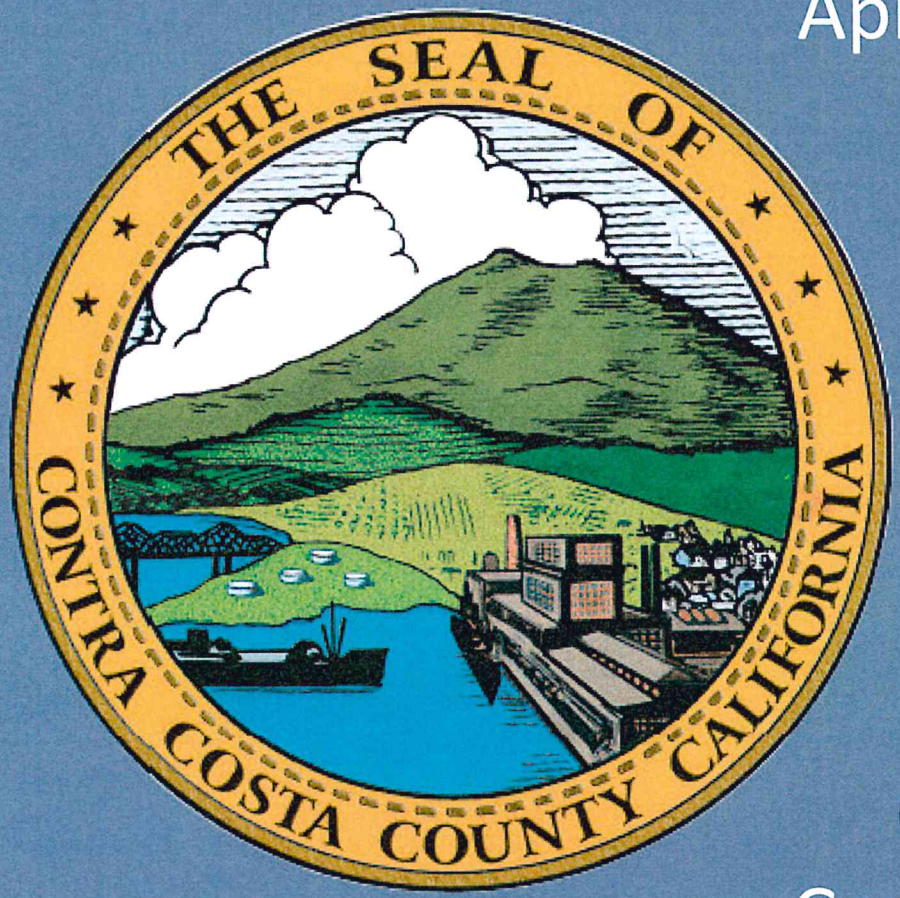
Fiscal Year 2017-2018
Budget Hearings
April 18, 2017



County of
Contra Costa

Budget Hearing Agenda

1. County Administrator Presentation
2. Department Head Presentations
   - Health Services Director, William Walker
   - Employment and Human Services Director, Kathy Gallagher
   - Sheriff, Undersheriff Mike Casten
   - District Attorney, Mark Peterson
   - Probation Chief, Todd Billeci
3. Open Public Hearing - Public Comment
4. Board Discussion/Action

2016/17 Achievements

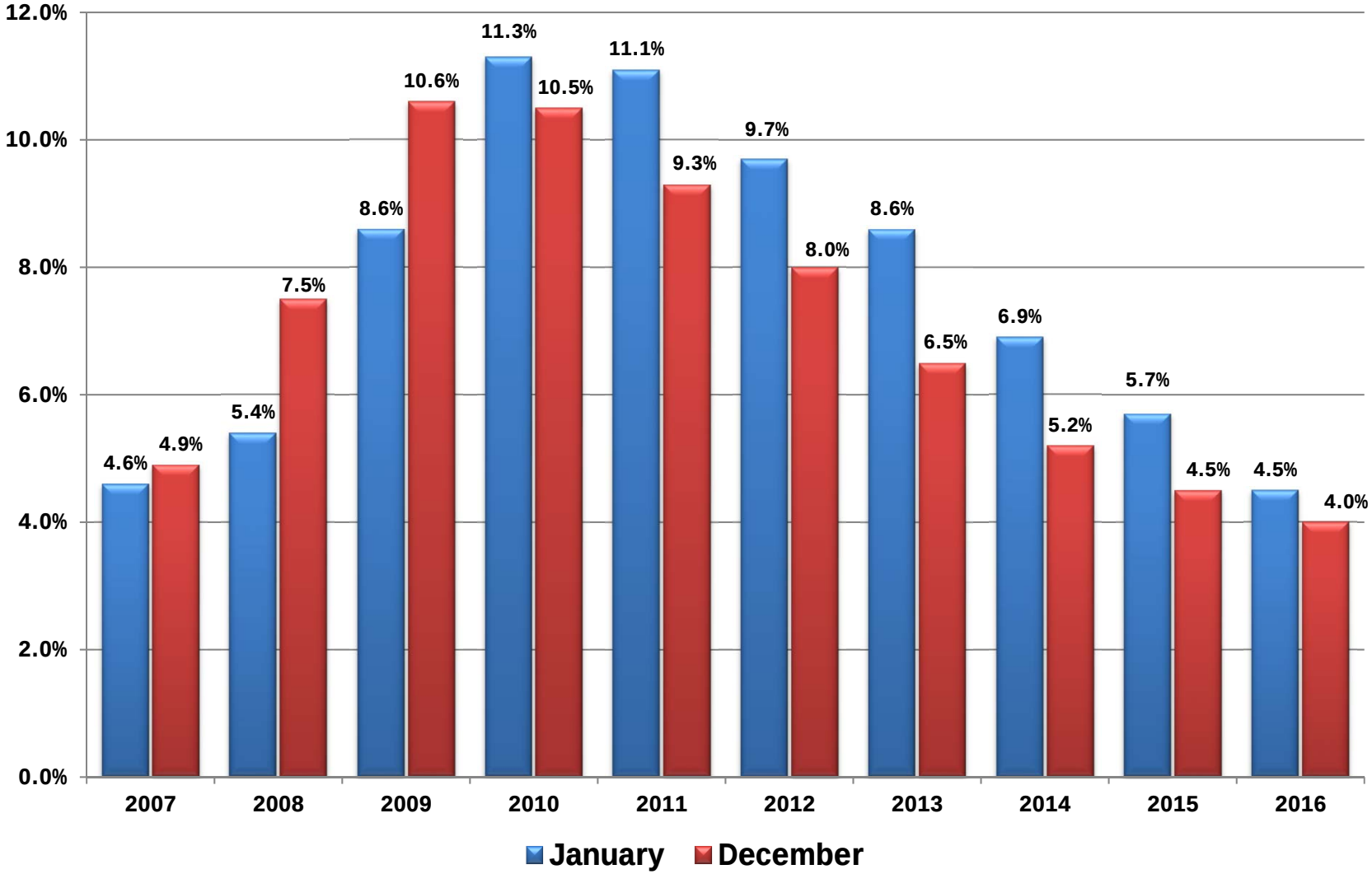
- Structurally balanced Budget for sixth year in a row
- Recruited a new County Librarian, County Probation Officer, Director of Child Support Services, and Human Resources Director, and entered into an agreement with Alameda County to share the services of their Agricultural Commissioner. These positions will continue the County's efforts to provide quality leadership to County Departments and to ensure succession planning.
- Established the Office of Reentry & Justice in the County Administrator's Office to oversee the AB 109-funded Community Programs (which provide housing, job training, mentoring, and family reunification services for returning citizens and launched the Reentry Success Center and the Reentry Network of Services), the development of a countywide Ceasefire Program, the update of the County's Reentry Strategic Plan, the implementation of the County's Youth Justice Initiative, and the facilitation and data analysis services for the Racial Justice Task Force.
- Increased access to primary care by expanding our health centers, increasing the number of clinics and hours of operation, integrating our care teams, and continuing our telephone consultation clinic in partnership with our 24-hour advice nurse line.

