Budget Hearing Agenda

1. County Administrator Overview

2. Department Head Presentations
   - Clerk/Recorder, Joe Canciamilla
   - Sheriff, David Livingston
   - District Attorney, Mark Peterson
   - Probation, Phil Kader
   - Public Defender, Robin Lipetzky
   - Health Services Director, William Walker
   - Employment and Human Services Director, Kathy Gallagher

3. Open Public Hearing - Public Comment

4. Recommendations/Board Discussion/Action
Contra Costa County Moving in Right Direction
2014/15 Achievements

- Structurally balanced Budget for fourth year in a row
- Hiring Outreach Oversight Committee established
- New Department Heads for Agricultural Commissioner and County Librarian
- Stabilized AB 109 funding for Community Corrections Partnership (CCP)
- Improved technology in Board Chambers
- Successful agreements with most of our Unions which provided pay increases and adoption of Public Employees Pension Reform Act (PEPRA) 2% COLA
- Pension costs appear stable after 5 years of double digit increases
- Authorized establishment of Laura’s Law to be in place effective Fall of 2016
*Unemployment was 5.3% in February, 2015
Contra Costa County

• Over the three year period between 2009/10 and 2011/12 property taxes declined by 11.08%. Over the last three years 2012/13 to 2014/15 the increase was 13.4%.

• **This means the total net increase over the past six years was only 2.32%**

• Actual Contra Costa County experience:
  – 2009/10 (7.2% decline)
  – 2010/11 (3.4% decline)
  – 2011/12 (0.48% decline)
  – 2012/13 0.86% increase
  – 2013/14 3.45% increase
  – 2014/15 9.09% increase
  – 2015/16 Projected to increase 6.5%
Cost Avoidance

Contribution to Hospital Enterprise Fund:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008/09</td>
<td>$61,349,686</td>
</tr>
<tr>
<td>2015/16</td>
<td>$30,408,776</td>
</tr>
</tbody>
</table>

**Affordable Care Act (ACA) Impacts**

- Potential reduction in General Fund Contribution to the Hospital
- No additional reduction planned for 2015/16 pending full implementation
- Ultimate assumption is that we will have $10 Million Uncompensated Care Burden even after full implementation
Pension
## Comparative Pension UAALs and Funded Ratios

<table>
<thead>
<tr>
<th>County</th>
<th>Pension UAAL</th>
<th>Pension Actuarial Valuation Date</th>
<th>Pension Funded Ratio</th>
<th>Outstanding POBs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda</td>
<td>$1,650,743,000</td>
<td>December 31, 2013</td>
<td>75.9%</td>
<td>$318,892,000</td>
</tr>
<tr>
<td>Contra Costa</td>
<td>1,823,681,000</td>
<td>December 31, 2013</td>
<td>76.4%</td>
<td>258,500,000</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>13,315,360,000</td>
<td>June 30, 2013</td>
<td>75.0%</td>
<td>0</td>
</tr>
<tr>
<td>Orange</td>
<td>3,391,000,000</td>
<td>June 30, 2014</td>
<td>60.5%</td>
<td>127,206,000</td>
</tr>
<tr>
<td>Riverside</td>
<td>1,543,829,000</td>
<td>June 30, 2014</td>
<td>79.4%</td>
<td>334,510,000</td>
</tr>
<tr>
<td>Sacramento</td>
<td>1,267,935,000</td>
<td>June 30, 2014</td>
<td>85.2%</td>
<td>990,308,000</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>1,943,517,000</td>
<td>June 30, 2014</td>
<td>79.9%</td>
<td>877,230,000</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>2,653,628,000</td>
<td>June 30, 2013</td>
<td>72.5%</td>
<td>375,419,144</td>
</tr>
<tr>
<td>San Diego</td>
<td>2,031,241,000</td>
<td>June 30, 2014</td>
<td>83.3%</td>
<td>732,330,000</td>
</tr>
</tbody>
</table>

This chart displayed for a comparison of order of magnitude. It should be noted that the underlying actuarial assumptions for the measurement of the Pension UAAL may vary from county to county; that the Pension Funded Ratio may include funding using pension obligation bonds; and, in the case of Contra Costa, the funded status reflected in the table is based upon the County-only portion of the UAAL and not upon the UAAL of all employers in the Contra Costa County Employees Retirement Association (CCCERA).
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
  - Significant change in assumed rate of return.

