 433,321,000	\$ 499,637,000

Exhibit 3. Changes in Net OPEB Liability

The following exhibit shows a reconciliation of the Net OPEB Liability from the measurement date June 30, 2020, to June 30, 2021, to be reported for the fiscal year ending June 30, 2021.

	Total OPEB Liability	Increase / (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2020	\$ 865,362,000	\$ 341,429,000	\$ 523,933,000
Service cost	\$ 21,085,000	\$ 0	\$ 21,085,000
Interest on the total OPEB liability	50,168,000	0	50,168,000
Changes of benefit terms	0	0	0
Differences between actual and expected experience with regard to economic or demographic factors	0	0	0
Changes of assumptions	0	0	0
Benefit payments ¹	(58,566,000)	(58,566,000)	0
Contributions from employer	0	78,472,000 ²	(78,472,000)
Net investment income	0	83,598,000	(83,598,000)
Administrative expense	0	(205,000)	205,000
Other changes	<u>0</u>	<u>0</u>	<u>0</u>
Total changes	\$ 12,687,000	\$ 103,299,000	\$ (90,612,000)
Balance as of June 30, 2021	\$ 878,049,000	\$ 444,728,000	\$ 433,321,000

1. The benefit payment shown is equal to the annual pay-as-you-go cost of \$49,033,000 reported by the County for the fiscal year ending June 30, 2021, increased by \$9,533,000 to reflect the estimated implicit subsidy.
2. The County contributed \$19.9 million to the trust fund in FY 2020-2021. The amount shown above includes both the contributions made to the trust and the pay-as-you-go benefit payment cost.

Exhibit 4. Money Weighted Investment Return

GASB 74 requires the disclosure of the money-weighted rate of return on plan investments. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of OPEB Trust investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. The Net External Cash Flows shown below represent employer contribution to the Trust. There were no cash outflows from the Trust during fiscal year. The money-weighted rate of return is calculated net of investment expenses.

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows with Interest
Beginning Balance – July 1, 2020	\$ 341,429,000	12	1.00	\$ 423,844,000
Monthly Net External Cash Flows:				
July	0	12	1.00	0
August	0	11	0.92	0
September	(98,000)	10	0.83	(117,000)
October	0	9	0.75	0
November	0	8	0.67	0
December	4,988,000	7	0.58	5,654,000
January	0	6	0.50	0
February	0	5	0.42	0
March	4,902,000	4	0.33	5,265,000
April	0	3	0.25	0
May	0	2	0.17	0
June	9,909,000	1	0.08	10,082,000
Ending Value – June 30, 2021	\$ 361,130,000			\$ 444,728,000

Year Ending June 30	Money Weighted Investment Return
2021	24.14%
2020	3.89%
2019	6.40%
2018	5.49%
2017	9.18%

Exhibit 5. Calculation of OPEB Expense and Deferred Inflows/Outflows

The following tables shows the development of the OPEB expense and deferred inflows/outflows of resources.

OPEB Expense	For the Fiscal Year Ending	
	June 30, 2021	June 30, 2020
Service cost	\$ 21,085,000	\$ 27,340,000
Interest on the total OPEB liability	50,168,000	56,029,000
Effect of plan changes	0	400,000
Administrative expense	205,000	199,000
Member contributions	0	0
Expected investment return, net of investment expenses	(20,542,000)	(19,601,000)
Recognition of Deferred (Inflows)/Outflows of Resources		
Economic/demographic (gains) or losses	(21,826,000)	(21,826,000)
Assumption changes or inputs	(3,480,000)	(3,480,000)
Investment (gains) or losses	<u>(12,006,000)</u>	<u>605,000</u>
Total Recognition	(37,312,000)	(24,701,000)
OPEB expense	\$ 13,604,000	\$ 39,666,000

Deferred (Inflows) / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (66,313,000)	\$ 0
Changes of assumptions	(25,717,000)	5,526,000
Net difference between projected and actual earnings	(45,827,000)	0
Contributions made subsequent to measurement date	<u>0</u>	<u>0</u>
Total	\$ (137,856,000)	\$ 5,526,000

Amounts currently reported as deferred inflows of resources and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Recognized Deferred (Inflows) and Outflows of Resources
2022	\$ (36,146,000)
2023	(35,097,000)
2024	(31,766,000)
2025	(29,322,000)
2026	0
Thereafter	0

Exhibit 6. Schedule of Deferred Inflows and Outflows of Resources

Investment (gains)/losses are recognized in OPEB expense over a period of five years. Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members. Since there is no expected future service for inactive members, their remaining service is equal to zero for purposes of computing the average remaining service life.

Date Established	Original Amount	Original Recognition Period	Amount Recognized in Expense FYE 06/30/2021	Remaining Recognition Period FYE 2021	Balance of Deferred (Inflows)/Outflows FYE 06/30/2021
Investment (gains) or losses					
06/30/2021	\$ (63,056,000)	5.00	\$ (12,611,000)	4.00	\$ (50,445,000)
06/30/2020	7,384,000	5.00	1,477,000	3.00	4,430,000
06/30/2019	(530,000)	5.00	(106,000)	2.00	(212,000)
06/30/2018	1,996,000	5.00	399,000	1.00	400,000
06/30/2017	(5,825,000)	5.00	<u>(1,165,000)</u>	0.00	<u>0</u>
Total			\$ (12,006,000)		\$ (45,827,000)
Economic/demographic (gains) or losses					
06/30/2020	\$ (80,647,000)	5.81	\$ (13,881,000)	3.81	\$ (52,886,000)
06/30/2018	(45,206,000)	5.69	<u>(7,945,000)</u>	1.69	<u>(13,427,000)</u>
Total			\$ (21,826,000)		\$ (66,313,000)
Assumption changes					
06/30/2020	\$ (39,217,000)	5.81	\$ (6,750,000)	3.81	\$ (25,717,000)
06/30/2018	18,605,000	5.69	<u>3,270,000</u>	1.69	<u>5,526,000</u>
Total			\$ (3,480,000)		\$ (20,191,000)
Grand Total			\$ (37,312,000)		\$ (132,331,000)

Exhibit 7. Total OPEB Liabilities by Entity

The following table shows a breakdown of the County's GASB 75 Total OPEB Liability by each entity shown below.

Entity	As of June 30, 2021	As of June 30, 2020
Safety Non-Fire	\$ 248,387,000	\$ 242,546,000
CCC Fire	103,000,000	101,776,000
Hospital	180,051,000	174,032,000
CCHP	9,252,000	8,803,000
Airport	1,589,000	1,661,000
CCC Retirement System (Retired before January 1, 2015)	1,476,000	1,569,000
All Other CCC Departments	<u>334,294,000</u>	<u>334,975,000</u>
Total	\$ 878,049,000	\$ 865,362,000

Appendix A. Summary of Plan Benefits

The following description of retiree health benefits is intended to be only a brief summary and is not complete information.

Eligibility

Currently, employees may receive retiree health benefits if they retire from the County, are receiving a pension from CCCERA, and meet certain eligibility requirements as follows:

General employees - age 50 with 10 years of pension service or age 70 with a vested pension, or after 30 years of pension service with no age requirement.

Safety employees - age 50 with 10 years of pension service or age 70 with a vested pension, or after 20 years of pension service with no age requirement.

Employees hired after December 31, 2006 and represented by the following bargaining groups (AFSCME, California Nurses Association, Deputy District Attorneys' Association, Public Defenders Association, IFPTE, Western Council of Engineers, SEIU, PEU, Probation Peace Officers Association, and Unrepresented) also must have 15 years of County service. Employees hired on or after October 1, 2005, and represented by the Physicians' and Dentists' Organization also must have 15 years of County service.

Health Benefits

Eligible retirees and their dependents are covered either under the Contra Costa Health Plans, Health Net plans, Kaiser plans, or health plans sponsored by CalPERS (PEMHCA). Coverage may be provided for a retiree and surviving spouse as long as retiree and surviving spouse monthly premium contributions are paid. The County may pay a subsidy toward eligible retirees' monthly medical and dental premiums. This subsidy may vary by bargaining unit and date of hire as described in this appendix. Employees hired on or after dates described in the table below and represented by the following bargaining groups must pay the entire cost of premiums to maintain coverage.

Bargaining Unit Name	Hire Date on or after which eligible retirees must pay entire cost of premiums
IFPTE, Unrepresented	January 1, 2009
AFSCME, WCE, SEIU, PEU	January 1, 2010
Deputy District Attorneys Association	December 14, 2010
Probation Peace Officers Association of CCC	January 1, 2011
CCC Public Defenders Association	March 1, 2011
Physicians' And Dentists' Organization of CCC	November 1, 2013

All surviving spouses must pay the entire cost of premiums to maintain coverage, with the exception of the following bargaining groups for whom the surviving spouse receives the same County subsidy as the retiree (covered by CalPERS health plans): Sheriffs (A8), Fire Chiefs (BD), Sworn Exec. Mgmt. (BS), Fire Management (HA), Deputy Sheriffs (V#, VH, VN), Fire Suppression and Prevention (4N), Fire District Safety Management (BF), and D.A. Investigators (XJ).

**Bargaining Units V#, VH, VN, F8, FW and
Elected (Safety) Officials / Sworn Management Employees in (A8, B8, BS)**

Currently, for eligible retirees from the bargaining units listed in the table below, the County will contribute toward the cost of monthly premiums (medical and dental) an amount equal to the actual dollar monthly premium amount paid by the County as of November 30, 2013, at each coverage level, plus 50% of the actual premium increase for 2014 and all future years.

Retirees who elected dental coverage without health coverage will pay one cent (\$0.01) per month for 2013, plus 50% of the actual premium increase for 2014 and all future years.

Bargaining Unit Code	Bargaining Unit Name	General / Safety
F8	Unrep Classified & Exempt-Othr	General
FW	Unrep CI & Ex-Sworn Peace Offc	Safety
V#	Sheriff's Sworn Mgmt Unit	Safety
VH	Deputy Sheriff's Unit-Sworn	Safety
VN	Deputy Sheriff's Unit-NonSworn	General
BS	Sworn Management Employees	Safety
A8	Elected Officials (DSA)	Safety
B8	Elected Officials (DSA)	Safety

Bargaining Unit 4N - Fire Suppression and Prevention

Health Premium Subsidy: For 2016 and each calendar year thereafter, the prior year's District subsidy for each medical plan and rate tier will increase by 50% of the actual premium increase in the medical plan and rate tier in which the member is enrolled.

Dental Premium Subsidy: For eligible retirees from bargaining unit 4N enrolled in both a medical and dental plan, the District will pay a subsidy equal to 50% of the cost of monthly dental premiums in 2016 and later. For retirees enrolled only in a dental plan, retirees are required to pay \$0.01 per month for dental coverage. For 2016 and later, the required monthly contribution from retirees would increase each year by 50% of the dental premium increase.

Bargaining Unit HA – Fire Management

Currently, for eligible Fire Management retirees represented by United Chief Officers Association (UCOA) with bargaining unit code HA, the County will subsidize an amount equal to 80% of the CalPERS Kaiser Bay Area premium at each coverage level (employee only, employee + one, employee + two or more) for any region in which the retiree resides, but the County's subsidy will not exceed the total premium of a lower cost plan.

Health Premium Subsidy on or after December 1, 2016: For the plan year that begins on January 1, 2017 and each calendar year thereafter, the maximum monthly premium subsidy the District will pay for each health plan is equal to the actual dollar monthly premium subsidy that is paid by the District for that plan as of November 30, 2016. In addition, if there is an increase in the monthly premium charged by a health plan for 2017, the District and the employee will each pay fifty percent (50%) of that increase. For each plan year thereafter, and for each plan, the District and the employee will each pay fifty (50%) of the monthly premium increase above the 2016 plan premiums.

Dental Subsidy for Retirees with Medical Coverage: For eligible retirees from bargaining unit HA enrolled in both a medical and dental plan, for the plan year that begins on January 1, 2016, the District will pay a monthly premium subsidy for each dental plan that is equal to the actual dollar monthly premium subsidy that is paid by the District as of November 30, 2015. In addition, if there is an increase in the monthly premium charged by a dental plan for 2016, the District and the employee will each pay fifty percent (50%) of that increase. For each plan year thereafter, the District and the employee will each pay fifty percent (50%) of the monthly premium increase above the 2015 plan premium.

Dental Subsidy for Retirees without Medical Coverage: For eligible retirees from bargaining unit HA enrolled in a dental plan only without health coverage, beginning on January 1, 2016, the District will pay a monthly dental premium subsidy for each dental plan that is equal to the actual dollar monthly premium subsidy that is paid by the District for 2015. If there is an increase in the premium charged by a dental plan for 2016, the District and the employee will each pay fifty percent (50%) of the increase. For each plan year thereafter, the District and the employee will each pay fifty percent (50%) of the premium increase that is above the 2015 plan premium.

Bargaining Unit XJ – D.A. Investigators

Health Premium Subsidy: For the plan year that begins on January 1, 2015, the County will pay the following monthly medical premium subsidy:

Coverage	Monthly Premium Subsidy
Employee/Retiree/Survivor Only	\$ 608.87
Employee/Retiree/Survivor & One Dependent	1,217.74
Employee/Retiree/Survivor & Two or more Dependents	1,583.07

In addition, if there is an increase in the monthly premium charged by a health plan for 2015 that exceeds the above stated amounts, the County and the retiree will each pay fifty percent (50%) of that increase. For 2016, the County premium subsidy varies by plan depending on the actual premium increase that occurred for each plan. For each calendar year thereafter, the County and the retiree will each pay fifty percent (50%) of any premium increase for each health plan.

Dental Premium Subsidy: For the plan year that begins on January 1, 2015, the County will pay the following monthly dental premium subsidy (Delta Dental as the carrier):

Coverage	With Health		Without Health	
	PPO	HMO	PPO	HMO
Single	\$ 32.69	\$ 22.30	\$ 42.44	\$ 28.91
Family	73.64	48.19	95.62	61.49

In addition, if there is an increase in the monthly premium charged by a health plan for 2015 that exceeds the above stated amounts, the County and the retiree will each pay fifty percent (50%) of that increase. For each calendar year thereafter, the County and the retiree will each pay fifty percent (50%) of any premium increase for each dental plan.

Bargaining Units 1P (plus formerly 1R and 1X) – Physicians & Dentists

Beginning on January 1, 2015, and for each calendar year thereafter, the County will pay a monthly dollar premium subsidy for each health and dental plan (County Premium Subsidy) as defined for each plan in the table below. The amount of the County subsidy that is paid for employees and eligible family members for these plans will thereafter be a set dollar amount and will not be a percentage of the premium charged by the health or dental plan. Retirees must pay for 100% of any premium increases after 2015. Note that not all coverage tier combinations are shown below, please refer to the actual County published rates for details.