2016/17 Achievements

- Completed a memorandum of understanding with 14 cities within the County to conduct a Technical Study of Community Choice Energy. A Draft Study was completed in November 2016. The Draft Study evaluates several options for potentially implementing a Community Choice Energy program within the County. The Final Study was completed and presented to the Board in March. Final action is expected in May, 2017.
- Increased the live animal release rate from 63% to 76% over the last two years, while also decreasing the number of owner-surrendered animals.
- On October 6, 2016, Moody's upgraded the County's LRB rating to Aa3. The County's solid credit rating, due to the exercise of strong financial management, allowed us to close a $99.8 million lease revenue bond transaction. Ultimately, the County negotiated a 10-year term at an interest rate of 2.33%, saving taxpayers more than $9.1 million in today's dollars.

State of the Economy

Unemployment 10 Year Comparison



Contra Costa County

- Over the period between 2008/09 and 2011/12 total Assessed Value declined by a total of 9.46%. Over the last five years 2012/13 to 2016/17 the increase was 26.47%.
- **The average increase over the past eight years was only 2.13%**
- Actual Contra Costa County experience and projected* increase of 5% for FY 2017-18:

Fiscal Year	Total Value	Increase/ Decline
FY 2008-09	$ 163,540,300	
FY 2009-10	152,750,587	-6.60%
FY 2010-11	148,639,614	-2.69%
FY 2011-12	148,378,852	-0.18%
FY 2012-13	149,725,374	0.91%
FY 2013-14	155,211,605	3.66%
FY 2014-15	168,757,363	8.73%
FY 2015-16	181,078,591	7.30%
FY 2016-17	191,703,525	5.87%
FY 2017-18*	201,288,701	5.00%

Cost Avoidance

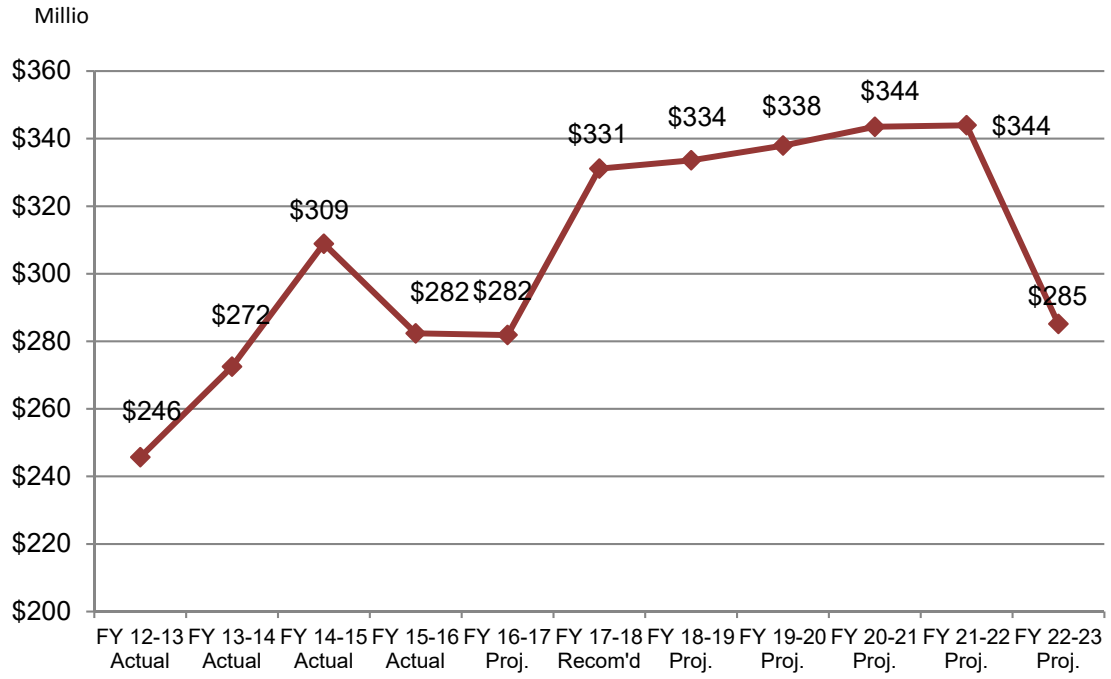
- Contribution to Hospital/CCHP Enterprise Funds:
  - 2008/09 $61,349,686
  - 2013/14 $30,408,776
  - Five Year reduction in General Fund Contribution to the Hospital as the Affordable Care Act (National Health Care) was implemented
  - 2014/15 through 2015/16 no further reduction due to uncertainty
  - 2016/17 reduced to $27,163,075
  - 2017/18 reduced to $26,111,050 (total 58% decrease since 2008/09)
  - 2018/19 reduce by additional $10 Million
  - 2019/20 and beyond – Expected Annual Contribution = $10 Million
- Assumption is we will have on going $10 Million Uncompensated Care burden even with some form of National Health Care

Benefits

Pension Cost Management

- Following carefully
- Monitoring changes by State and CCCERA Board
  - New PEPRA Tiers as of 1/1/2013
  - No extension of amortization
  - No change in 5-year smoothing
  - No change in pooling
  - Assumed rate of return change (7.00%)
- Updates:
  - Negotiation 2% PEPRA COLAs with all bargaining groups
  - FY 2017-18 Recommended Budget - $331 M
  - FY 2018-19 onward based on Segal data
  - Chart now includes the year after debt service for the County and Fire pension obligation bonds are paid off (June 2022)

Actual and Projected* Retirement Expense



The chart includes four years of actual data, straight-line projection of current year (based on eight months of actual data), Recommended Budget for FY 2017-18, and projection of future years based upon actuarial data provided by CCCERA's actuary (letter dated March 13, 2017).

And assumes we meet the Assumed Rate of Return each year.

OPEB Liability Significantly Reduced due to Board Actions and Collective Bargaining

- The OPEB financing plan includes a $20 million annual allocation of resources for pre-funding the OPEB liability.
  - The County has included this allocation in each adopted annual budget since FY 2008-2009.
- Health plan changes, caps on County contributions and labor concessions, in addition to annual pre-funding contributions, have assisted in reducing the County's
  - Unfunded Actuarial Accrued Liability (UAAL) by 70.3% since 2006: from $2.57 billion to $764.3 million, and
  - the annual required contribution has declined by 58.8% since 2006: from $216.3 million to $89.2 million.
- With a Market Value in the trust as of December 31, 2016 in excess of $206.3 million, the County has pre-funded approximately 18.6% of its OPEB obligation.
- The Board's actions have made it possible for the County to continue to provide much needed services, including health services, to County residents including the indigent.

