Recommended Budget

Fiscal Year 2012 – 2013

County of Contra Costa
California
GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

County of Contra Costa
California

For the Fiscal Year Beginning
July 1, 2011

[Signatures]
President
Executive Director
Budget Hearing Agenda

- CAO Presentation
- Department Head Presentations
  - David Livingston, Sheriff-Coroner
  - Mark Peterson, District Attorney
  - Philip Kader, Probation
  - Robin Lipetzky, Public Defender
  - Daryl Louder, CCCFPD Fire Chief
- Public Comment
- Board Discussion/Action
Budget Drivers/Challenges

- Property Tax Slowdown
- Employee Benefits and Retiree Health Care/OPEB
- Pension Benefits
- Long-Term Rebalancing
- State Budget Uncertainties
- Infrastructure/Capital Improvement
Key Budget Issues 2012/13

- Recognize sacrifice by Employees that were needed to address long term structural issues and to insure delivery of essential services to the public and to achieve financial stability
- Build Reserves
- Fund Infrastructure Needs (Repair & Maintenance)
- Adequately Fund Public Safety Departments and Public Safety Realignment
- Support parcel tax increase to achieve stable funding for Contra Costa Fire
- Reduce hospital dependency on General Fund As national Health Care Funding occurs
- Continue to support Pension Reform Options that achieve a stable and sustainable Pension System
- As Successor Agency for Redevelopment deal with issues of Bond indebtedness, disposal of assets, appointments to Oversight Boards and related matters.
Key Budget Issues 2012/13

State Controller John Chiang reported on April 10, 2012 that California Revenues lagged last month by $233.5 million, or 4.2 percent.

The state missed its target most in corporate income taxes, which were $125.8 million (8.2 percent) off the mark. Income taxes and sales taxes were each less than 2 percent behind Gov. Jerry Brown's revenue forecast. For the fiscal year that ends in June, the state is now trailing Brown's expectations by nearly $1.1 billion, or 1.9 percent.

"While revenues continue to fall short, the months ahead will be far more important to the state's finances," Chiang said in a release. "More than 35 percent of all revenues are expected in the next three months, making this the most important period for tax collection in the fiscal year."
Key Budget Issues 2012/13

- Fund Infrastructure Needs (Repair & Maintenance)

  - Comprehensive Building Condition Analysis Report FY 2007-08
    - 89 Facilities, 2.9 Million Sq. Ft - $265.2 Million deferred maintenance and Capital requirements
    - $29 Million requiring correction within one year

  - 2012/13 Recommended Budget will establish a Capital fund – with an initial funding target of $5 million
    - Finance Building Roof
    - Martinez Detention Facility HVAC System
    - Byron Boys Ranch sewage/plumbing
    - Other Health and Safety maintenance
Key Budget Issues 2012/13

- Adequately Fund Public Safety Departments and Public Safety Realignment
  - Recommended Budget to include increased funding/decreased vacancy factors for all justice departments
    - Sheriff
    - **Subject to completion of labor negotiations**
      - District Attorney
      - Public Defender
      - Probation
  - These adjustments are made possible by Realignments Revenues, increased Prop 172/Public Safety Sales Tax Revenues, and labor negotiations/concessions
Pension Reform

- CalPERS 2011 return below its assumed rate by 7.5 percentage points
- CalPERS eked out a 1.1% investment return in 2011, far short of its goal of a 7.5% rate of return assumption

- CCCERA 2011 also below their assumed rate of 7.75%.
- CCCERA better than CalPERS, but only 2.7% investment return in 2011, far short of their goal of a 7.75% rate of return assumption

- Each 1% under (or over) the Assumed Investment Return costs (or saves) the County 0.6% of retirement compensable pay.
## Pension Costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Pension Costs Millions</th>
<th>Annual Increase Millions</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>$229</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012/13</td>
<td>$264</td>
<td>$35</td>
<td>15%</td>
</tr>
<tr>
<td>2013/14</td>
<td>$272</td>
<td>$8</td>
<td>3%</td>
</tr>
<tr>
<td>2014/15</td>
<td>$280</td>
<td>$8</td>
<td>3%</td>
</tr>
</tbody>
</table>