Health Plan	Frozen Subsidy Amount
<u>Contra Costa Health Plan A</u>	
Retiree on Basic Plan	\$ 600.51
Retiree & 1 or more dependents on Basic Plan	1,430.76
Retiree on Medicare COB Plan	279.22
Retiree & Spouse on Medicare COB Plan	558.44
<u>Contra Costa Health Plan B</u>	
Retiree on Basic Plan	\$ 611.34
Retiree & 1 or more dependents on Basic Plan	1,452.65
Retiree on Medicare COB Plan	287.59
Retiree & Spouse on Medicare COB Plan	575.18
<u>Kaiser Permanente – Basic A and B, Teamsters 856 Plan</u>	
Retiree on Basic Plan	\$ 614.78
Retiree & 1 or more dependents on Basic Plan	1,432.42
Retiree on Medicare Senior Advantage Plan *	295.00
Retiree & 1 dependent on Medicare Senior Advantage Plan *	796.70
* Teamster 856 Trust Fund KP Plan does not offer Medicare coverage	
<u>Kaiser Permanente – High Deductible</u>	
Retiree on Basic Plan	\$ 560.89
Retiree & 1 dependent on Basic Plan	1,121.79
Retiree & 2 or more dependents on Basic Plan	1,432.42
<u>Health Net HMO – Basic and SmartCare Plans</u>	
Retiree on Basic Plan	\$ 853.92
Retiree & 1 or more dependents on Basic Plan	2,094.74
Retiree on Medicare Seniority Plus Plan	514.27
Retiree & 1 dependent on Medicare Seniority Plus Plan	1,028.55
<u>Health Net CA & Nat'l PPO – Basic Plan A</u>	
Retiree on PPO	\$ 753.81
Retiree & 1 or more dependents on PPO Basic Plan	1,790.70
Retiree on PPO Medicare Plan with Medicare Part A & B	618.43
Retiree & 1 or more dependents on PPO Medicare Plan with Medicare Part A & B	1,236.73

Bargaining Units L3 / LT – Registered / Public Health Nurses Units

Currently, for eligible retirees from bargaining units L3 and LT (LT if hired before January 1, 2010), the County subsidizes a percentage of monthly premiums that varies depending on the medical and dental plan elected. Retirees retired on or before 06/30/2012 and age 65 on or before 10/31/2012 also receive reimbursement of their Medicare Part B premiums as long as the total County subsidy does not exceed 100% of the medical plan premium. LT employees who were hired on or after January 1, 2010, must pay the entire cost of premiums to maintain coverage.

Retirees receive the following County subsidy based on the medical plan elected:

Medical Plan	County Subsidy % (Medical)	County Subsidy % (Dental)
<u>Contra Costa Health Plan A and B</u>		
Without Dental	98%	0%
With Delta Dental	98%	98%
With PMI Delta Dental	98%	98%
<u>Kaiser, Health Net HMO</u>		
Without Dental	80%	0%
With Delta Dental	80%	78%
With PMI Delta Dental	80%	78%
<u>Health Net PPO</u>		
Without Dental	53%*	0%
With Delta Dental	53%*	78%
With PMI Delta Dental	53%*	78%
Dental Only	0%	All but \$0.01 / month
* Approximately 53% for 2020. Future increases are split evenly between the County and the retiree.		

All other Bargaining Units - County Subsidy Frozen at the 2011 Level

Currently, eligible retirees from the following bargaining units listed may receive County subsidies towards medical and dental premiums. The subsidies are frozen at the 2011 levels shown in the tables on the following pages. There are no future increases to these subsidy amounts except as defined on the following page for certain retirees who retired before January 1, 2016.

Bargaining Unit Code	Bargaining Unit Name	General / Safety	Bargaining Unit Code	Bargaining Unit Name	General / Safety
25	Social Services Unit	General	KL	Engineering Technician Unit	General
51	Professional Engineers Unit	General	KM	Sheriff's Non-Sworn Mgmt Unit	General
999	DEFAULT BARGAINING UNIT	General	KU	Probation Supervisors Unit	General
2I	Service Line Supervisors Unit	General	KZ	Social Svcs Staff Special Unit	General
2R	Superior Court Reporters-Ex	General	MA	District Attorneys' Unit	General
2S	Safety Classifications	General	N2	Property Appraisers Unit	General
3A	Superior Court Clerical Unit	General	PK	Probation Supervisors Unit	Safety
3B	Superior Court Barg Unit-Loc1	General	PP	Probation Unit of CCC	Safety
3G	Deputy Clerks Unit	General	Q3	Safety Health Services Unit	General
3R	General Clerical Unit	General	QA	Agriculture & Animal Ctrl Unit	General
8P	Special Co Class Codes-Payroll	General	QB	LVN/Aide Unit	General
A8	Elected Officials (Non-DSA)	General	QC	Fam/Chld Svs Site Supv Unit	General
AJ	Elected Superior Court Judges	General	QE	Building Trades Unit	General
AM	Elected Municipal Court Judges	General	QF	Deputy Public Defender Unit/At	General
AS	Elected Board of Supvs Members	General	QG	Deputy Public Defender Unit-In	General
B1	Safety Unrep District Attorney	General	QH	Family and Childrens Services	General
B2	Safety Unrep Probation Classes	General	QM	Engineering Unit	General
B3	Safety Unrep Misc Classes	General	QS	General Services & Mtce Unit	General
B8	Mgmt (Non-Safety)	General	QT	Health Services Unit	General
BC	Superior Court Exempt Mgmt Gen	General	QV	Investigative Unit	General
BD	Mgmt Classified & Ex Dept Head	General	QW	Legal & Court Clerk Unit	General
BJ	Sup Ct Judicial Ofcrs Ex-Mgmt	General	QX	Library Unit	General
C8	Management Project-Other	General	QY	Probation Unit	General
CH	CS Head Start Mgmt-Project	General	TA	LVN/Aide Unit	General
D8	Unrepresented Proj Class-Other	General	TB	General Services & Mtce Unit	General
F2	Unrep Property Appraisers	General	TC	Health Services Unit	General
FC	Unrep Superior Ct Clerical Ex	General	VK	Probation Supervisors Unit	Safety
FD	Unrep Superior Ct Other Exempt	General	VP	Probation Unit of CCC	Safety
FM	Unrep Muni Ct Reporter-Exempt	General	Z1	Supervisory Project	General
FR	Unrep Superior Ct Reprts-Exempt	General	Z2	Non-Supervisory Project	General
JD	CCC Defenders/Attorneys	General	ZA	Supervisory Management	General
JF	CCC Defenders/Investigators	General	ZB	Non-Supervisory Management	General
K2	Property Appraisers Unit	General	ZL	Supervisory Nurse	General
K5	Court Professional Svcs Unit	General	ZM	Local 21 - Unit C	General
K6	Supervisory Clerical Unit	General	ZN	Non-Supervisory Nurse	General
KK	Income Maintenance Program Unit	General			

Health Insurance Premium Rates (non-PEMHCA)

The following table shows monthly retiree health insurance premiums for the 2020 calendar year for coverage under various health plans sponsored by Contra Costa County, and the County's subsidies. Note that not all coverage tier combinations are shown below, please refer to the actual County published rates for details. The County's maximum frozen subsidies and subsidies in effect for 2020 are shown.

Retirees who retired before January 1, 2016 and opted in on the RSG Settlement Class are labeled pre 2016 retirees below with a higher County subsidy. Effective January 1, 2021, for these retirees, the amount of the County monthly medical plan premium maximum subsidy will increase by \$25 for the Medicare retiree only tier, the retiree plus one dependent on Medicare tier, and the retiree plus two or more dependents on Medicare tier.

Medical Plan	County's Maximum Subsidy (Frozen)	2020 Premium Rate	County's Subsidy for 2020	Retiree's Share for 2020
<u>Contra Costa Health Plan A</u>				
Retiree on Basic Plan	\$ 509.92	\$ 892.18	\$ 509.92	\$ 382.26
Retiree & 1 dependent on Basic Plan	1,214.90	1,784.36	1,214.90	569.46
Retiree & 2 or more dependents on Basic Plan (pre 2016 ret)	1,364.90	2,676.54	1,364.90	1,311.64
Retiree & 2 or more dependents on Basic Plan (post 2015 ret)	1,214.90	2,676.54	1,214.90	1,461.64
<i>Pre 2016 and Post 2015 Retirees</i>				
Retiree on Medicare Coordination of Benefits (COB) Plan	420.27	442.80	420.27	22.53
Retiree & 1 dependent on Medicare COB Plan	840.54	885.61	840.54	45.07
Retiree & 2 dependents on Medicare COB Plan	840.54	1,328.41	840.54	487.87
<u>Contra Costa Health Plan B</u>				
Retiree on Basic Plan	528.50	989.00	528.50	460.50
Retiree & 1 dependent on Basic Plan	1,255.79	1,978.00	1,255.79	722.21
Retiree & 2 or more dependents on Basic Plan (pre 2016 ret)	1,405.79	2,967.00	1,405.79	1,561.21
Retiree & 2 or more dependents on Basic Plan (post 2015 ret)	1,255.79	2,967.00	1,255.79	1,711.21
<i>Pre 2016 and Post 2015 Retirees</i>				
Retiree on Medicare COB Plan	444.63	456.09	444.63	11.46
Retiree & dependent on Medicare COB Plan	889.26	912.18	889.26	22.92
Retiree & 2 dependents on Medicare COB Plan	889.26	1,368.26	889.26	479.00

Health Insurance Premium Rates (Non-PEMHCA continued)

Medical Plan	County's Maximum Subsidy (Frozen)	2020 Premium Rate	County's Subsidy for 2020	Retiree's Share for 2020
<u>Kaiser Permanente – Basic Plan A</u>				
Retiree on Basic Plan	\$ 478.91	\$ 879.23	\$ 478.91	\$ 400.32
Retiree & 1 dependent on Basic Plan	1,115.84	1,758.46	1,115.84	642.62
Retiree & 2 or more dependents on Basic Plan (pre 2016 ret)	1,265.84	2,637.69	1,265.84	1,371.85
Retiree & 2 or more dependents on Basic Plan (post 2015 ret)	1,115.84	2,637.69	1,115.84	1,521.85
<i>Pre 2016 and Post 2015 Retirees</i>				
Retiree on Medicare COB Plan	263.94	386.21	263.94	122.27
Retiree & 1 dependent on Medicare COB Plan	712.79	1,042.60	712.79	329.81
Retiree & 2 dependents on Medicare COB Plan	1,161.65	1,042.60	1,042.59	0.01
<u>Kaiser Permanente – Basic Plan B</u>				
Retiree on Basic Plan	478.91	698.82	478.91	219.91
Retiree & 1 dependent on Basic Plan	1,115.84	1,397.64	1,115.84	281.80
Retiree & 2 or more dependents on Basic Plan (pre 2016 ret)	1,265.84	2,096.46	1,265.84	830.62
Retiree & 2 or more dependents on Basic Plan (post 2015 ret)	1,115.84	2,096.46	1,115.84	980.62
<i>Pre 2016 and Post 2015 Retirees</i>				
Retiree on Medicare COB Plan	263.94	292.77	263.94	28.83
Retiree & 1 dependent on Medicare COB Plan	712.79	790.08	712.79	77.29
Retiree & 2 dependents on Medicare COB Plan	1,161.65	790.08	790.07	0.01
<u>Kaiser Permanente – High Deductible</u>				
Retiree on Basic Plan	478.91	560.90	478.91	81.99
Retiree & 1 dependent on Basic Plan	1,115.84	1,121.80	1,115.84	5.96
Retiree & 2 or more dependents on Basic Plan (pre 2016 ret)	1,265.84	1,682.70	1,265.84	416.86
Retiree & 2 or more dependents on Basic Plan (post 2015 ret)	1,115.84	1,682.70	1,115.84	566.86
<u>Teamsters 856 Trust Fund KP Health Plan</u>				
Retiree on Basic Plan	478.91	690.80	478.91	211.89
Retiree & 1 dependent on Basic Plan	1,115.84	1,423.76	1,115.84	307.92
Retiree & 2 or more dependents on Basic Plan (pre 2016 ret)	1,265.84	2,043.36	1,265.84	777.52
Retiree & 2 or more dependents on Basic Plan (post 2015 ret)	1,115.84	2,043.36	1,115.84	927.52

Health Insurance Premium Rates (Non-PEMHCA continued)

Medical Plan	County's Maximum Subsidy (Frozen)	2020 Premium Rate	County's Subsidy for 2020	Retiree's Share for 2020
<u>Health Net HMO – Plan A</u>				
Retiree on Basic Plan	627.79	1,761.04	627.79	1,133.25
Retiree & 1 dependent on Basic Plan	1,540.02	3,522.08	1,540.02	1,982.06
Retiree & 2 or more dependents on Basic Plan (pre 2016 ret)	1,690.02	5,283.12	1,690.02	3,593.10
Retiree & 2 or more dependents on Basic Plan (post 2015 ret)	1,540.02	5,283.12	1,540.02	3,743.10
<i>Pre 2016 and Post 2015 Retirees</i>				
Retiree on Medicare Seniority Plus Plan	409.69	663.07	409.69	253.38
Retiree & 1 dependent on Medicare Seniority Plus Plan	819.38	1,326.14	819.38	506.76
Retiree & 2 dependents on Medicare Seniority Plus Plan	1,229.07	1,989.21	1,229.07	760.14
<u>Health Net HMO – Plan B</u>				
Retiree on Basic Plan	627.79	\$1,224.60	627.79	596.81
Retiree & 1 dependent on Basic Plan	1,540.02	2,449.20	1,540.02	909.18
Retiree & 2 or more dependents on Basic Plan (pre 2016 ret)	1,690.02	3,673.80	1,690.02	1,983.78
Retiree & 2 or more dependents on Basic Plan (post 2015 ret)	1,540.02	\$3,673.80	1,540.02	2,133.78
<i>Pre 2016 and Post 2015 Retirees</i>				
Retiree on Medicare Seniority Plus Plan	409.69	556.65	409.69	146.96
Retiree & 1 dependent on Medicare Seniority Plus Plan	819.38	1,113.30	819.38	293.92
Retiree & 2 dependents on Medicare Seniority Plus Plan	1,229.07	1,669.95	1,229.07	440.88
<u>Health Net SmartCare HMO – Plan A</u>				
Retiree on Basic Plan	627.79	1,322.48	627.79	694.69
Retiree & 1 dependent on Basic Plan	1,540.02	2,644.96	1,540.02	1,104.94
Retiree & 2 or more dependents on Basic Plan (pre 2016 ret)	1,690.02	3,967.44	1,690.02	2,277.42
Retiree & 2 or more dependents on Basic Plan (post 2015 ret)	1,540.02	3,967.44	1,540.02	2,427.42
<i>Pre 2016 and Post 2015 Retirees</i>				
Retiree on Medicare Seniority Plus Plan	467.13	891.07	467.13	423.94
Retiree & 1 dependent on Medicare Seniority Plus Plan	934.29	1,782.14	934.29	847.85
Retiree & 2 dependents on Medicare Seniority Plus Plan	934.29	2,673.21	934.29	1,738.92

Health Insurance Premium Rates (Non-PEMHCA continued).