Employee Benefits and Retiree Health Care/ Other Post-Employment Benefits (OPEB)

- Over the last few years, the County reached agreement with the majority of our employee groups to reduce the County's cost for current employees and to eliminate retiree health care subsidies for employees hired after specified dates.
- This action substantially reduced our long-term liability relating to the provision of retiree health care. This action, in combination with pre-funding, significantly reduced growth in the County's OPEB liability.
- The FY 2017-18 budget continues the $20 million annual set-aside, which began in FY 2008-09, to reduce our unfunded liability for retiree health care. While we would prefer a greater level of pre-funding, the absence of any new resources makes this impossible without further service cuts. Nevertheless, $20 million in annual contributions will continue to have a positive impact on the County's OPEB liability. The County has significantly reduced its OPEB liability and annual required contribution (current pre-funded approximately 18.6% of its OPEB obligation).
- As of the January 1, 2016 valuation, the current Other Post-Employment Benefits liability fell from $2.6 billion in 2006 to $764 million and the annual required contribution fell from $216.3 million in 2006 to $89.2 million. The County's OPEB liability and ARC will continue to decline over time. None of these reductions could have been achieved without the support and cooperation of our employees.

Settlement with the Retiree Support Group

- On February 24, 2012, the Retiree Support Group of Contra Costa County ("RSG") filed a lawsuit in federal court challenging the County's ability to make changes to health care for retirees.
  - Following mediation, RSG and the County reached a settlement of the case.
  - On March 15, 2016, the Board of Supervisors adopted the proposed settlement agreement.
  - On November 1, 2016, the court gave final approval to the class action settlement, and the lawsuit was dismissed with prejudice.
  - The settlement was fully implemented for the 2017 plan year, creating a $676,000 increase in the Annual Required Contribution and an $8,593,000 increase in the total Actuarial Accrued Liability. The settlement class is entirely made up of retirees, there is no Normal Cost.

- Continued negotiations towards Countywide health care cost containment strategies and the redirection of designated future resources remain key to resolving the OPEB challenge for the County. The challenge of offering health care options to our employees that are affordable and competitive remains an important focus in negotiations. The Board of Supervisors and our employees continue to make significant progress towards a solution for one of the biggest fiscal challenges the County has faced to date. The next valuation is scheduled for Summer 2018.

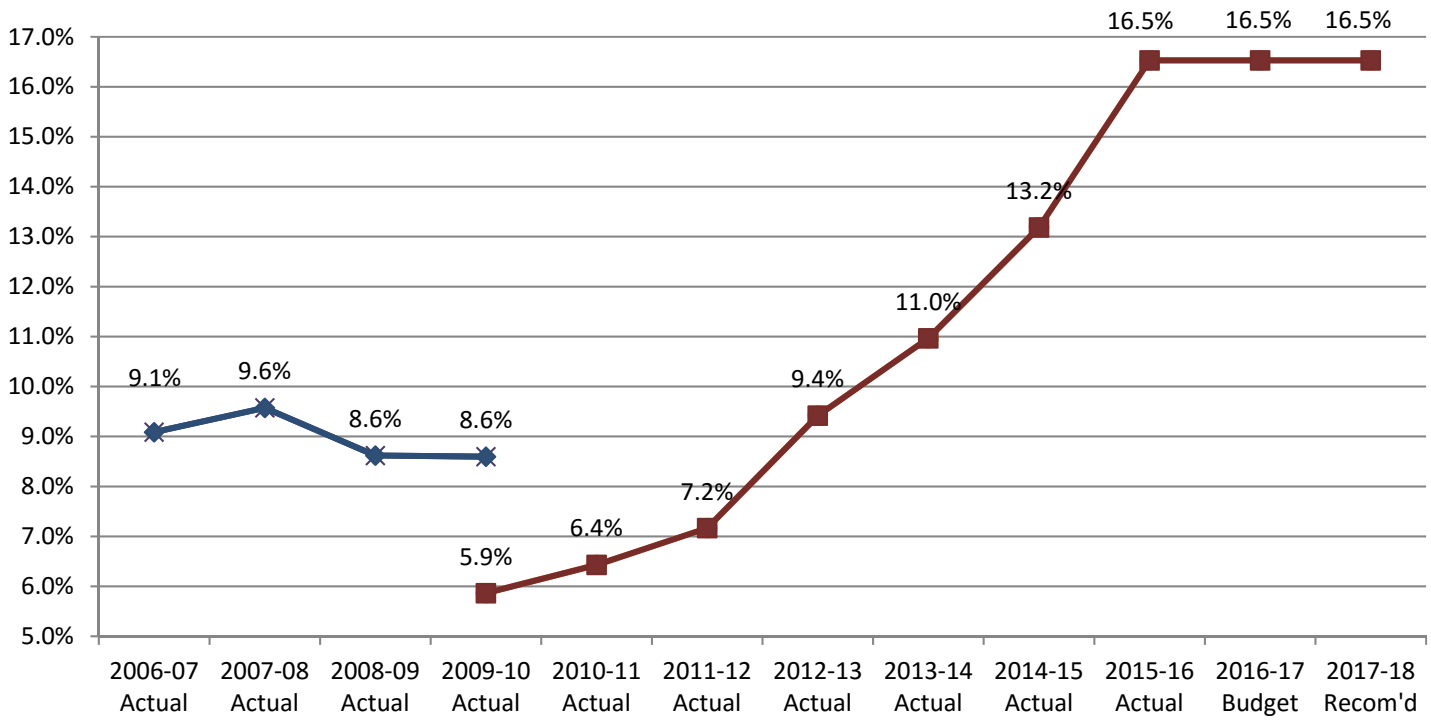
General Fund Reserves

General Fund Reserve Assumptions

- June 30, 2016:
  - Total general fund revenues were $1,409,322,000 and total fund balance including reserves were $370,158,000.
  - Total fund balance is 26.26% of total revenue
  - Of the $370.13 million in reserves
    - $232.9 million was unassigned
    - $137.2 million was assigned, committed, restricted or nonspendable
  - Minimum fund balances of 5% and 10% would be $70.46 million and $140.93 million respectively. There was $229.22 million available over the 10% reserve minimum.
- June 30, 2017:
  - It is planned and anticipated that Total General Fund Balance including Reserves will remain stable.
- June 30, 2018:
  - No fund balance use is recommended in FY 2017-18.

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

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



Reserve Update

The County is meeting its minimum benchmark goals for Debt Affordability Reserve Measures.

Debt Affordability Measure	Benchmark	Benchmark's Value	County Actual
Available General Fund Balance as Percentage of Revenue *	Moody's Median for Large Aa Rated Counties Nationwide (At Least 1,000,000 Population)	17%	**25%**
	MDA's Large Urban California County Median**	23%	
General Fund Balance as Percentage of Revenues	Moody's Median for Large Aa Rated Counties Nationwide (At Least 1,000,000 Population)	19%	**26%**
	MDA's Large Urban California County Median	26%	

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

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

Importance of Reserves for Cash Flow

- Although revenues are volatile, expenses (majority for salaries) are quite smooth.
- General Fund Reserve of $370.15 Million, ($232.9 Million Unassigned) has eliminated General Fund negative cash flow during the year.
- The General Fund cash balance no longer begins the year with a negative cash balance. The large disbursements for advances, pension pre-pay costs, and accrued expenses are now covered with reserves.
- Historically, cash flow were not positive until the second installment of property tax receipts are received in late spring.