Three Year Increase: $51 21%

### Pension Costs 2012/13 - 2014/15

- **2012/13**: $264 with an annual increase of $35 (15% increase)
- **2013/14**: $272 with an annual increase of $8 (3% increase)
- **2014/15**: $280 with an annual increase of $8 (3% increase)

FY 2012-13 Budget Hearings -9-
### CCC Major Cost Drivers for 2012/13

<table>
<thead>
<tr>
<th>Cost Driver</th>
<th>2011/12</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. 2010/11 Furloughs Expire Increasing Payroll Costs</td>
<td>$8.2 million</td>
<td>Eliminated</td>
</tr>
<tr>
<td>b. Pension Cost Increase ($17.2 million General Fund)</td>
<td>$29.2 million</td>
<td>Absorbed</td>
</tr>
<tr>
<td>c. Health Insurance Cost Increase</td>
<td>$2.6 million</td>
<td>Reduced</td>
</tr>
<tr>
<td>d. Revenues Including Property Tax Likely to be Flat</td>
<td>Flat</td>
<td>Flat</td>
</tr>
<tr>
<td>e. Chevron Refund for 2004-05-06</td>
<td>$2.0 million</td>
<td>Eliminated</td>
</tr>
<tr>
<td>f. Chevron Appeal for 2007-08-09</td>
<td>Not budgeted</td>
<td>Not Budgeted</td>
</tr>
<tr>
<td>g. Doctor’s Hospital Repayment Stops</td>
<td>$1.9 million</td>
<td>Absorbed</td>
</tr>
<tr>
<td>h. Insurance Costs (Medical Malpractice/General Liability) – Transferred to Hospital Enterprise</td>
<td>$2.0 million</td>
<td>Absorbed</td>
</tr>
<tr>
<td>i. Cuts and Shifts from State Necessary to Balance</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
<tr>
<td>j. Loss of SB90 Payments (State Shifts)</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
<tr>
<td>Total of Major Cost Drivers</td>
<td>$45.9 million</td>
<td>$0.0 million*</td>
</tr>
</tbody>
</table>

*Given successful completion of labor negotiations.*

FY 2012-13 Budget Hearings -10-
Contra Costa County Unemployment
5 Year Comparison

<table>
<thead>
<tr>
<th>Year</th>
<th>January</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>4.6%</td>
<td>4.9%</td>
</tr>
<tr>
<td>2008</td>
<td>5.3%</td>
<td>7.5%</td>
</tr>
<tr>
<td>2009</td>
<td>8.7%</td>
<td>10.9%</td>
</tr>
<tr>
<td>2010</td>
<td>11.8%</td>
<td>10.9%</td>
</tr>
<tr>
<td>2011</td>
<td>9.3%</td>
<td>11.2%</td>
</tr>
</tbody>
</table>
## Status of Labor Negotiations