Medical Plan	County's Subsidy (Frozen)	2020 Premium Rate	County's Subsidy for 2020	Retiree's Share for 2020
<u>Health Net SmartCare HMO – Plan B</u>				
Retiree on Basic Plan	\$ 627.79	\$ 942.98	\$ 627.79	\$ 315.19
Retiree & 1 dependent on Basic Plan	1,540.02	1,885.96	1,540.02	345.94
Retiree & 2 or more dependents on Basic Plan (pre 2016 ret)	1,690.02	2,828.94	1,690.02	1,138.92
Retiree & 2 or more dependents on Basic Plan (post 2015 ret)	1,540.02	2,828.94	1,540.02	1,288.92
<i>Pre 2016 and Post 2015 Retirees</i>				
Retiree on Medicare Seniority Plus Plan	467.13	816.21	467.13	349.08
Retiree & 1 dependent on Medicare Seniority Plus Plan	934.29	1,632.42	934.29	698.13
Retiree & 2 dependents on Medicare Seniority Plus Plan	934.29	2,448.63	934.29	1,514.34
<u>Health Net CA & Nat'l PPO – Basic Plan A</u>				
Retiree on Basic Plan	604.60	2,691.46	604.60	2,086.86
Retiree & 1 dependent on Basic Plan	1,436.25	5,382.92	1,436.25	3,946.67
Retiree & 2 or more dependents on Basic Plan (pre 2016 ret)	1,586.25	8,074.38	1,586.25	6,488.13
Retiree & 2 or more dependents on Basic Plan (post 2015 ret)	1,436.25	8,074.38	1,436.25	6,638.13
<i>Pre 2016 and Post 2015 Retirees</i>				
Retiree on PPO Medicare Plan B	563.17	1,231.57	563.17	668.40
Retiree & 1 dependent on PPO Medicare Plan	1,126.24	2,463.14	1,126.24	1,336.90
Retiree & 2 dependents on PPO Medicare Plan	1,126.24	3,694.71	1,126.24	2,568.47

PEMHCA Health Plan Premium Rates

Eligible retirees from the bargaining units 4N, A8, B8, BD, BF, BS, F8, FW, HA, V#, VH, VN, and XJ can choose to enroll in health plans sponsored by CalPERS based on their region residency (Region 1 – Northern California, Region 2 – Southern California other than Los Angeles Region, Region 3 - Los Angeles, and Out of State of California). The following table shows the monthly Region 1 health insurance premiums for the 2020 calendar year:

	Monthly Premium Rates – Effective January 1, 2020					
	Single		2-Party		Family	
	Under 65	Over 65	Under 65	Over 65	Under 65	Over 65
Anthem HMO Select	\$ 868.98	\$ 388.15	\$ 1,737.96	\$ 776.30	\$ 2,259.35	\$ 1,164.45
Anthem EPO Del Norte	861.18	n/a	1,722.36	n/a	2,239.07	n/a
Anthem Traditional	1,184.84	388.15	2,369.68	776.30	3,080.58	1,164.45
Blue Shield Access+	1,127.77	n/a	2,255.54	n/a	2,932.20	n/a
Blue Shield Trio	833.00	n/a	1,666.00	n/a	2,165.80	n/a
HealthNet SmartCare	1,000.52	n/a	2,001.04	n/a	2,601.35	n/a
Kaiser Permanente	768.49	339.43	1,536.98	678.86	1,998.07	1,018.29
PERS Choice	861.18	351.39	1,722.36	702.78	2,239.07	1,054.17
PERS Select	520.29	351.39	1,040.58	702.78	1,352.75	1,054.17
PERSCare	1,133.14	384.78	2,266.28	769.56	2,946.16	1,154.34
United Healthcare	899.94	327.03	1,799.88	654.06	2,339.84	981.09
Western Health Advantage	731.96	n/a	1,463.92	n/a	1,903.10	n/a
PORAC	774.00	513.00	1,699.00	1,022.00	2,199.00	1,635.00
Contra Costa Health Plan*	1,137.10	976.66	2,274.20	1,953.32	2,956.46	2,475.12
* Offered by the Contra Costa County Health Plan to Contra Costa County employees only. Not available through PEMHCA						

Dental Plan Premiums

The following table shows monthly retiree dental insurance premiums for the 2020 calendar year. County subsidies vary based on retiree's medical plan enrollment election and bargaining unit upon retirement.

Plan	Monthly Premiums
Delta Dental Premier PPO - \$1,800 Annual Maximum	
Retiree	\$ 46.52
Retiree + 1 and Retiree +2 or more	105.08
Delta Care (HMO)	
Retiree	\$ 29.06
Retiree + 1 and Retiree +2 or more	62.81

Appendix B. Actuarial Cost Method and Assumptions

Actuarial Cost Method

The actuarial cost method used for determining the benefit obligations is the individual Entry Age Normal Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit.

The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL).

The Actuarial Value of Assets is equal to the market value of assets as of the measurement date. The actuarial assumptions are summarized below.

Economic Assumptions

Discount Rate (Liabilities)	5.85%
General Inflation	2.75%

We have used a discount rate of 5.85% in this valuation to reflect the County's current policy of partially funding its OPEB liabilities. This rate is derived based on the fund's investment policy, level of partial funding, and includes a 2.75% long-term inflation assumption. County OPEB Irrevocable Trust assets are invested in the Public Agency Retirement Services' Highmark Portfolio. Based on the portfolio's target allocation (shown below), the average return of Trust assets over the next 50 years is expected to be 5.83%.

Asset Class	Expected 1-Year Nominal Return	Targeted Asset Allocation
Cash	2.10%	1.0%
U.S. Fixed Income	3.43%	43.0%
Domestic Equity Large Cap	7.51%	19.0%
Domestic Equity Mid Cap	8.17%	6.0%
Domestic Equity Small Cap	9.28%	9.0%
International Equity (Developed)	9.63%	10.0%
Global Equity	8.66%	8.0%
Real Estate (U.S. REITs)	8.22%	4.0%
Expected Arithmetic Mean Annual Return (50 years)		6.23%
Expected Geometric Mean Annual Return (50 years)		5.83%

Assumed Salary Increases (Applied to Individual Entry Age Normal Cost Method)

The assumed annual rates of compensation increases used for the EAN actuarial cost method are the same as the assumption used in the December 31, 2018 CCCERA Actuarial Valuation.

Years of Service	General	Safety
Less than 1	15.66%	16.69%
1	10.49%	11.52%
2	8.69%	9.20%
3	7.14%	8.17%
4	6.10%	6.10%
5	5.59%	5.33%
6	5.07%	5.07%
7	4.81%	4.81%
8	4.71%	4.71%
9	4.61%	4.61%
10	4.50%	4.55%
11	4.40%	4.50%
12	4.30%	4.45%
13	4.19%	4.40%
14	4.09%	4.35%
15	4.04%	4.30%
16	3.99%	4.30%
17	3.93%	4.30%
18	3.88%	4.30%
19	3.83%	4.30%
20+	3.78%	4.30%

Demographic Assumptions

Below is a summary of the assumed rates for mortality, retirement, disability and withdrawal, which are consistent with assumptions used in the December 31, 2018 CCCERA Actuarial Valuation.

Post-Retirement Mortality

Healthy: For General Members: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2018.

For Safety Members: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) multiplied by 105% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018.

Disabled: For General Members: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) multiplied by 105% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018.

For Safety Members: Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) multiplied by 105% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2018.

Beneficiaries: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) multiplied by 105% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2018.

Pre-Retirement Mortality

For General Members: Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2018.

For Safety Members: Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2018.

Disability

Age	General Tier 3 / 5 PEPRA	Safety (All Tiers)
20	0.01%	0.02%
25	0.02%	0.16%
30	0.03%	0.32%
35	0.05%	0.46%
40	0.08%	0.56%
45	0.11%	0.90%
50	0.13%	2.54%
55	0.16%	3.80%
60	0.22%	4.30%
65	0.25%	4.50%
70	0.25%	4.50%

Retirement – We have applied the General Tier 3 (Enhanced) rates for all General employees and Safety Tier A (Enhanced) rates for all Safety employees since nearly all current employees are in these two pension tiers, with the exception of those who were hired after January 1, 2013 as the PEPRA tiers.

Age	General Tier 3 < 30 Yr	General Tier 3 >= 30 yr	General PEPRA	Safety Tier A < 30 yr	Safety Tier A >= 30 yr	Safety PEPRA
45	0.00%	0.00%	0.00%	7.00%	8.75%	0.00%
46	0.00%	0.00%	0.00%	3.00%	3.75%	0.00%
47	0.00%	0.00%	0.00%	10.00%	12.50%	0.00%
48	0.00%	0.00%	0.00%	10.00%	12.50%	0.00%
49	0.00%	0.00%	0.00%	25.00%	31.25%	0.00%
50	4.00%	7.20%	0.00%	25.00%	31.25%	5.00%
51	3.00%	5.40%	0.00%	25.00%	31.25%	4.00%
52	3.00%	5.40%	2.00%	18.00%	22.50%	4.00%
53	4.00%	7.20%	3.00%	18.00%	22.50%	5.00%
54	6.00%	10.80%	3.00%	18.00%	22.50%	6.00%
55	8.00%	14.40%	5.00%	20.00%	30.00%	10.00%
56	8.00%	9.60%	5.00%	20.00%	30.00%	10.00%
57	9.00%	10.80%	6.00%	22.00%	33.00%	18.00%
58	10.00%	12.00%	6.00%	22.00%	33.00%	18.00%
59	12.00%	14.40%	8.00%	22.00%	33.00%	18.00%
60	13.00%	15.60%	8.00%	25.00%	37.50%	18.00%
61	18.00%	21.60%	12.00%	25.00%	37.50%	20.00%
62	22.00%	26.40%	18.00%	25.00%	37.50%	20.00%
63	22.00%	26.40%	18.00%	30.00%	45.00%	20.00%
64	25.00%	30.00%	20.00%	40.00%	60.00%	25.00%
65	32.00%	32.00%	25.00%	100.00%	100.00%	100.00%
66	32.00%	32.00%	25.00%	100.00%	100.00%	100.00%
67	30.00%	30.00%	25.00%	100.00%	100.00%	100.00%
68	30.00%	30.00%	25.00%	100.00%	100.00%	100.00%
69	30.00%	30.00%	25.00%	100.00%	100.00%	100.00%
70 – 74	35.00%	35.00%	40.00%	100.00%	100.00%	100.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Withdrawal – Sample probabilities of terminating employment with the County are shown below for selected years of County service.

Years of Service	General	Safety
Less than 1	14.00%	12.50%
1	9.50%	10.00%
2	9.25%	8.25%
3	6.50%	5.75%
4	5.25%	5.00%
5	5.00%	4.25%
10	3.25%	2.25%
15	2.25%	1.70%
20 or more	1.25%	0.75%

Coverage Election Assumptions

Retiree Coverage – We have assumed 85% of new retirees hired before the exclusion date stated in Appendix A will elect medical and dental coverage at retirement. For employees hired after the exclusion date stated in Appendix A, we assumed 50% will elect to enroll in the health plans without any County subsidy.

Spouse Coverage – We have assumed 50% of new General retirees and 60% of new Safety retirees electing coverage will elect spouse medical and dental coverage at retirement.

Spouse Age – Female spouses are assumed to be three years younger than male spouses.

Dependent Coverage – We have assumed 30% of retirees with no spouse coverage will elect coverage for a dependent child until age 65 and 50% of retirees with spouse coverage will elect coverage for a dependent child until age 65.

Health Plan Election – We have assumed that new retirees will remain enrolled in the same plan they were enrolled in as actives. For actives who waived coverage, we have assumed that they will elect Kaiser plan coverage. For retirees enrolled in either the CalPERS Anthem or Blue Shield plans, we assumed they will transfer to the Kaiser Medicare Supplement plan upon reaching age 65, as the CalPERS health plan no longer offers Anthem or Blue Shield coverage for Medicare eligible retirees.

Valuation of Retiree Premium Subsidy Due to Active Health Costs

Currently, the County and California PERS (PEMHCA) health plans charge the same premiums for retirees who are not yet eligible for Medicare as for active employees. Therefore, the retiree premium rates are being subsidized by the inclusion of active lives in setting rates. (Premiums calculated only based on retiree health claims experience would have resulted in higher retiree premiums.) GASB 74/75 requires that the value of this subsidy be recognized as a liability in valuations of OPEB costs.

To account for the fact that per member health costs vary depending on age (higher health costs at older ages), we calculated equivalent per member per month (PMPM) costs that vary by age based on the age distribution of covered members, and based on relative cost factors by age. The relative cost factors were developed from the Milliman Health Cost GuidelinesTM. Based on the carrier premium rates and relative age cost factors assumptions, we developed age adjusted monthly PMPM health costs for 2020 to be used in valuing the implicit rate subsidy.

The following tables show the age adjusted expected claims costs per member per month (PMPM) for non-PEMHCA health plans.

Age Adjusted Weighted Expected PMPM Claims Costs for CCHP Plans

Age	Retirees		Spouses	
	Male	Female	Male	Female
50	\$768	\$958	\$914	\$1,103
55	1,005	1,126	1,150	1,270
60	1,286	1,317	1,431	1,462
64	1,596	1,488	1,742	1,633

Age Adjusted Weighted Expected PMPM Claims Costs for Kaiser Plans

Age	Retirees		Spouses	
	Male	Female	Male	Female
50	\$707	\$882	\$892	\$1,066
55	924	1,036	1,109	1,220
60	1,183	1,212	1,368	1,396
64	1,469	1,369	1,654	1,554

Age Adjusted Weighted Expected PMPM Claims Costs for HealthNet Plans

Age	Retirees		Spouses	
	Male	Female	Male	Female
50	\$861	\$1,074	\$1,075	\$1,287
55	1,126	1,262	1,340	1,474
60	1,442	1,477	1,655	1,689
64	1,789	1,668	2,003	1,881

The following table shows the weighted average age adjusted expected monthly claims cost in PMPM for PEMHCA health plans. The Medical PMPM costs are developed from the total covered members in PEMHCA plans based on the enrollment information released by CalPERS for the entire Region 1

Age Adjusted Weighted Expected PMPM Claims Costs for PEMHCA Plans				
Age	Retirees		Spouses	
	Male	Female	Male	Female
50	\$806	\$999	\$716	\$872
55	992	1,092	900	1,008
60	1,225	1,241	1,129	1,160
64	1,508	1,395	1,395	1,305

Since retirees eligible for Medicare (age 65 and beyond) are enrolled in Medicare supplemental plans, the premiums for retirees with Medicare are determined without regard to active employee claims experience and no such subsidy exists for this group for medical cost.

