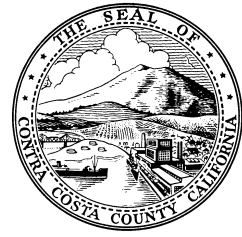


TO: BOARD OF SUPERVISORS

FROM: JOHN CULLEN,
COUNTY ADMINISTRATOR

DATE: May 1, 2007

SUBJECT: ADOPTION OF FY 2007-08 COUNTY RECOMMENDED
AND COUNTY SPECIAL DISTRICT BUDGETS



Contra
Costa
County

SPECIFIC REQUEST(S) OR RECOMMENDATION(S) & BACKGROUND AND JUSTIFICATION

RECOMMENDATION(S):

1. ADOPT the FY 2007-08 Recommended Budget as modified by line-item appropriation adjustments (Attachment A);
2. ADOPT Resolution 2007/233 appearing as Attachment B, authorizing the deletion of certain positions in affected County departments;
3. ADOPT the County Special District and County Service Area Budgets without modification;
4. ACKNOWLEDGE that pending action by the State regarding its FY 2007-08 budget may require subsequent adjustments to this Recommended Budget;
5. AUTHORIZE and REQUEST the Auditor-Controller to adjust FY 2006-07 appropriations and revenues by reallocating and balancing budgeted and actual expenditures and revenues as needed for various budget units and special districts, subject to Board approval in September; and
6. AUTHORIZE the Auditor-Controller to make technical adjustments to the FY 2007-08 County and Special District Budgets when actual amounts are known.

BACKGROUND/REASON(S) FOR RECOMMENDATION(S):

The Board conducted a public hearing on the Recommended Budget on April 17, 2007. The hearing began with an overview of the recommendation in the FY 2007/08 Budget by the County Administrator. The County Administrator reminded the Board that the bound copy of the budget contains details on individual department budgets, programs, goals, and recommendations. The overview included a review of the Board's previously provided goals and direction for the budget, a brief fiscal history, general fund reserve and expenditure trends, actions required to balance the budget, fiscal challenges facing the Board, and departmental accomplishments.

CONTINUED ON ATTACHMENT: YES

SIGNATURE: _____

____ RECOMMENDATION OF COUNTY ADMINISTRATOR
____ APPROVE ____ OTHER

____ RECOMMENDATION OF BOARD COMMITTEE

SIGNATURE(S): _____

ACTION OF BOARD ON _____ APPROVE AS RECOMMENDED _____ OTHER _____

VOTE OF SUPERVISORS

____ UNANIMOUS (ABSENT _____)

AYES: _____ NOES: _____
ABSENT: _____ ABSTAIN: _____

I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF AN ACTION TAKEN AND ENTERED ON THE MINUTES OF THE BOARD OF SUPERVISORS ON THE DATE SHOWN.

ATTESTED _____

CONTACT: Lisa Driscoll (5-1023)

JOHN CULLEN, CLERK OF THE BOARD OF SUPERVISORS AND COUNTY ADMINISTRATOR

CC: County Administrator
Auditor-Controller
All County Departments

BY _____, DEPUTY

At the conclusion of the County Administrator's presentation, the Board asked for clarification on the status of the Superior Court of Contra Costa County's contract with the Public Defender for Juvenile Dependency representation services. The County Administrator informed the Board that the contract, level of service, and service transition continues to be under discussion with the Court, the County, and the Contra Costa County Bar Association. The Recommended Budget, as presented, assumes current level of operation. Once the Court makes a final determination of provider and service level, the County Administrator will return to the Board to identify changes to the budget assumption. If the Court should choose to reduce Public Defender representation of dependency cases, reductions will be required in the Public Defender Department.

During the hearing, the Sheriff and Health Services Director were asked to address the Board to discuss the impact of the County Administrator's recommendations on their budgets.