### Labor Organizations Currently Settled

<table>
<thead>
<tr>
<th>Coalition Bargained Agreements</th>
<th>Number of Perm Employees</th>
<th>Contract Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFSCME Local 512, Professional and Technical Employees</td>
<td>268</td>
<td>6/30/2013</td>
</tr>
<tr>
<td>AFSCME Local 2700, United Clerical, Technical and Specialized Employees</td>
<td>1,651</td>
<td>6/30/2013</td>
</tr>
<tr>
<td>Public Employees Union, FACS Site Supervisor Unit</td>
<td>22</td>
<td>6/30/2013</td>
</tr>
<tr>
<td>Public Employees Union, Local One</td>
<td>2,420</td>
<td>6/30/2013</td>
</tr>
<tr>
<td>SEIU Local 1021, Rank and File Unit</td>
<td>37</td>
<td>6/30/2013</td>
</tr>
<tr>
<td>SEIU Local 1021, Service Line Supervisors Unit</td>
<td>763</td>
<td>6/30/2013</td>
</tr>
<tr>
<td>Western Council of Engineers (WCE)</td>
<td>20</td>
<td>6/30/2013</td>
</tr>
<tr>
<td>Deputy Sheriff’s Association, Mgmt Unit and Rank and File Unit (DSA)</td>
<td>770</td>
<td>6/30/2013</td>
</tr>
<tr>
<td>IAFF Local 1230</td>
<td>326</td>
<td>6/30/2014</td>
</tr>
<tr>
<td>Professional &amp; Technical Engineers – Local 21, AFL-CIO</td>
<td>799</td>
<td>6/30/2012</td>
</tr>
<tr>
<td>IHSS SEIU - United Healthcare Workers West</td>
<td>0</td>
<td>6/30/2012</td>
</tr>
<tr>
<td>United Chief Officers’ Association (UCOA)</td>
<td>13</td>
<td>6/30/2014</td>
</tr>
<tr>
<td>District Attorney Investigator’s Association (DAIA)</td>
<td>15</td>
<td>6/30/2013</td>
</tr>
<tr>
<td>Management Classified &amp; Exempt</td>
<td>338</td>
<td>6/30/2012</td>
</tr>
<tr>
<td>Management Project</td>
<td>48</td>
<td>6/30/2012</td>
</tr>
</tbody>
</table>

Employee Totals: Percentage Settled: 85.8% 7,490

FY 2012-13 Budget Hearings -13-
## Open Contracts

### STATUS of LABOR NEGOTIATIONS

<table>
<thead>
<tr>
<th>Association</th>
<th>Number of Employees</th>
<th>Contract Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Nurses Association (CNA)</td>
<td>503</td>
<td>4/30/2012</td>
</tr>
<tr>
<td>Contra Costa County Defenders Association (P.D.)</td>
<td>69</td>
<td>6/30/2011</td>
</tr>
<tr>
<td>Contra Costa County Deputy District Attorneys’ Association (DDAA)</td>
<td>82</td>
<td>6/30/2011</td>
</tr>
<tr>
<td>Physicians and Dentists of Contra Costa (PDOCC)</td>
<td>212</td>
<td>9/30/2008</td>
</tr>
<tr>
<td>Probation Peace Officers Association (PPOA)</td>
<td>215 (TA)</td>
<td>6/30/2011</td>
</tr>
</tbody>
</table>

1,081

FY 2012-13 Budget Hearings -14-
Known Facts, Decisions and Conditions that were Expected to Have a Significant Effect on Financial Position or Results of Operations in Current Fiscal Year (2011-12)

- Continuing to fund OPEB obligation at $20 million per year
- Decrease of countywide assessed value of .049%
- Continued fiscal crisis of state and federal governments
- Reduction of general fund budget by $34.7 million due to reduced revenues and reduced employee compensation
- New labor agreements reached including 2.75% reduction in salary for Represented and unrepresented management employees, as well as elimination of the employer subvention of employee pension costs.
- Elimination of County and Cities Redevelopment Districts could result in the elimination of pass-through of up to $5 Million to the General Fund for 2011/12 and each future year.
- Median Price of Existing Homes Sold in 2011 was $240,000
- Median Price in 2007 was $550,000
- A Decline of 56%
Examples of Potential State Impacts
Clerk Recorder

- The Governor’s 2012/13 Proposed Budget would suspend SB-90 reimbursement claims for elections held after July 1, 2011.
- The County will be responsible for the costs all Federal, State, County, and School District elections. Certain special districts will be billed for election costs.
- Projected Net Cost = $500k per major election (Primary or General) for June 2012 and November 2012
Conservation and Development

- Elimination of County and Cities Redevelopment Agencies

- For some, obligations are greater than their Revenues

- Contra Costa County could lose as much as $5 Million to the General Fund each year (2011 and beyond) due to loss of pass-through Revenues from Cities
Public Protection