Medical Cost Inflation Assumption

We assumed future increases to the health costs and premiums are based on the “Getzen” model published by the Society of Actuaries for purposes of evaluating long term medical trend. The H.R. 1865 Further Consolidated Appropriations Act 2020 became law on December 20, 2019. This law repeals the Cadillac tax completely and removes the Health Insurer Fee permanently beginning in 2021. We reflected this change in the health cost trends shown in the below table. Given the substantial uncertainty regarding the potential impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs during the term of our projections, we have chosen not to make an adjustment in the health costs trends shown in the below table for the potential effect of COVID-19. The following table shows the assumed rate increases in future years for Medical premiums. The CPI used in developing the following health cost increases is 2.75%.

Calendar Year	County Plans Pre 65	Calendar Year	County Plans Post 65	Calendar Year	PEMHCA Plans Pre 65	Calendar Year	PEMHCA Plans Post 65
2020	5.00%	2020	3.50%	2020	6.80%*	2020	-2.50%*
2021	6.00%	2021	5.25%	2021 – 2023	5.00%	2021	5.00%
2022 – 2035	5.00%	2022 – 2035	5.00%	2024 – 2048	5.25%	2022 – 2025	5.25%
2036 – 2051	5.25%	2036 – 2051	5.25%	2049 – 2065	5.00%	2026 – 2045	5.50%
2052 – 2065	5.00%	2052 – 2065	5.00%	2066 – 2068	4.75%	2046 – 2053	5.25%
2066 – 2068	4.75%	2066 – 2068	4.75%	2069 – 2072	4.50%	2054 – 2065	5.00%
2069 – 2072	4.50%	2069 – 2072	4.50%	2073+	4.25%	2066 – 2068	4.75%
2073+	4.25%	2073+	4.25%			2069 – 2072	4.50%
						2073+	4.25%

* This is the weighted average premium change from 2020 to 2021 calendar year under PEMHCA.

Dental Cost We assumed Dental costs will increase 3.0% annually.

Appendix C. Summary of Participant Data

The following census of participants was used in the actuarial valuation and provided by Contra Costa County as of January 1, 2020.

Active Employees

Age	General	Safety	Total
Under 25	74	35	109
25 – 29	461	173	634
30 – 34	851	230	1,081
35 – 39	988	185	1,173
40 – 44	1,037	199	1,236
45 – 49	1,077	217	1,294
50 – 54	1,140	113	1,253
55 – 59	1,070	60	1,130
60 – 64	790	21	811
65 & Over	<u>385</u>	<u>9</u>	<u>394</u>
Total	7,873	1,242	9,115

Average Age on Valuation Date: 46.2

Average Service on Valuation Date: 10.1

Current Retirees

Age	General	Safety	Total
Under 50	14	64	78
50 – 54	69	170	239
55 – 59	311	205	516
60 – 64	674	197	871
65 – 69	1,147	225	1,372
70 – 74	1,258	252	1,510
75 – 79	874	137	1,011
80 – 84	559	83	642
85 & Over	<u>703</u>	<u>97</u>	<u>800</u>
Total	5,609	1,430	7,039

Average Age on Valuation Date: 71.9

Appendix D. Glossary of Key Terms

Actuarially Determined Contribution. A target or recommended contribution to an OPEB plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted. The County's current funding policy is to fund the pay-as-you-go costs for retirees, plus \$20 million into the OPEB Trust each year until year 2022. Beginning in 2022 the County will contribute \$20 million plus additional \$53 million until the OPEB fund's FNP as a % of TOL is 60%. After that, the County will contribute an amount to maintain the 60% funded status.

Deferred Inflows/Outflows of Resources. Portion of changes in net OPEB liability that is not immediately recognized in OPEB Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.

Discount Rate. Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of:

- 1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.
- 2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.

Long-Term Expected Rate of Return. Long-term expected rate of return on OPEB plan investments expected to be used to finance the payment of benefits, net of investment expenses.

Money-Weighted Rate of Return. The internal rate of return on OPEB plan investments, net of investment expenses.

Municipal Bond Rate. Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Total OPEB Liability. The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 74 and 75.

Fiduciary Net Position. Equal to market value of assets.

Net OPEB Liability. Total OPEB Liability minus the Plan's Fiduciary Net Position.

Service Cost. The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.



Contra
Costa
County

To: Board of Supervisors
From: Monica Nino, County Administrator
Date: January 25, 2022

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: **01/25/2022** ☒ 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 25, 2022

Monica Nino, County Administrator and Clerk of the Board of Supervisors

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

By: , Deputy

cc:

ATTACHMENTS

Capital Projects Update
PowerPoint

Facilities Master Plan PowerPoint



Board of Supervisors Annual Retreat 2022

January 25, 2022



Agenda

- Update on Major Projects
 - Mod M/C mental health and ADA upgrades
 - Admin Demo and Redevelopment (ADR)
 - West County Reentry, Treatment and Housing (WRTH)
- Facilities Condition Assessment (FCA)
 - Preliminary Findings
- Master Facilities Plan
 - Presentation and Discussion/Feedback



Major Projects Update

Modules M and C

Module M

- 5 Mental Health Beds/24 Special Services Beds
- Will be complete 2/14 – 1 month ahead of original schedule

Module C

- Complete plumbing retro fit
- Create 4 ADA compliant cells/1 ADA compliant shower
- Will be complete 5/30 – 2 ½ Months ahead of original schedule



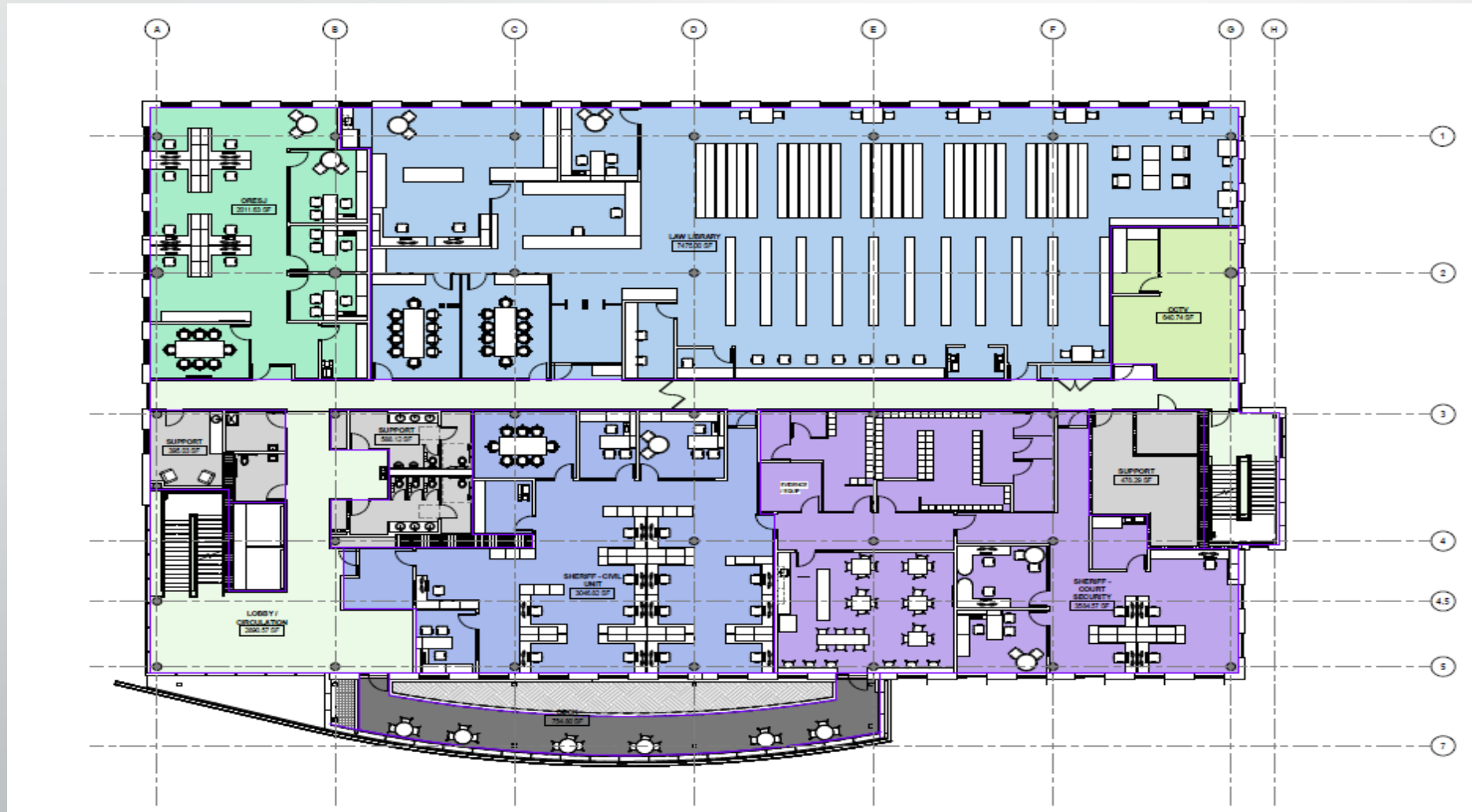
Major Projects Update

Admin Demo and Redevelopment (ADR)

- Initial Mobilization started 11/15/21
- CEQA Lawsuit from 2017 on Old Jail Demo Dismissed 1/11/22
- Hazardous Materials Remediation started 1/24/22
- Structure Demolition March-September 2022
- Discussions started with City of Martinez on future of Pine Street block 2/22
- Potential Departments identified for new building

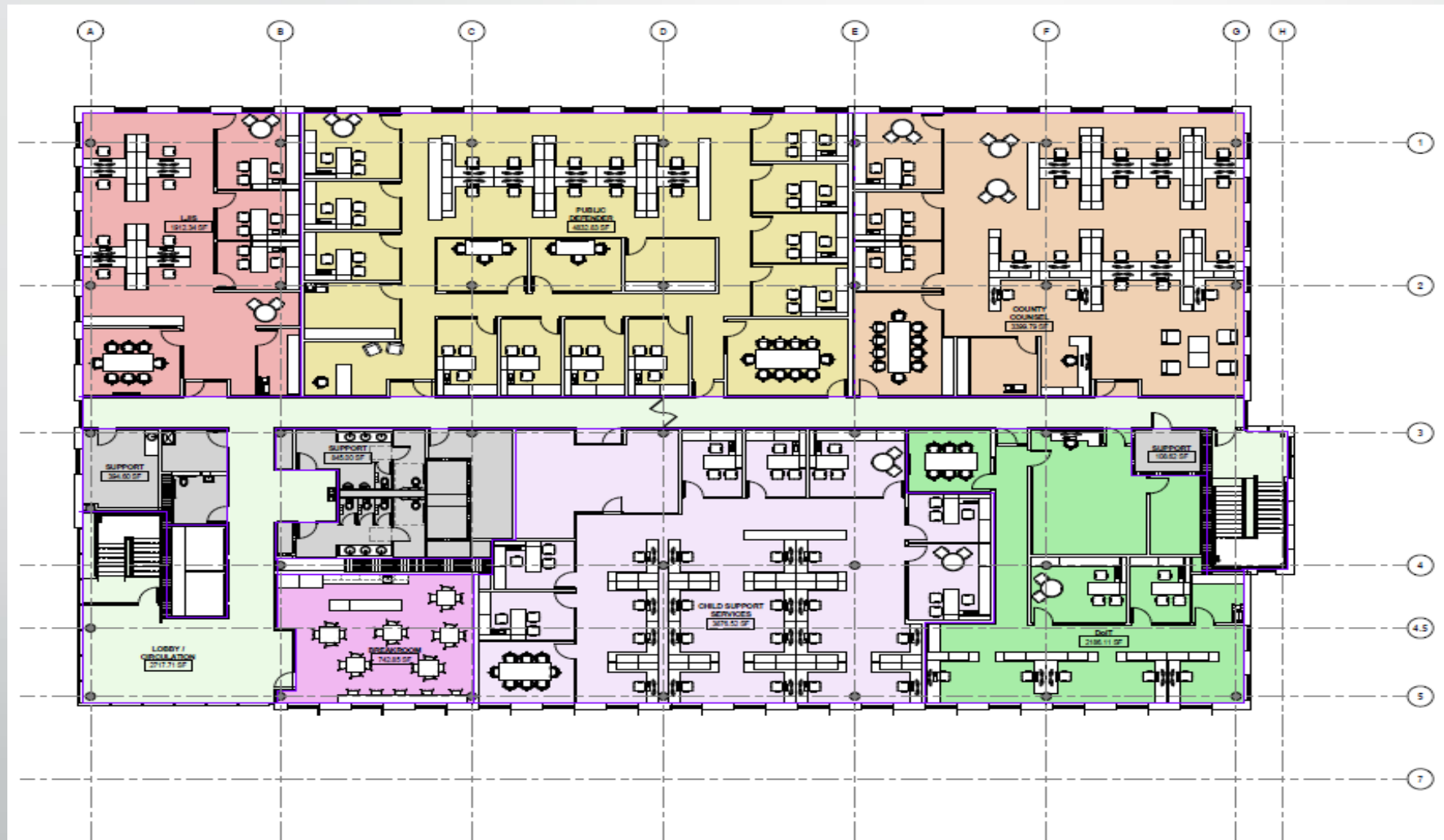


Major Projects Update





Major Projects Update





Major Projects Update

West County Reentry, Treatment and Housing (WRTH)

- Awaiting final approval from State
 - Bureau of State and Community Corrections (BSCC) 2/10/22
 - State Public Works Board 4/15/22



Facilities Condition Assessment

Methodology and Scope:

- An **observation-based Facility Conditions Assessment (FCA)** with on-site “boots on the ground” walkthroughs of all building assets, followed by compilation of data, data review, data analysis, and presentation of findings.
- FCA process in accordance with ASTM E-2018, Standard Guide for Property Condition Assessments.
- The purpose of the FCA is to help inform the capital planning needs for Contra Costa County with accurate data.
- Building Assets data is broken down by Systems. The data provides Asset Values, System Values, Remaining System Useful Life, and capital Requirements. Requirements are the prioritized and categorized capital expenditure needs, with estimated values.
- **FCI:** The value of the capital needs, divided into the value of the Asset, is the Facility Condition Index (FCI)
Example: \$100,000 needs / \$1,000,000 asset value = 0.10 FCI, or 10%.
A lower FCI value indicates ‘better’ condition; a higher value indicates ‘worse’ condition
FCI can be calculated for a single building, or any combination of buildings in the database
- The original scope included 332 building assets totally 4.15m Gross Square Feet (GSF)
- **Final scope: 273 Assets, 3.75 million GSF**

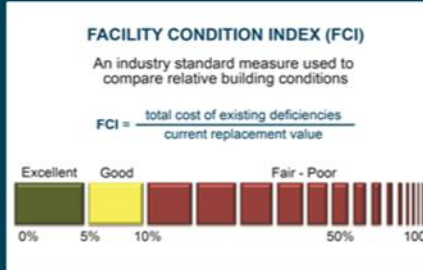


Facilities Condition Assessment



What facilities assets
are in the portfolio?