Debt Position/Ratings

County of Contra Costa (County Only)
Outstanding Lease Revenue and Pension Obligation Bonds and True Interest Cost
(as of June 30, 2016)

Bond Issues	Date of Issue	Final Maturity Date	Principal Amount Issued ($000s)	Outstanding Principal ($000s)	True Interest Cost (%)
Lease Revenue Bond & Obligation Issues (LRBs & LROs):					
2007 Series A (Refunding and Various Capital Projects)	03/14/07	06/01/28	122,065	83,920	4.27%
2007 Series B (Medical Center Refunding)	08/07/07	06/01/18	110,265	17,730	4.27%
2009 Series A (Various Capital Projects)	06/03/09	06/01/24	25,062	15,380	4.55%
2010 Series A-1 (Capital Project I – Tax Exempt)	11/16/10	06/01/20	6,790	4,080	4.15%[1]
2010 Series A-2 (Capital Project I – Taxable BABs)	11/16/10	06/01/30	13,130	13,130	4.15%[1]
2010 Series A-3 (Capital Project I – Taxable RZBs)	11/16/10	06/01/40	20,700	20,700	4.15%[1]
2010 Series B (Refunding)	11/16/10	06/01/25	17,435	12,320	3.84%
2012 Lease Revenue Obligations	11/11/12	06/01/27	13,102	10,688	2.68%
2015 Series A (Refunding and Capital Projects)	8/25/15	6/1/35	19,055	18,500	2.67%
2015 Series B (Refunding and Capital Projects)	8/25/15	6/1/28	52,060	47,610	2.67%
Total LRBs and LROs			***$399,664***	***$244,058***	
Pension Obligation Bond Issues (POBs):					
Series 2003 A (Taxable)	05/01/03	06/01/22	322,710	212,765	5.36%
Total POBs			***$322,710***	***$212,765***	
Grand Total			***$722,374***	***$456,823***	

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

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

		Implied General Obligation Bond/Issuer Rating		Pension Obligation Bond		Lease Revenue Bond/Certificates of Participation	
Notes	FY Ending June 30	Moody's	S&P	Moody's	S&P	Moody's	S&P
1	1995	Aa2	AA	A1	AA-	A1	A+
2	1996	Aa2	AA	Aa3	AA-	A1	A+
3	2001	Aa2	AA	Aa3	AA-	A1	AA-
4	2006	Aa3	AA	A1	AA-	A2	AA-
5	2007	Aa3	AA	A1	AA-	A2	AA-
6	2010	Aa2	AA	Aa3	AA-	A1	AA-
7	2013	Aa2	AA	A1	AA-	A1	AA-
8	2014	Aa2	AAA	A1	AA+	A1	AA+
9	4/13/2017	Aa2	AAA	A1	AA+	Aa3	AA+

1. Municipal bond insurance policies were purchased to allow the ratings to be increased to Aaa (Moody's) and AAA (S&P) on all or portions of all Lease Revenue Bond/COPs issues since FY 1987-88 and on all or portions of all Pension Obligation Bonds since FY 2000-01.
2. Beginning in 1996, Moody's began to rate pension obligation bonds one notch (rather than the previous two notches) lower than the issuer’s general obligation bond rating. In addition, Moody's replaced their two-notch per tier system (e.g. Aa1, Aa2) with a three notch per tier system (e.g. Aa1, Aa2, Aa3).
3. Beginning in 2001, S&P began to rate lease obligations one notch (rather than the previous two notches) lower than the issuer’s general obligation bond rating.
4. S&P assigned an outlook of "Negative" to the County in November 2005. On December 1, 2005, Moody's downgraded the County one notch and changed the outlook to "Negative".
5. Moody's assigned an outlook of "Stable" to the County in November 2006. In February 2007, S&P changed the outlook to “Stable”.
6. The changes in Moody's ratings reflect the recalibration of ratings completed by Moody's in April 2010.
7. February 20, 2013 Moody’s downgraded the County’s Pension Obligation Bonds to A1 with a “Stable” outlook.
8. December 19, 2013, S&P upgraded the County’s ratings for each type of debt.
9. October 6, 2016, Moody’s upgraded the County’s LRB rating to Aa3.

Capital/Facility Maintenance Needs

Capital Maintenance Costs

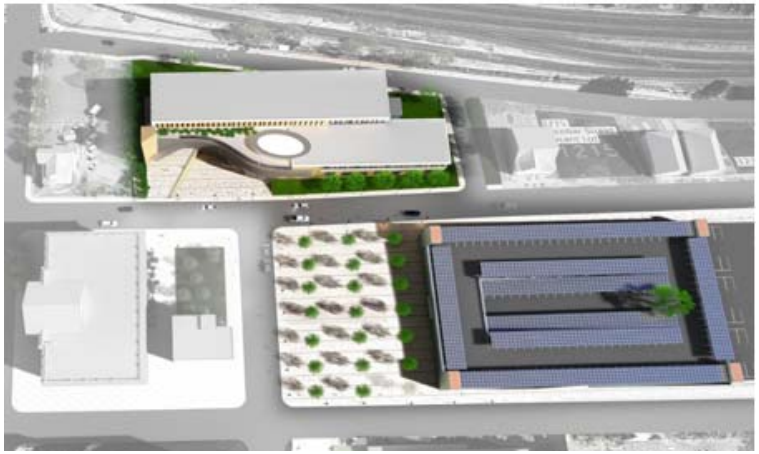
- On March 31, 2015 the Board of Supervisors received an updated Comprehensive building condition assessment which identified a total of $272.2 million in deferred facilities maintenance needs and capital renewal requirements
- The 2007 Report had identified $270.2 Million
- $5 Million was Budgeted in FY 2012/13,
- $10 Million in each year of FY 2013/14 through FY 2016/17;
- Recommended Budget for FY 2017/18 includes:
  - $10 million for major capital improvements (one-time monies)
  - $5 million for plant acquisition, construction and repair
  - $1.5 million for minor improvements and deferred maintenance when no other funds are available
  - $2,550,000 to continue to fund facility lifecycle on a by-building cost-per-square foot basis

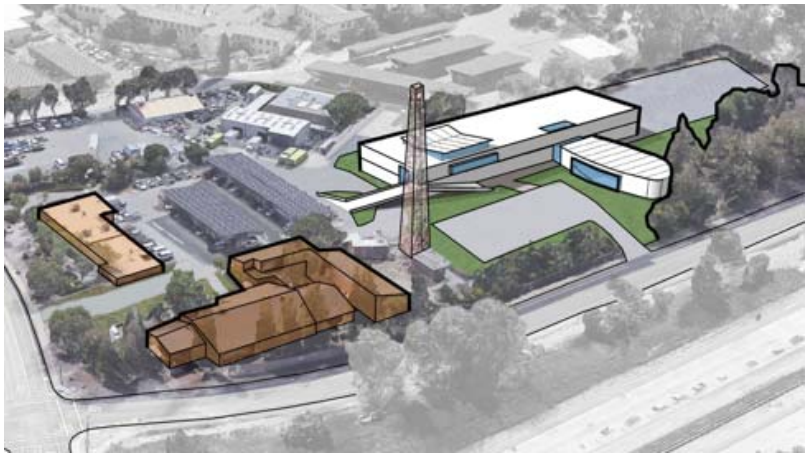
Capital Improvement Plan

- The budget process includes strategic planning and financing elements for facilities renewal and new construction projects and a comprehensive management program for general government real estate relative to acquisition, use, disposition and maintenance. This element includes funding decisions for maintaining the County's facility assets, allowing the Board of Supervisors to weigh competing funding decisions using credible information.