- AB 109 (Adult Justice, Lower Level Offender) Realignment
- Juvenile Justice Realignment (DJJ placements)
- Staffing shortages
- Jail capacity and aging detention facilities
- Case management system
- BayRICS/EBRCS
- Emergency Response/Homeland Security
Juvenile Justice Realignment

- Department of Juvenile Justice (DJJ) currently houses only 1,800 inmates statewide, but they are the violent offenders, many of them seriously mentally ill.
- Counties do not have the specialized programming/facilities to hold and treat long-term, seriously mentally ill and violent juveniles.
- The Governor’s proposal would require us to develop and fund a local alternative to (DJJ) placements.
- Effective January 01, 2013 new juvenile offenders would be housed in Contra Costa County. This would require expansion of current J.V. facilities along with increased staffing at a cost of $2 million per year.
## Housing Crisis to Continue

- **Property Tax Revenues:**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Percentage Change</th>
<th>Revenue Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2008/09</td>
<td>0.41%</td>
<td>$ 0.0 million</td>
</tr>
<tr>
<td>FY 2009/10</td>
<td>-7.20%</td>
<td>-$20.0 million</td>
</tr>
<tr>
<td>FY 2010/11</td>
<td>-3.38%</td>
<td>-$9.0 million</td>
</tr>
<tr>
<td>FY 2011/12</td>
<td>-0.49%</td>
<td>-$1.4 million</td>
</tr>
<tr>
<td>FY 2012/13</td>
<td>0.00%</td>
<td>$ 0.0 million</td>
</tr>
</tbody>
</table>

Essentially five years with loss or no increase.
State of the County

- Top priority is sound financial management of the County
  - Critical for managing through challenging times

- Continue actions to address budget issues
  - Consolidation of services/review staffing and structure of County departments
  - Technology improvements and efficiencies
  - Complete implementation of OPEB provisions for remaining County employee groups
  - Continue process to restructure pension benefits
  - Monitor County health care system as National Health Care proceeds
State of the County

- Top priority is sound financial management of the County
  - Continue five key budget policies –
    - 1. Maximize Federal & State Revenue
    - 2. Closely monitor Personnel Request to reduce negative impacts to Departments
    - 3. Early Action/Adoption
    - 4. No State backfill policy
    - 5. Continue to focus on lasting solutions
Assessed Valuation Update

- County experienced cumulative 11.1% secured AV decline since FY 2008-09
  FY 2011-12 decline was (-0.49%) larger than the 0.0% decline assumed in the budget

- Most of the decline is due to reduced AV (although negative CPI growth as well as housing stock turnover contributed to the overall net AV change)
  - Allows temporary tax reduction when market value is lower than current assessed value
  - Most of the reductions were in East and West County
Budget and Financial Performance
General Fund Revenues Basically Flat

- General Purpose Revenues comprise about 26% of total General Fund Revenues
- Federal/State Revenues have been relatively stable during same timeframe
Fund Balances in Sync with Reserves Policy

Unreserved/Unassigned Fund Balance (as of June 30)

<table>
<thead>
<tr>
<th>Year</th>
<th>Unreserved</th>
<th>Unassigned</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>11.7%</td>
<td></td>
</tr>
<tr>
<td>2002-03</td>
<td>9.7%</td>
<td></td>
</tr>
<tr>
<td>2003-04</td>
<td>7.3%</td>
<td></td>
</tr>
<tr>
<td>2004-05</td>
<td>5.5%</td>
<td></td>
</tr>
<tr>
<td>2005-06</td>
<td>8.3%</td>
<td></td>
</tr>
<tr>
<td>2006-07</td>
<td>9.1%</td>
<td></td>
</tr>
<tr>
<td>2007-08</td>
<td>9.6%</td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>8.6%</td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>8.6%</td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>8.7%</td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>6.7%</td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td>6.9%</td>
<td></td>
</tr>
</tbody>
</table>
OPEB Liability Significantly Reduced due to Board Actions and Collective Bargaining

- Most recent actuarial report received in April 2012
  - Reduction in 2006 OPEB Liability from $2.6 billion to $967.5 million
  - Reduction reflects health plan changes, caps on County contributions and labor agreements
- 72.4% reduction in ARC from $216.3 million to $59.7 million
  - Reduction in annual “gap” to zero
- Total OPEB Trust assets $65.5 million as of January 2012
- The Board is projected to meet its funding target originally adopted June 2007
- The Board’s actions make it possible for the County to continue to provide much needed services, including health services, to County residents including the indigent.