- **Updates:**
  - Negotiation 2% PEPRA COLAs
  - FY 2015-16 Recommended Budget - $312 M
  - FY 2015-16 onward based on Segal data

---

*Actual and Projected* Retirement Expense

*Five year projection assumes 7.25% AIR, all POBs, and 2013 market impacts. The compounded impact of the projected increase -7.57%.*
Other Post Employment Benefits
OPEB Liability Significantly Reduced due to Board Actions and Collective Bargaining

- Most recent 7507 actuarial reports were received in **September 2014**
  - Reduction in 2006 OPEB Liability from $2.6 billion to **$783.1 million** (using assets of $129.4 million)
  - **Annual Required Contribution (ARC)** from **$216.3 M** to **$86.8 Million**
  - Total OPEB Trust assets $147.5 million as of September 2014
  - Reduction reflects health plan changes, caps on County contributions and labor agreements
- 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.
## Comparative OPEB Liabilities

<table>
<thead>
<tr>
<th>County</th>
<th>OPEB Liability</th>
<th>OPEB Funded Ratio</th>
<th>OPEB as % of Payroll</th>
<th>OPEB Actuarial Valuation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda</td>
<td>$106,949,000</td>
<td>85.2%</td>
<td>11.7%</td>
<td>December 31, 2013</td>
</tr>
<tr>
<td>Contra Costa</td>
<td>794,422,000</td>
<td>14.0%</td>
<td>129.4%</td>
<td>January 1, 2014</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>25,733,000,000</td>
<td>0.0%</td>
<td>388.7%</td>
<td>July 1, 2012</td>
</tr>
<tr>
<td>Orange</td>
<td>418,061,000</td>
<td>27.1%</td>
<td>35.6%</td>
<td>June 30, 2013</td>
</tr>
<tr>
<td>Riverside</td>
<td>17,065,000</td>
<td>61.1%</td>
<td>1.6%</td>
<td>July 1, 2013</td>
</tr>
<tr>
<td>Sacramento</td>
<td>115,690,000</td>
<td>0.0%</td>
<td>15.3%</td>
<td>June 30, 2013</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>0</td>
<td>N/A</td>
<td>N/A</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>1,869,900,000</td>
<td>23.1%</td>
<td>127.8%</td>
<td>June 30, 2014</td>
</tr>
<tr>
<td>San Diego</td>
<td>180,238,000</td>
<td>2.7%</td>
<td>17.1%</td>
<td>June 30, 2012</td>
</tr>
</tbody>
</table>

It should be noted that the underlying actuarial assumptions for the measurement of the Pension UAAL and OPEB UAAL may vary from county to county.
Unfunded Liabilities continue to be significant issue

- Unfunded Accrued Actuarial Liability (UAAL) for pensions $1,823,681,000
- Other Post Employment Benefits Unfunded Liability $794,422,000
- Total unfunded Liabilities $2,618,103,000

- Or $87,270,100 each year for the next 30 years plus payment of the normal costs
- Or equivalent to $2,380 for every resident of Contra Costa County
- Or equivalent to $270,298 for each County Employee
- Or $9,010 for each County Employee each year for the next 30 years
General Fund Reserves
General Fund Reserve Assumptions

• June 30, 2014:
  o Total general fund revenues were $1,297,393,000 and total fund balance including reserves was $237,204,000.
  o Total fund balance is 18.3% of total revenue
  o Of the $237.2 million in reserves
    • $142.3 million was unassigned
    • $94.9 million was assigned, committed, restricted or nonspendable
  o Minimum fund balances of 5% and 10% would be $64.9 million and $129.7 million respectively. There was $107.5 million available over the 10% reserve minimum.

• June 30, 2015:
  o It is planned and anticipated that Total General Fund Balance including Reserves will remain stable. Projections depend upon labor negotiations.

• June 30, 2016:
  o No fund balance use is recommended in FY 2015-16
Reserve Update

Although County fall far short of both Moody’s and Standard & Poor’s Mean for Large and Median sized Counties in California, the gap is closing.