- The County Administrator's Office has filled the Chief Assistant County Administrator position designated specifically for the purpose of updating the County Capital Improvement Plan.

- In FY 2016-17 the County began work on two significant capital projects, a new administration building to replace the existing 651 Pine Street facility and a new Emergency Operations Center (EOC) and administration building for the Sheriff.

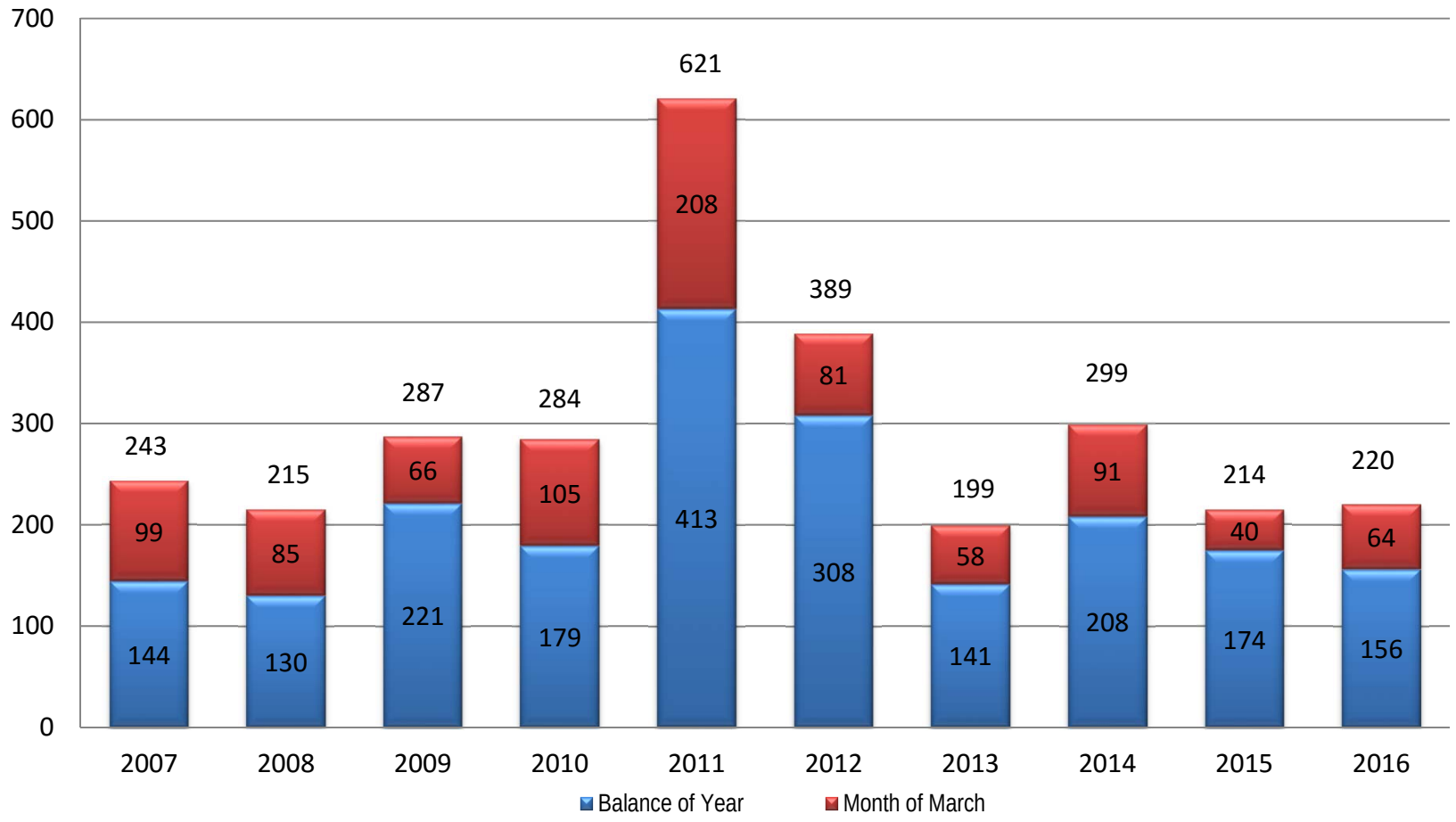




Labor

Retirements

There have been an abnormally high number of vacant positions due to unprecedented numbers of retirements during calendar year 2011 and 2012. Historically March retirements are the highest. The annual average has been 233 Retirements over the last four years. There were 111 retirements in the first three months of 2017, including 80 in march.



63 Additional FTEs Recommended

- Auditor-Controller has an increase of 1 FTE,
- Employment & Human Services 9 FTEs (and clean-up of 76 vacant/unfunded FTE),
- Human Resources 3 FTE,
- Library 1 FTE,
- Probation 10 FTEs added 14 FTEs and cancelling 4 FTEs for a net increase of 10 FTE,
- Public Defender 1 FTEs,
- Public Works 20 FTEs,
- Sheriff-Coroner 13 FTEs,
- County Clerk-Recorder/Elections (Recorder) added 2 FTEs and is cancelling 3 vacant FTEs for a net decrease of 1 FTE
- CCC Fire Protection District 5 FTEs

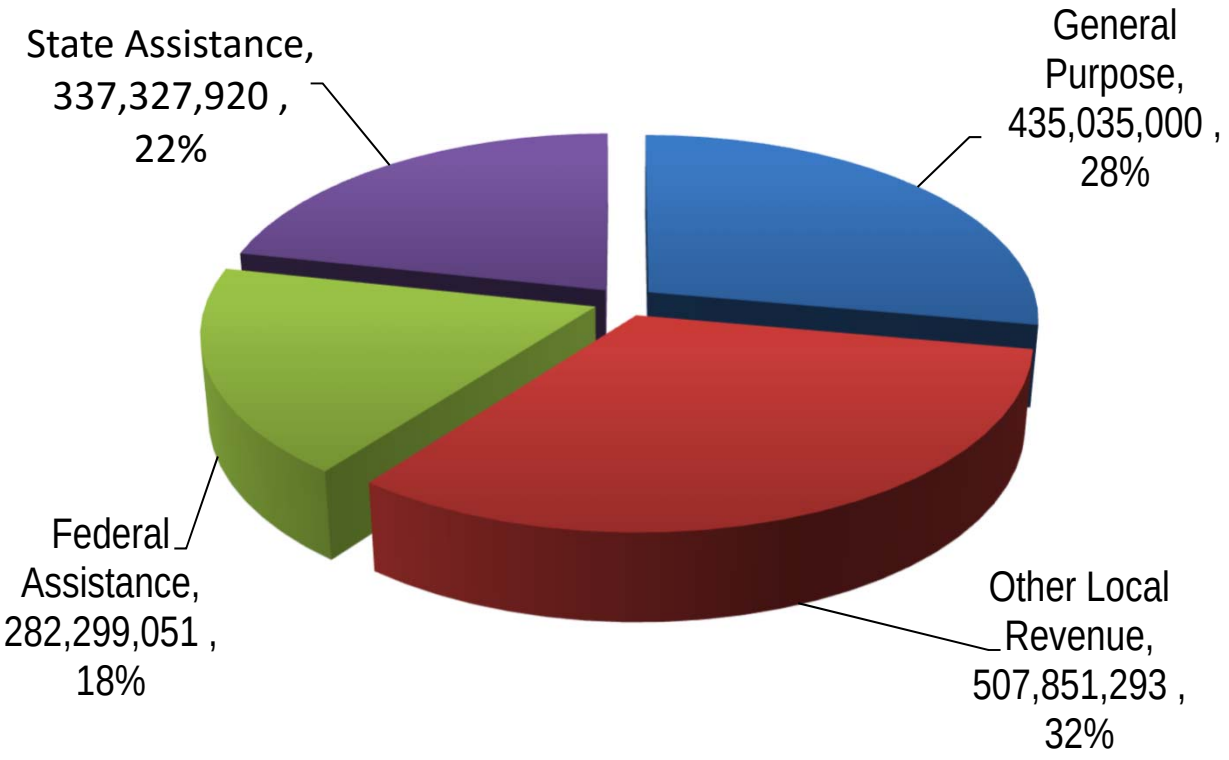
Recommended Budget FTEs Net Add/Delete History									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
County	-192	-111	-138	-12	2	4	28	36	58
CCC Fire	0	-8	0	0	-18	0	7	14	5
All County	-192	-119	-138	-12	-16	4	35	50	63