FY 2012-13 Budget Hearings -29-
Pension Cost Management

- Following carefully
- Formed task force for review of future benefits (similar to OPEB approach)
  - Similar to our OPEB approach, our strategy is to reduce the liability, not attempt to fund it
  - Potential State reforms may affect benefit profile

- Monitoring changes by CCCERA Board
  - No extension of amortization
  - No change in 5-year smoothing
  - Recently depooled by Employer

- Updates:
  - 2011 Market Impacts
  - FY 2012-13 Recommended Budget
  - FY 2012-13 onward based on Segal data

*Assumes 7.75% AIR, all 3 POBs, and 2011 market impacts. The compounded impact of the projected increases is 8.4%.
Distribution of Expenditures

- **Law & Justice**: $333,259,612, 27%
- **General Government**: $210,391,603, 17%
- **Health & Human Services**: $677,855,059, 56%

FY 2012-13 Budget Hearings -31-
Total Revenue $1.225 Billion

- General Purpose, $314,826,999 (26%)
- State, $348,856,714 (28%)
- Federal, $202,828,899 (17%)
- Other Local, $357,993,662 (29%)
Total Expenditures $1.222 Billion

- Other Charges, $233,527,543 (17%)
- Services and Supplies, $370,476,755 (27%)
- Fixed Assets, $5,149,530 (<1%)
- Expenditure Transfers, ($79,207,120) (6%)
- Salaries and Benefits, $686,524,005 (50%)
- Provisions for Contingencies, $5,035,561 (<1%)

FY 2012-13 Budget Hearings -33-
All Funds by State Function Code
$2.44 Billion

Public Ways and Facilities, $124,191,372 5%
Public Assistance, $492,877,251 20%
Education, $24,036,965 1%
Debt Service, $74,141,263 3%
Appropriations for Contingencies, $5,035,561 <1%
General, $171,203,176 7%
Public Protection, $474,317,598 20%

Health and Sanitation, $1,078,761,318 44%

FY 2012-13 Budget Hearings
General Fund by State Function Code $1.22 Billion

- Public Assistance, $402,186,905 33%
- Public Ways and Facilities, $37,892,150 3%
- Health and Sanitation, $271,772,121 22%
- Appropriations for Contingencies, $5,035,561 <1%
- General, $139,605,893 12%
- Public Protection, $365,013,644 30%

FY 2012-13 Budget Hearings -35-
10 Year Expenditure Growth
(in millions)

FY 2012-13 Budget Hearings -36-
## Ranking of Department Share of General Purpose Revenue