<table>
<thead>
<tr>
<th>Debt Affordability Measure</th>
<th>Benchmark</th>
<th>Benchmark’s Value</th>
<th>County Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Unassigned * Fund Balance</td>
<td>Standard &amp; Poor’s Mean for AAA Rated Counties Nationwide (At Least 150,000 Population)</td>
<td>20.0%</td>
<td>14.23%</td>
</tr>
<tr>
<td></td>
<td>Moody’s Median for Large Aa Rated Counties Nationwide (At Least 1,000,000 Population)</td>
<td>7.31%</td>
<td></td>
</tr>
<tr>
<td>Percentage of Total Fund Balance</td>
<td>Standard &amp; Poor’s Mean for AAA Rated Counties Nationwide (At Least 150,000 Population)</td>
<td>25.0%</td>
<td>15.29%</td>
</tr>
<tr>
<td></td>
<td>Moody’s Median for Large Aa Rated Counties Nationwide (At Least 1,000,000 Population)</td>
<td>16.69%</td>
<td></td>
</tr>
</tbody>
</table>

* The rating agencies add the unassigned, assigned and committed balances together and treat them as the equivalent of what used to be “unreserved” and use the term “unassigned”. This “unassigned” number is not the same as the GASB 54 definition.
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
Importance of Reserves for Cash Flow

- Although revenues are volatile, expenses (majority for salaries) are quite smooth.
- Even with a General Fund Reserve of $237.2 Million, ($142.3 Million Unassigned) the General Fund has a negative cash flow at least 9 months of the year.
- The General Fund cash balance begins the year with a negative cash balance due to large disbursements for advances, pension pre-pay costs, and accrued expenses.
- Cash flow is not positive until the second installment of property tax receipts are received in late spring.
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
- (2007 Report had identified $270.2 Million)
- Since FY 2012/13, $25 Million Budgeted
- Additional $10 Million Budgeted in FY 2015/16
- $3.4 Million spent to date, with another $9.5 Million programmed
Labor
Retirements

Abnormally high number of vacant positions due to unprecedented numbers of retirements during calendar year 2011 and 2012. Historically March retirements are the highest. Normal year would see approximately 260 Retirements.
Recruitments

- **Interim and Retiree Department Heads**
  - Human Resources
  - Health Services Director
  - Child Support Services
  - Animal Services

- **Human Resources Department Director**

- **Animal Services Director**

- **Senior Management & Department Heads succession planning**
Recruitments

Animal Services Director

- Each of the Candidates we interviewed brought individual strengths to the position, but before recommending any person as Director, I want to make sure that we have the very best person for the position.

- Because of this I have decided to continue the recruitment to make sure we have the best possible candidate.

- In the meantime I am pleased that the department is operating with a high degree of success on many levels, which recently resulted in the online publication “Bay Woof” naming our shelter as the “Best Municipal Shelter” in the area over runners-up in Berkeley, San Francisco and Alameda.

- Animal Benefit Fund donations for specific purposes
- $170,000 Mobile Adoption Van
- $139,925 Stainless Steel Rolling Cat Cages
- Remaining Balance $426,709
Recruitments

Animal Services Director

For 2015/16 - In addition to extending the recruitment:

• Retain a Consultant to work with me, the Department, and the public to address issues of how we can make the shelter more inviting, and more responsive to the needs of the public and the animals.

• Hire a Community Outreach Person to build upon and improve our excellent adoption numbers, increase our public education and outreach to educate animal owners to care for and not abandon animals, and to attract more potential owners.

Our challenges remain similar to other municipal shelters that by law cannot screen which animals to accept.
45.5 Additional FTEs

- District Attorney - 7 FTEs, including 4 additional Deputy District Attorneys
- Probation - 9 FTEs at Juvenile Hall (added January 2015)
- Public Defender - 6.5 FTEs, including 5 additional Public Defenders (includes half time position for Laura’s Law representation)
- Sheriff - 10 FTEs to enhance Patrol
- ConFire - 7 FTEs to enhance Administrative functions
45.5 Additional FTEs

- Public Works - 3 FTEs to enhance Environmental Division and Administrative Functions
- Risk Management - 1 FTE to support County Wide Training Program
- Conservation and Development - 1 FTE to provide Sustainability Initiatives
- Library - 1 FTE - Library Specialist to create new Children’s programming
## Labor Contracts