What role do our
facilities play in
meeting our strategic
business objectives?



What condition are
our facilities
assets in?

Do they support our
strategic business
objectives?



How much funding
do we need to
achieve the
organization's
strategic goals?



How do we rank
which projects are
most important?



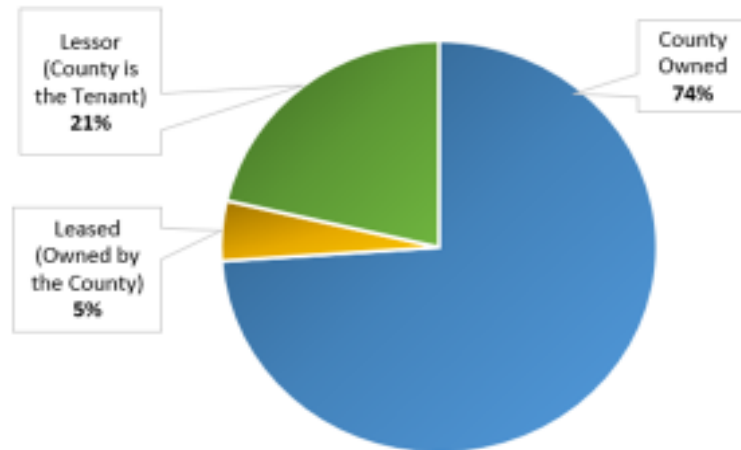


Facilities Condition Assessment

What do we Own?

FCA Progress	Count of Assets	Size (gsf)	% Based on Size
FCA Data Completed	211	3,422,452	90%
FCA Data In-progress	62	362,460	10%
Total	273	3,784,912	

▲ Figure 1: Contra Costa County Portfolio scope and status
(Completed building data sets and currently in post assessment phase)



▲ Figure 2: Contra Costa County Portfolio by Ownership
(Based on portfolio Size)

City	Count of Assets	Size (gsf)
Alamo	1	3,000
Antioch	10	172,089
Bay Point	4	14,666
Brentwood	10	39,655
Byron	12	69,520
Clayton	17	75,235
Concord	45	471,495
Crockett	1	1,238
Danville	3	3,885
El Cerrito	2	16,119
El Sobrante	2	9,236
Hercules	1	41,295
Kensington	1	5,094
Lafayette	2	11,229
Martinez	94	1,859,944
Oakley	4	11,085
Orinda	1	33,000
Pacheco	1	4,260
Pittsburg	7	203,701
Pleasant Hill	6	153,754
Richmond	39	458,308
Rodeo	3	10,594
San Pablo	5	85,808
Walnut Creek	2	30,702
Total	273	3,784,912

▲ Figure 3:
Contra Costa County
Portfolio by Building Count
and Size (gsf)



Facilities Condition Assessment

System Group and Priority	Priority 1 Due within 1 Year of Inspection	Priority 2 Due within 2 Years of Inspection	Priority 3 Due within 5 Years of Inspection	Priority 4 Not Time Based	Total
HVAC System	\$0.5m	\$10.1m	\$196.7m	\$0.0m	\$207.2m
Electrical System	\$0.5m	\$9.9m	\$111.7m	\$0.0m	\$122.1m
Interior Construction and Conveyance	\$0.3m	\$5.2m	\$74.8m	\$0.1m	\$80.4m
Exterior Enclosure	\$0.8m	\$5.0m	\$47.2m	\$0.0m	\$53.0m
Plumbing System	\$0.2m	\$3.1m	\$36.7m	\$0.0m	\$40.1m
Fire Protection	\$0.2m	\$0.5m	\$16.9m	\$0.0m	\$17.7m
Equipment and Furnishings	\$0.0m	\$0.5m	\$13.2m	\$0.0m	\$13.7m
Site	\$0.0m	\$0.9m	\$2.0m	\$0.0m	\$2.9m
System Not Linked	\$0.0m	\$0.1m	\$0.0m	\$0.4m	\$0.5m
Structure	\$0.1m	\$0.0m	\$0.4m	\$0.0m	\$0.5m
Special Construction	\$0.0m	\$0.0m	\$0.4m	\$0.0m	\$0.4m
Total	\$2.6m	\$35.3m	\$500.0m	\$0.6m	\$538.5m



Master Facilities Plan



Questions

Contra Costa County | Board of Supervisors Retreat | January 25, 2022

COUNTY FACILITIES MASTER PLAN

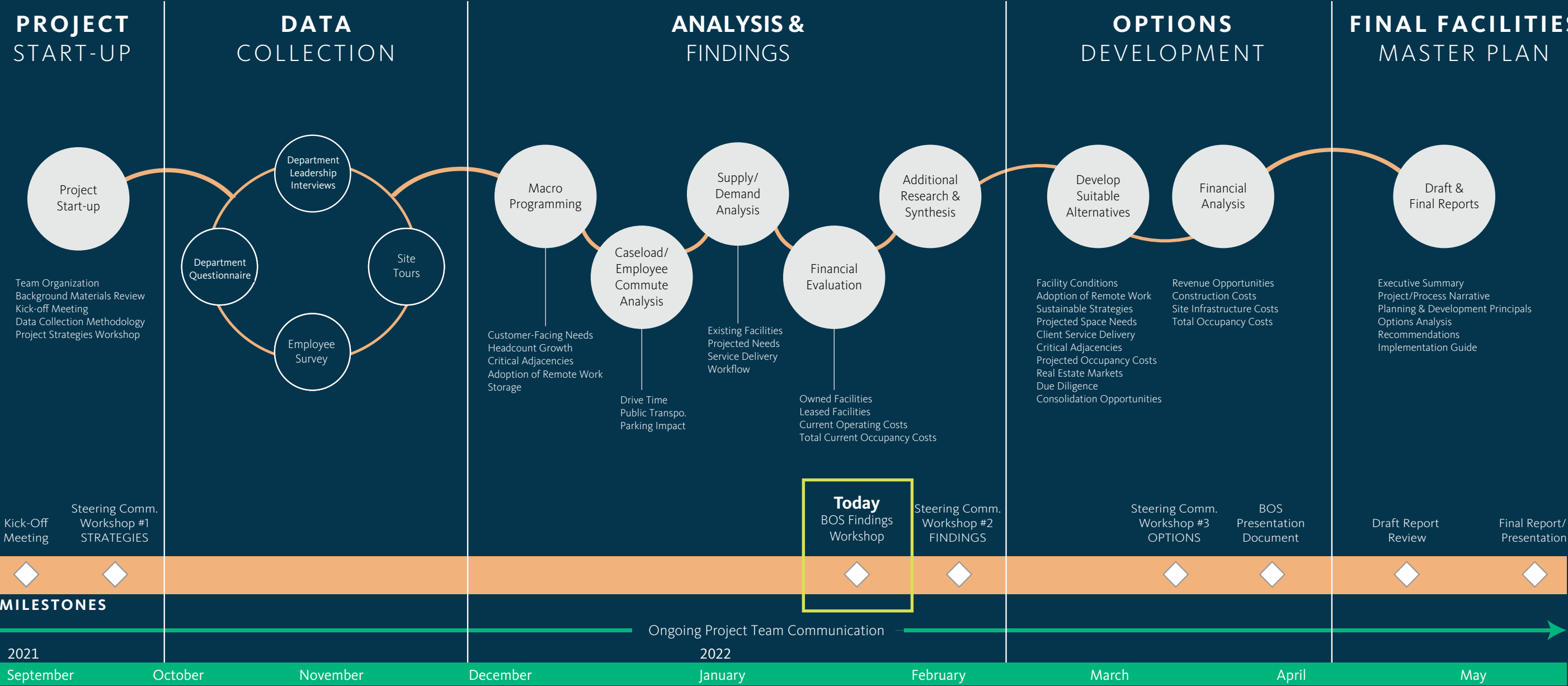


Gensler

Agenda

- 1 Welcome and Introductions
- 2 Strategies Workshop Summary
- 3 Trends from Other Organizations
- 4 Key Findings to Date
- 5 Discussion Items
- 6 Gensler Team Next Steps

Project Schedule



Data Collection to Date

2,177 Employee Survey Responses (35% Response Rate)

23 Sites Toured (more pending)

20 Department Leadership Questionnaire Responses

20 Department Leadership Interviews

1 Steering Committee Workshop (10 members)

100+ County Documents, Reports, etc.

A photograph of a large, arched metal structure spanning a street. The archway features the words "HISTORIC DOWNTOWN" in a smaller, serif font at the top, and "MARKETZ" in large, bold, serif letters below it. The archway is supported by black metal posts. In the background, there are green trees, a hillside, and some buildings. A street lamp is visible on the left side of the archway.

HISTORIC DOWNTOWN

MARKETZ

STRATEGIES WORKSHOP KEY TAKE-AWAYS

Strategies Workshop Key Take-Aways



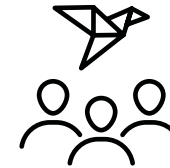
01

Improve equity, access to resources, and the overall customer experience



02

Reduce facility and real estate-related costs



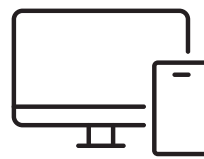
03

Increase collaboration and resource sharing between departments



04

Provide flexibility, upgrade work spaces, and improve the overall employee experience



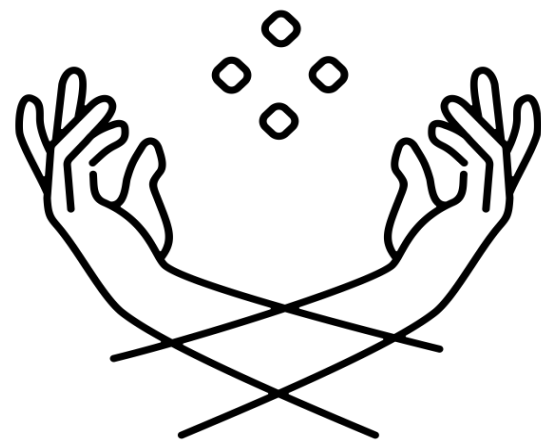
05

Continue to increase technology adoption



PUBLIC AGENCY TRENDS

Service Delivery



Accelerating digital service delivery.

- **Providing digital service delivery through web and/or mobile applications.** Chesterfield County, VA has a chatbot called “ChesterBot”.
- **Leveraging artificial intelligence and automation to expedite service delivery and migrate human resources to higher-value tasks.** Louisiana has a form processing bot that passes forms to humans only if they are incomplete.

Introducing virtual and in-person one-stop service centers.

- **Combining databases to provide a holistic view of clients.** King County, WA integrates Medicaid, Behavioral Health, and Homelessness support systems.
- **Providing services through automated kiosks.** Several counties have installed kiosks allowing customers to enroll in social services programs and seek benefits status, among other activities.

Bringing government closer to the people.

- **Distributing service delivery for public health and social services.** LA County has expanded its footprint across a large geography to bring services closer to those in need.
- **Introducing shared service counters with rotating departments.** Santa Cruz County is introducing a shared service counter in Watsonville, CA.

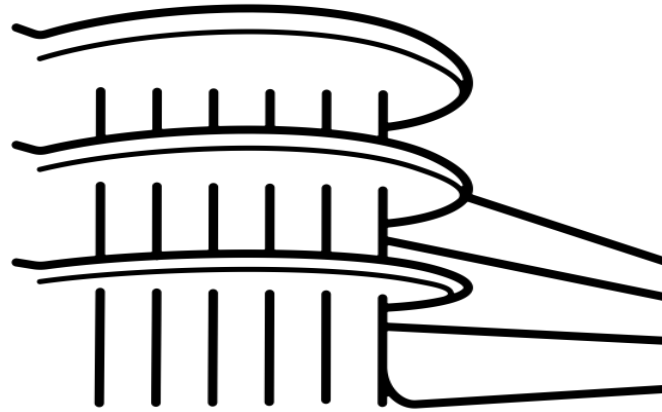
Investing in public connectivity.

- **Extending wifi in public facilities and outdoor spaces.** Arlington County, VA and San Francisco County, CA provide free internet services in public facilities.
- **Providing internet training programs to the public.** Arlington County, VA provides free public training on how to use the internet.

Expanding public-private partnerships.

- **Supporting local businesses.** Birmingham, AL’s #BhamStrong partnership includes government, university, and private-sector organizations that support businesses with loans and business advisory assistance.
- **Improving infrastructure.** Washington State’s “Challenge Seattle” alliance of 21 CEOs from the region’s largest employers are tackling high-speed rail, broadband internet access, education, and other challenges

Real Estate and Facilities



Prioritizing investments in public-facing real estate, facilities, and infrastructure

- **Postponing major, non-critical County projects.** Marin County, CA postponed any new major space planning projects that were not in progress prior to the pandemic.
- **Creating additional service hubs to better serve County population.** San Mateo County and Santa Clara County, CA have added new service centers.

Raising the digital literacy of the workforce better supporting hybrid and remote work.

- **Developing post-COVID work policies.** Marin County, CA has developed policies and provisions.
- **Introducing new software, hardware, and workforce technology training.** Mostly occurring within private organizations, but also a best practice for the public sector.

Investing in asset management and GIS systems.

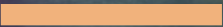
- **Building enterprise wide real estate database systems for county assets.** Ongoing in Marin County and San Mateo County, CA.
- **Developing real-time facility management with predictive analytic capabilities for proactive planning.** Ongoing in Marin County and San Mateo County, CA.
- **Providing professional organizational structure to implement and manage a complex real estate portfolio.** Ongoing in Orange County, CA.

Upgrading infrastructure to increase resilience to climate, fire and earthquake risks.

- **Developing emergency preparation and communications systems.** Marin County, CA launched a web-based evacuation mapping tool for county residents and businesses.
- **Evaluating development opportunities with climate resiliency lens.** Ongoing in several counties.

Modernizing office spaces and reducing the real estate footprint.

- **Introducing shared desking for hybrid and remote staff.** Santa Cruz County and Los Angeles County are incorporating into renovations of existing facilities.
- **Updating office spaces and infrastructure to modern standards.** San Luis Obispo County and Santa Cruz County are incorporating modern practices into new build-outs.