<table>
<thead>
<tr>
<th>Department</th>
<th>FY 2012/13 Baseline Request</th>
<th>Share of Total</th>
<th>FY 2012/13 Recommended</th>
<th>Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Services</td>
<td>90,230,000</td>
<td>29.0%</td>
<td>86,980,000</td>
<td>27.9%</td>
</tr>
<tr>
<td>Sheriff-Coroner</td>
<td>59,917,818</td>
<td>19.3%</td>
<td>61,243,123</td>
<td>19.6%</td>
</tr>
<tr>
<td>Probation</td>
<td>36,212,522</td>
<td>11.6%</td>
<td>35,792,176</td>
<td>11.5%</td>
</tr>
<tr>
<td>Employment &amp; Human Services</td>
<td>18,050,000</td>
<td>5.8%</td>
<td>18,050,000</td>
<td>5.8%</td>
</tr>
<tr>
<td>Public Defender</td>
<td>17,086,655</td>
<td>5.5%</td>
<td>17,158,535</td>
<td>5.5%</td>
</tr>
<tr>
<td>Assessor</td>
<td>14,735,733</td>
<td>4.7%</td>
<td>14,735,733</td>
<td>4.7%</td>
</tr>
<tr>
<td>District Attorney</td>
<td>13,347,487</td>
<td>4.3%</td>
<td>13,940,527</td>
<td>4.5%</td>
</tr>
<tr>
<td>Public Works</td>
<td>13,629,190</td>
<td>4.4%</td>
<td>11,484,328</td>
<td>3.7%</td>
</tr>
<tr>
<td>Superior Court-Jury Commission</td>
<td>10,313,676</td>
<td>3.3%</td>
<td>9,947,739</td>
<td>3.2%</td>
</tr>
<tr>
<td>Miscellaneous Services</td>
<td>7,297,694</td>
<td>2.3%</td>
<td>7,297,694</td>
<td>2.3%</td>
</tr>
<tr>
<td>Board of Supervisors</td>
<td>5,199,500</td>
<td>1.7%</td>
<td>5,199,500</td>
<td>1.7%</td>
</tr>
<tr>
<td>Appropriations for Contingencies</td>
<td>0</td>
<td>0.0%</td>
<td>5,035,561</td>
<td>1.6%</td>
</tr>
<tr>
<td>Clerk-Recorder</td>
<td>4,108,000</td>
<td>1.3%</td>
<td>4,108,000</td>
<td>1.3%</td>
</tr>
<tr>
<td>County Administrator</td>
<td>3,453,231</td>
<td>1.1%</td>
<td>3,675,784</td>
<td>1.2%</td>
</tr>
<tr>
<td>Justice System Planning</td>
<td>3,500,670</td>
<td>1.1%</td>
<td>3,500,670</td>
<td>1.1%</td>
</tr>
<tr>
<td>Animal Services</td>
<td>3,200,000</td>
<td>1.0%</td>
<td>3,200,000</td>
<td>1.0%</td>
</tr>
<tr>
<td>Auditor-Controller</td>
<td>2,985,000</td>
<td>1.0%</td>
<td>2,985,000</td>
<td>1.0%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>2,001,000</td>
<td>0.6%</td>
<td>2,001,000</td>
<td>0.6%</td>
</tr>
<tr>
<td>Agriculture-Weights &amp; Measures</td>
<td>1,913,748</td>
<td>0.6%</td>
<td>1,824,000</td>
<td>0.6%</td>
</tr>
<tr>
<td>Treasurer-Tax Collector</td>
<td>1,612,680</td>
<td>0.5%</td>
<td>1,566,649</td>
<td>0.5%</td>
</tr>
<tr>
<td>County Counsel</td>
<td>1,810,758</td>
<td>0.6%</td>
<td>1,524,000</td>
<td>0.5%</td>
</tr>
<tr>
<td>Veteran's Services</td>
<td>536,978</td>
<td>0.2%</td>
<td>536,978</td>
<td>0.2%</td>
</tr>
<tr>
<td>Plant Acquisition</td>
<td>40,000</td>
<td>0.0%</td>
<td>40,000</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

**Total:** 311,182,340 100.0% 311,826,997 100.0%

1 The difference between the totals shown here and total General Purpose Revenue on page C-177 ($3 million) is due to the West Contra Costa Healthcare District’s agreement with the County.
State of the County

- Actions to Address Budget Issues
  - Consolidation of Services
    - Public Works/General Services Department
    - Reduction of Office Space
  - Technology Improvements
    - Electronic Time Keeping
    - Electronic Payroll
    - Departmental Initiatives - EPIC
State of the County

Actions to Address Budget Issues

- Implement Other Post Employment Benefits provisions for remaining County Employee groups
- Continue process to Restructure Pension Benefits
- Continue to review staffing and Organizational structure of County Departments
  - Such as the merger of General Services and Public Works
- Monitor County health care system as National Health Care proceeds
Contra Costa Fire Protection District