<table>
<thead>
<tr>
<th>Currently Negotiating</th>
<th>Total Number of Employees</th>
<th>Contract Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Nurses Association</td>
<td>917</td>
<td>7/31/2014</td>
</tr>
<tr>
<td>California Nurses Association - Per Diem Unit</td>
<td>340</td>
<td>1/31/2013</td>
</tr>
<tr>
<td>IHSS SEIU - United Healthcare Workers West</td>
<td>12</td>
<td>1,269</td>
</tr>
<tr>
<td>United Chief Officers’ Association</td>
<td></td>
<td>6/30/2014</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expired or Expiring as of April 30, 2015</td>
<td>13.1%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Settled</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AFSCME Local 2700, United Clerical, Technical and Specialized Employees</td>
<td>1,671</td>
<td>6/30/2017</td>
</tr>
<tr>
<td>AFSCME Local 512, Professional and Technical Employees</td>
<td>277</td>
<td>6/30/2016</td>
</tr>
<tr>
<td>CCC Deputy District Attorneys’ Association</td>
<td>83</td>
<td>6/30/2015</td>
</tr>
<tr>
<td>Contra Costa County Defenders Association</td>
<td>76</td>
<td>6/30/2015</td>
</tr>
<tr>
<td>Deputy Sheriff’s Association, Mgmt Unit and Rank and File Unit</td>
<td>800</td>
<td>6/30/2016</td>
</tr>
<tr>
<td>District Attorney Investigator’s Association</td>
<td>13</td>
<td>6/30/2016</td>
</tr>
<tr>
<td>IAFF Local 1230</td>
<td>251</td>
<td>6/30/2017</td>
</tr>
<tr>
<td>Physicians and Dentists of Contra Costa</td>
<td>256</td>
<td>10/31/2016</td>
</tr>
<tr>
<td>Probation Peace Officers Association</td>
<td>247</td>
<td>6/30/2015</td>
</tr>
<tr>
<td>Professional &amp; Technical Engineers - Local 21, AFL-CIO</td>
<td>899</td>
<td>6/30/2016</td>
</tr>
<tr>
<td>Public Employees Union, FAC Site Supervisor Unit</td>
<td>15</td>
<td>6/30/2016</td>
</tr>
<tr>
<td>Public Employees Union, Local One</td>
<td>2,426</td>
<td>6/30/2016</td>
</tr>
<tr>
<td>SEIU Local 1021, Rank and File and Service Line Supervisors Units</td>
<td>999</td>
<td>6/30/2016</td>
</tr>
<tr>
<td>Western Council of Engineers</td>
<td>23</td>
<td>6/30/2017</td>
</tr>
<tr>
<td>Management Classified &amp; Exempt &amp; Management Project</td>
<td>343</td>
<td></td>
</tr>
<tr>
<td>Management Project</td>
<td>38</td>
<td>8,417</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,686</strong></td>
<td></td>
</tr>
</tbody>
</table>

1. Extended through April 30, 2015. 2. Expires June of this year.
Budget and Financial Performance
General Fund Revenues Slow Growth

- General Purpose Revenues comprise about 25% of total General Fund Revenues
Total Revenue $1.423 Billion

- General Purpose, $384,880,000, 27%
- State, $315,864,969, 22%
- Federal, $271,069,869, 19%
- Other Local, $451,190,525, 32%
Total Expenditures $1.423 Billion

- Salaries and Benefits, $787,811,097, 55%
- Provisions for Contingencies, $7,671,955, 0.5%
- Services and Supplies, $456,431,866, 32%
- Other Charges, $235,052,535, 16.5%
- Fixed Assets, $24,251,330, 2%
- Expenditure Transfers, ($88,213,420), (6%)
Distribution of Expenditures