Labor Contracts

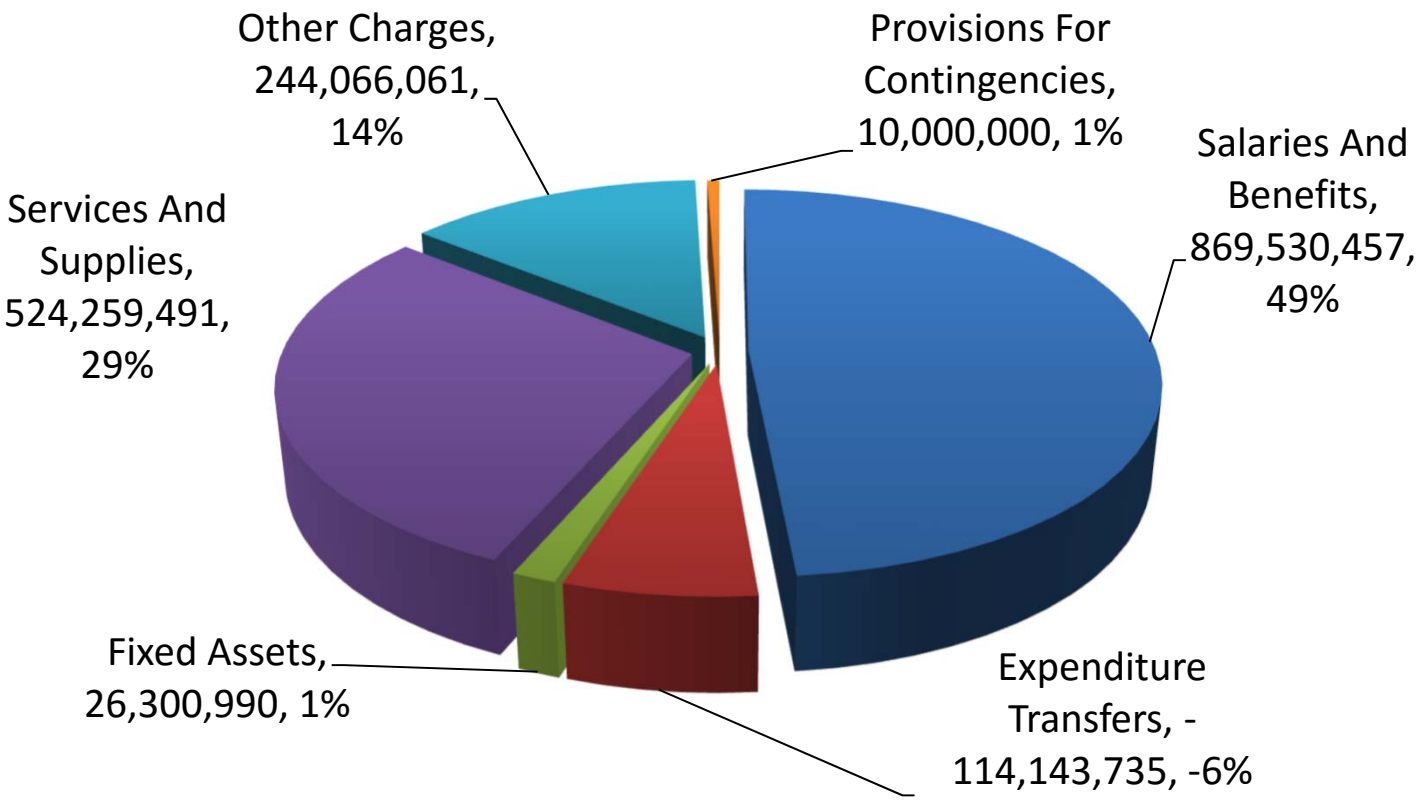
	Total Number of Permanent Employees		Contract Expiration Date
Open or Opening in Fiscal Year 2017/18			
California Nurses Association	991		12/31/2017
IAFF Local 1230	280		6/30/2017
Physicians and Dentists of Contra Costa	269		4/30/2017
United Chief Officers' Association	11		6/30/2017
Open or Opening in Fiscal Year 2017/18	1,551	**17%**	
Settled			
AFSCME Local 512, Professional and Technical Employees	269		6/30/2019
AFSCME Local 2700, United Clerical, Technical and Specialized Employees	1,534		6/30/2019
CCC Defenders Association	69		6/30/2018
CCC Deputy District Attorneys' Association	93		6/30/2018
Deputy Sheriff's Association, Mgmt Unit and Rank and File Unit	810		6/30/2019
District Attorney Investigator's Association	16		6/30/2019
IHSS SEIU - 2015			6/30/2018
Probation Peace Officers Association	243		6/30/2018
Professional & Technical Engineers – Local 21, AFL-CIO	990		6/30/2019
Public Employees Union, Local One & FACS Site Supervisor Unit	531		6/30/2019
SEIU Local 1021, Rank and File and Service Line Supervisors Units	967		6/30/2019
Teamsters, Local 856 (New Contract)	1,572		6/30/2019
Western Council of Engineers	23		6/30/2019
Management Classified & Exempt & Management Project	320		n/a
Total	7,437	**83%**	