- Fire District expected to run a deficit of $14.6 Million in 2012/13 (will exhaust fund balances - $1.4 M remaining)

- Will operate with 28 Units:
  - De-staffing two Units leaves all stations with one Unit each
  - Fire Station #1 in Walnut Creek in 2011/12
  - Fire Station # 6 in Concord in 2012/13

- Parcel Tax on November Ballot could generate $16-18 Million

- $19.6 Million annually required to fully operate District
CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT
MULTIPLE YEAR FINANCIAL PROJECTION
(28 Functional Units)

<table>
<thead>
<tr>
<th>FY 09/10 Actual</th>
<th>FY 10/11 Actual</th>
<th>FY 11/12 Projection</th>
<th>FY 12/13 Projection</th>
<th>FY 13/14 Projection</th>
<th>FY 14/15 Projection</th>
<th>FY 15/16 Projection</th>
<th>FY 16/17 Projection</th>
<th>FY 17/18 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEGINNING FUND BALANCE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCCFPD General Operating Fund</td>
<td>$19,938,778</td>
<td>$17,610,427</td>
<td>$12,402,081</td>
<td>$2,742,587</td>
<td>-</td>
<td>-</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>POB Stabilization Fund</td>
<td>$2,748,944</td>
<td>$5,396,182</td>
<td>$8,040,575</td>
<td>$10,660,575</td>
<td>$1,402,926</td>
<td>-</td>
<td>-</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Beginning Fund Balance</strong></td>
<td>$22,687,722</td>
<td>$23,006,609</td>
<td>$20,442,656</td>
<td>$13,403,163</td>
<td>$1,402,926</td>
<td>-</td>
<td>-</td>
<td>$0</td>
</tr>
</tbody>
</table>

| **REVENUE:** |
| Property Tax | $80,211,236 | $79,436,030 | $77,878,460 | $77,155,500 | $77,927,055 | $79,485,596 | $81,075,308 | $82,696,814 | $84,350,750 |
| SAFER Grant | $2,284,076 | $3,170,000 | $7,518,964 | $7,340,000 | $7,413,400 | $7,561,668 | $7,712,901 | $7,867,159 | $8,024,503 |
| **Total Revenue** | $88,829,896 | $85,584,511 | $87,681,500 | $87,665,500 | $85,340,455 | $87,047,264 | $88,788,209 | $90,563,974 | $92,375,253 |

| **EXPENDITURES:** |
| Salaries & Benefits (not including Retirement) | $63,783,601 | $62,768,230 | $62,178,199 | $63,481,123 | $63,428,716 | $64,018,754 | $64,608,895 | $65,228,543 | $65,879,173 |
| Retirement Expense | $5,907,179 | $5,889,938 | $11,000,000 | $14,517,000 | $17,000,000 | $20,100,000 | $20,300,000 | $20,800,000 | $20,900,000 |
| Services & Supplies | $5,121,510 | $5,974,138 | $7,200,000 | $7,512,680 | $7,000,000 | $7,000,000 | $7,000,000 | $7,000,000 | $7,000,000 |
| Interagency Charges | $2,942,743 | $2,791,120 | $2,626,000 | $2,670,640 | $2,700,000 | $2,754,000 | $2,809,080 | $2,865,262 | $2,922,567 |
| Fixed Assets (i.e., Capital Investment) | $918,827 | $389,389 | $807,980 | $720,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 |
| Pension Obligation Bond (POB) P&I Payments | $9,848,930 | $10,375,054 | $10,925,455 | $11,501,185 | $12,104,161 | $12,730,727 | $13,383,203 | $14,069,608 | $14,782,311 |
| Transfer Out to POB Stabilization Fund (Gov/Gov) | $2,603,450 | $2,600,740 | $2,602,174 | $2,603,109 | $2,602,770 | $2,600,383 | $2,600,396 | $2,603,495 | $2,600,630 |
| Other Gov/Gov Transfers | $32,009 | $4,249 | $1,185 | - | - | - | - | - | - |
| **Total Expenditures** | $91,158,248 | $90,792,857 | $97,340,993 | $102,285,737 | $105,085,646 | $109,453,864 | $111,551,573 | $112,816,907 | $114,334,681 |