Sheriff-Coroner

The Sheriff thanked the Board for the opportunity to speak and assured the Board that he would be able to make his budget "work"; however, he expressed his concerns regarding the level of vacancy factor allocated to his Department for the budget year. The Sheriff pointed out that a higher vacancy factor would impair his recruitment efforts. He described the process required to "grow" a Deputy Sheriff and the time commitment necessary. The Sheriff informed the Board that, for the first time in many years, his office had the potential of filling all of his Deputy positions (due mostly to a 'correction' in wages and benefits, during the last round of negotiations, which makes Contra Costa Deputy's salaries and benefits more competitive). The Sheriff argued that an increased vacancy factor not only erodes this process, but eliminates his ability to add back important services to his core functions (such as resident deputies, school resource officers and domestic violence positions).

At the conclusion of the Sheriff's presentation, the Board reaffirmed their commitment to public safety and agreed with the Sheriff that they too would like to add back important public safety services; however, given limited resources and the requirement to balance the budget they were unable to allocate additional resources. In an effort to identify resources that might be used to augment core service, the Board requested that the Sheriff re-evaluate the need for sworn staff throughout the department and more specifically in the crime laboratory and detention facilities and return to the Board with an updated civilianization report. The Sheriff agreed to re-evaluate his sworn position needs and to return to the Board with a report. At the end of the Board's comments, the Sheriff reminded the Board that he and his staff work every day to create efficiencies, reduce expenses, and to improve revenue.

Health Services

Doctor Walker addressed the Board following the Sheriff. He thanked the Board for their support of Health Services not only within his department but for the Board's support of Doctor's Hospital, which indicates a deep commitment to the Health and Health issues within our County. Doctor Walker reminded the Board that his Department had just received a large State grant in support of Health Care in Contra Costa County – a large accomplishment on the Board's part. He reminded the Board that the Health Services Department has recently received a National Award for efficiency. Acknowledging that the FY 2007/08 proposed budget is balanced, Doctor Walker talked about State and Federal Health Care Reform and the potential impact on services. Doctor Walker also described the need for cost containment in order to maintain competitiveness in Hospital and Clinic services. County costs continue to rise as Federal and State Governments have limited their reimbursement rates. Without a serious redesign of Health Care delivery and financing at Federal, State and local levels, our long term ability to remain viable is in doubt. Doctor Walker went on to describe a local redesign program he is initiating to increase flexibility for the next fiscal year, including review of the Health Services human resource and purchasing functions and governance. Future reports, including findings and recommendations, will be presented to the Board of Supervisors in the new fiscal year.

At the conclusion of Doctor Walker's presentation, the Board had a short discussion regarding the correct venue for the subject of Other Post Employment Benefits (OPEB), which is one of the most challenging topics currently facing the Board. The Finance Committee currently has an OPEB referral and has heard several reports on the issue. Due to the magnitude of the fiscal issue and public interest in the issue, the Board decided to hear all future reports as full-Board reports (exclusive of those issues which will be addressed in Closed Session).

Taking into consideration the testimony it had received from staff and the public, the Board deliberated regarding the Recommended Budget. At the conclusion of the deliberations, the Board directed the County Administrator to return to the Board on May 1, 2007 for adoption of the FY 2007/08 County and Special District Budgets as recommended.

Line Item Changes

Today's action is required to align FY 2007-08 appropriations and revenues with the Recommended Budget. Attachment A shows line-item changes which align the agreed upon Recommended Budget with the 'placeholder' Proposed Budget adopted on April 17, 2007 (at the time of the preparation of the Proposed Budget the Recommended Budget had not yet been completely finalized). The changes are being made to the State schedules (with no net change); there is no change (net or otherwise) to the FY 2007-08 Recommended Budget as presented on April 17, 2007.

Position Resolution

Position Resolution 2007/233 (Attachment B) is required to effectuate the position eliminations identified in the Recommended Budget and positions that have been vacant and unfunded for many years. The FY 2007/08 Resolution eliminates positions in the District Attorney (Attachment B-1) and Sheriff-Coroner (Attachment B-2) Departments. The District Attorney cancellations are for vacant positions which have not been funded or filled in many years. These positions are from the Child Support Prosecution, Welfare Fraud, and Public Administrator units. The Sheriff-Coroner cancellations are all vacant Sergeant and Deputy Sheriff positions which were approved by the Board of Supervisors for the contract city of San Ramon; the cancellation of the San Ramon contract eliminates the need for these positions.

Attachments: A – Line-Item Appropriation Adjustments
B – Resolution Canceling Positions