Budget and Financial Performance

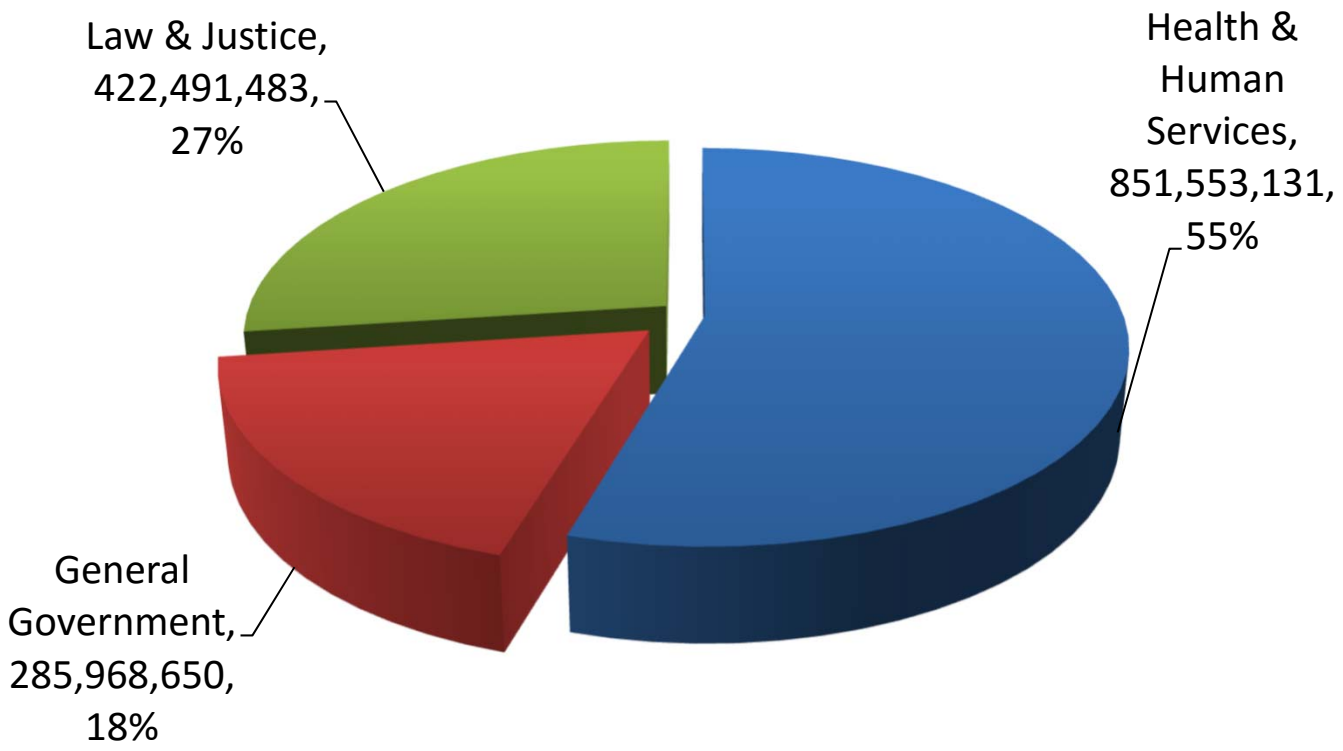
Total Revenue $1.563 Billion



Total Expenditures $1.56 Billion



Distribution of Expenditures



Ranking of Department Share of General Purpose Revenue

	2017-18 Baseline	Share of Total	2017-18 Recommended	Share of Total	
Health Services	95,000,000	22.1%	95,000,000	21.8%	
Sheriff-Coroner	84,748,401	19.7%	87,350,000	20.1%	
Probation	44,840,242	10.4%	46,300,000	10.6%	
Public Works	18,369,275	4.3%	26,917,000	6.2%	
Employment & Human Services	29,519,753	6.9%	22,658,000	5.2%	81.1%
Public Defender	22,636,540	5.3%	22,500,000	5.2%	
District Attorney	19,550,000	4.5%	19,550,000	4.5%	
Capital Improvements	16,500,000	3.8%	16,500,000	3.8%	
Assessor	16,792,572	3.9%	16,000,000	3.7%	
Superior Court Related Functions	11,170,000	2.6%	11,170,000	2.6%	
Contingency Reserve	10,000,000	2.3%	10,000,000	2.3%	
County Administrator	7,124,073	1.7%	7,060,000	1.6%	
Board Of Supervisors	7,000,000	1.6%	7,000,000	1.6%	
Central Support Services	6,922,103	1.6%	6,843,000	1.6%	
Employee/Retiree Benefits	4,500,000	1.0%	5,500,000	1.3%	
Conflict Defense Services	5,250,000	1.2%	5,250,000	1.2%	
Clerk-Recorder Elections	5,000,000	1.2%	5,000,000	1.1%	
Animal Services	4,249,000	1.0%	4,249,000	1.0%	
Auditor-Controller	3,761,000	0.9%	4,028,000	0.9%	18.9%
Human Resources	3,204,000	0.7%	3,204,000	0.7%	
County Counsel	3,000,000	0.7%	3,000,000	0.7%	
Justice System Dev/Planning	2,790,000	0.6%	2,790,000	0.6%	
Treasurer-Tax Collector	2,403,000	0.6%	2,403,000	0.6%	
Agriculture-Weights/Measures	2,980,445	0.7%	2,206,000	0.5%	
Veterans Service	1,117,000	0.3%	1,117,000	0.3%	
Conservation & Development	785,000	0.2%	785,000	0.2%	
Crockett-Rodeo Revenues	560,000	0.1%	560,000	0.1%	
Dept Of Information Technology	95,000	0.0%	95,000	0.0%	
	429,867,404 [1]	100.0%	435,035,000	100.0%	

Reasons for Optimism

Positive Economic Outlook

- State Revenues Up
- State Budget reasonably stable
- Affordable Care Act intact for now
- AV revenue up 6% for FY 2016/17
- Projecting 5.0% growth in AV revenue in 2017/18

Positive County Results

- Budget structurally balanced for sixth year in a row
- Have filled many of our vacant positions
- Wage Increase of 10% for most of our Employees over 3 year period
- OPEB managed
- Have begun pre-funding infrastructure needs
- Fund balance increased
- Standard & Poor's Rating Increase to AAA in 2013 (reaffirmed 2015)
- Moody's Rating increased for Lease Revenue Bonds to Aa3 (from A1) in 2016
- Final Pension Obligation Bond Matures 6/1/2022 ($47,382,000)

Reasons for Concern/Potential Costs

- New Administration in Washington likely to reduce funding to States and Counties
- Cumulative effect of wage increases above projected revenues will stress future year budgets
- Finance & Tax Systems Replacement - $12-15 M (each)
- Superior Court received Veterans' Court grant – asking County to staff
- General Fund will need to advance significant funding for slide repairs pending FEMA reimbursement

Departmental Budgeted Cost of Doing Business Increases for Contractors

- EHSD – As part of the FY 17/18 contract renewal process, the department anticipates a number of contractors will be submitting increase requests. Granting a Cost of Doing Business increase may require that a service level be adjusted downward if funding is not available. Each is contract is evaluated independently. Appropriation adjustments may be made when allocations are confirmed in Sept/Oct to accommodate increased requests.