Health & Human Services, $775,001,320, 55%

General Government, $260,318,124, 18%

Law & Justice, $387,685,919, 27%
## General Purpose Revenue

<table>
<thead>
<tr>
<th>Service</th>
<th>FY 2015-16 Baseline Request</th>
<th>Share of Total</th>
<th>FY 2015-16 Recommended</th>
<th>Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Services</td>
<td>85,400,000</td>
<td>22.7%</td>
<td>85,400,000</td>
<td>22.2%</td>
</tr>
<tr>
<td>Sheriff-Coroner</td>
<td>78,843,088</td>
<td>20.9%</td>
<td>80,370,000</td>
<td>20.9%</td>
</tr>
<tr>
<td>Probation</td>
<td>41,500,000</td>
<td>11.0%</td>
<td>41,500,000</td>
<td>10.8%</td>
</tr>
<tr>
<td>Employment &amp; Human Services</td>
<td>20,000,000</td>
<td>5.3%</td>
<td>20,000,000</td>
<td>5.2%</td>
</tr>
<tr>
<td>Public Defender</td>
<td>19,100,341</td>
<td>5.1%</td>
<td>19,700,000</td>
<td>5.1%</td>
</tr>
<tr>
<td>Public Works</td>
<td>16,892,396</td>
<td>4.5%</td>
<td>16,892,396</td>
<td>4.4%</td>
</tr>
<tr>
<td>District Attorney</td>
<td>15,079,526</td>
<td>4.0%</td>
<td>16,400,000</td>
<td>4.3%</td>
</tr>
<tr>
<td>Assessor</td>
<td>15,750,000</td>
<td>4.2%</td>
<td>15,750,000</td>
<td>4.1%</td>
</tr>
<tr>
<td>Capital Improvements</td>
<td>11,500,000</td>
<td>3.1%</td>
<td>16,500,000</td>
<td>4.3%</td>
</tr>
<tr>
<td>Miscellaneous Services</td>
<td>10,737,648</td>
<td>2.8%</td>
<td>10,737,648</td>
<td>2.8%</td>
</tr>
<tr>
<td>Superior Court Related Functions</td>
<td>10,403,635</td>
<td>2.8%</td>
<td>10,531,635</td>
<td>2.7%</td>
</tr>
<tr>
<td>County Administration</td>
<td>9,471,365</td>
<td>2.5%</td>
<td>9,343,365</td>
<td>2.4%</td>
</tr>
<tr>
<td>Appropriations For Contingencies</td>
<td>7,671,955</td>
<td>2.0%</td>
<td>7,671,955</td>
<td>2.0%</td>
</tr>
<tr>
<td>Board of Supervisors</td>
<td>5,943,000</td>
<td>1.6%</td>
<td>5,943,000</td>
<td>1.5%</td>
</tr>
<tr>
<td>Conflict Defense</td>
<td>5,000,000</td>
<td>1.3%</td>
<td>5,000,000</td>
<td>1.3%</td>
</tr>
<tr>
<td>County Clerk-Recorder/Elections</td>
<td>5,000,000</td>
<td>1.3%</td>
<td>5,000,000</td>
<td>1.3%</td>
</tr>
<tr>
<td>Animal Services</td>
<td>3,925,000</td>
<td>1.0%</td>
<td>3,925,000</td>
<td>1.0%</td>
</tr>
<tr>
<td>Auditor-Controller</td>
<td>3,500,000</td>
<td>0.9%</td>
<td>3,500,000</td>
<td>0.9%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>2,800,000</td>
<td>0.7%</td>
<td>2,800,000</td>
<td>0.7%</td>
</tr>
<tr>
<td>County Counsel</td>
<td>2,656,250</td>
<td>0.7%</td>
<td>2,650,000</td>
<td>0.7%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2,250,000</td>
<td>0.6%</td>
<td>2,250,000</td>
<td>0.6%</td>
</tr>
<tr>
<td>Treasurer-Tax Collector</td>
<td>2,000,000</td>
<td>0.5%</td>
<td>2,000,000</td>
<td>0.5%</td>
</tr>
<tr>
<td>Veterans Service</td>
<td>815,000</td>
<td>0.2%</td>
<td>815,000</td>
<td>0.2%</td>
</tr>
<tr>
<td>Conservation &amp; Development</td>
<td>200,000</td>
<td>0.1%</td>
<td>200,000</td>
<td>0.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>376,439,204</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>384,880,000</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
On February 9th, the Public Protection Committee approved a $21,458,315 FY 2015/16 budget package as recommended by the CCP, representing a status quo approach to the CCP budget in recognition of the negative financial impacts to the County from the new state funding formula.

The FY 2015/16 budget includes a minor increase of $151,182, or 0.71% to the countywide AB 109 program from FY 2014/15, which is composed of the following:

- $181k increase in the Sheriff’s Office for negotiated wage increases with the Deputy Sheriff’s Association and inmate care costs;
- $20k reduction to the District Attorney’s Office to reflect actual expenditures at the request the department;
- $10k reduction to the Zero Tolerance for Domestic Violence program to reflect actual expenditures at the request the department.