KEY FINDINGS TO DATE

01

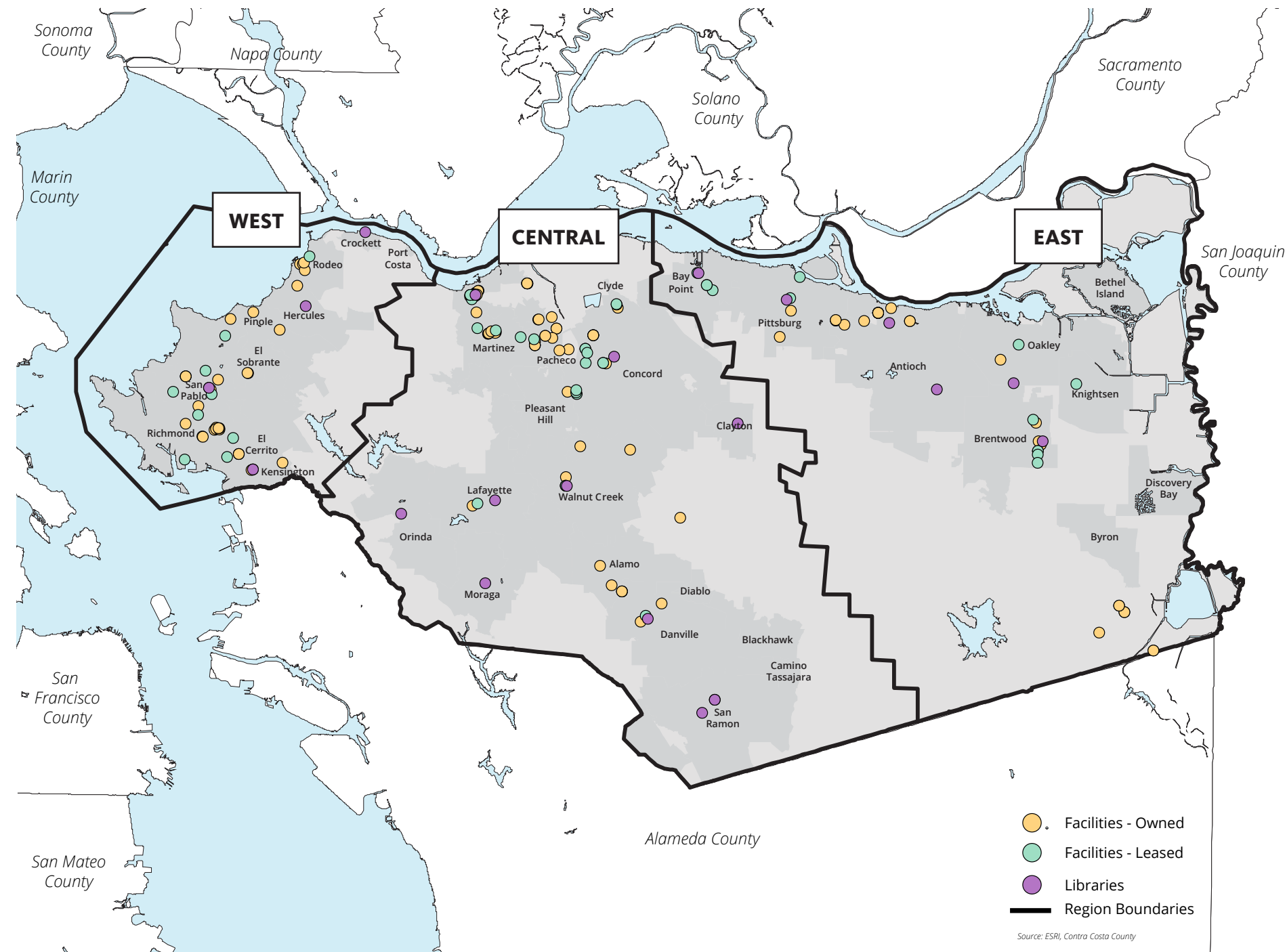
The County's real estate portfolio contains numerous facilities scattered across a wide geography. Accessibility from East and West County is challenging for customers.

County Real Estate Portfolio Under Study*

~ 124 Owned Facilities (~ 1,500K SF)
~ 47 Leased Facilities (~ 479K SF)
~171 Total Facilities (~ 1,979K SF)**

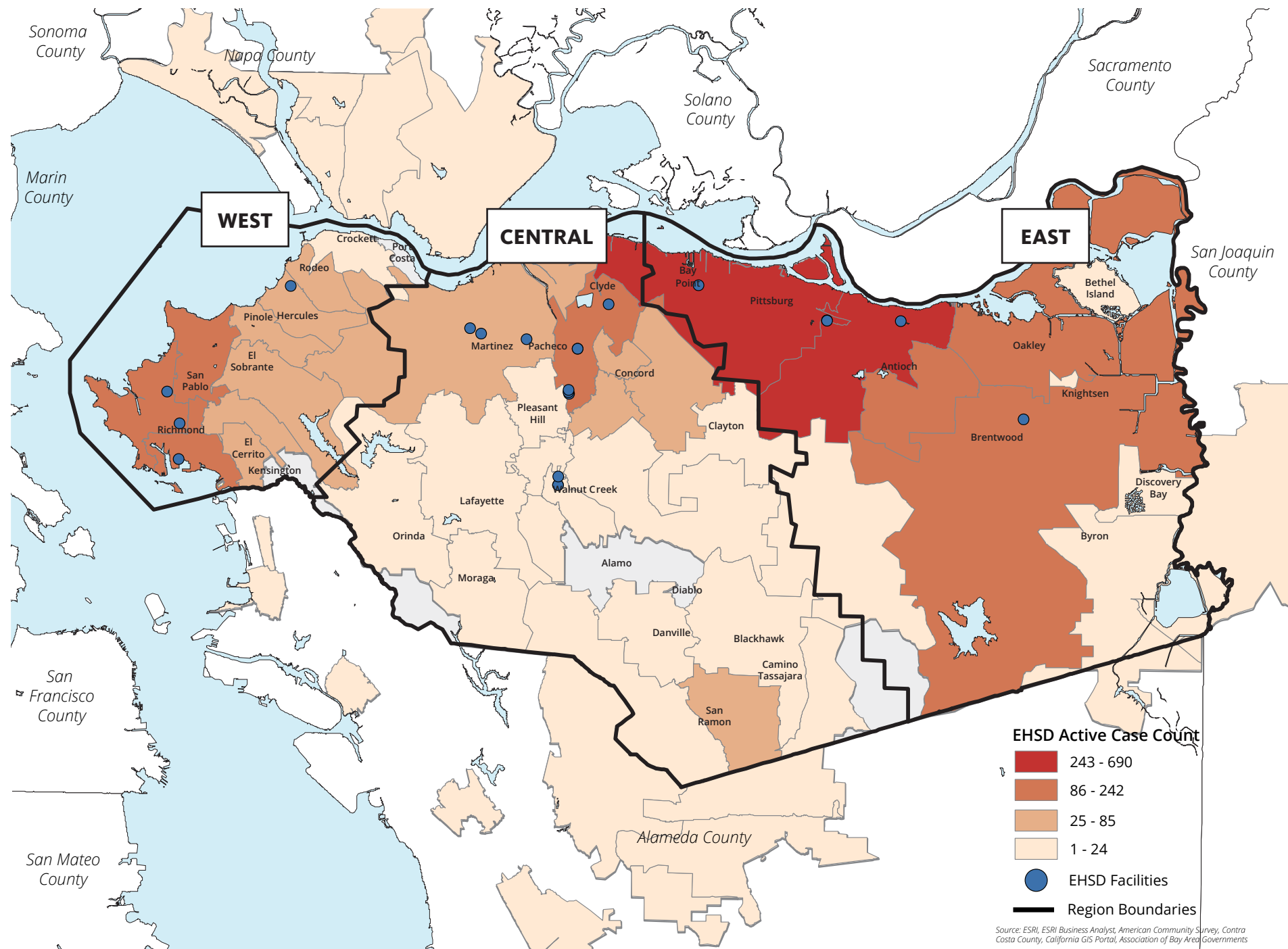
~ 42 Facilities in West Region
~ 88 Facilities in Central Region
~41 Facilities in East Region

* Excludes Health Services, Airport, Fire, Sheriff, and detention facilities.
** A 5% gross-up factor was applied to the rentable square footage of leased facilities in order to arrive at gross square feet.



EHSD Case Locations

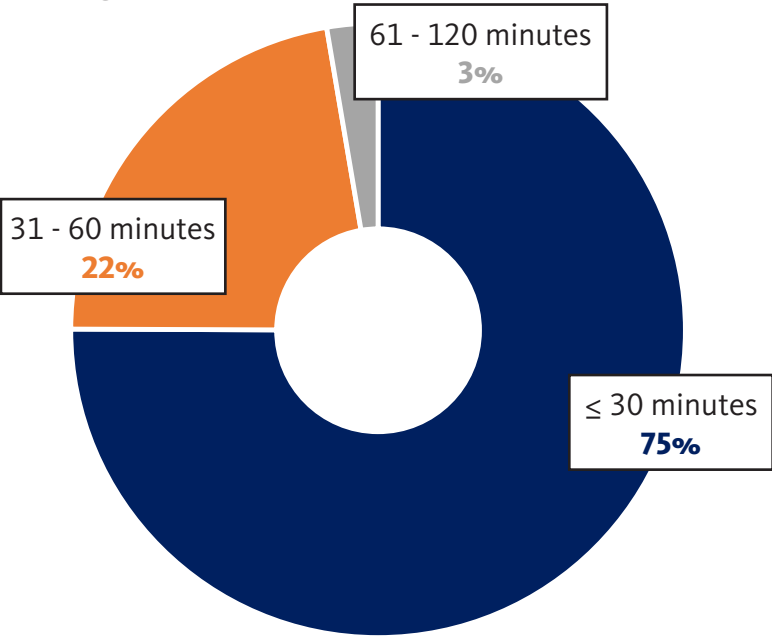
EHSD facilities are proximate to case locations in West and Central County. Clients in East County travel considerably more to access EHSD facilities.



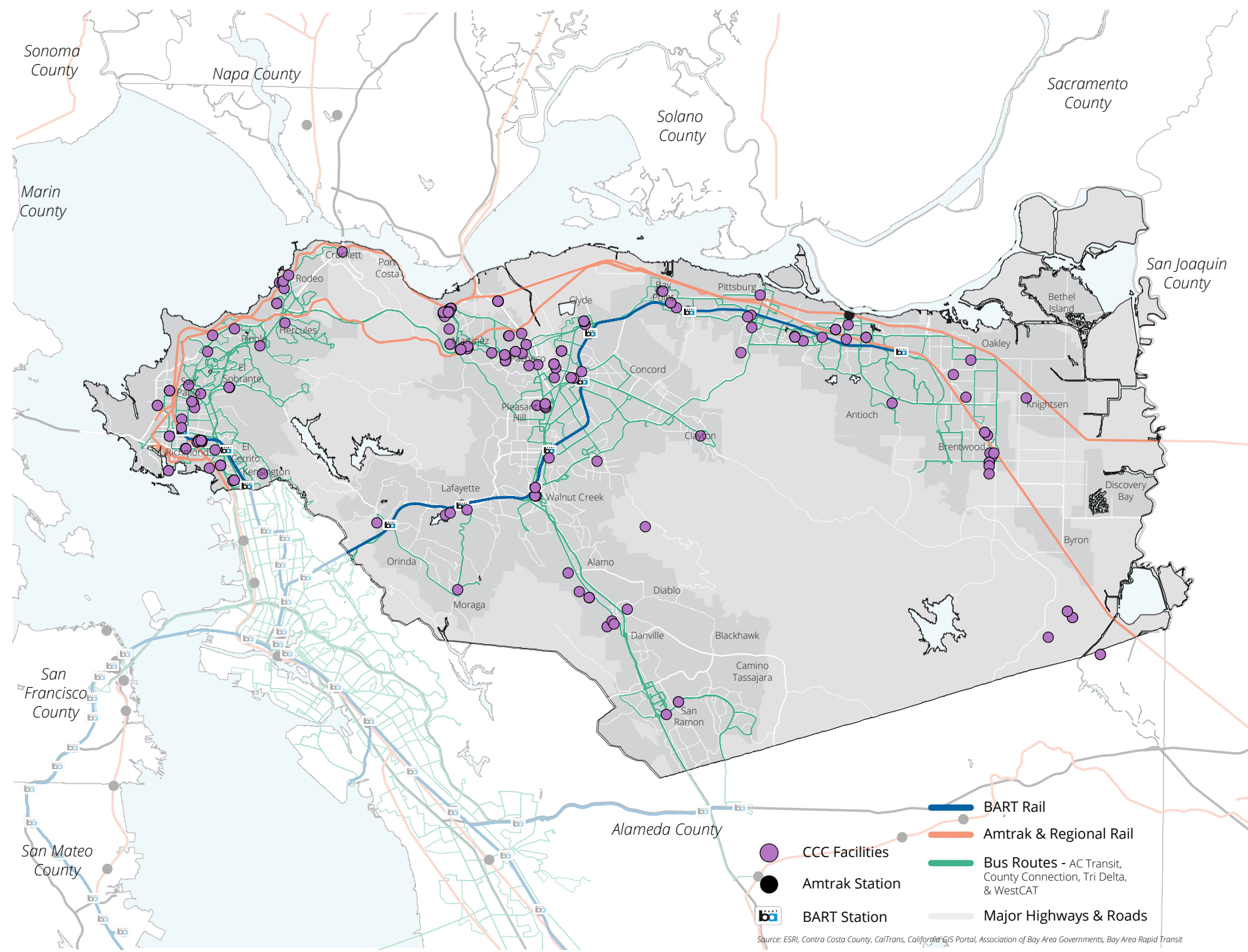
Employee Commute

75% of County employees commute approximately 30 minutes or less to their reporting location (by car).

Exhibit. Driving time taken by employees to commute to their reporting location*



* Employee residence zip codes and reporting locations provided by Contra Costa County. Driving times calculated by ArcGIS, an online geographic information system, leveraging historical and live traffic data for Monday, 8:30 AM.