- Health Services – 3% across the Board for all Mental Health community based organization contracts

Issues for Further Consideration

HEALTH DEPARTMENT

- Contra Costa Cares provides primary care services to adults not covered by the Affordable Care Act (ACA)
- The Department's Budget includes $500,000 for Contra Costa Cares that will be matched by area hospitals or Community Organizations
- Supervisors have requested an additional $250,000 (if matched by others, but currently no match)

Issues for Further Consideration

HEALTH DEPARTMENT

- The new Federal Administration has proposed to replace the Affordable Care Act (ACA) but has not been able to present a workable plan to the House of Representatives
- Governor's Budget does not propose any reduction in Affordable Care Act (ACA) Funding
- The Health Department projects that total repeal could impact 72,000 people currently enrolled in our Medi-Cal expansion and negatively impact the Department's budget by $90 M

Issues for Further Consideration

Employment & Human Services

- Coordinated Care Initiative (CCI) - IHSS - Governor's proposal possibly costing $11.5 M, Department Budget Assumes $3.3 M reduction.
- Should actual reduction be less than $3.3 M we will return to the Board of Supervisors to re-adjust the Department's Budget

Issues for Further Consideration

Northern Waterfront Development Initiative

- Supervisor Glover has requested one-time allocation of $500,000 to the Northern Waterfront Development Initiative.
- The Funds would be used for:
  - Data Development and Analytics - $335,000
    - Industrial parcel identification/analysis - $125,000
    - Goods movement study - $75,000
    - State Lands analysis - $25,000
    - Assets/competitive advantages profile - $85,000
    - Performance indicators development - $25,000
  - Public Outreach - $85,000
  - Strategic Action Plan - $80,000

Contra Costa County

Fire Protection

Issues for Further Consideration

East Contra Costa Fire Protection District (ECCFPD)

Fourth Station in Knightsen opened with One time funding:

	FY2015/16	FY2016/17	Total
ECCFPD	$399,352	$474,626	$873,978
Brentwood	$190,485	$475,515	$666,000
Oakley	$109,315	$272,887	$382,202
County	$ 89,127	$222,490	$311,617
Totals	$788,279	*$1,445,518*	$2,233,797

Issues for Further Consideration

East Contra Costa Fire Protection District (ECCFPD)

- City of Brentwood had proposed an additional three year funding agreement to keep the Knightsen Station open
- This would have required commitments from the Cities of Oakley and Brentwood, Contra Costa County, and ECCFPD
- On April 4th, ECCFPD voted to "negotiate a partnership with Brentwood and to let the fire station in Knightsen close"

Brentwood Proposal for East Contra Costa County Fire District

	1st year FY 17/18	2nd year FY 18/19	3rd year FY 19/20	Total
ECCFPD	$ 1,200,000	$ 1,500,000	$ 1,500,000	$ 4,200,000
Brentwood	$ 534,000	$ 437,000	$ 485,000	$ 1,456,000
Oakley	$ 347,000	$ 284,000	$ 315,000	$ 946,000
County	$ 220,000	$ 180,000	$ 200,000	$ 600,000
Totals	$ 2,301,000	$ 2,401,000	$ 2,500,000	$ 7,202,000

Contra Costa County Fire Protection District

- CCC Fire Protection District budget stable; anticipating 6% AV Growth
- Effective January 1, 2016, District awarded the contract to provide emergency ambulance service within EOAs I, II, and V in Contra Costa County.
  - Billing policies and procedures in place & Insurance reimbursements starting to occur
  - Financial Report to the Board delivered in May 2016
  - First Ground Emergency Medical Transport (GEMT) reimbursement application for FY 2016/17, due to the State in November 2017; Any authorized reimbursements to be received in 2018.
    - <u>No GEMT Funds are used to balance the budget</u>
- Capital project planning underway
  - Lafayette (Station 16) rebuild
  - San Pablo station rebuild in collaboration with the City of San Pablo

Contra Costa County Fire Protection District

- Continued financial concerns and potential impacts
  - East Contra Costa Fire Protection District –closure of Knightsen Station
  - Rodeo-Hercules Fire Protection District – passed sales tax & condition improving
- FY 2017/18 Budget
  - Balanced without the use of reserves
  - Transfers 4.0 FTE from ConFire Operating Fund to the EMS Transport Fund
    - (1) Assistant Fire Chief
    - (3) Dispatchers
    - In addition, charges a portion of costs for other personnel providing services to EMS Transport Fund
  - Adds 2.0 FTE new positions in the ConFire Operating Fund
    - (1) Storekeeper
    - (1) Departmental Media Relations Coordinator
  - Adds 3.0 FTE new Dispatcher positions in the EMS Transport Fund (in addition to those transferred from the Operating Fund)

Budget Hearing Agenda

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

Recommendations

Recommended Budget Actions

1. OPEN and CONDUCT a public hearing to receive input on the FY 2017-18 Recommended Budget;
2. ACKNOWLEDGE that the State of California and residents throughout the State are only now beginning to make a slow recovery from the Great Recession;
3. ACKNOWLEDGE that significant economic issues continue to challenge the Board of Supervisors in its effort to finance services and programs which Contra Costa County residents need, or expect will be provided to them by the County, especially in times of economic recovery;
4. ACKNOWLEDGE that the employees of Contra Costa County have been negatively affected as a result of the requirement to balance the County's expenditures with available revenues in the past; however, current labor contracts include wage increases:
5. ACKNOWLEDGE that this situation is expected to continue to improve for County employees, and for our residents as we work to manage and cope with the outcomes of economic recovery;
6. DIRECT the County Administrator to continue to meet with the County's union representatives and employees to explain the size, scope and anticipated length of the County's fiscal challenges and to gain their input/suggestions;

Recommended Budget Actions

7. DIRECT the County Administrator to continue to make this information readily available to the residents of the County;
8. ACKNOWLEDGE that the Recommended Budget does not include any funding changes that may occur in the State of California's 2017-18 fiscal year budget or in the manner in which the Medi-Cal Waiver is implemented and these two events may have an unknown impact on the drawdown of federal funds for services and facilities;
9. RE-AFFIRM the Board of Supervisors' policy prohibiting the use of County General Purpose Revenue to back-fill State revenue cuts;
10. ACKNOWLEDGE that retirement expenses are expected to decrease in the short run, but are likely to increase in future years should market returns not meet or exceed the Assumed Rate of Return;
11. ACKNOWLEDGE that the Recommended Budget balances annual estimated expenditures with estimated revenues in FY 2017-18, and is both technically and structurally balanced;
12. ACKNOWLEDGE that the Recommended Budget includes a specific appropriation for contingency, and that the Board also maintains its ability to manage General Fund contingencies during the fiscal year by use of reserve funds set aside for that purpose;

Recommended Budget Actions

13. ACKNOWLEDGE that any restoration of any recommended program reductions will require an equivalent reduction in funds from other County priorities in order to adhere to our balanced budget policy;
14. ACKNOWLEDGE that continuing to build the County's reserves, maintaining an improved credit rating, and maintenance of the County's physical assets remain a priority of the Board of Supervisors over the long term;
15. DIRECT the County Administrator to prepare for Board adoption on May 9, 2017, the FY 2017-18 County and Special District Budgets, as modified, to incorporate any changes directed by the Board during these public hearings; and
16. DIRECT the County Administrator to prepare for consideration by the Board of Supervisors on May 9, 2017, position additions and eliminations necessary to carry out Board action on the Recommended Budget.

Forecasts may tell you a great deal about the forecaster; they tell you nothing about the future.”

— **Warren Buffett**

Contra Costa County

Mission

Contra Costa County is dedicated to providing public services which improve the **quality of life** of our residents and the economic viability of our businesses.

Vision

Contra Costa County is recognized as a **world-class** service **organization** where innovation and partnerships merge to enable our residents to enjoy a safe, healthy and prosperous life.

Values

Contra Costa County **serves people,** businesses and communities. Our organization and each one of our employees value:

- Clients and communities
- Partnerships
- Quality Services
- Accountability
- Fiscal prudence
- Organizational excellence