The CCP also recommended and the PPC approved up to $754,000 in new AB 109 funding to the Sheriff’s Office to replace inmate welfare program funding that may be lost due to a change in Federal or State policy. The Sheriff’s Office would make a funding request to the CCP for discussion and, if approved, the recommendation would be submitted to the PPC for approval.
Reasons for Optimism

Positive Economic Outlook
• State Revenues Up
• State Budget reasonably stable
• Affordable Care Act intact
• AV revenue up 9.09% for 2014/15
• Projecting 6.5% growth AV revenue in 2015/16

Positive County Results
• Budget structurally balanced for fourth year in a row
• OPEB managed
• Minimal Lay Offs over past 5 years
• Have begun pre-funding infrastructure needs
• Fund balance increased
• Standard & Poor’s Rating AAA
Reasons for Concern

- Contra Costa County Economy will continue slow recovery
- Extremely high number of vacant positions
- High number of vacant key management positions
- Labor Negotiations
  - Pent-up demand for wages
  - Health Insurance Costs
- Increased costs of benefits
One Dollar of Wages then and now
Reasons for Concern

- Fund Infrastructure Needs (Repair & Maintenance)
- Aging Technology - People Soft Upgrade
- Unfunded Pension & Health Insurance Liability
- Adequate funding for Public Safety Departments
- Affordable Care Act (ACA) May depend on who is the next President
- ConFire - EMS Cooperation; Structure; and Funding
- Doctors Medical Center Closure
- Build Reserves for next economic downturn
Contra Costa County
Fire Protection District
Contra Costa County
Fire Protection District

• FY 2015/16 Structural Deficit ($4.1 million)
• Contemplates 336 FTE, which reflects staffing of 24 stations and 3 Emergency Medical Services (EMS) squads
• Net increase to Retirement Expense of only $582k
• Funds $2.113 million for fixed asset/capital costs associated with equipment maintenance and replacement, including acquisition of a Fire Boat.
• Assumes new funding of $1.7 million related to implementation of the Emergency Medical First Responder Fee ordinance approved in December 2014
• Begins to fund five-year plan to increase Worker’s Compensation confidence level to 80%
• Based on current projections, the District is estimated to end fiscal year 2014/15 with approximately $28.8 million in fund balance.
• In addition, the District is projected to have a structural deficit through fiscal year 2016/17
**CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT**