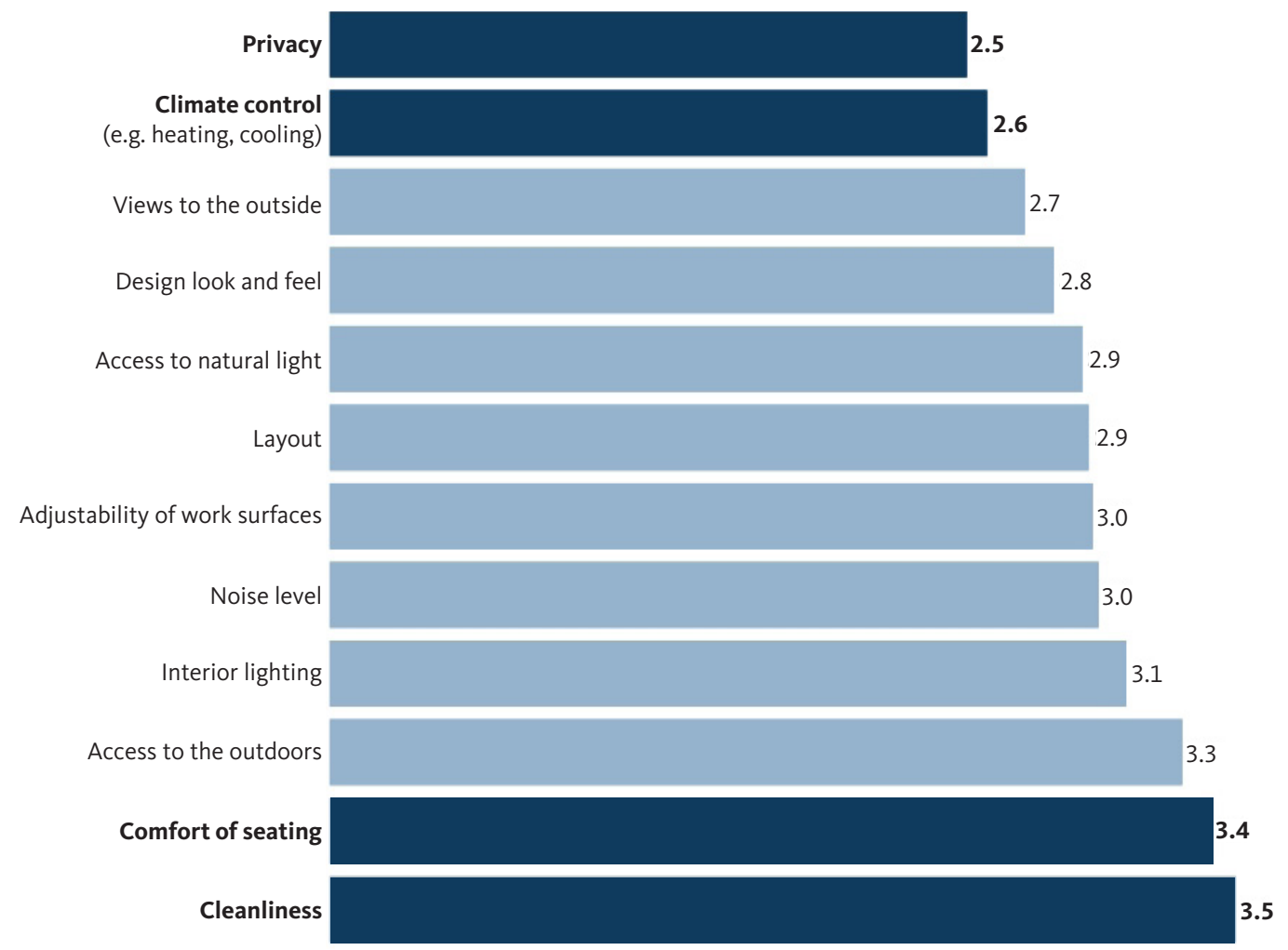
02

Ongoing maintenance, noise, overcrowding, climate control, personal safety, and parking are common concerns
in County facilities.

Employees identify privacy and overcrowding as negatives of the office and cleanliness and technology as positives.

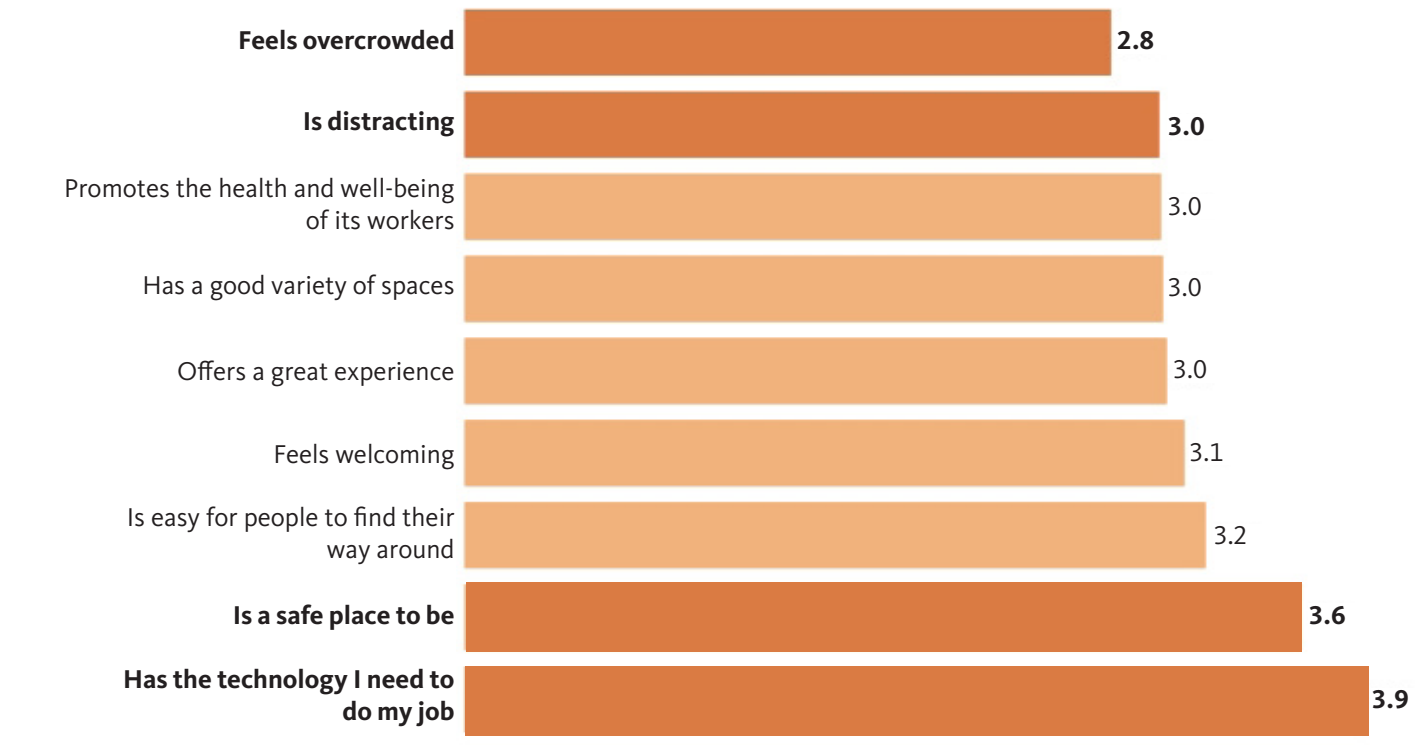
Privacy and climate control are the design features ranked lowest by employee survey respondents. Cleanliness and comfortable seating are ranked highest.

Exhibit. Employee survey responses to “Please rate the design of the County office environment for”, 1: Poor to 5: Excellent



Employees survey respondents find the office environment overcrowded and distracting, however believe that the office feels safe and has the technology they need.

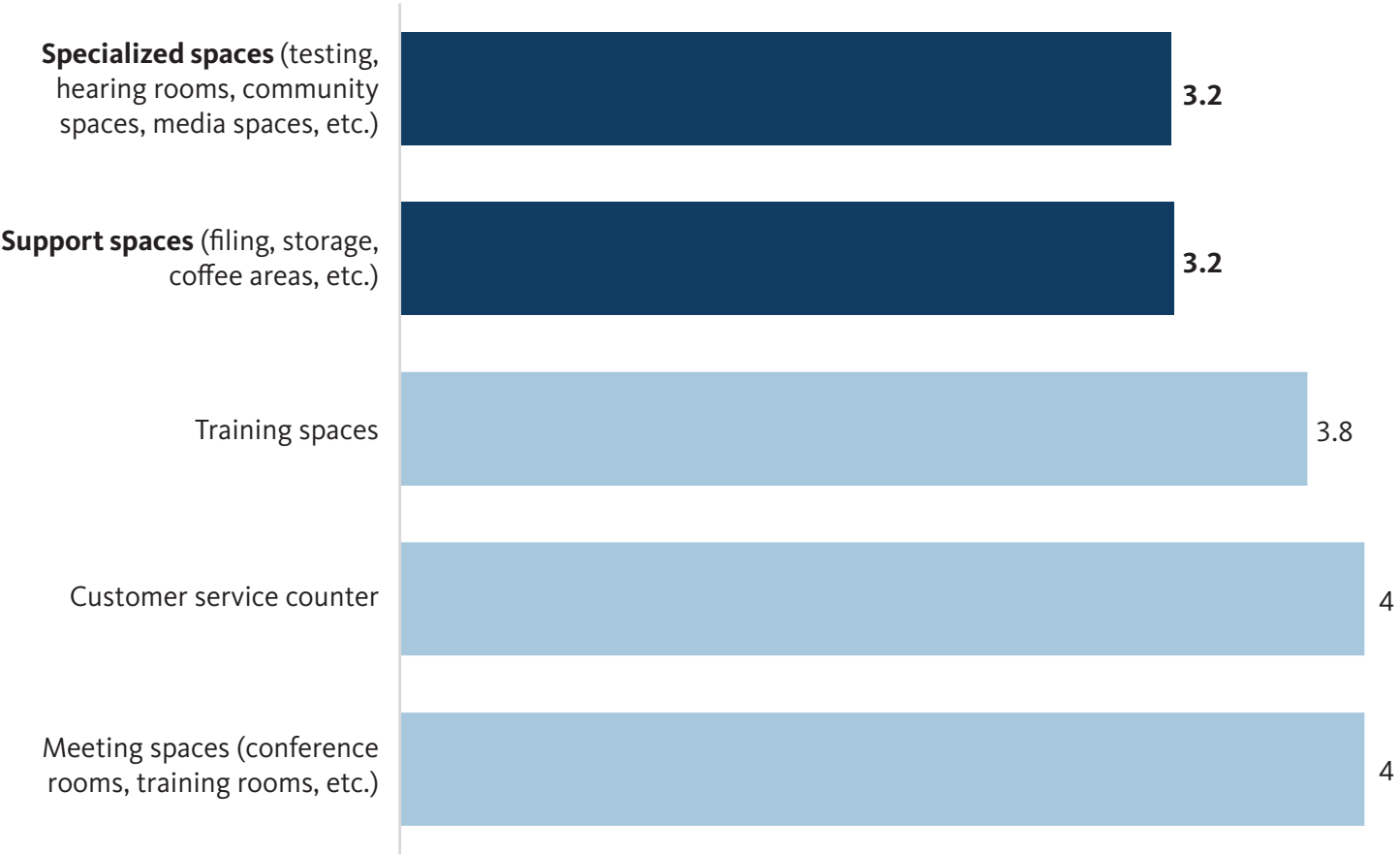
Exhibit. Employee survey responses to “The County office environment...”, 1: Strongly Disagree to 5: Strongly Agree



Leaders identify specialized, support spaces, and parking as lower performing spaces and meeting and customer service spaces as higher.

All spaces are ranked moderately to satisfactorily supportive by department leaders. Specialized and support spaces rank lowest and customer service and meeting spaces rank highest.

Exhibit. Leadership survey responses to “How well do the following spaces support your department’s needs?”,
1: Not Supportive to 5: Highly Supportive



3.2 / 5
Moderately Supportive

is the effectiveness of employee and visitor parking ranked by department leaders. Parking in Martinez is most challenging - homelessness, theft, and limited parking are common concerns.

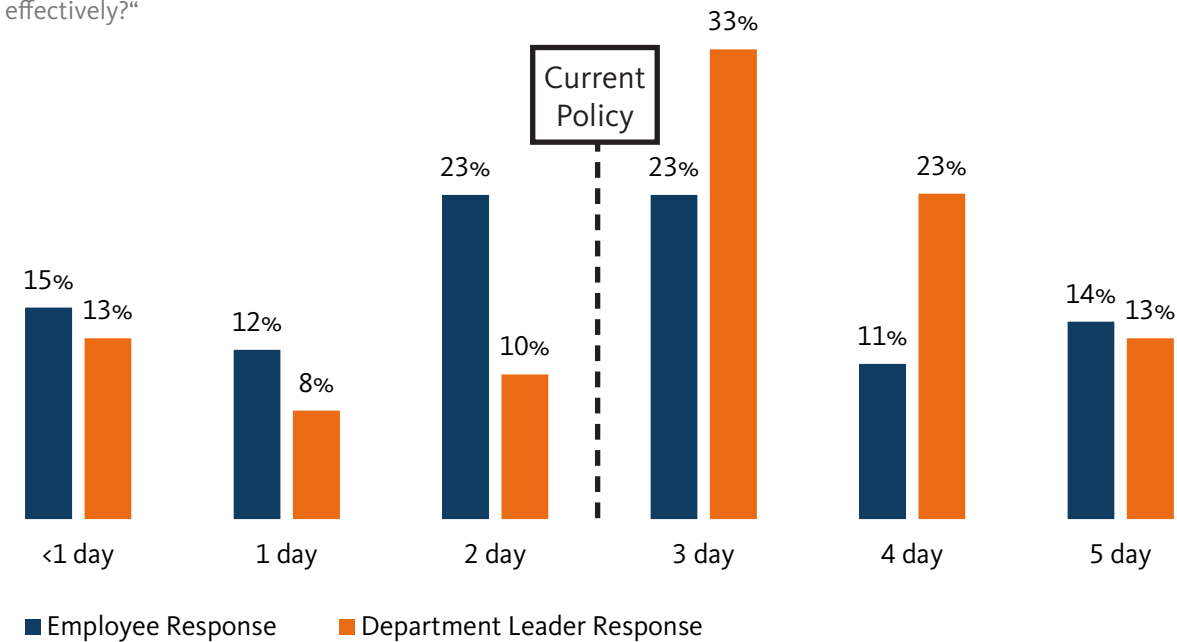
03

Remote work has been effective overall,
especially for individual focused work.

Employees want more remote work opportunities.

50% of employees want to work in the office ≤2 days a week compared to only 33% of department leaders.

Exhibit. Employee and leadership survey responses to “How many days a week in the office would people need to work effectively?”



62% of employee survey respondents report getting more work done at home compared to the office. Only 4% report getting less work done at home.

55% of employee survey respondents would rather have a desk in the County office that they share with others, but more opportunities to work remotely. Others want a dedicated desk.

Increasing opportunities to work remotely is the highest ranked policy that employees want the County to implement.

Exhibit. Employee survey responses to “In your opinion, which practices and policies are most important for County to implement for employees returning to the office? Select your top 3.” Results reflect the % of times each choice was selected.



Employees find it easier to complete individual work and avoid distractions at home.

Exhibit. Employee survey responses to “Compared to working in the office, are the following activities harder or easier?”
1: Much harder at home, 2: Somewhat harder, 3: About the same, 4: Somewhat easier, 5: Much easier at home





DISCUSSION

Discussion

Regional Hubs (East and West County)

Property Disposition / Conversion: Impact on Real Estate Utilization

Owned vs. Leased Facilities Issues and Policies

Storage Consolidation

Space Efficiencies / Space Equity

Policy on Continued / Increased Remote Work

Next Steps

Next Milestone:

Steering Committee Workshop #2 Findings (mid-February)

Next Project Phase:

Options Development

- Developing suitable alternatives (facility conditions, sustainable strategies, space needs, etc)
- Financial Analysis (revenue opportunities, construction, site infrastructure, and total real estate occupancy costs)
- Milestones: Steering Committee Workshop #3 & BOS Presentation Document (mid-April)



Contra
Costa
County

To: Board of Supervisors
From: Anna Roth, Health Services Director
Date: January 25, 2022

Subject: COVID-19 Update - Protecting Our Community During COVID-19

RECOMMENDATION(S):

Accept COVID-19 response update - Protecting Our Community During COVID-19.