| **SURPLUS/(DEFICIT):** |
| Total Revenue Less Total Expenditures | $(2,328,351) | $(5,208,346) | $(9,659,493) | $(14,620,237) | $(19,745,191) | $(22,406,600) | $(22,763,364) | $(22,252,934) | $(21,959,428) |

**OTHER:**
Transfers In to POB Stabilization Fund (Gov/Gov)
Payment of New UAAL Obligations

| **ENDING FUND BALANCE:** |
| CCCFPD General Operating Fund | $17,610,427 | $12,402,081 | $2,742,587 | - | - | - | - | - | - |
| POB Stabilization Fund | $5,396,182 | $8,040,575 | $10,660,575 | $1,402,926 | - | - | - | - | - |
| **Total Ending Fund Balance** | $23,006,609 | $20,442,656 | $13,403,163 | $1,402,926 | $(15,712,265) | $(35,488,865) | $(55,622,229) | $(75,245,163) | $(94,574,590) |
| Nov 12 Election | $12,500,000 | $12,500,000 | $12,500,000 | $12,500,000 | $12,500,000 | $12,500,000 | $12,500,000 | $12,500,000 | $12,500,000 |
| **(Note: A flat rate parcel tax at $72/parcel can be expected to generate ~ $12.5M per year.)** |

**Assumes 28 (Not 30) Engine Companies**

Note – Assuming a stagnant number of Engine Companies (28) and zeroing out cumulative negative reserves are mutually exclusive.

FY 2012-13 Budget Hearings -41-
Contra Costa Fire Protection District

November 2012 Election Scenario

- Fall 2011
  - **FEASIBILITY**
    - Strategic Assessment
    - Decisions - i.e. Amount

- June - July 2012
  - Ballot Measure Preparation / Tracking Poll - if needed

- Early August 2012
  - Board Action to Place Measure on Ballot

- August 10, 2012
  - **Filing Deadline** for November 2012 Election

- Aug-Sept-Oct - thru Nov 6
  - Public Education/Awareness

- November 6, 2012
  - **ELECTION DAY!**
Recommended Budget Actions

1. Open and conduct a public hearing to receive input on the FY 2012-13 Recommended Budget;

2. Acknowledge that, due to significant market losses in the Contra Costa County Employees Retirement Association assets in 2008 and poor investment returns since that time, retirement expenses are expected to increase in the next five years.

3. Acknowledge that the Recommended Budget balances annual estimated expenditures with estimated revenues in FY 2012-13, and is both technically and structurally balanced;

4. Acknowledge that action by the State regarding its budget may require subsequent adjustments to the Recommended Budget adopted by the Board;

5. 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

6. 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;

7. Authorize and Request the Auditor-Controller to establish a fund entitled "Facility Lifecycle Improvement Fund" (106000) as required for administration of the County's Infrastructure and Facilities Maintenance program;

8. Direct the County Administrator to prepare for Board adoption on May 15, 2012, the FY 2012-13 County and Special District Budgets, as modified, to incorporate any changes directed by the Board during these public hearings; and

9. Direct the County Administrator to prepare for consideration by the Board of Supervisors on May 15, 2012, vacant positions eliminations necessary to carry out Board action on the Recommended Budget.
Budget Hearing Agenda

- CAO Presentation
- Department Head Presentations
  - David Livingston, Sheriff-Coroner
  - Mark Peterson, District Attorney
  - Philip Kader, Probation
  - Robin Lipetzky, Public Defender
  - Daryl Louder, CCCFPD Fire Chief
- Public Comment
- Board Discussion/Action
Questions?