**MULTI-YEAR FINANCIAL PROJECTION**

**as of 4/7/2015**

<table>
<thead>
<tr>
<th></th>
<th>30</th>
<th>30/29</th>
<th>28/24</th>
<th>23</th>
<th>24 + 2 EMS</th>
<th>24 + 3 EMS</th>
<th>24 + 3 EMS</th>
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<th>24 + 3 EMS</th>
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<tbody>
<tr>
<td></td>
<td>FY 10/11</td>
<td>FY 11/12</td>
<td>FY 12/13</td>
<td>FY 13/14</td>
<td>FY 14/15</td>
<td>FY 15/16</td>
<td>FY 16/17</td>
<td>FY 17/18</td>
<td>FY 18/19</td>
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<tr>
<td>BEGINNING FUND BALANCE:</td>
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<tr>
<td>23,006,609</td>
<td>20,442,656</td>
<td>16,861,908</td>
<td>20,737,654</td>
<td>25,701,156</td>
<td>28,750,368</td>
<td>27,257,726</td>
<td>24,830,483</td>
<td>27,595,463</td>
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<tr>
<td>REVENUE:</td>
<td></td>
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<td>Property Tax</td>
<td>79,436,030</td>
<td>78,225,082</td>
<td>81,107,363</td>
<td>86,595,820</td>
<td>94,827,916</td>
<td>100,591,993</td>
<td>106,180,094</td>
<td>111,489,099</td>
<td>117,063,554</td>
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<tr>
<td>Other (False Alarm, Weed Abatement, etc.)</td>
<td>6,148,482</td>
<td>11,801,400</td>
<td>13,732,659</td>
<td>8,550,437</td>
<td>7,184,386</td>
<td>7,350,128</td>
<td>7,497,131</td>
<td>7,647,073</td>
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<td>San Pablo EMS Squad</td>
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<td>0</td>
<td>1,200,000</td>
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<tr>
<td>Pittsburg RDA Repayment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(422,093)</td>
<td>(422,093)</td>
<td>(422,093)</td>
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<tr>
<td>EMS First Responder Fee</td>
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<td>0</td>
<td>1,701,000</td>
<td>1,701,000</td>
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</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>85,584,511</td>
<td>90,026,482</td>
<td>94,840,022</td>
<td>94,724,164</td>
<td>104,990,208</td>
<td>114,921,028</td>
<td>116,578,225</td>
<td>122,037,172</td>
<td>128,064,568</td>
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<tr>
<td>EXPENDITURES:</td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>Salaries &amp; Benefits (not including Retirement)</td>
<td>62,768,230</td>
<td>61,852,449</td>
<td>56,592,938</td>
<td>54,919,213</td>
<td>54,292,137</td>
<td>63,969,520</td>
<td>65,609,182</td>
<td>66,241,113</td>
<td>65,890,052</td>
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<tr>
<td>Retirement Expense</td>
<td>5,889,938</td>
<td>10,604,172</td>
<td>12,014,601</td>
<td>13,242,590</td>
<td>22,409,427</td>
<td>24,019,469</td>
<td>24,193,188</td>
<td>23,021,426</td>
<td>21,896,279</td>
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<tr>
<td>Services &amp; Supplies</td>
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<td>6,993,093</td>
<td>7,257,799</td>
<td>7,106,077</td>
<td>6,588,723</td>
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<td>9,827,878</td>
<td>9,827,878</td>
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<tr>
<td>Interagency Charges</td>
<td>2,791,120</td>
<td>2,458,768</td>
<td>2,658,364</td>
<td>2,326,825</td>
<td>3,612,569</td>
<td>4,600,600</td>
<td>4,692,612</td>
<td>4,786,464</td>
<td>4,882,194</td>
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<td>Fixed Assets (i.e., Capital Investment)</td>
<td>389,389</td>
<td>820,306</td>
<td>962,208</td>
<td>74,777</td>
<td>308,854</td>
<td>613,000</td>
<td>613,000</td>
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<tr>
<td>Pension Obligation Bond (POB) P&amp;I Payments</td>
<td>10,375,054</td>
<td>10,925,455</td>
<td>11,501,185</td>
<td>12,104,161</td>
<td>12,729,286</td>
<td>13,383,203</td>
<td>14,069,608</td>
<td>14,782,311</td>
<td>15,526,415</td>
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<tr>
<td>Transfer Out to POB Stabilization Fund (Gov/Gov)</td>
<td>2,600,740</td>
<td>2,602,174</td>
<td>2,603,109</td>
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<td>2,600,383</td>
<td>2,600,396</td>
<td>2,603,495</td>
<td>2,600,630</td>
<td>2,601,703</td>
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<tr>
<td>Other Gov/Gov Transfers</td>
<td>4,249</td>
<td>2,539</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td>90,792,857</td>
<td>96,258,956</td>
<td>93,594,140</td>
<td>92,376,412</td>
<td>104,541,379</td>
<td>119,014,066</td>
<td>123,572,982</td>
<td>122,872,821</td>
<td>122,237,521</td>
</tr>
<tr>
<td><strong>SURPLUS/(DEFICIT):</strong></td>
<td>(5,208,346)</td>
<td>(6,232,474)</td>
<td>1,245,882</td>
<td>2,347,752</td>
<td>448,830</td>
<td>(4,093,038)</td>
<td>(5,030,738)</td>
<td>164,351</td>
<td>5,827,047</td>
</tr>
<tr>
<td>ENDING FUND BALANCE:</td>
<td>20,442,656</td>
<td>16,861,908</td>
<td>20,737,534</td>
<td>25,701,156</td>
<td>28,750,368</td>
<td>27,257,726</td>
<td>24,830,483</td>
<td>27,595,463</td>
<td>35,024,214</td>
</tr>
</tbody>
</table>
## CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
### MULTI-YEAR FINANCIAL PROJECTION