FISCAL IMPACT:

No fiscal impact. This is an information report only.

BACKGROUND:

See attached report.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **01/25/2022** ☐ 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 25, 2022

Monica Nino, County Administrator and Clerk of the Board of Supervisors

Contact: Erika Jenssen, Deputy Director (925)
957-5403

By: , Deputy

cc:



Contra
Costa
County

To: Board of Supervisors

From:

Date: January 25, 2022

Subject: Presentation by the Contra Costa Budget Justice Coalition

RECOMMENDATION(S):

PRESENTATION by the Contra Costa Budget Justice Coalition.

FISCAL IMPACT:

No direct fiscal impact. This is an information presentation.

BACKGROUND:

See attached PowerPoint.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **01/25/2022** ☐ 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 25, 2022

, County Administrator and Clerk of the Board of Supervisors

Contact: Timothy Ewell, Chief Assistant County Administrator

By: , Deputy

cc:

ATTACHMENTS

Budget Justice Coalition PowerPoint
Presentation



CONTRA COSTA **BUDGET JUSTICE**

Presentation to the Board of Supervisors

January 25, 2022

Dan Geiger

dan@budgetjusticecc.org

Contra
Costa
Budget
Justice
Coalition

Our Mission

Reflections

Recommendations

Our Mission

*The Contra Costa Budget Justice Coalition advocates for **community engagement in the Contra Costa County budgeting process** and for a set of values-based budgeting principles that support safe and affordable housing, stable employment with fair wages, sufficient healthy food, essential health care, access to critical social services, quality early care and education.*



Successes and Appreciations for 2021





Engagement in Action and Partnership Work!

Measure X adds >\$110 million per year to General Fund

- MX CAB generated enthusiastic engagement by a broad range of community representatives
- Many community-inspired programs were funded: Miles Hall Crisis Response, County Youth Centers, Supportive Housing, Innovation Fund, and more!

Community partnered with County to create Office of Racial Equity and Social Justice

County-wide eviction moratorium and joint county/community efforts to promote ERAP rental assistance

Public more informed by workshops on COVID and ARPA expenditures

Supervisors declared racism a public health crisis

Lessons of MXCAB Process

Advisory Board members, local residents, and stakeholders were all deeply and consistently engaged in sharing knowledgeable input on community needs and solutions

Interpretation services expanded community engagement and input

Grounding the Advisory Board's work in Equity and other shared [Operating Principles](#) created a strong context for the work

Issue presentations by diverse experts (residents with lived experience, county departments, community-based service providers) provided diverse data and viewpoints on each issue

Deeper shared clarity on roles and expectations would have been useful



Looking Forward

Engage and Inform

Process

Embed Equity

Long-Term

Educate and Engage

- Continue to partner on Budget 101 Workshop(s)
- Virtual Budget Town Hall and community dialogue, well before County staff present draft budget to Supervisors prior to draft budget presentation
 - Director of Health Services Dept.
 - Director of Employment and Human Services Department

The background of the slide is a collage of financial and business-related images. It includes a tablet displaying a bar chart with blue, red, and green bars, a pie chart with various colored segments, and a line graph with multiple colored lines. Overlaid on this collage is the text 'BUDGET WORKSHOP' in a bold, black, sans-serif font. The word 'BUDGET' is on the top line and 'WORKSHOP' is on the bottom line.

BUDGET
WORKSHOP

A pair of hands is holding a white rectangular sign. The sign has the words 'Time to' in a red, cursive script font, followed by the word 'ENGAGE' in a large, bold, purple, sans-serif font. The background behind the hands is a dark purple with out-of-focus, colorful bokeh lights in shades of yellow, orange, and blue.

Time to
ENGAGE

2022 Budget Process



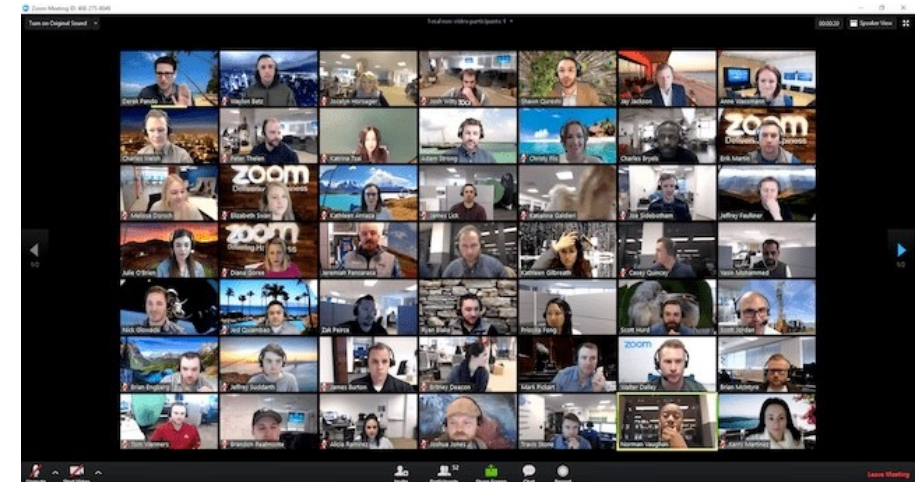
Identify opportunities to inform and engage the community at key decision points beyond budget hearings



Community town hall and input on ARPA expenditures and proposed uses for 2022-23



More accessible budget information for lay people – e.g., simplified, brief budget explanatory materials



King County Expenditures by Program Area

Health and Human Services 19%	Justice and Safety 11%	Physical Environment 32%	Capital Improvement 21%	General Government 17%
----------------------------------	---------------------------	-----------------------------	----------------------------	---------------------------

Budget Highlights

Mobility Investments in Metro Transit will increase service to customers, create a better workplace for transit employees, and build the infrastructure for sustained growth of one of the nation's largest and fastest growing transit systems.

Strategic Climate Action Plan Climate change is one of the paramount environmental and economic challenges for our generation, and the proposed 2017-2018 budget makes strategic investments in transit, energy efficiency, green building, and preparing for climate impacts consistent with the 2015 Strategic Climate Action Plan.

Equity and Social Justice The 2017-2018 budget makes strides in realizing the vision of a King County where all people have equitable opportunities to thrive, investing upstream and where needs are greatest, in community partners, and in our employees with transparent and accountable leadership.

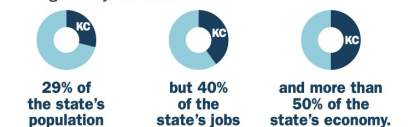
Best Run Government New investments in King County's employees

King County by the Numbers

King County ranks **#1 in population** in Washington State and is the financial, economic, and industrial center of the Pacific Northwest.



King County has about:

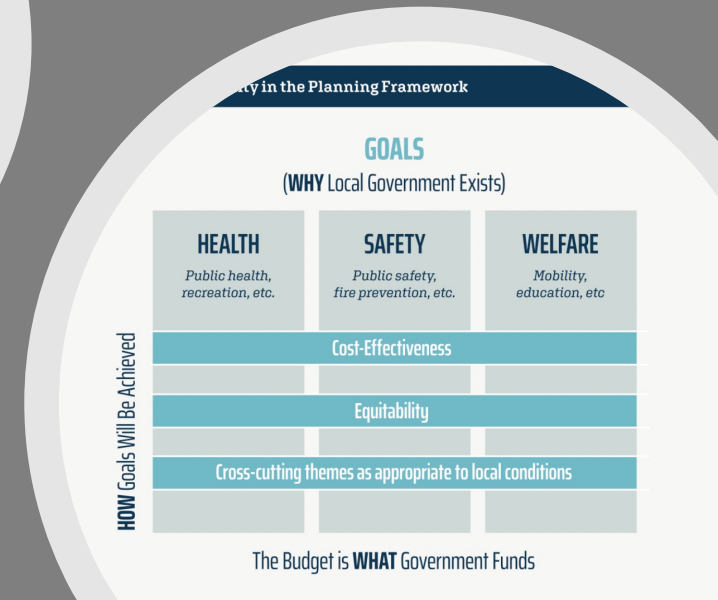
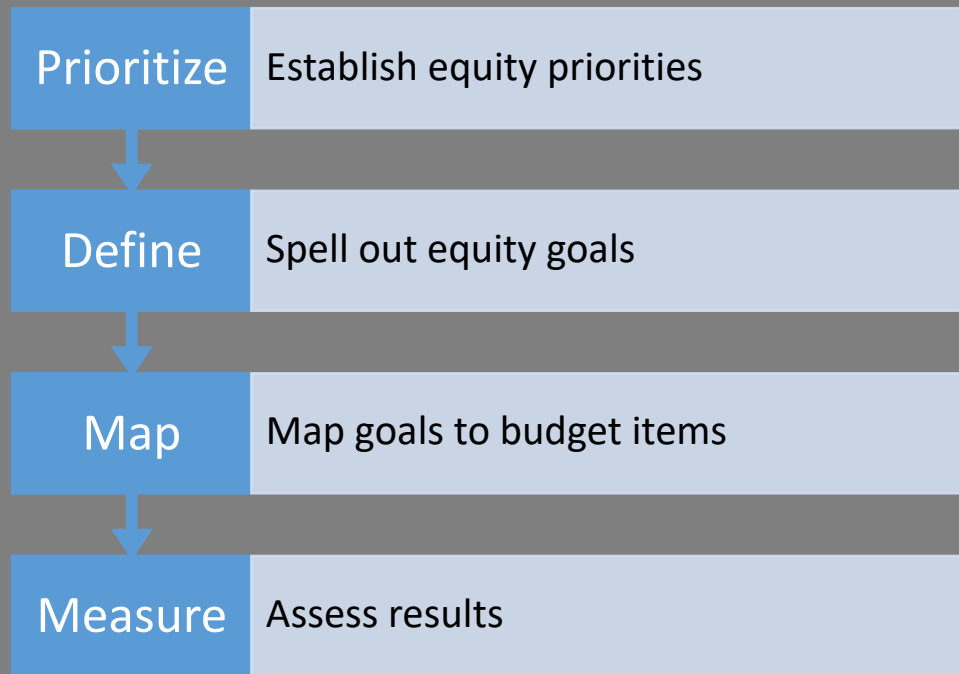


King County has a diverse population



King County has a higher education level compared to the national average.

Embed Equity Goals in the Budget

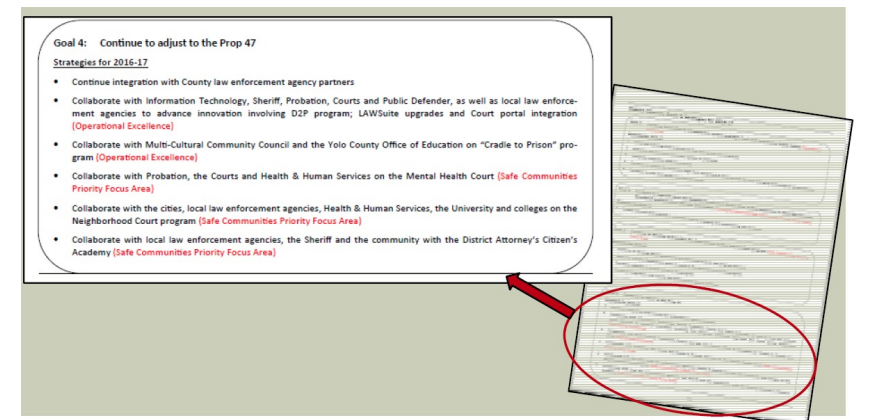
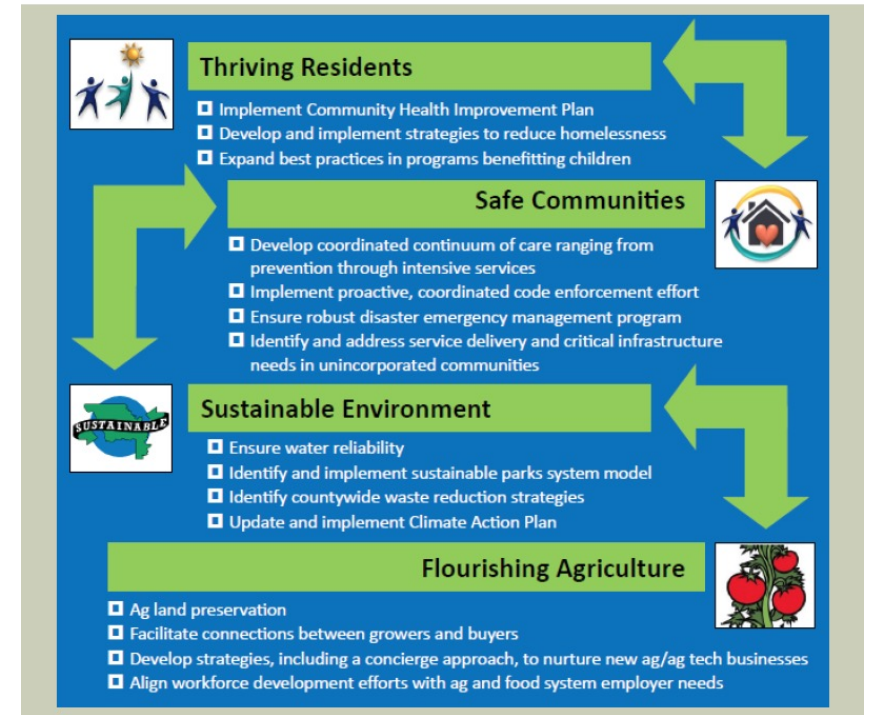


Create County/Community Workgroup to Develop Integrated Budget Planning Process

Draw on MXCAB lessons

Develop 3-5 year framework, priorities and goals

Link to annual budgets



On behalf of BJC Members - THANK YOU!

- 350 Contra Costa
- AFSCME Local 2700
- Alliance of Californians for Community Empowerment (ACCE) Contra Costa
- Asian Pacific Environmental Network
- Bay Area Community Services
- Choice in Aging
- Community Clinics Consortium
- Contra Costa Labor Council
- Contra Costa Office of Education
- East Bay Alliance for a Sustainable Economy
- East Contra Costa Community Alliance
- Ensuring Opportunity
- First 5 Contra Costa/Family Economic Security Partnership
- Food Bank of Contra Costa
- Great Richmond Interfaith Program
- Healthy Richmond/Local Initiatives Support Corporation
- Human Services Alliance of Contra Costa
- IFPTE Local 21
- League of Women Voters Diablo Valley
- Local Initiatives Support Corporation
- Meals on Wheels Senior Outreach
- Monument Impact
- Multi-Faith Action Coalition
- Planned Parenthood of Northern California
- Racial Justice Coalition
- Richmond Community Foundation
- Richmond LAND
- Rubicon Programs
- Safe Return Project
- SEIU Local 1021
- SURJ Contra Costa
- United Latino Voices
- *And many residents of Contra Costa*