as of 4/7/2015

<table>
<thead>
<tr>
<th></th>
<th>24+2 EMS</th>
<th>24+3 EMS</th>
<th>24+3 EMS</th>
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<td></td>
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<td>Retirement Expense</td>
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<td>24,193,188</td>
<td>23,021,426</td>
<td>21,896,279</td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td>78,701,564</td>
<td>87,988,989</td>
<td>89,802,370</td>
<td>89,262,538</td>
<td>88,786,331</td>
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<tr>
<td>Other Expenditures</td>
<td>25,839,815</td>
<td>31,025,077</td>
<td>31,806,593</td>
<td>32,610,283</td>
<td>33,451,190</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES:</strong></td>
<td>104,541,379</td>
<td>119,014,066</td>
<td>121,608,963</td>
<td>121,872,821</td>
<td>122,237,521</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE:</strong></td>
<td>104,990,208</td>
<td>114,921,028</td>
<td>116,578,225</td>
<td>122,037,172</td>
<td>128,064,568</td>
</tr>
</tbody>
</table>

**SURPLUS/(DEFICIT):**  
448,830 (4,093,038) (5,030,738) 164,351 5,827,047

**BEGINNING FUND BALANCE**  
25,701,156 28,750,368 27,257,726 24,830,483 27,595,463

**ENDING FUND BALANCE**  
28,750,368 27,257,726 24,830,483 27,595,463 36,024,214

**Worker's Comp. Confidence Level**  
54% 56% 63% 69% 74%

**Annual Capital/Infrastructure Budget**  
$1,500,000 $2,113,000 $2,113,000 $2,113,000 $2,113,000

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1. Ending Fund Balance includes receipt of Pension Stabilization Fund deposit from the Contra Costa Fire Operating Fund
2. Assumes funding Worker's Compensation at the FY 2015/16 in future years using 2014 Actuarial claim projections
3. Includes $1.5 million in lease purchase debt service and $613k in fixed asset acquisition expenditures
QUESTIONS?
Budget Hearing Agenda

1. Department Head Presentations
   - Clerk/Recorder, Joe Canciamilla
   - Sheriff, David Livingston
   - District Attorney, Mark Peterson
   - Probation, Phil Kader
   - Public Defender, Robin Lipetzky
   - Health Services Director, William Walker
   - Employment and Human Services Director, Kathy Gallagher

2. Open Public Hearing - Public Comment
3. Board Discussion/Action
Recommendations
Recommended Budget Actions

1. OPEN and CONDUCT a public hearing to receive input on the FY 2015-16 Recommended Budget;

2. ACKNOWLEDGE that the State of California and residents throughout the State continue to struggle to manage the outcomes of the recently depressed economy;

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 expenses with available revenues in the past; however, current labor contracts include modest wage increases;

5. ACKNOWLEDGE that this situation is expected to continue to improve for County employees, as we work to manage and cope with the outcomes of economic recovery;
Recommended Budget Actions

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;

7. DIRECT the County Administrator to continue to make this information readily available to the residents of the County;

8. DIRECT Departments, in cooperation with Labor Relations and Union representatives, to begin, if necessary, the meet and confer process with employee representatives about the impact of potential program reductions on the terms and conditions of employment for affected employees;

9. ACKNOWLEDGE that the Recommended Budget does not include any funding changes that may occur in the State of California’s 2015-16 fiscal year budget and that the manner in which the 1115 Medi-Cal Waiver is implemented will have an unknown impact on the drawdown of federal funds for services and facilities;
Recommended Budget Actions

10. RE-AFFIRM the Board of Supervisors’ policy prohibiting the use of County General Purpose Revenue to back-fill State revenue cuts;

11. ACKNOWLEDGE that, due to market gains and changes to Contra Costa County Employees Retirement Association policies over the last few years, retirement expenses are expected to decrease over the next few years;

12. ACKNOWLEDGE that the Recommended Budget balances annual estimated expenditures with estimated revenues in FY 2015-16, and is both technically and structurally balanced;

13. 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;

14. 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;
Recommended Budget Actions

15. ACKNOWLEDGE that continuing to build the County’s reserve funds, 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;

16. DIRECT the County Administrator to prepare for Board adoption on May 12, 2015, the FY 2015-16 County and Special District Budgets, as modified, to incorporate any changes directed by the Board during these public hearings;

17. DIRECT the County Administrator to prepare for consideration by the Board of Supervisors on May 12, 2015, position additions and eliminations necessary to carry out Board action on the Recommended Budget.
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